



Yukon

Yukon Public Accounts

2019–20



YUKON PUBLIC ACCOUNTS
for the year ended March 31, 2020



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October 14, 2020

The Honourable Angélique Bernard
Commissioner of Yukon

I have the honour to submit herewith the Yukon Public Accounts for the fiscal year ended March 31, 2020.

A handwritten signature in blue ink, appearing to be "Sandy Silver", written over a horizontal line.

Sandy Silver
Minister of Finance

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YUKON PUBLIC ACCOUNTS

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PART ONE

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

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GOVERNMENT OF YUKON

Financial Statement Discussion and Analysis
for the year ended March 31, 2020

Highlights

Introduction

The Yukon Public Accounts is a key element of the Government of Yukon's ("the Government") commitment to transparency and accountability in financial reporting. The purpose of the financial statement discussion and analysis is to expand upon and explain information contained in the consolidated financial statements, which are presented in Part Two of the Yukon Public Accounts. To do this effectively, this report presents a highlights summary, comparative financial information and analysis. Responsibility for the preparation of this discussion and analysis rests with the Office of the Comptroller.

Financial Results

(thousands of dollars)

	2020		2019	Change from	
	Main Estimates	Actual	Actual	Budget	2019 Actual
Revenues	1,477,775	1,475,935	1,400,133	(1,840)	75,802
Expenses	1,474,015	1,478,577	1,397,821	4,562	80,756
Surplus / (Deficit)	3,760	(2,642)	2,312	(6,402)	(4,954)
Net Financial Assets	171,307	171,888	218,450	581	(46,562)
Accumulated Surplus	1,864,182	1,852,971	1,856,826	(11,211)	(3,855)

2019-20 Highlight Summary

The Government is reporting an annual deficit of \$2.6 million on a spending and revenue base of approximately \$1.5 billion. The difference between the \$2.6 million deficit and the expected \$3.8 million surplus presented in 2019-20 budget is due to lower revenues (\$1.8 million, or 0.1%), and higher than anticipated expenses (\$4.6 million, or 0.3%). Revenues were lower than budgeted largely due to lower than expected funding and service level agreements with other parties and lower than expected income from investment in government business enterprises. Expenses were higher than budgeted largely due to higher than expected expenses in the community and transportation function and the health and social services function. Some areas of government incurred unanticipated end-of-year expenses to support the government's initial COVID-19 emergency response.

The deficit figure of \$2.6 million is \$4.9 million less than the \$2.3 million surplus in 2018-19. Total revenues from year to year increased by \$75.8 million (5%), while total expenses increased by \$81.5 million (6%). The increases in revenue were driven by a \$89.4 million increase in funding from Canada. Over half (53%) of the increase in expenses was in the health and social services function.

The Government continues to be in a net financial asset position, with a balance of \$171.9 million at March 31, 2020 (\$218.5 million at March 31, 2019).

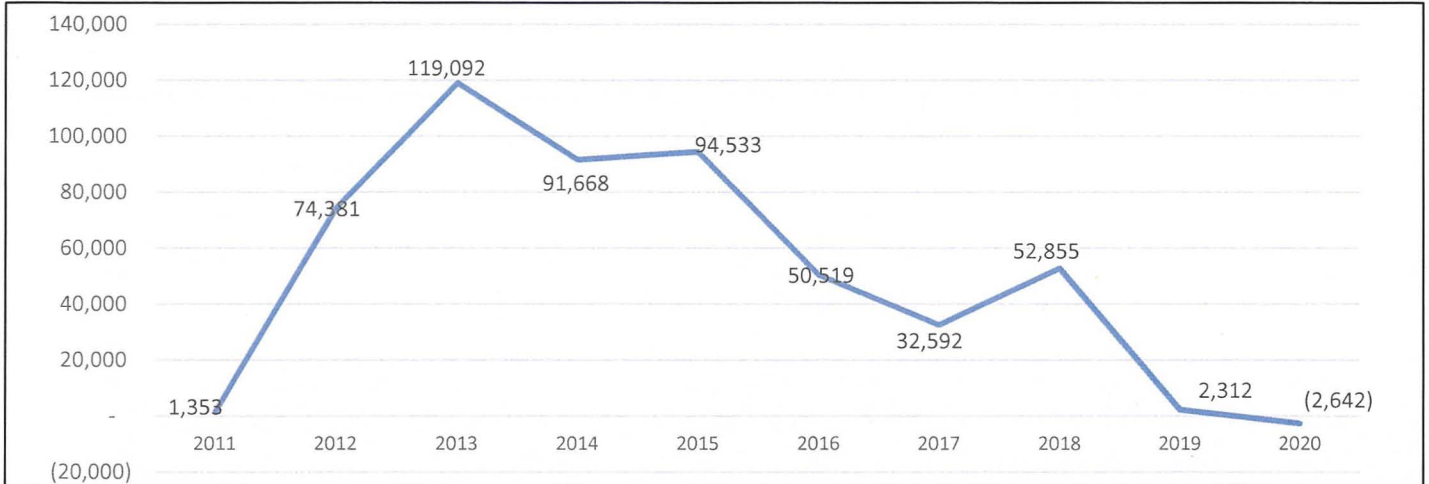
Highlights

Surplus (Deficit)

The surplus (deficit) represents the amount by which revenue exceeds expense (expense exceeds revenue) for the fiscal period.

Surplus (Deficit)

(thousands of dollars)

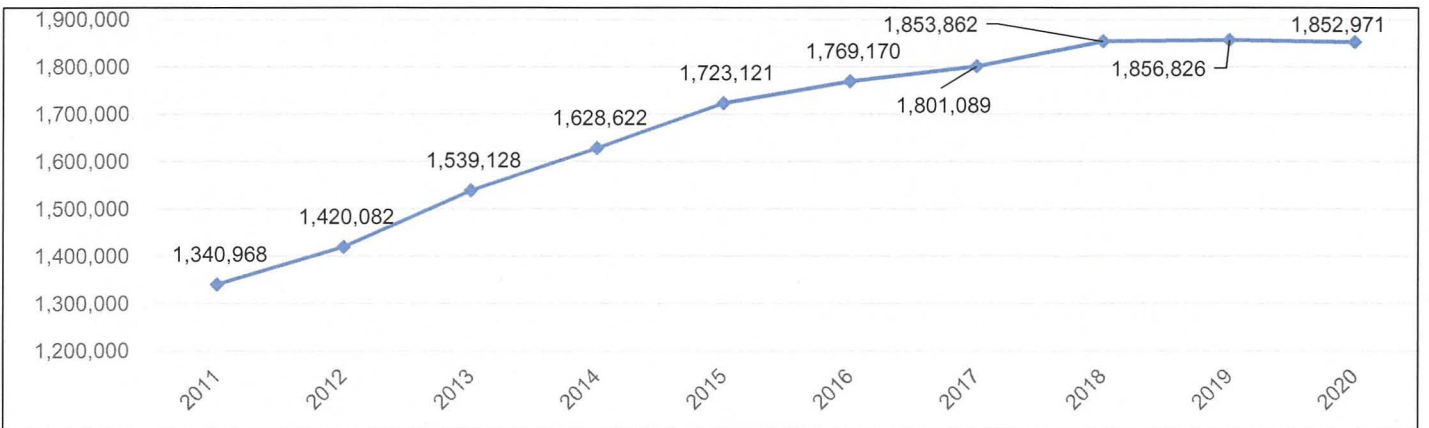


The deficit of \$2.6 million for the year was a decrease of \$4.9 million from the previous year's surplus of \$2.3 million, and \$6.4 million less than the initially planned surplus of \$3.8 million. Surplus is driven by two factors - revenues and expenses. Revenue is largely made up of the Formula Financing Grant from the Federal Government and tends to be stable over time. Expenses are a result of direct government spending and transfers to service the immediate Territorial needs. Compared to 2018-19, the current year decrease in surplus is largely due to increases in expenses particularly in the health and social services and community and transportation sectors including some COVID-19 related expenses late in the year.

Accumulated Surplus (Deficit)

(thousands of dollars)

An accumulated surplus (deficit) represents the government's reported net economic resources (shortfall). An accumulated surplus (deficit) indicates that a government has (requires) additional economic resources to provide future services.



As of March 31, 2020, the Government is reporting an accumulated surplus of almost \$1.853 billion which is a decrease of \$3.9 million from the previous year's surplus of almost \$1.857 billion. The decrease in accumulated surplus during 2019-20 is due to the current year's deficit of \$2.6 million and other comprehensive loss related to the investment in government business enterprises of \$1.2 million.

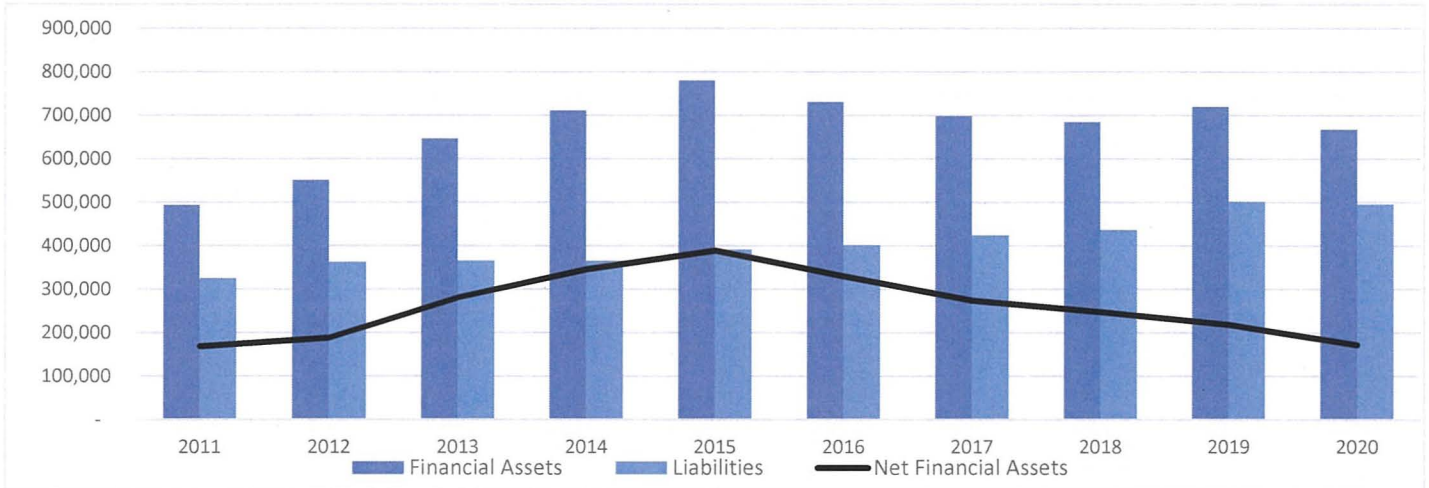
Highlights

Net Financial Assets

Net financial assets represent the amount of financial assets that the Government has to finance future transactions.

Net Financial Assets

(thousands of dollars)



The net financial assets reported as of March 31, 2020 is \$171.9 million. The year to year decreases are a result of decreased resources largely related to increased acquisition of capital assets tied to the Government's continued investment in infrastructure.

Accumulated Surplus consists of Net Financial Assets plus Non-Financial Assets. Non-Financial Assets are predominately Tangible Capital Assets. So the strategy to invest in infrastructure has caused a shift in the composition of Accumulated Surplus.

Net Financial Assets Components

(thousands of dollars)

The net financial assets (or the net debt) of the Government is calculated as:

- The Financial Assets consisting of Cash and cash equivalents, Accounts receivable, etc. ; offset by
- The Liabilities consisting of Due to Canada, Accounts payable and accrued liabilities, etc.

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Financial Assets	493,742	550,613	646,624	711,245	780,119	731,248	698,324	684,562	720,000	667,475
Liabilities	325,230	362,245	365,512	365,556	391,031	401,239	424,272	436,931	501,550	495,587
Net Financial Assets	168,512	188,368	281,112	345,689	389,088	330,009	274,052	247,631	218,450	171,888

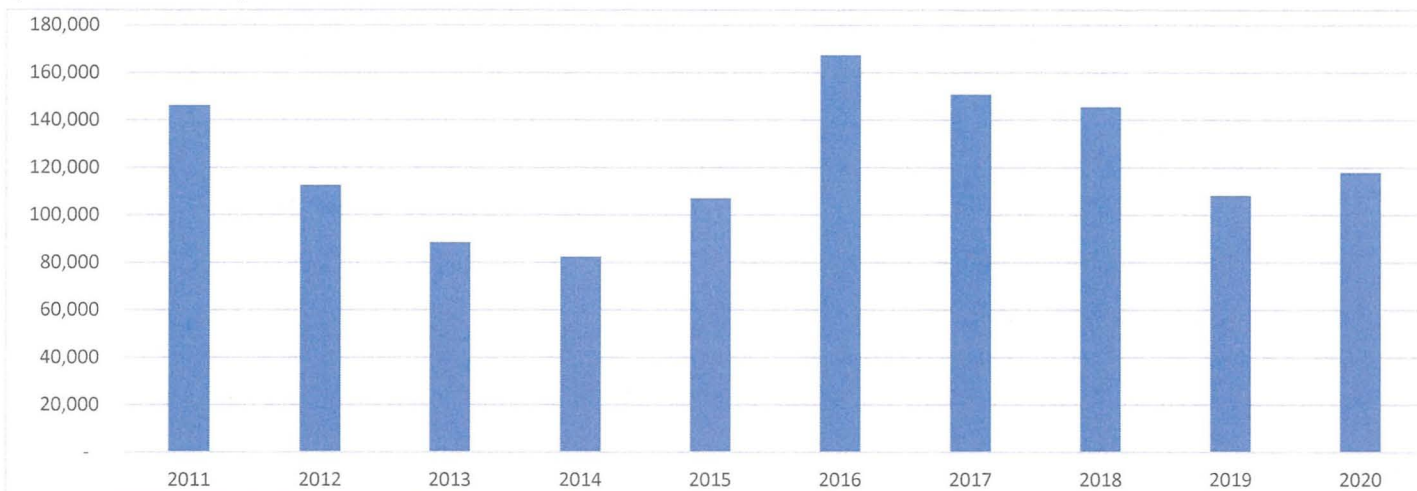
Highlights

Investment in Tangible Capital Assets

The Government invests in tangible capital assets.

Investment in Tangible Capital Assets

(thousands of dollars)



In 2019-20, the Government recorded tangible capital asset additions for the development of assets such as buildings and transportation infrastructure of \$118 million, compared to \$108 million in the previous year. In 2018-19, the Government started the construction of the new Francophone high school which has a forecasted cost of \$35 million. The high school is scheduled to be completed in the winter of 2020-21. The Government has also started the process to build a new elementary school in the Whistle Bend subdivision with an estimated completion date in the 2023-24 fiscal year. In addition, the Government has completed a number of projects such as the upgrade to the Dawson City Airport at a cost of \$12 million, the Nares River Bridge at a cost of \$15 million and the F.H. Collins track and soccer facility at a cost of \$8 million. Looking ahead, the Government is also undertaking the Dempster Fibre project at an estimated cost of \$76 million and an upgrade to the Whitehorse Airport's baggage handling system at an estimated cost of \$7.7 million.

Credit Ratings - March 2020*

Jurisdiction	Rating Agency Standard & Poor's
Yukon	AA
British Columbia	AAA
Alberta	A+
Saskatchewan	AA
Manitoba	A+(pos)
Ontario	A+
Quebec	AA-
New Brunswick	A+
Nova Scotia	AA-
Prince Edward Island	A (pos)
Newfoundland & Labrador	A

*Provincial Ratings as per Government of Saskatchewan Public Accounts 2019-20

On August 7, 2020, Standard & Poor's Rating Services affirmed its 'AA' long-term issuer credit rating of Yukon Territory. In its S&P Global Ratings summary, the rating agency states it believes "the direct fiscal impacts stemming from the COVID-19 pandemic will be less severe for Yukon than for Canadian provinces, given the relatively small proportion of its revenues that have direct exposure to economic activity." The rating agency also stated that, Yukon's "liquidity will remain substantial", "financial management is sound", "debt policy is prudent", and "contingent liabilities are low".

Assessment of Fiscal Health

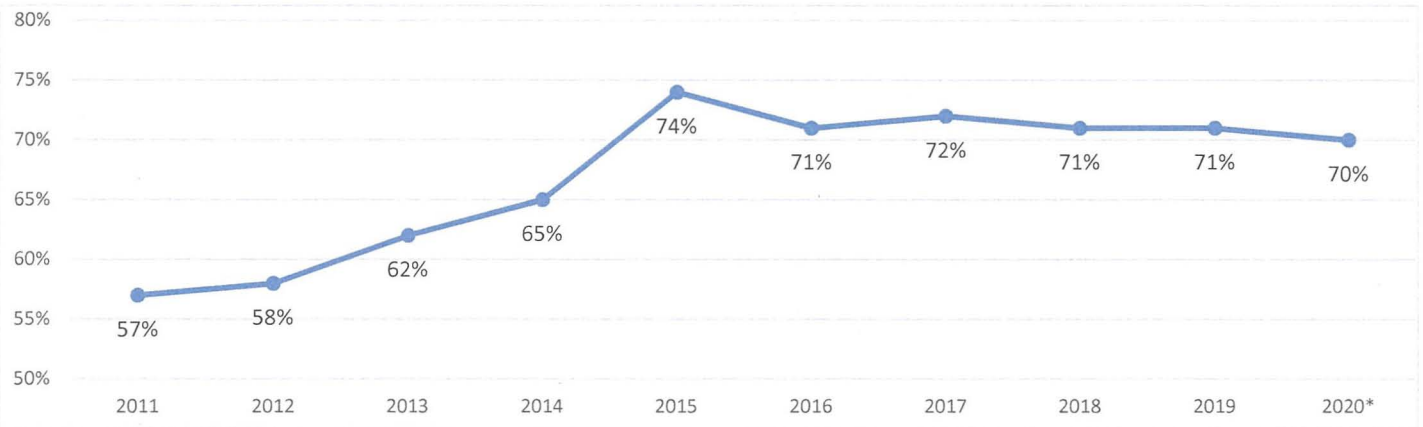
Sustainability

Sustainability is a measure indicating the degree to which the Government can maintain its existing level of spending and meet its existing debt obligations.

Accumulated Surplus to the Territory's GDP

(per cent)

This graph compares the Government's accumulated surplus to the Yukon Territory's GDP as a ratio.



* Forecast 2020 GDP data

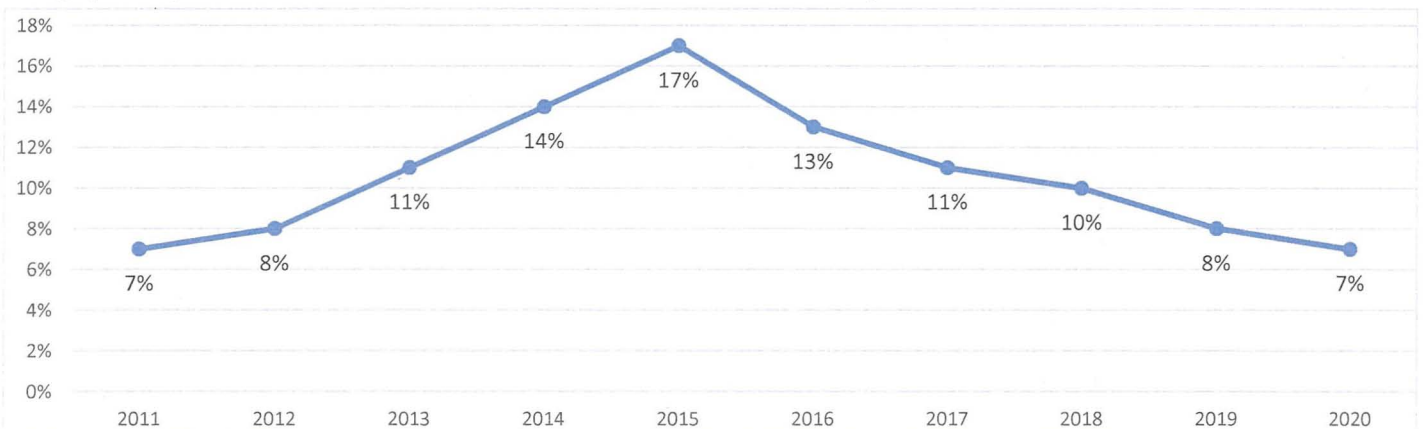
The accumulated surplus measures the sum of all current and prior years' operating results. Gross Domestic Product (GDP) is a measure of the value of the goods and services produced during a year, indicating the size of the Territory's economy. This indicator provides a measure of the role the Government plays in the context of the economy by relating accumulated surplus (deficit) to GDP.

The relatively stable ratio indicates that the Government's surplus (deficit) matched the rate of economic growth in the Yukon. This indicator highlights the prominent role that the Government plays in the territorial economy as its accumulated surplus equates to 70% of the Territory's GDP.

Net Financial Assets to Territory's GDP

(per cent)

This graph compares the Government's net financial assets to the Yukon Territory's GDP as a ratio.



* Forecast 2020 GDP data

Net financial assets is the difference between government's financial assets and its liabilities. This important indicator shows that the Government has financial assets on hand to finance future operations and that the Government was able to provide current services without depending on future revenues. The net financial asset to GDP ratio indicates the financial demands placed on the economy by the Government's policies such as taxation. A low ratio indicates the Government has not placed excessive demands on the economy. The downward trend implies there is room for the introduction of further revenue sources for the government without causing severe hardship in the economy.

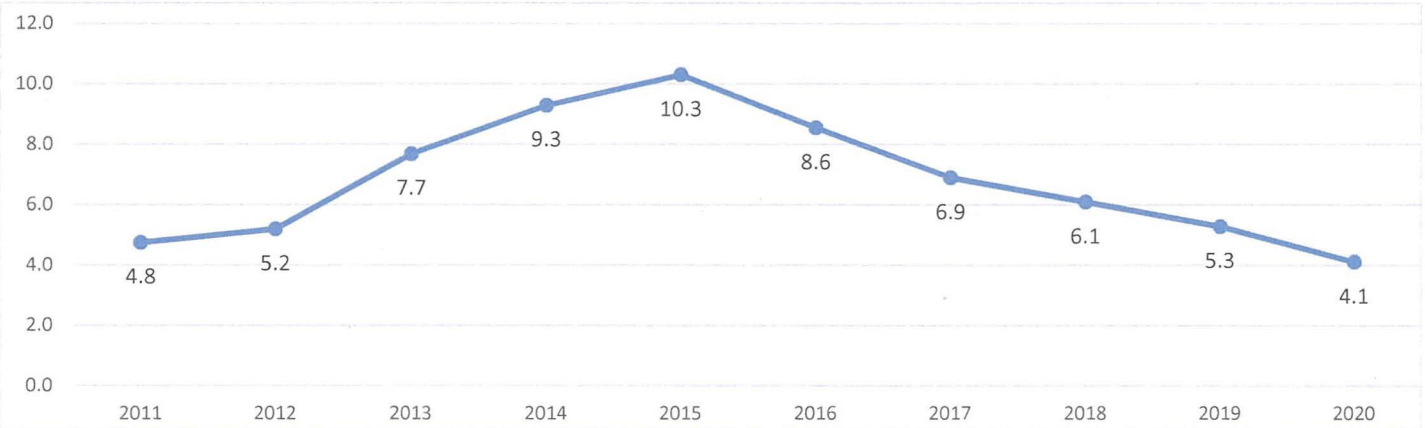
Assessment of Fiscal Health

Sustainability continued

Net Financial Assets per Capita

(thousands of dollars)

Net financial assets per capita represents the net financial assets applicable to each Yukon resident.



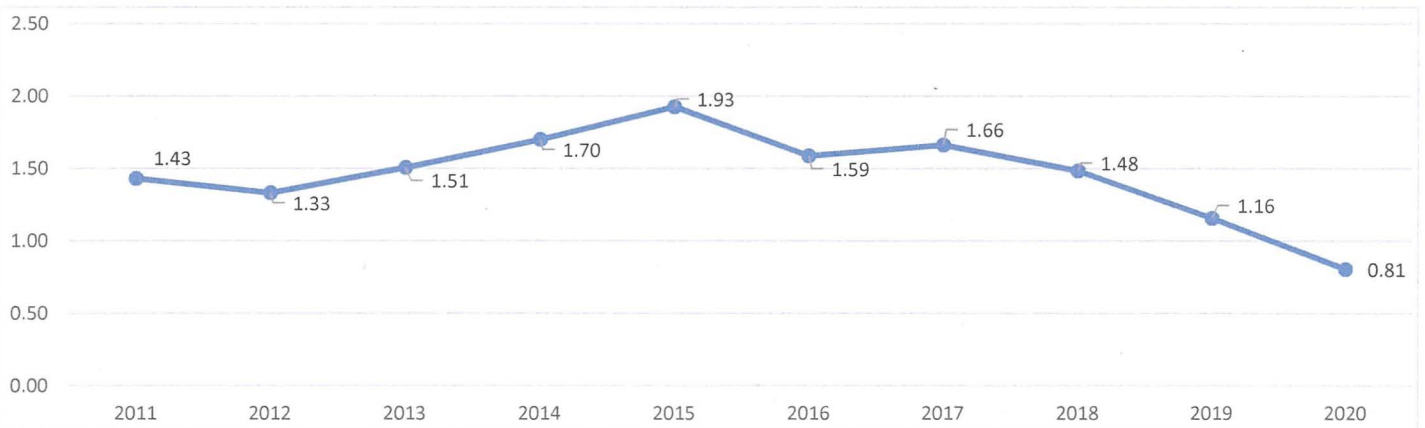
* Forecast 2020 population data

This ratio indicates that the Government's financial resources per resident are declining in part due to the increase in population as well as the Government's increased investment in tangible capital assets such as highways, schools, hospitals and other health facilities.

Liquidity Ratio - Current Assets to Total Debt

(per cent)

In this graph, Current Assets consists of Cash and cash equivalents, Temporary investments, Due from Government of Canada plus Accounts receivable. The Total Debt is as defined in Note 17 to the Financial Statements using the Yukon Borrowing Limits Regulations which includes debt of all entities of the government.



Liquidity ratio's objective is to test the Government's ability to meet its financial obligations. A higher ratio is desirable as it shows that the organization has sufficient financial resources to discharge its long term obligations without having to use further financing.

On March 31st, as per Note 17 Borrowing Limit; the government has Total Debt of \$228.4 million which was 57.1% of the limit allowed at that time. The Government of Canada on September 20, 2020 passed Order in Council #2020-0663 which raises the borrowing limit to \$800 million.

Assessment of Fiscal Health

Flexibility

Flexibility is a measure indicating the room that the Government has to maintain its services by increasing its debt or tax burden on the economy.

Own-Source Revenue to the Territory's GDP

(per cent)

In this graph, own-source revenue refers to the Government's taxes and general revenue and is compared against the Yukon Territory's GDP.



* Forecast 2020 GDP data

This ratio indicates to what extent the Government is taking economic resources out of the territory's economy through user fees or taxation. This ratio is relatively constant over time indicating that the Government has not changed its demands on the economy. While the ratio is constant, it is also relatively low compared to other Canadian jurisdictions and indicates that the Government has some flexibility in increasing taxes and other fees without causing a severe impact on the economy.

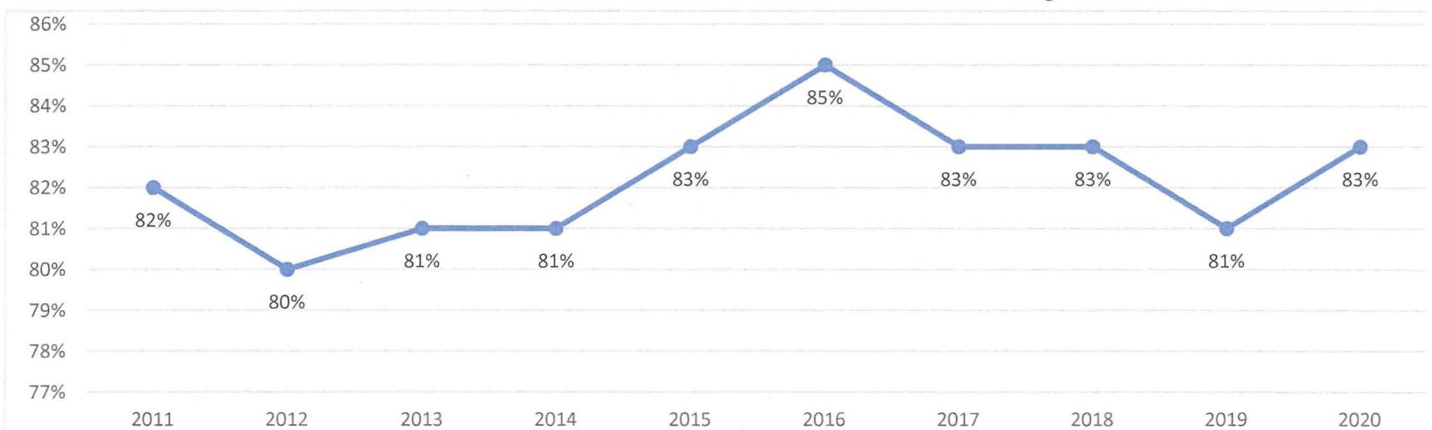
Vulnerability

Vulnerability is the extent to which the Government is exposed to a risk associated with revenue sources that are outside of its control.

Transfers from the Federal Government to Total Revenue

(per cent)

In this graph, transfers from the Federal Government include the Formula Financing Grant, other grants such as Canada Health, Canada Social and Cannabis transfers and Contributions and service agreements with Canada.



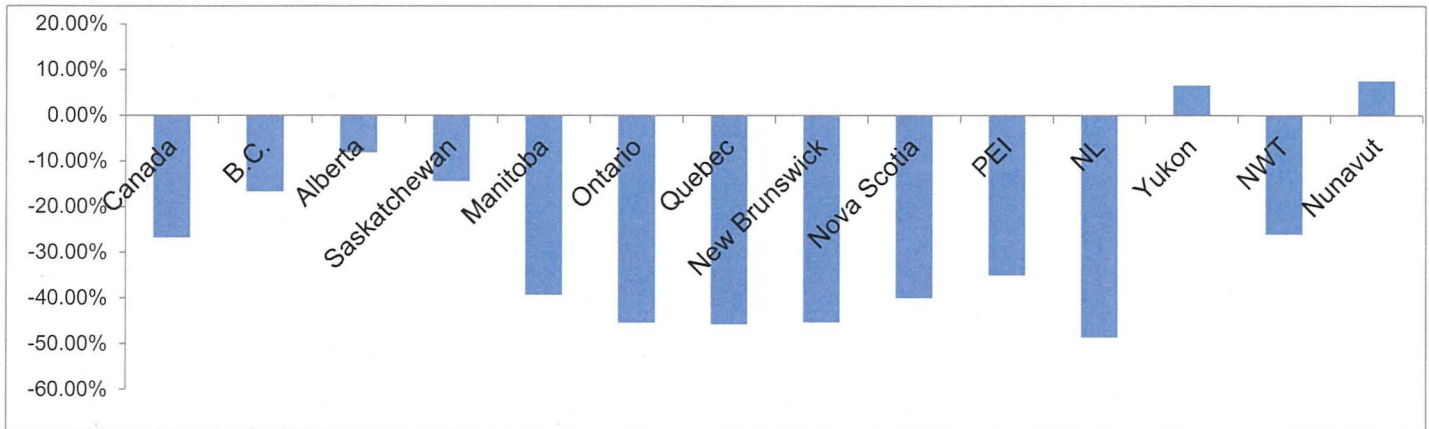
The Government receives transfer payments from the federal government on an annual basis. While the Government has little control over these transfers which poses a risk, it also represents a relatively stable source of revenue from a senior level of government. In 2019-20, the Government received 83% of its revenue from the federal government which was within the ten-year range of 80% to 85%. This ratio is consistently fairly high indicating a high degree of reliance on the federal government to finance Yukon activities.

Indicators of Financial and Economic Conditions

Canadian Jurisdictional Comparison of Net Financial Assets (Net Debt) to Gross Domestic Product (GDP)

The bar graph below shows a Canadian jurisdictional comparison of (net debt) net financial assets to GDP ratio. Yukon and Nunavut are the only jurisdictions that have a positive ratio. A positive ratio indicates banked resources to finance future operations and obligations. A negative ratio indicates that the government must rely on future revenues to discharge existing liabilities.

Federal/Provincial/Territorial Governments Net Financial Assets (Debt) -GDP ratio, Calendar Year 2018



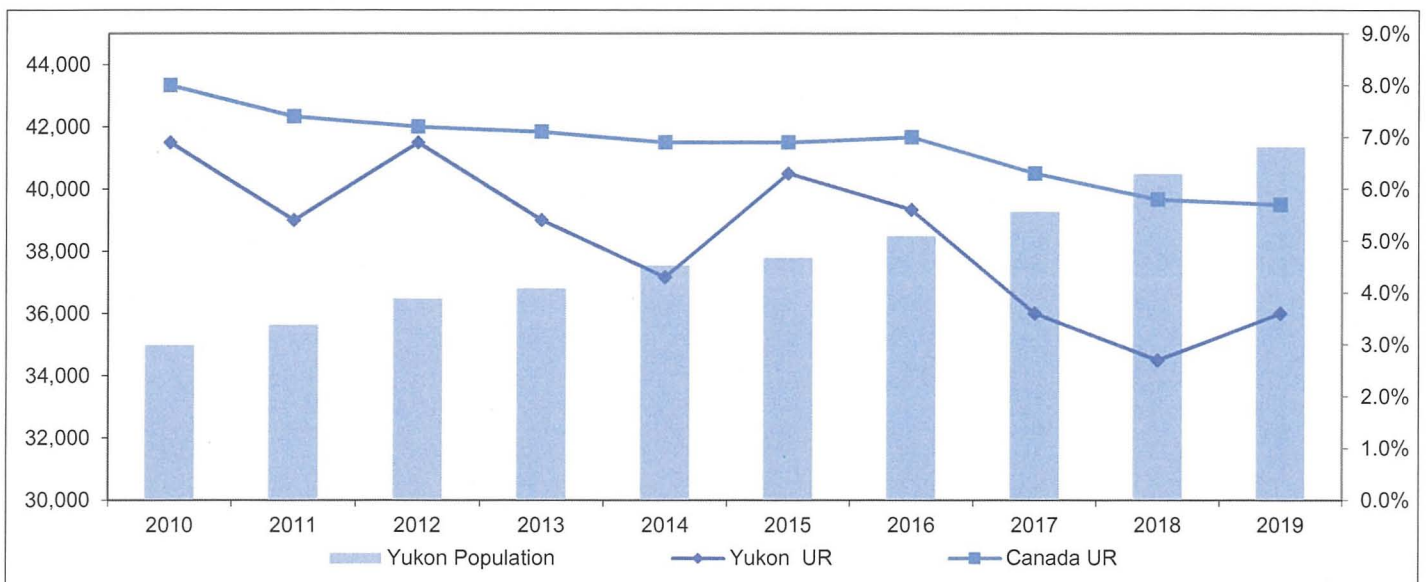
Statistics Canada. Table 379-0030 - Gross domestic product (GDP) at basic prices, by North American Industry Classification System (NAICS), provinces and territories, annual (dollars)

Population and Unemployment rate (Calendar Year 2019)

With growth in 2019, Yukon's population has posted gains for 16 consecutive years. In 2018, total population exceeded 40,000 for the first time.

Yukon's unemployment rate averaged 3.6% in 2019, which was below the national average of 5.7%. As noted in the chart below, over the ten years in question, Yukon's unemployment rate has consistently been below the Canadian average.

Population and Unemployment Rate



Details

Surplus / Deficit for the year

The Government's annual surplus or deficit resulting from its operations is dependent on various factors. Two of the most significant factors are:

- total revenues, of which the Formula Financing grant from the Government of Canada makes up the largest share; and
- direct Government spending and operating transfers to individuals and other public organizations, such as municipalities.

The deficit of \$2.6 million for the year was a decrease of \$4.9 million from the previous year's surplus of \$2.3 million and \$6.4 million less than the initially planned surplus of \$3.8 million. Revenues increased by \$75.8 million from the previous year's actual and were \$1.8 million lower than initially planned. Actual expenses (net of prior years' expense recoveries) of \$1.479 billion for the year were higher than the initially budgeted amount of \$1.474 billion.

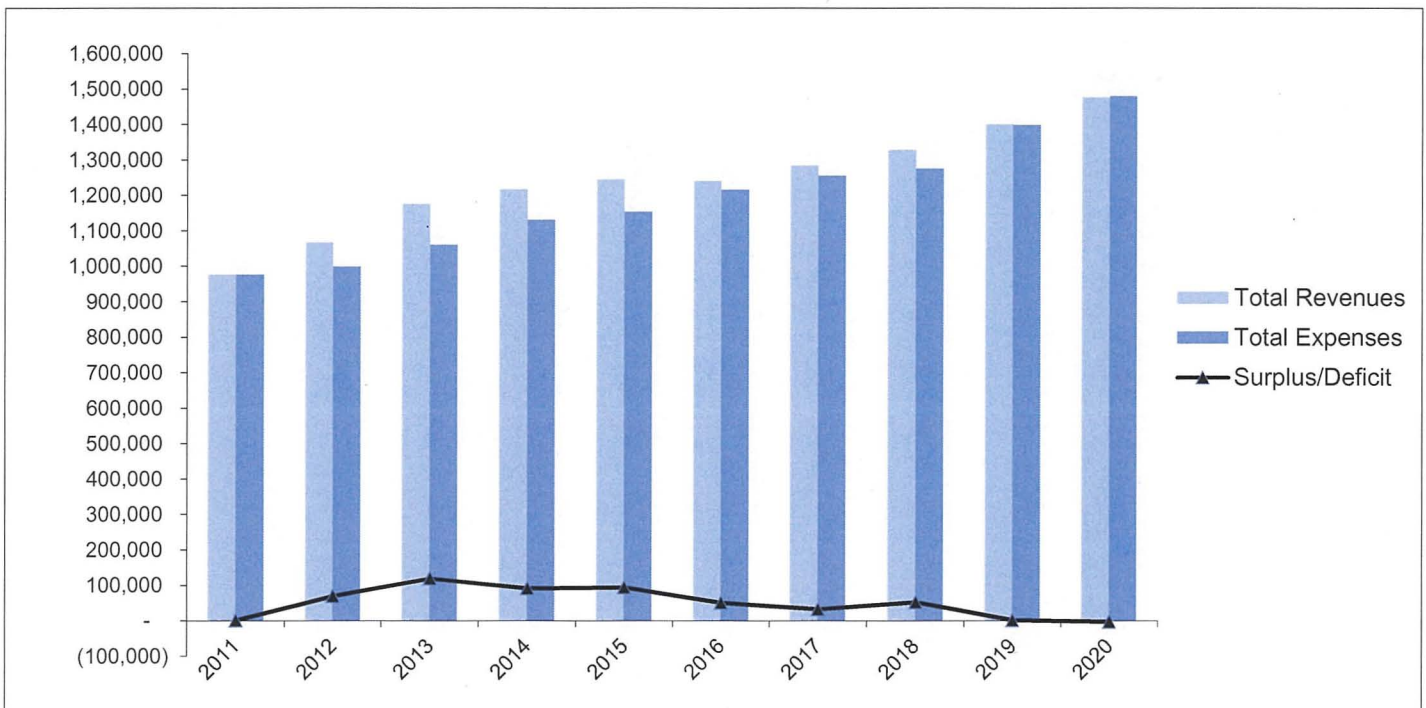
Major revenue variances between the current and prior year include a \$47.2 million (5%) increase in the Formula Financing grant and a \$39.2 million (31%) increase in contributions and service agreements revenues from the Government of Canada. Funding and service agreements with other parties decreased by \$15.5 million (24%) from previous year.

Expenses increased by \$81.5 million (6%) with expenditures for health and social services contributing to the majority of the increase. Community and transportation, education, general government, business, tourism and culture and natural resources also had increased expenditures while justice had a decrease from prior year expenditures.

The chart below illustrates the trend between revenues and expenses over the last ten years. The amounts are taken directly from the respective year's Public Accounts, without reflecting changes in accounting policies over the years.

Revenues and expenses

(thousands of dollars)



Details

Net Financial Assets and Accumulated Surplus

At March 31, 2020, the Government’s financial assets exceeded its liabilities, resulting in net financial assets of \$171.9 million (\$218.5 million at March 31, 2019). This important indicator shows that the Government has financial assets on hand to finance future operations.

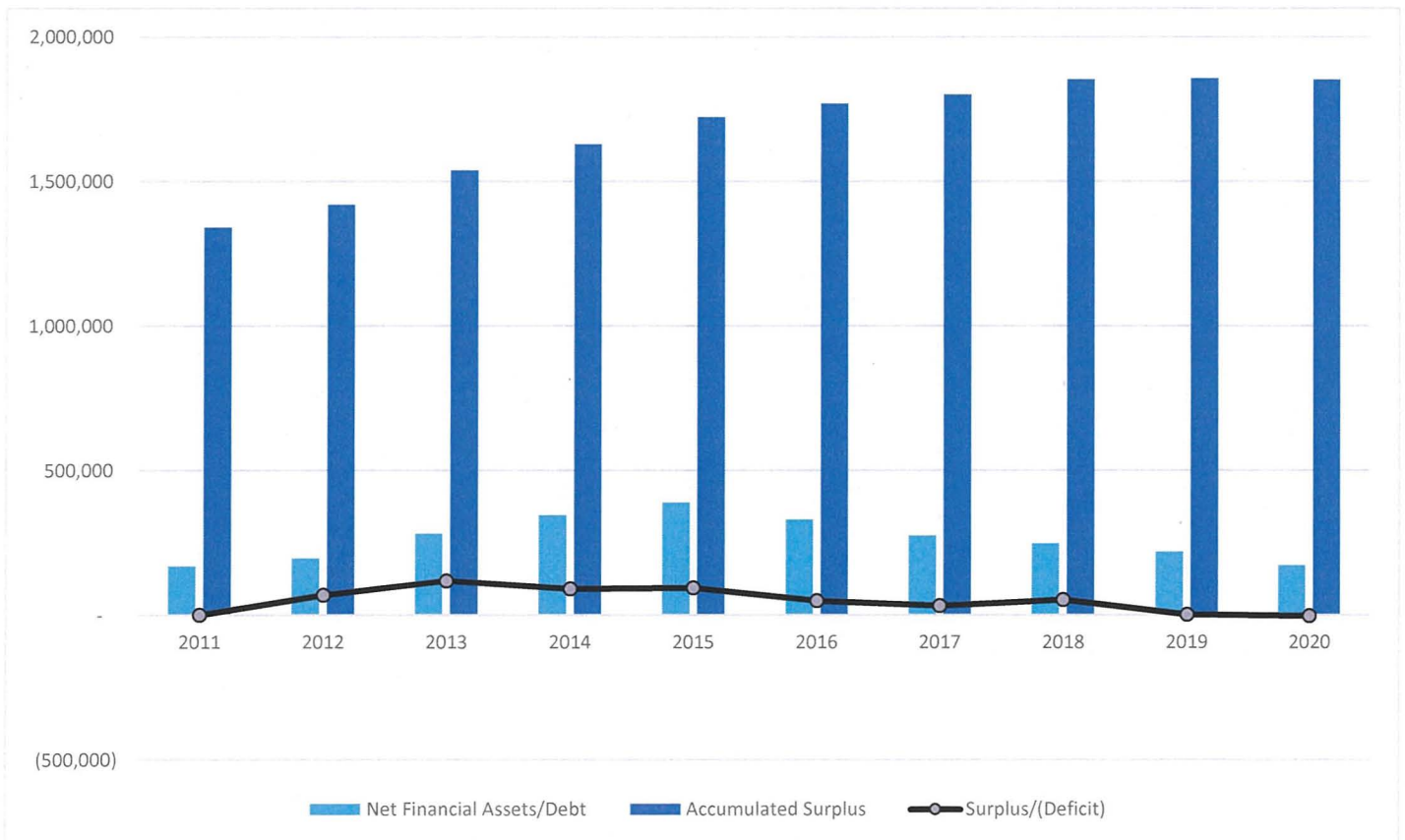
The Government’s net financial assets decreased by \$46.6 million in 2019-20. This decrease was largely due to the decrease of \$52.5 million in Financial Assets offset slightly by the decrease in Liabilities of \$5.9 million. The decreases in Cash and cash equivalents of \$49.2 million and Temporary investments of \$42.5 million along with the offsetting increase of \$23.9 million in Due from Government of Canada represent the largest changes.

The Government’s liabilities decreased by \$5.9 million. This decrease was largely due to the decrease of \$12.9 million in unearned revenues and an increase of \$7.3 million in retirement benefits.

Accumulated surplus consists of net financial assets and non-financial assets such as tangible capital assets. The accumulated surplus of the Government at March 31, 2020 was \$1.853 billion (\$1.857 billion at March 31, 2019). The \$46.6 million decrease in net financial assets was offset by \$42.7 million increase in non-financial assets.

Net Financial Assets, Accumulated Surplus and Surplus(Deficit)

(thousands of dollars)



Details

Revenues

In 2019-20, the Government's total revenues increased from the previous year by \$75.8 million (5%) to \$1.476 billion, (details provided in Schedule A to the Consolidated Financial Statements).

The Government receives the majority of its revenues from the Government of Canada through the Formula Financing grant, the Canada Health Transfer and the Canada Social Transfer. In 2019-20, the Government received \$997.4 million as the Formula Financing grant. This was an increase of \$47.2 million (5%) from the previous year. The Canada Health Transfer was \$43.9 million and the Canada Social Transfer was \$15.9 million. These transfers increased from the previous year by a total of \$0.5 million (1%).

In addition to the main grant and transfers, the Government receives funding from the Government of Canada for purposes such as health and social programs and education as well as funding for infrastructure development. Contributions and service agreements from Canada increased from the previous year by \$39.2 million (31%) to \$165.4 million.

Taxes and general revenues include taxes on corporate income, personal income, tobacco, liquor, fuel, insurance premiums and property as well as licenses and fees such as motor vehicle licenses and business/professional fees. Taxes and general revenues increased from the previous year by \$8.1 million (4%) to \$196.0 million. This was largely due to a \$3.3 million increase in revenue from income taxes and a \$3.8 million increase in the sale of land.

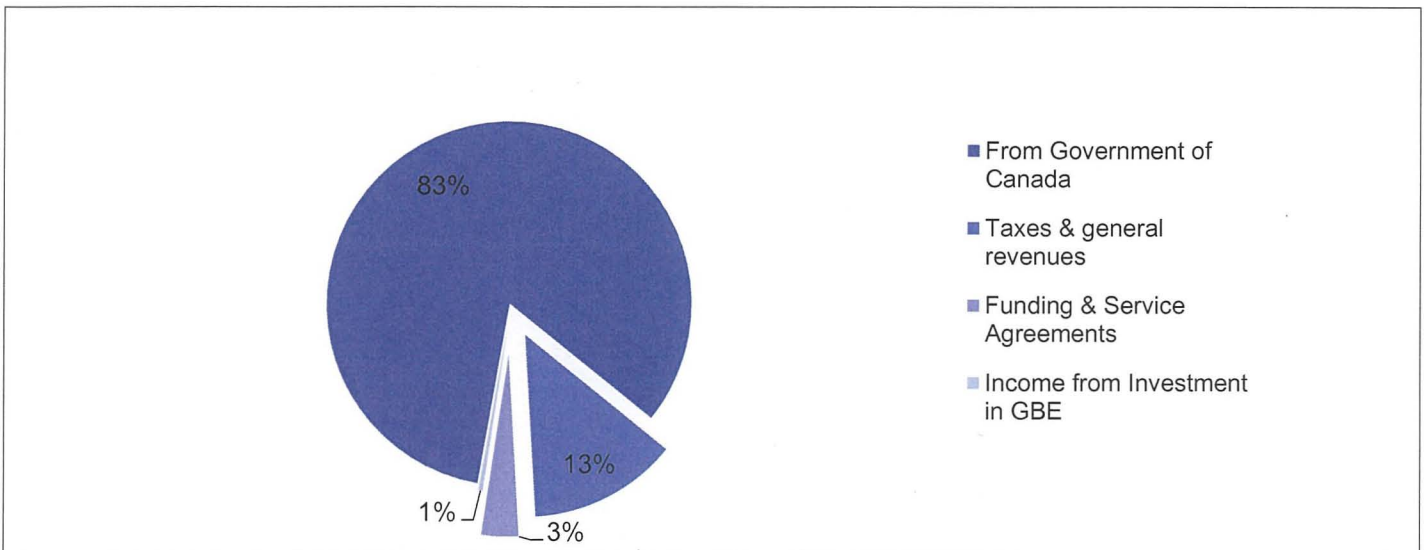
Funding and service agreements with other parties decreased from the previous year by \$15.5 million (24%) to \$49.2 million.

The income from investment in government business enterprises reported as revenue in the financial statements represents the net operating results of government corporations that are categorized as government business enterprises ("GBE"). Government of Yukon business enterprises include the Yukon Liquor Corporation ("YLC") and the Yukon Development Corporation ("YDC"), which reports its results consolidating the Yukon Energy Corporation. Income from YLC was \$9.6 million and was offset by a loss from YDC of \$4.1 million.

Revenues were less than the initially budgeted amounts by \$1.8 million. This was primarily due to lower than forecasted revenues from funding and service agreements with other parties and operating income from investment GBE revenue.

In 2019-20, the composition between different types of revenue remained consistent with previous years.

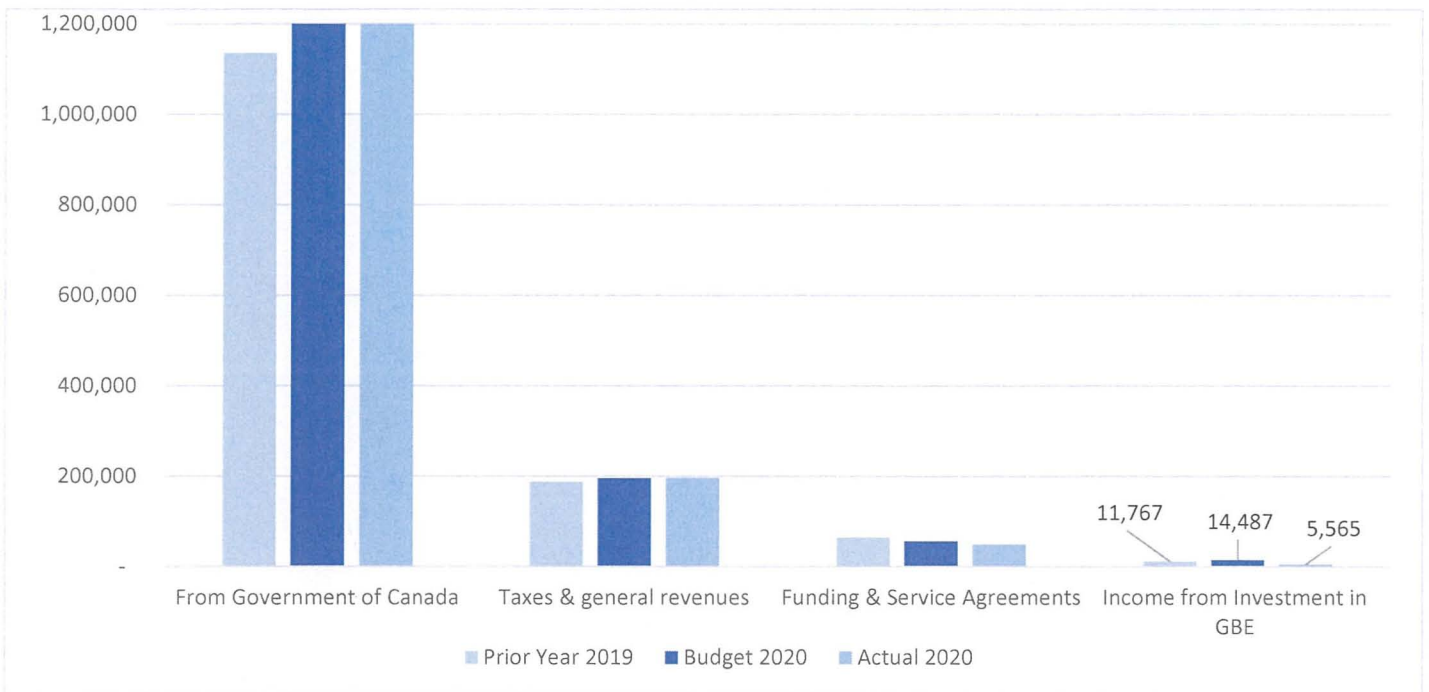
Revenue by source



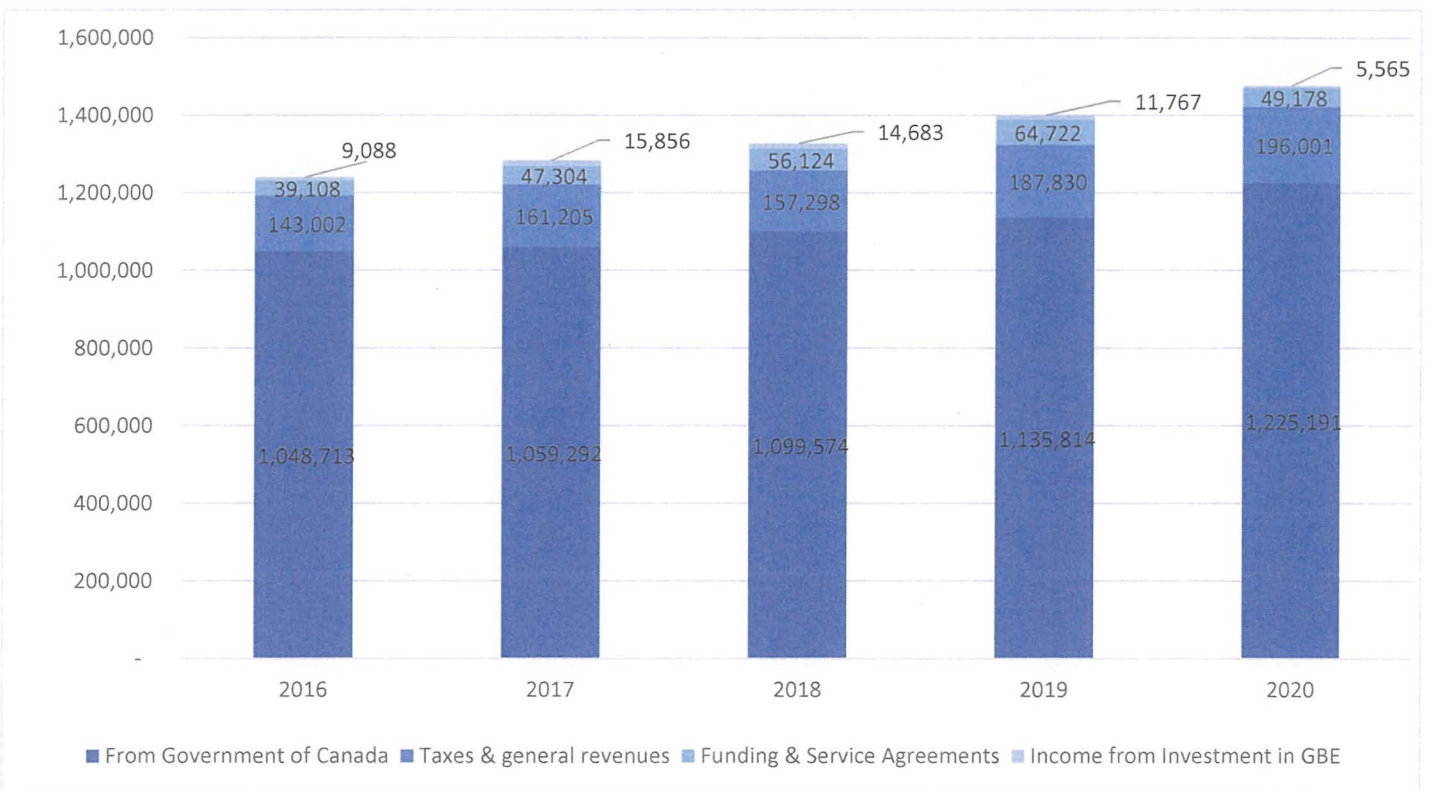
Details

Revenues continued

Revenue by source - comparison to budget and prior year



Revenue by source five year trend comparison



Details

Expenses

Overall, expenses increased from the previous year by \$81.5 million (6%) to \$1.479 billion, (details provided in Schedule B to the Consolidated Financial Statements).

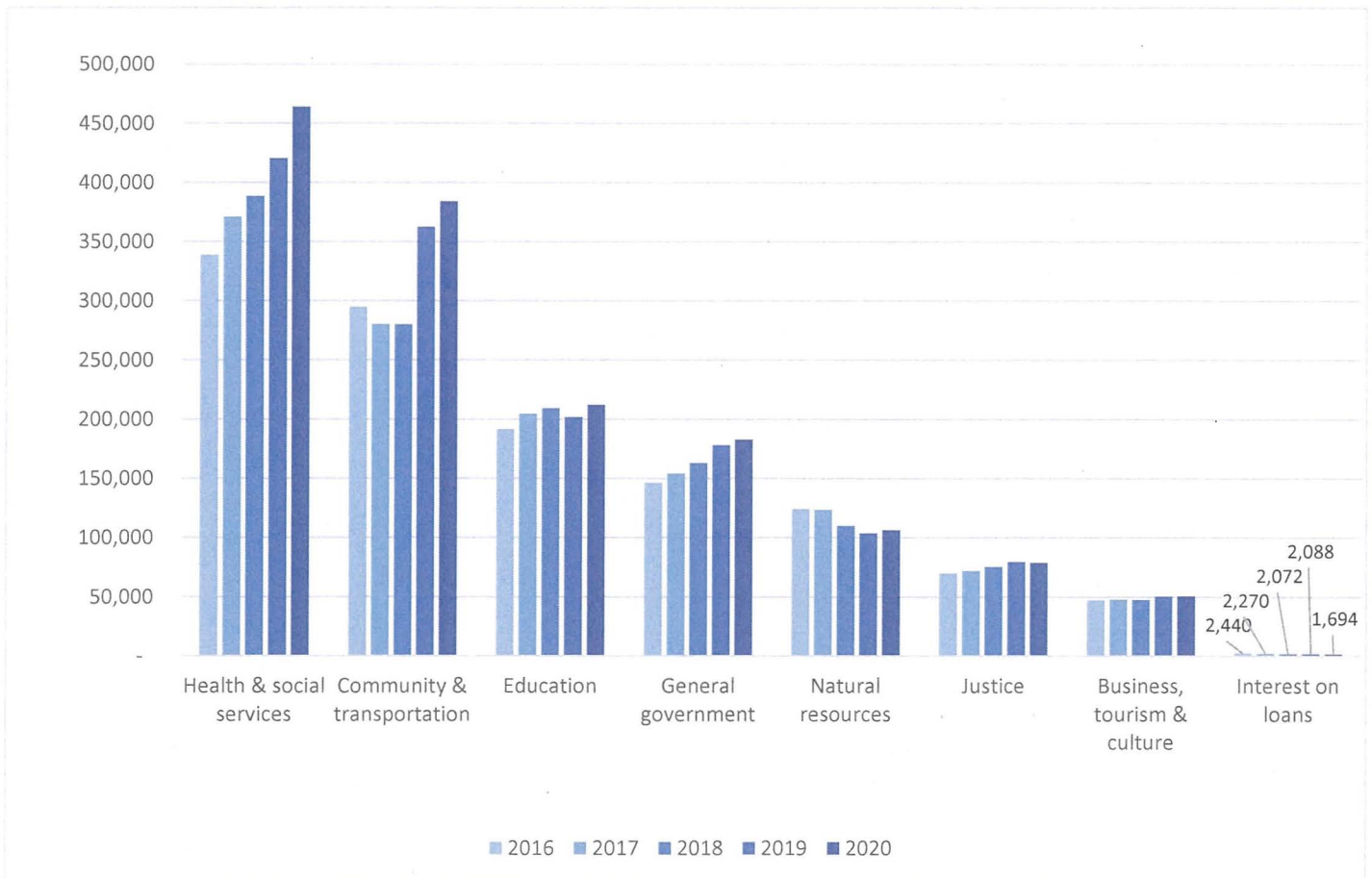
The largest increase was in the health and social services function, with an increase of \$43.2 million, followed by a \$21.6 million increase in community and transportation while the justice function decreased by \$0.8 million.

As for the type of expenses (as detailed in Note 21 to the Consolidated Financial Statements), the highest percentage was for wages and benefits (44%), followed by procurement of goods and services (32%), transfer payments (19%) and amortization expenses (5%). These percentages are consistent with those in previous years.

In 2019-20, the ratio of expenses by function remained consistent with the previous year, with health and social services, community and transportation, and education comprising 71% of total expenses (70% in 2018-19).

Expenses by function five year trend comparison

(thousands of dollars)

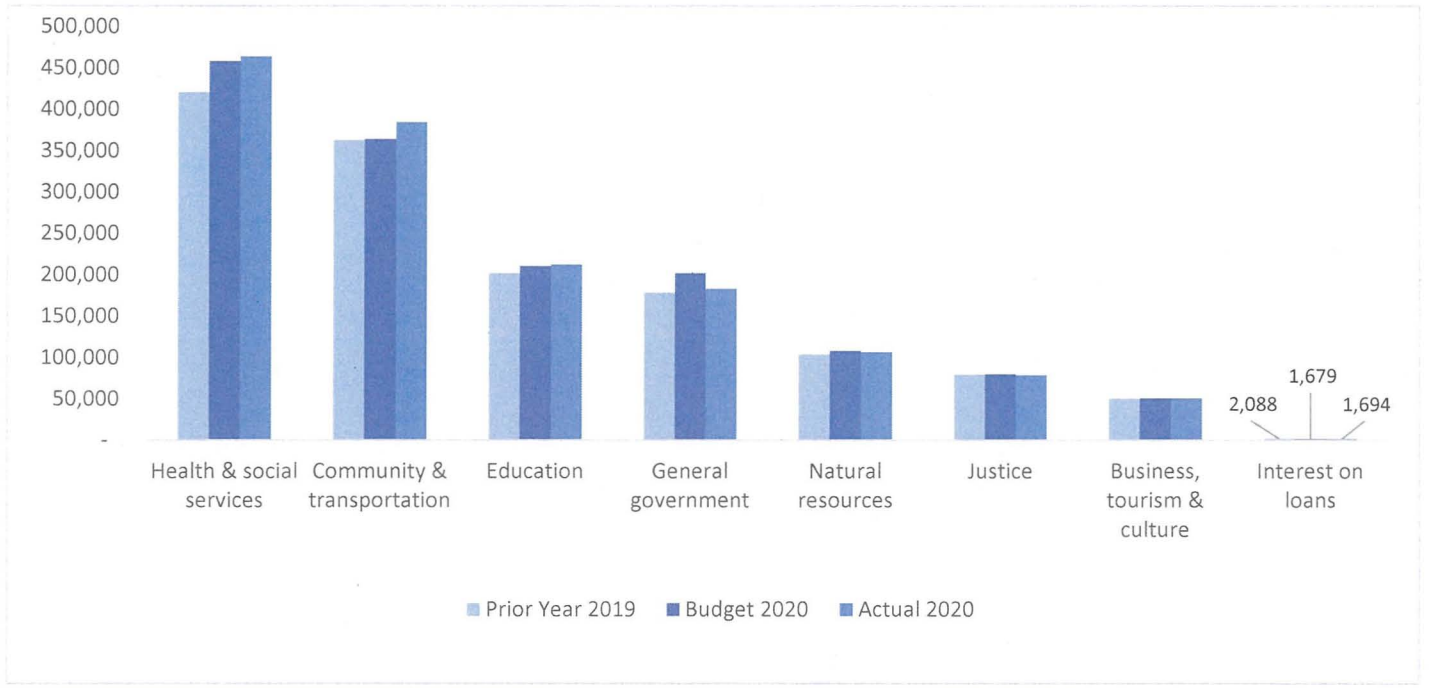


Details

Expenses continued

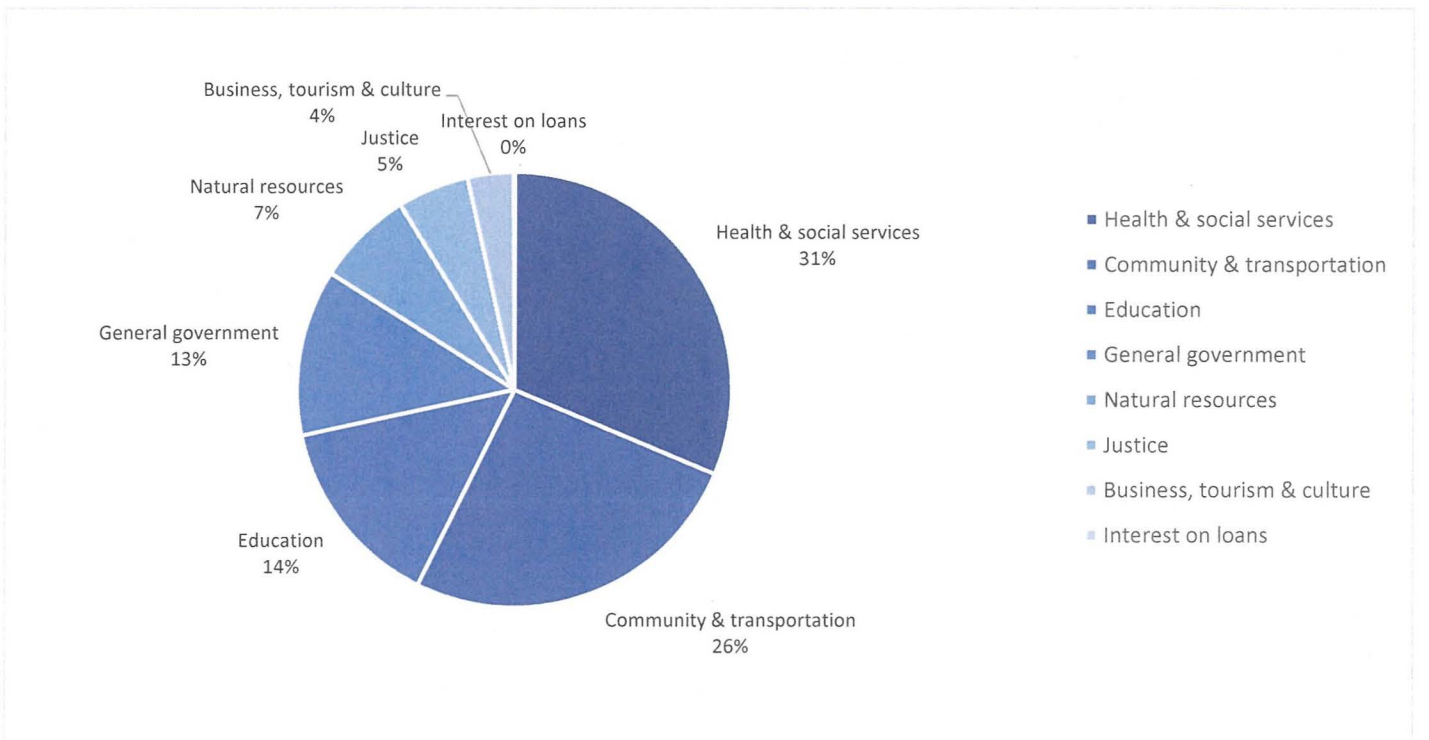
Expenses by function comparison

(thousands of dollars)



Expense by function

(per cent)



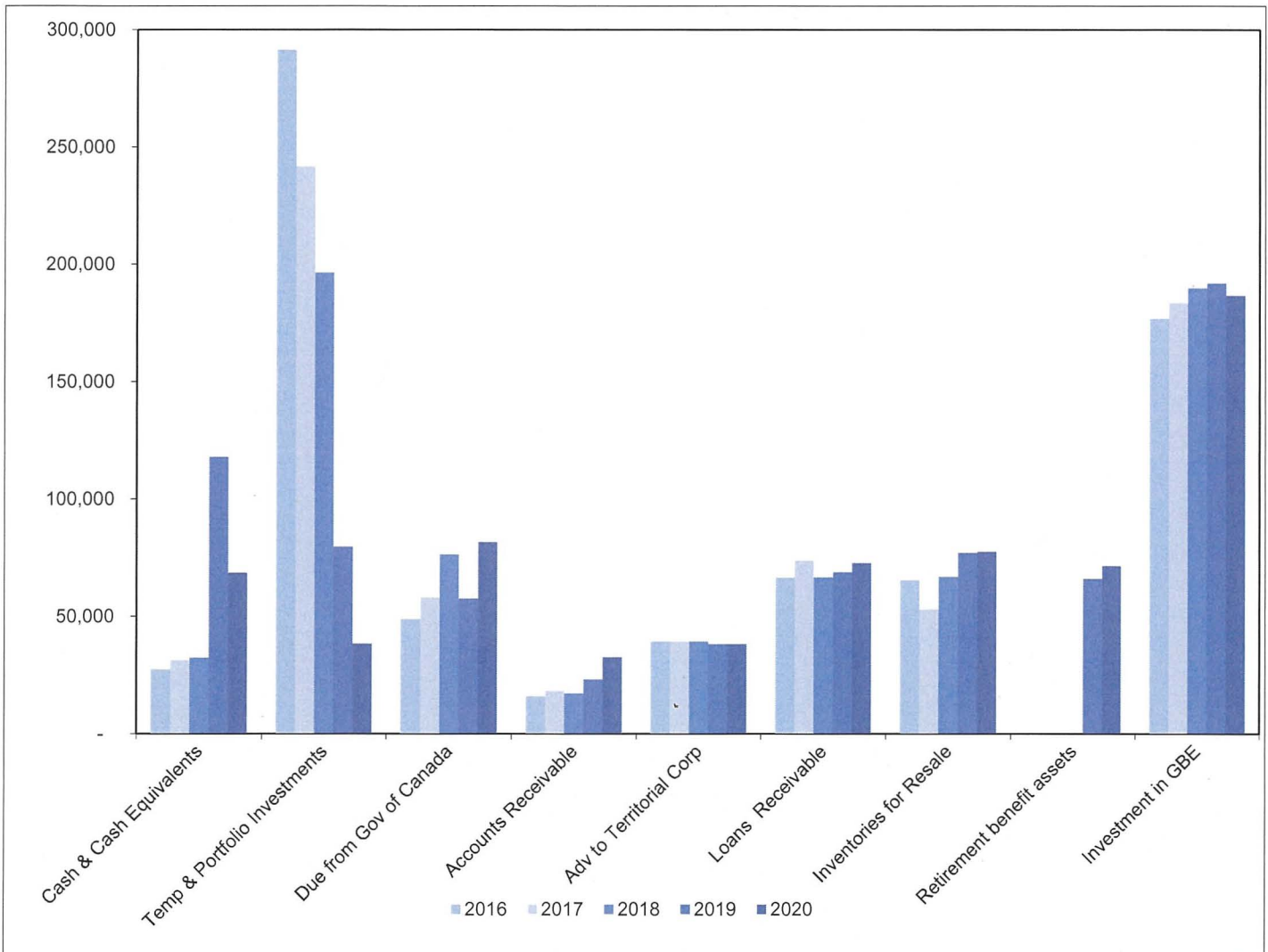
Details

Financial Assets

Financial assets consist of assets available to discharge existing liabilities or to fund future activities. At March 31, 2020, the value of total financial assets was \$667.5 million, which is a decrease of \$52.5 million from the previous year. Within financial assets, cash and cash equivalents decreased by \$49.2 million from the previous year while temporary investments decreased by \$42.5 million. Due from Canada increased by \$23.9 million, accounts receivable increased by \$9.5 million and loans receivable increased by \$3.8 million. In 2019-20, cash and cash equivalents and temporary investments accounted for \$69.8 million, or 10% of the total financial assets compared with 2018-19 where they accounted for \$161.6 million or 22%.

Financial Assets by type

(thousands of dollars)



(Note: In 2018-19 the Government reclassified its retirement benefit plans to present Retirement benefit assets and Retirement benefit liabilities separately).

Details

Financial Assets continued

Major categories of the Government's financial assets are described below.

Cash and cash equivalents

Cash and cash equivalents are bank balances, short-term investments that mature less than 90 days from the date of purchase and cash on hand.

At March 31, 2020, the Government held \$68.5 million in cash and cash equivalents, which is a decrease of \$49.2 million from the previous year.

Temporary investments

Temporary investments include treasury bills, GICs, term deposits, and funds that include short-term debt securities of Canadian governments and corporate issuers with terms to maturity of 90 days or more but one year or less from the date of acquisition. At March 31, 2020, the Government held \$1.3 million in temporary investments compared to \$43.8 million the previous year.

Due from Government of Canada

At March 31, 2020, the Government had receivables from the Government of Canada in the amount of \$81.5 million, 97% of which were outstanding claims on cost-sharing agreements and projects delivered on behalf of the federal government. This was an increase of \$23.9 million from the prior year.

Accounts receivable

Accounts receivable increased to \$32.6 million at March 31, 2020 from \$23.1 million at March 31, 2019.

Portfolio investments

Portfolio investments are investments that are expected to be realized or have terms to maturity of greater than one year from the date of acquisition. Portfolio investments include floating rate notes and funds that include bonds and equities. As at March 31, 2020, the government held \$37.0 million in portfolio investments compared to \$35.8 million in the previous year.

As of March 31, 2020, \$32.9 million of the portfolio investments were specifically designated (\$32.1 million at March 31, 2019) in order to meet obligations under Part 3 (Supplemental Plan) of the *Legislative Assembly Retirement Allowances Act* (Yukon) as well as the "Severance allowance" section of the *Legislative Assembly Act* (Yukon).

Advances to Territorial corporations

As of March 31, 2020, the Government has an outstanding balance of \$38.2 million (\$38.2 million at March 31, 2019) on advances made to the Territorial corporations.

Details

Financial Assets continued

Loans receivable

The Government has loans receivable of \$72.7 million, of which \$39.8 million, or 55%, were Yukon Housing Corporation mortgages receivable, followed by \$16.9 million, or 23%, in land sale related loans receivable that are also administered by the Yukon Housing Corporation.

Inventories for resale

Inventories for resale totaled \$77.6 million as of March 31, 2020. This was an increase of \$0.5 million (1%) from the previous year. The inventories largely consist of lots that were developed by the Government for sale to the public.

Retirement benefit assets

Retirement benefit assets totaled \$71.4 million at March 31, 2020 (\$65.9 million at March 31, 2019) and represent the investments held in relation to the Government's obligations for future pension benefits for employees of Yukon College/University and Yukon Hospital Corporation.

Investment in government business enterprises

Investment in government business enterprises, which are self-sustainable government corporations, represent 100% equities of the Yukon Development Corporation ("YDC") and the Yukon Liquor Corporation ("YLC"). YDC had an investment value of \$184.0 million at March 31, 2020 (2019 - \$189.1 million), and YLC had an investment value of \$2.7 million at March 31, 2020 (2019 - \$2.9 million). The Yukon Energy Corporation, which supplies and sells power in the Yukon, is the wholly-owned subsidiary of YDC.

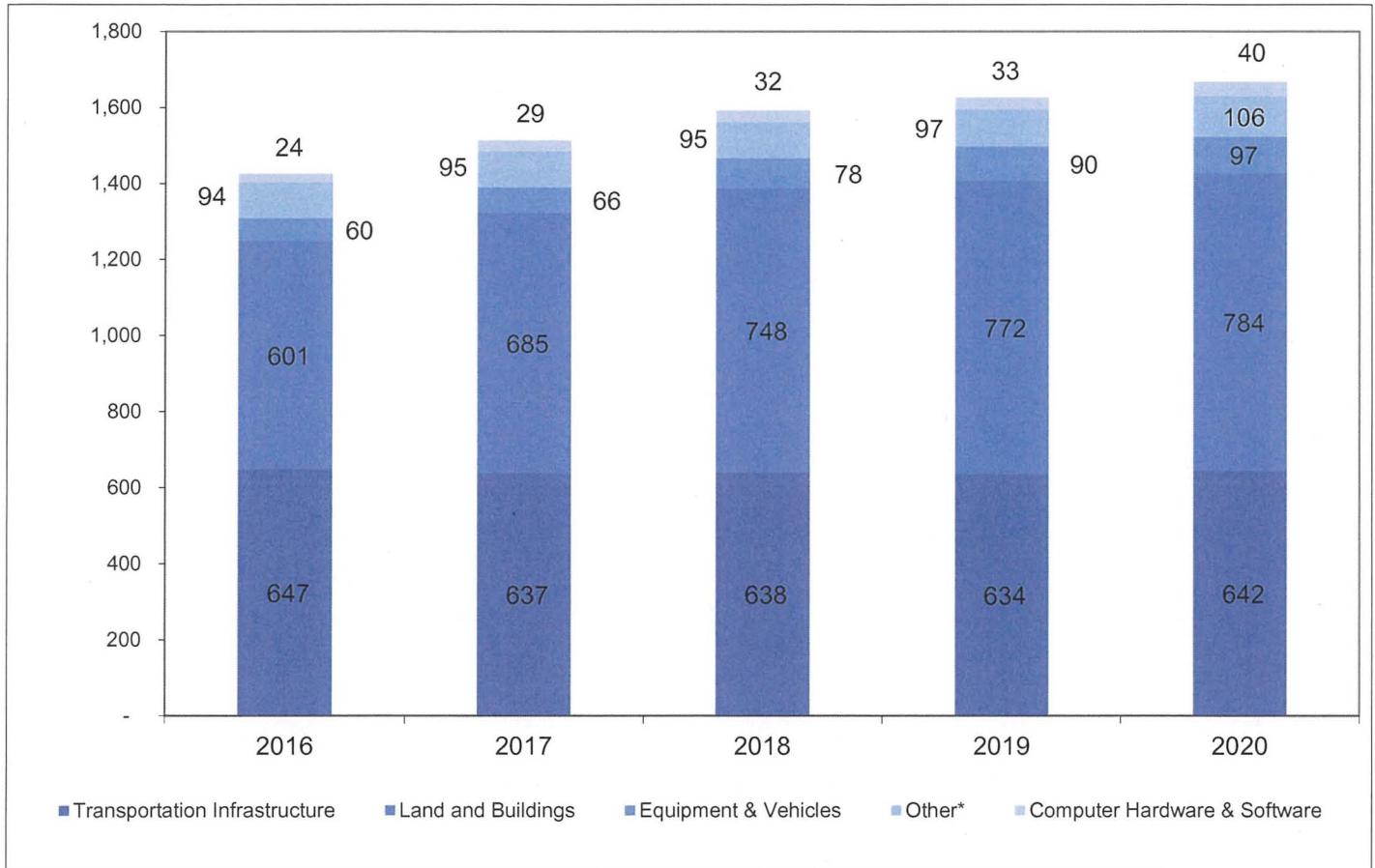
Details

Non-financial Assets

Non-financial assets are assets that do not normally provide resources to discharge existing liabilities, but instead are normally used to deliver future government services or may be consumed in the normal course of operations. Non-financial assets include tangible capital assets, inventories of supplies, and prepaid expenses. Tangible capital assets are the largest category of non-financial assets.

Net Book Value of Tangible Capital Assets

(millions of dollars)



*For additional detail see schedule C

In 2019-20, the Government made the following investment in tangible capital assets:

Opening balance at April 1, 2019	\$	1,626 million
Additions during the year		118 million
Less: Amortization		(76) million
Balance at March 31, 2020	\$	1,668 million

The Government's \$118 million investment was largely spent on buildings, transportation infrastructure and equipment and vehicles.

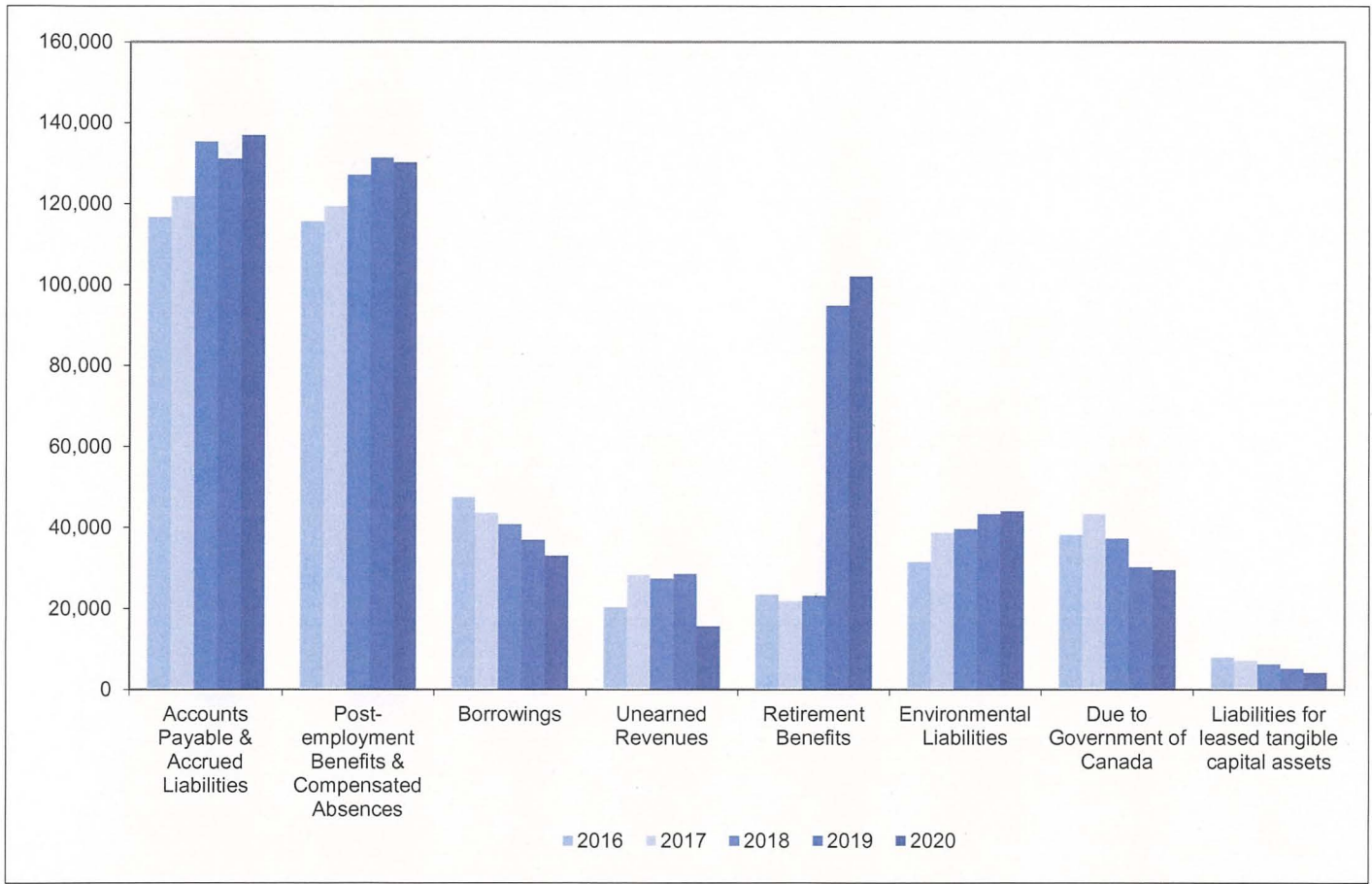
In accordance with the recommendations of the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, the value of transferred Crown land is not reported as a tangible capital asset.

Details

Liabilities

At March 31, 2020, the liabilities of the Government totaled \$495.6 million (\$501.5 million at March 31, 2019), which is equivalent to 74% of the financial assets of the Government. A five-year comparison of the Government's liabilities by category is illustrated below:

Liabilities
(thousands of dollars)



(Note: Prior year amounts are shown as reported in the respective year's Public Accounts. In 2018-19 the Government reclassified its retirement benefit plans to present Retirement benefit assets and Retirement benefit liabilities separately).

Major categories of the Government's liabilities are described as follows:

Due to Government of Canada

Accounts payable to the Government of Canada at March 31, 2020 were \$29.5 million (\$30.2 million at March 31, 2019). These amounts consist primarily of amounts due under various agreements for Income Taxes and Public Service Pension Plan contributions payable for the month of March 2020.

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are the Government's liabilities that are generally paid within a year. The total accounts payable and accrued liabilities of \$136.9 million is an increase of 5% from the previous year's total of \$131.1 million.

Details

Liabilities continued

Environmental liabilities

At March 31, 2020, the Government has recorded \$43.9 million (\$43.3 million at March 31, 2019) as a liability for the estimated costs related to the remediation of contaminated sites for which the Government is responsible and can reasonably estimate the value. Of the liabilities, \$10.9 million (25%) is for highway maintenance camps and airports and \$11.9 million (27%) is for landfills that the Government is responsible for maintaining.

Unearned revenues

Unearned revenues of \$15.6 million reported as of March 31, 2020 (\$28.5 million at March 31, 2019) are mostly comprised of funding received from the Government of Canada that has not yet been expended in accordance with funding agreements.

Post-employment benefits and compensated absences

The Government's second largest liability, after accounts payable and accrued liabilities, is post-employment benefits and compensated absences. Post-employment benefits are provided to employees after employment but before retirement. These benefits consist of severance pay and a portion of sick leave and vacation leave that are paid out to employees at termination of employment. Compensated absences are benefits such as sick leave and vacation leave that are paid to employees during their employment. The Government uses actuaries to estimate its post-employment benefits and compensated absences liabilities. The post-employment benefits and compensated absences liabilities at March 31, 2020 were \$130.2 million (\$131.4 million at March 31, 2019).

Retirement benefits liabilities

Retirement benefits liabilities totaled \$102.1 million at March 31, 2020 (\$94.8 million at March 31, 2019) and represent the Government's various pension plan liabilities and extended health benefit obligations, which are provided to retired employees. Pension plan liabilities are those for the Members of the Yukon Legislative Assembly, and Territorial Court judges.

Borrowings

The largest portion of the \$33.1 million reported as borrowings relates to the Yukon Hospital Corporation's demand term installment loans totaling \$29.8 million (\$33.2 million at March 31, 2019). The Yukon Hospital Corporation used the loans to finance the costs of the new staff residence/medical service building in Whitehorse, renovations to an extended care facility in Whitehorse, and new hospitals in Watson Lake and Dawson City. During 2019-20 the Yukon Hospital Corporation paid down these loans by \$3.4 million.

Mortgages and loans payable by the Yukon Housing Corporation represent a further \$2.2 million (\$2.7 million at March 31, 2019) of the Government's borrowings.

In Note 17 to the Consolidated Financial Statements, the Government's 'total debt' also includes borrowings of consolidated entities of YDC and YLC as well as capital lease obligations and when taken into account the total debt is \$228.4 million at March 31, 2020 (\$190.5 million at March 31, 2019). The Government of Canada repealed OIC P.C. 2012-280 on September 20, 2020 and issued OIC P.C. 2020-0663 setting Yukon's borrowing limit at \$800 million pursuant to subsection 23(2) of the *Yukon Act* (Canada).

Risks and Mitigations

Government of Yukon's Operating Environment

Government of Yukon's (the Government) financial results are subject to risks and uncertainties that arise from variables over which the Government has no control, or limited control. Some of these risks and uncertainties are:

- Economic factors, including economic growth or decline, commodity prices, private sector investment decisions, inflation, population/demographics, and personal income;
- Revenue changes, especially taxation revenues, or changes in transfers expected from the federal government, causing the total actual revenue results to deviate from the budget estimates;
- Level of utilization of government services, particularly related to health care and social services;
- Unexpected health events, such as sudden or extreme outbreaks of disease;
- Natural disasters, such as wildfires, unusual weather patterns or events, or other events that may impede the safe delivery of goods and services;
- Malicious behaviour (i.e. Cybersecurity attacks) that could interrupt services, lead to loss of information or breach of privacy, and/or damage to equipment or facilities;
- Outcomes of litigation, legal settlements, arbitration and negotiations;
- Identification of environmental liabilities;
- Changes in pension liability due to external factors; and
- Changes in accounting standards.

While Yukon's revenues are mainly stable due to the level of federal transfers, the Government's fiscal health nevertheless relies on revenue from economic activity. As this activity can be volatile in an economy that is significantly tied to mining and exploration activities, the Government takes a cautious and prudent approach to revenue forecasting and fiscal planning. For example, while private sector economic forecasts are used in the Department of Finance economic projections, the Government's fiscal plan is traditionally built on assumptions that are below the private sector forecast. Commodity prices and mining exploration and development plans are closely monitored on a regular basis in order to estimate the impact on fiscal projections. With respect to federal transfers, the Government works closely with the federal government to ensure timeliness of information and fairness in funding levels, including with respect to infrastructure programs that affect the Government's capital planning.

On the expense side, the Department of Finance's Management Board Secretariat closely monitors the spending of Departments and the effect on the fiscal plan so that supplementary estimates can be tabled in the Legislature to address unanticipated spending or savings.

Inaccurate provisions for losses that are likely to occur as a result of obligations such as ongoing litigation and environmental remediation, and that are estimated, expensed and reported as liabilities prematurely or either excessively or insufficiently.

Changes to Canadian accounting principles issued by the Public Sector Accounting Board can have an impact on the Government's Budgets, estimates and actual results. The Office of the Comptroller reviews proposed changes and provides input towards the goal of having standards that reflect sound policy decision-making, transparency and accountability.

Risks and Mitigations

Emerging Issues

COVID-19

The effects of the COVID-19 pandemic on Yukon occurred late enough in the fiscal year to limit the severity of the impact on Yukon finances for 2019-20 but its ongoing global impact will be felt in future periods as the whole world comes to terms with what has been dubbed 'the new normal'. Fortunately, Yukon has not seen a high number of cases and so far has been spared the sorrow of local deaths due to COVID-19. The Government, working closely with public health officials, was quick to establish rules including social distancing and self-isolation that have been critical to Yukon preventing a more severe outbreak of the virus.

With support from the federal government, numerous initiatives have been rolled out to assist individuals, businesses, and industries to deal with the impact of COVID-19. How effective those initiatives will be, is as yet unknown; just as, how long they may need to be maintained is also unknown. Popular belief is that extraordinary measures will continue to be necessary until an effective vaccine is widely available across the globe.

Overall the level of uncertainty has reached significant levels. Going forward, management's assumptions, projections and estimations for forecasting and valuations will require review and re-evaluation. Caution will be required when assessing the impact of market fluctuations to discern those that are simply timing anomalies that will self-correct and those that are true impairments of the underlying assets. The 2020-21 fiscal year reporting will be impacted by the response to COVID-19 both in terms of costs incurred and in terms of difficulties with data collection. The Government continues to investigate methods to mitigate both.

PSAS 3280

The Public Sector Accounting Board (PSAB) planned to implement a new Public Sector Accounting Standard (PSAS) 3280 effective April 1, 2021 that introduces the concept of Asset Retirement Obligations (ARO). Due to COVID-19, PSAB has elected to postpone the implementation of PSAS 3280 to April 1, 2022. The concepts to be introduced in PSAS 3280 are similar to the ARO concepts introduced in private sector standards close to a decade ago. Namely, ARO recognizes that certain tangible capital assets will require costs to be incurred at the time the asset is retired either through sale, disposal or demolition. These concepts are similar to those in PSAS 3270 Landfill Closure and Post-Closure Liabilities; actually, so similar that PSAS 3270 will be archived when PSAS 3280 is implemented. PSAS 3280 will apply to all tangible capital assets owned or controlled by the Government

PART TWO
AUDITED CONSOLIDATED FINANCIAL STATEMENTS

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The preparation of the consolidated financial statements of the Government of Yukon is the responsibility of management of the Department of Finance.

The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards. Where standards permit alternative accounting methods, management has chosen those that are most appropriate. Where required, management's best estimates and judgement have been applied in the preparation of these statements.

The Government fulfills its accounting and reporting responsibilities, through the Department of Finance, by maintaining systems of financial management and control designed to provide timely and reliable information to users, to properly safeguard assets, and to ensure all financial transactions are in accordance with the *Yukon Act* (Canada), and the *Financial Administration Act* (Yukon) and regulations.

The Auditor General of Canada performs an annual audit on the consolidated financial statements in order to express an opinion as to whether the consolidated financial statements present fairly, in all material respects, the financial position of the Government, the results of its operations, the change in its net financial assets and its cash flows for the year, in accordance with Canadian public sector accounting standards. During the course of the audit, she also examines transactions that came to her notice, to ensure they are, in all material respects, in accordance with the statutory powers of the Government and those organizations included in the consolidation.

Annually, the consolidated financial statements are tabled in the Legislative Assembly as part of the Public Accounts, and are referred to the Public Accounts Committee.



D. Scott Thompson
Deputy Minister of Finance

October 14, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of Yukon

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the Government of Yukon and its controlled entities (the Group), which comprise the consolidated statement of financial position as at 31 March 2020, and the consolidated statement of operations and accumulated surplus, consolidated statement of change in net financial assets and consolidated statement of cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2020, and the consolidated results of its operations, consolidated changes in its net financial assets, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in Parts One and Two of the 2019-20 Yukon Public Accounts, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we

conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless an intention exists to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Compliance with Specified Authorities

Opinion

In conjunction with the audit of the consolidated financial statements, we have audited transactions of the Government of Yukon and its controlled entities coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are the *Yukon Act*, the *Financial Administration Act* of Yukon and regulations, and the specific operating authorities disclosed in Note 2(a) to the consolidated financial statements.

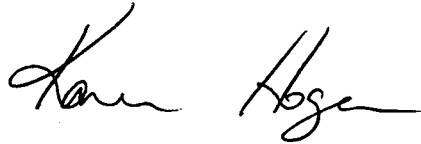
In our opinion, the transactions of the Government of Yukon and its controlled entities that came to our notice during the audit of the consolidated financial statements have complied, in all material respects, with the specified authorities referred to above.

Responsibilities of Management for Compliance with Specified Authorities

Management is responsible for the Government of Yukon and its controlled entities' compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable the Government of Yukon and its controlled entities to comply with the specified authorities.

Auditor's Responsibilities for the Audit of Compliance with Specified Authorities

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the consolidated financial statements are in compliance with the specified authorities referred to above.

A handwritten signature in black ink, appearing to read "Karen Hogan". The signature is written in a cursive style with a large initial "K" and "H".

Karen Hogan, CPA, CA
Auditor General of Canada

Ottawa, Canada
14 October 2020


GOVERNMENT OF YUKON
Consolidated Statement of Financial Position
as at March 31, 2020

	2020	2019
	(thousands of dollars)	
Financial assets		
Cash and cash equivalents (Note 3)	\$ 68,577	\$ 117,824
Temporary investments (Note 4)	1,261	43,766
Due from Government of Canada (Note 5)	81,504	57,505
Accounts receivable (Note 6)	32,583	23,077
Portfolio investments (Note 7)	37,006	35,832
Advances to Territorial corporations (Note 11(b)(c))	38,200	38,200
Loans receivable (Note 9)	72,668	68,836
Inventories for resale (Note 10)	77,555	77,066
Retirement benefit assets (Note 16)	71,425	65,926
Investment in government business enterprises (Note 11(a))	186,696	191,968
	667,475	720,000
Liabilities		
Due to Government of Canada (Note 5)	29,493	30,209
Accounts payable and accrued liabilities (Note 12)	136,994	131,147
Environmental liabilities (Note 13)	43,989	43,347
Unearned revenues (Note 14)	15,628	28,484
Post-employment benefits and compensated absences (Note 15)	130,195	131,381
Retirement benefit liabilities (Note 16)	102,072	94,805
Borrowings (Note 17)	33,072	36,976
Liabilities for leased tangible capital assets (Note 18)	4,144	5,201
	495,587	501,550
Net financial assets	171,888	218,450
Non-financial assets		
Tangible capital assets (Note 20)	1,668,379	1,626,401
Inventories of supplies	9,473	8,624
Prepaid expenses	3,231	3,351
	1,681,083	1,638,376
Accumulated surplus	\$ 1,852,971	\$ 1,856,826

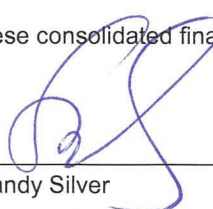
Contingencies, contractual rights and obligations, commitments and guarantees
(Notes 11(d)(e), 13, 16(d)(e), 23, 24, 26, 27, and 28)

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

Approved:



Scott Thompson
Deputy Minister of Finance



Sandy Silver
Minister of Finance

GOVERNMENT OF YUKON

**Consolidated Statement of Operations and Accumulated Surplus
for the year ended March 31, 2020**

	2020		2019
	Budget (Note 1(b))	Actual	Actual
	(thousands of dollars)		
Revenues (Schedule A)			
From Government of Canada	\$ 1,211,910	\$ 1,225,191	\$ 1,135,814
Taxes and general revenues	195,177	196,001	187,830
Funding and service agreements with other parties	56,201	49,178	64,722
Income from investment in government business enterprises (Note 11(a))	14,487	5,565	11,767
	<u>1,477,775</u>	<u>1,475,935</u>	<u>1,400,133</u>
Expenses (Note 21)			
Health and social services	458,078	463,799	420,574
Community and transportation	363,541	384,108	362,454
Education	210,447	212,112	201,883
General government	193,869	182,776	178,080
Natural resources	107,787	106,340	103,825
Justice	79,815	78,652	79,403
Business, tourism and culture	50,858	50,648	50,280
Interest on loans	1,679	1,694	2,088
Adjustments	7,941	-	-
	<u>1,474,015</u>	<u>1,480,129</u>	<u>1,398,587</u>
Recovery of prior years' expenses	-	1,552	766
Surplus (deficit) for the year	<u>\$ 3,760</u>	<u>(2,642)</u>	<u>2,312</u>
Accumulated surplus at beginning of year		1,856,826	1,853,862
Other comprehensive gain (loss) of government business enterprises (Note 11(a))		(1,213)	652
Accumulated surplus at end of year		<u>\$ 1,852,971</u>	<u>\$ 1,856,826</u>

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

GOVERNMENT OF YUKON

**Consolidated Statement of Change in Net Financial Assets
for the year ended March 31, 2020**

	2020		2019
	Budget (Note 1(b))	Actual	Actual
	(thousands of dollars)		
Surplus (deficit) for the year	\$ 3,760	\$ (2,642)	\$ 2,312
Effect of change in tangible capital assets			
Acquisitions	(122,960)	(117,961)	(108,252)
Amortization of tangible capital assets	76,060	75,211	73,504
Loss (gain) on disposal of tangible capital assets	2	535	(299)
Proceeds on disposal of tangible capital assets	168	224	456
Write-down of tangible capital assets	-	12	590
Other budgetary adjustments	4,523	-	-
	<u>(42,207)</u>	<u>(41,979)</u>	<u>(34,001)</u>
Effect of change in other non-financial assets			
Acquisition of inventories of supplies	-	(26,047)	(26,308)
Consumption of inventories of supplies	-	25,198	29,371
(Increase) decrease in prepaid expenses	-	121	(1,207)
	<u>-</u>	<u>(728)</u>	<u>1,856</u>
Decrease in net financial assets	<u>\$ (38,447)</u>	<u>(45,349)</u>	<u>(29,833)</u>
Net financial assets at beginning of year		218,450	247,631
Other comprehensive (loss) gain of government business enterprises (Note 11(a))		<u>(1,213)</u>	<u>652</u>
Net financial assets at end of year		<u>\$ 171,888</u>	<u>\$ 218,450</u>

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

GOVERNMENT OF YUKON

Consolidated Statement of Cash Flow
for the year ended March 31, 2020

	2020	2019
	(thousands of dollars)	
Operating transactions		
Surplus (deficit) for the year	\$ (2,642)	\$ 2,312
Non-cash items included in (deficit) /surplus for the year:		
Amortization of tangible capital assets	75,211	73,504
Loans receivable valuation adjustment	26	278
Bad debt expense	55	217
Write-down of tangible capital assets	12	590
Gain on sale of land inventory	(1,364)	(540)
Loss (Gain) on disposal of tangible capital assets	535	(299)
Contributed tangible capital assets (Note 20)	(251)	(13,300)
Share of government business enterprises' income/(loss)	4,059	(1,438)
Change in non-cash assets and liabilities	(41,260)	17,854
Cash provided by operating transactions	<u>34,381</u>	<u>79,178</u>
Capital transactions		
Acquisition of tangible capital assets	(116,985)	(94,295)
Proceeds on disposal of tangible capital assets	224	456
Cash used for capital transactions	<u>(116,761)</u>	<u>(93,839)</u>
Investing transactions		
Net proceeds from temporary investments	42,505	119,392
Proceeds from portfolio investments	2,845	1,654
Acquisition of portfolio investments	(4,019)	(4,210)
Repayment of advances from a Territorial corporation	-	1,000
Repayments of loans receivable	22,749	22,744
Issuance of loans receivable	(7,634)	(10,394)
Investment in land inventory	(18,087)	(24,925)
Cash provided by investing transactions	<u>38,359</u>	<u>105,261</u>
Financing transactions		
Repayment of borrowings	(4,169)	(4,093)
Repayment of liabilities for leased tangible capital assets	(1,057)	(1,019)
Cash used for financing transactions	<u>(5,226)</u>	<u>(5,112)</u>
Cash and cash equivalents (decrease) increase	(49,247)	85,488
Cash and cash equivalents at beginning of year	<u>117,824</u>	<u>32,336</u>
Cash and cash equivalents at end of year (Note 3)	\$ 68,577	\$ 117,824
Interest received in the year	\$ 8,837	\$ 10,383
Interest paid in the year	\$ 1,850	\$ 2,082

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

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2020

1. **Authority and operations**

(a) Authority

The Government of Yukon (“the Government”) operates under the authority of the *Yukon Act* (Canada). All disbursements for operations and loans are authorized by the Yukon Legislative Assembly.

(b) Budget

The Budget figures are based on the Consolidated Budget of the Government Reporting Entity as published in the Government’s 2019/2020 Operation & Maintenance and Capital Estimates. Budget adjustments include estimated lapses and unallocated budget estimates.

(c) Investments

The *Financial Administration Act* (Yukon) allows the Government to invest money from the consolidated revenue fund in the following investments:

- securities that are obligations of, or guaranteed by, the Government of Canada or a province;
- fixed deposits, notes, certificates and other short-term paper of, or guaranteed by, a bank including swapped deposit transactions in the currency of the United States of America;
- commercial paper issued by a company incorporated under the laws of the Government of Canada or a province, the securities of which are rated in the highest rating category by at least two recognized security rating institutions.

2. **Significant accounting policies**

These consolidated financial statements are prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

(a) Reporting entity and method of consolidation

The consolidated financial statements include the accounts of all government sector entities and government not-for-profit organizations.

Government sector entities include departments and government-controlled corporations. Government not-for-profit organizations comprise government-controlled education and health institutions.

The accounts of government sector entities and not-for-profit organizations, except for those that are commercial in nature and are classified as government business enterprises, are consolidated using the full consolidation method. With the full consolidation method, revenue and expense transactions, capital, investing and financing transactions, and related assets and liability accounts between consolidated entities have been eliminated.

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2020**

The accounts of government business enterprises are consolidated using the modified equity method. Under the modified equity method of consolidation, the accounting policies of consolidated entities are not adjusted to conform with those of the government organizations that are consolidated using the full consolidation method. Inter-entity revenue and expense transactions and related asset and liability balances are not eliminated.

On February 6, 2020, the *Yukon University Act* was proclaimed into force and the *Yukon College Act* was repealed. At this point, Yukon College changed its name to Yukon University.

All accounts of the government reporting entity are consolidated using the financial information for the year ended March 31, 2020. As for the organizations that use a fiscal year-end other than March 31, the Government used their interim financial statements as at March 31, 2020.

Trusts administered by the Government on behalf of other parties (Note 22) are excluded from the government reporting entity.

The organizations comprising the government reporting entity, categorized by the consolidation method, and their specific operating authority are as follows:

Full consolidation:

Government of Yukon departments
Yukon College / Yukon University
Yukon Hospital Corporation
Yukon Housing Corporation

Authority for operations:

Financial Administration Act
Yukon College Act / Yukon University Act
Hospital Act
Housing Corporation Act

Modified equity:

Yukon Development Corporation
Yukon Liquor Corporation

Yukon Development Corporation Act
Liquor Act
Cannabis Control and Regulation Act

(b) Basis of accounting

Revenues

Revenues are recorded on an accrual basis.

Grants from the Government of Canada are recognized as revenues when entitlement for the transfer occurs. The Government receives a Formula Financing grant and the Canada health and the Canada social transfers from the Government of Canada in accordance with the *Federal-Provincial Fiscal Arrangements Act* (Canada) which expires on March 31, 2024. The Formula Financing grant is principle-based and the Canada health transfer and the Canada social transfer are simple equal cash per capita grants. Adjustments for health and social transfers are made in the year they are known.

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

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements March 31, 2020

Income taxes, levied under the *Income Tax Act* (Yukon), are collected by the Government of Canada on behalf of the Government under a tax collection agreement and are remitted to the Government monthly. The remittances are based on the Government of Canada's Department of Finance's best estimates for the taxation year, which are periodically adjusted until the income tax assessments for the year are final. The Government recognizes income tax revenues based on the estimates made by the Government of Canada, adjusted for known factors. Any adjustments upon finalization are reflected in the accounts in the year they are identified. Tax concessions are accrued on the same basis as the associated tax revenues and reduce gross taxation revenue.

Fuel and tobacco taxes are levied under the authority of the *Fuel Oil Tax Act* (Yukon) and the *Tobacco Tax Act* (Yukon). Revenues are recognized based on the statements received from collectors and estimates. Adjustments from reassessments are recorded in revenue in the year they are identified.

Proceeds from funding and service agreements with other parties are recognized as revenue as they are determined to be earned based on the terms and conditions of the agreements and in compliance with relevant accounting standards. These determinations occur on an agreement by agreement basis due to the diverse nature of each individual agreement.

Expenses

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

Recovery of prior years' expenses includes reversal of amounts accrued in prior years which are in excess of actual expenses. These amounts cannot be used to increase the amount appropriated for the current year.

Assets

Financial assets

Cash and cash equivalents include cash on hand, balances with banks, and short-term investments that have terms to maturity of less than 90 days from the dates of acquisition.

Temporary investments include treasury bills, GICs, term deposits, and funds that include short-term debt securities of Canadian governments and corporate issuers with terms to maturity of 90 days or more but one year or less from the date of acquisition. When the market value of temporary investments has declined below the carrying value, they are carried at market value.

Portfolio investments are accounted for by the cost method and include funds that include bonds and equities. These investments are expected to be realized or have terms to maturity greater than one year from the date of acquisition. When there has been a loss in value of a portfolio investment that is other than a temporary decline, the investment is written down to recognize the loss.

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements March 31, 2020

Loans receivable are stated at the lower of principal amounts and net recoverable value. Valuation allowances, which are recorded to reduce loans receivable to their net recoverable amount, are based on historical experience, current conditions and all circumstances known at the date of the preparation of the financial statements. The loan receivable is reduced by the amount of a loss when the amount is known with sufficient precision, and there is no realistic prospect of recovery. Interest revenue is recognized on an accrual basis until such time that the collectability of either principal or interest is not reasonably assured. Loans with significant concessionary terms are reviewed annually. Each year a provision based on the present value of the loans at the average borrowing rate is recorded.

Inventories for resale include land that has been developed by the Government and supplies held for eventual sale. Land is comprised of the costs of acquiring, planning and developing lots. The lots are valued at cost, except, when there has been a loss in value that is other than a temporary decline, in which case the lots are written down to net recoverable value to recognize the loss. Supplies held for sale are recorded at the lower of cost and net realizable value.

Non-financial assets

The costs of acquiring land, buildings, equipment and other capital property are capitalized as tangible capital assets and are amortized to expense over the estimated useful lives of the assets.

Inventories of supplies consist primarily of fuel and lubricants, repair parts, stationery and office supplies, highway materials that are tracked through revolving funds and medical supplies of the Yukon Hospital Corporation. Inventories are valued at the lower of cost and replacement value. These assets are not held for sale and are intended to be used in providing government services. Other materials and supplies are expensed at the time of acquisition.

Liabilities

Liabilities include financial claims payable by the Government and unearned revenues.

Unearned revenues are cash received for which goods and services have not been provided by year-end, and are primarily comprised of motor vehicle licence fees for the following fiscal years and transfer payments from the Government of Canada, which have associated stipulations that gave rise to a liability as of year-end.

Liabilities for leased tangible capital assets are recorded with a corresponding asset at the lower of the present value of the minimum lease payments, excluding the portion relating to executory costs, and the fair value of the asset. The present value is based on the Government's borrowing rate, over a similar term length as the related lease terms, at the time the obligation is incurred.

The contingencies of the Government are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. If the future event is considered likely to occur and is quantifiable, an estimated liability is accrued. If the likelihood is not determinable or the amount cannot be reasonably estimated, the contingency is disclosed.

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
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(c) Tangible capital assets

Tangible capital assets are buildings, roads, equipment, and other items, whose useful life extends beyond the fiscal year and are intended to be used on an ongoing basis for delivering services. These assets are recorded at cost, or fair value if donated. For certain tangible capital assets that have previously been transferred from the Government of Canada or where the original costs are not readily available, estimated costs have been extrapolated back in time in a systematic and rational manner to approximate the appropriate transfer value of the assets at the time of transfer. Interest costs on loans that are directly attributable to the acquisition of tangible capital assets are capitalized.

The value of works of art, historical treasures, all intangibles, and items inherited by right of the Crown, such as Crown lands, forests, water, and mineral resources are not recorded as tangible capital assets. Historical treasures and works of art are expensed when they are acquired.

Tangible capital assets that are held and available for use by the Government are generally amortized on a straight-line basis over their estimated useful life of the asset as follows:

<u>Asset category</u>	<u>Estimated useful life</u>
Land	N/A
Buildings	
Buildings	40 - 50 years
Leasehold improvements	Shorter of the lease term or useful economic life
Equipment and vehicles	
Heavy equipment	7 - 30 years
Operating equipment	5 - 25 years
Vehicles	6 - 20 years
Computer hardware and software	
Computer hardware	5 years
Computer software	Expected usage of the system before overhaul
Transportation infrastructure	
Forestry access roads	10 years
Highways	As determined by the Department of Highways and Public Works to a maximum of 75 years
Pavement/surfaces	
Bridges	
Airport runways	
Other	
Portable classrooms/housing trailers	25 years
Land improvements and fixtures	up to 50 years
Sewage and water systems	up to 50 years
Mobile radio system infrastructure	15 years

Tangible capital assets under construction or development are reported as work-in-progress with no amortization until the asset is placed in service.

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
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(d) Post-employment benefits and compensated absences

Post-employment benefits are expected to be provided after employment but before retirement to employees. These benefits include severance benefits, accumulated sick and vacation leave benefits that are paid in cash when employment is terminated. Compensated absences are benefits such as sick leave and vacation leave that are paid to employees during their employment. The Government recognizes the obligation for these benefits as a liability and uses actuaries to estimate the amount of the obligation based on the projected benefit method prorated on service. Expenses related to post-employment benefits and compensated absences are recognized in the period in which the employee's service is rendered and the benefits are earned. The accrued benefit liability for these benefits is calculated as the accrued benefit obligation adjusted by unamortized actuarial gains or losses.

(e) Retirement benefits

The Government's employees participate in the Public Service Pension Plan administered by the Government of Canada. The Government's contributions are expensed during the year in which the services are rendered and represent its total pension obligation. The Government is not currently required to make contributions with respect to any actuarial deficiencies of the pension plan.

Other retirement benefits include extended health care for retired employees who choose to participate in the plan and a life insurance plan for retirees who meet certain criteria. They are both non-pension defined benefit plans. Liabilities for these benefits are triennially valued on an actuarial basis using the projected benefit method prorated on service, with an actuarial valuation for accounting purposes updated annually. Non-pension retirement benefit expenses for these plans are recognized as the members render service. Actuarial gains and losses are amortized on straight-line basis over the estimated average remaining service lives of the participants. Both extended health care and life insurance retirement benefits are not funded and thus have no plan assets, resulting in a plan deficit equal to the accrued benefit obligation.

Retirement benefits to Members of the Legislative Assembly, territorial court judges, and the employees of Yukon College/University and the Yukon Hospital Corporation are defined benefit plans and are valued on an actuarial basis. Actuarial valuations of these benefits are performed triennially using the projected benefit method prorated on service, with an actuarial valuation for accounting purposes updated annually. Pension expenses for these plans are recognized as the members render services. Actuarial gains and losses are amortized on a straight-line basis over the estimated average remaining service lives of the participants. The accrued benefit liability for these plans is calculated as the accrued benefit obligation less plan assets, if any, adjusted by unamortized actuarial gains or losses. Plan assets are valued at the fair market value.

(f) Environmental liabilities

Contaminated sites and other environmental liabilities, which include Type II sites, are accrued, net of recoveries, and an expense recorded based on management's best estimates when the contamination occurs, when the Government becomes aware of the contamination and when the Government is obligated to incur such costs. If the likelihood of the Government's obligation to incur these costs is not determinable, the contingency is disclosed in the notes to the financial statements.

Landfill liabilities are recognized on a net present value basis for the total estimated expenditures for closure and post-closure care as the landfill site's capacity is used.

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
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(g) Measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires the Government to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant although, at the time of preparation of these statements, the Government believes the estimates and assumptions to be reasonable. Certain estimates used in these financial statements may be subject to measurement uncertainty due to the COVID-19 pandemic (Note 29). The amount of variability cannot be reasonably determined at this time.

Some of the more significant management estimates relate to post-employment and retirement benefits, environmental liabilities, amortization of tangible capital assets, corporate and personal income tax revenue and contingencies.

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

3. **Cash and cash equivalents**

	2020	2019
	(thousands of dollars)	
Bank balances	\$ 60,530	\$ 109,821
Short-term investments	7,977	7,932
Cash on hand	70	71
	<u>\$ 68,577</u>	<u>\$ 117,824</u>

4. **Temporary investments**

	2020		2019	
	Market Value	Carrying Value	Market Value	Carrying Value
	(thousands of dollars)			
Floating rate notes	\$ 648	648	614	612
Treasury bills	419	417	372	370
Other	197	196	192	190
Term deposits and GICs	-	-	42,594	42,594
	<u>\$ 1,264</u>	<u>\$ 1,261</u>	<u>\$ 43,772</u>	<u>\$ 43,766</u>

The term deposits and GICs held during the year had a weighted average effective yield of 2.48% (2019 – 2.04%) per annum and the remaining temporary investments had a weighted average effective yield of 1.54% (2019 – 1.75%) per annum.

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
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5. **Due from/to Government of Canada**

	<u>2020</u>	<u>2019</u>
	(thousands of dollars)	
Due from Government of Canada		
Cost-sharing agreements and projects delivered on behalf of the Government of Canada	\$ 78,946	\$ 57,204
Income tax	1,181	-
Other	<u>1,377</u>	<u>301</u>
	<u>\$ 81,504</u>	<u>\$ 57,505</u>
Due to Government of Canada		
Payroll taxes	\$ 9,860	\$ 8,453
RCMP	7,685	8,633
Public Service Pension Plan contribution	7,675	6,613
Type II mine sites	1,618	797
Income tax	-	3,863
Other	<u>2,655</u>	<u>1,850</u>
	<u>\$ 29,493</u>	<u>\$ 30,209</u>

Amounts due from and due to the Government of Canada are payable on demand and are non-interest bearing. The carrying amounts approximate fair market values because of their short term to maturity.

6. **Accounts receivable**

	<u>2020</u>	<u>2019</u>
	(thousands of dollars)	
Taxes, interest and other revenue receivables	\$ 31,079	\$ 21,198
Less valuation allowances	<u>(2,298)</u>	<u>(2,214)</u>
	28,781	18,984
Due from Territorial corporations that are not fully consolidated	<u>3,802</u>	<u>4,093</u>
	<u>\$ 32,583</u>	<u>\$ 23,077</u>

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
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7. **Portfolio investments**

	2020		2019	
	Market Value	Carrying Value	Market Value	Carrying Value
	(thousands of dollars)			
Marketable securities	\$ 33,816	\$ 37,006	\$ 36,242	\$ 35,832

Marketable securities include investments held by Yukon College/University as well as designated investments (see Note 8) set aside within the Consolidated Revenue Fund for use in meeting certain post-employment and retirement benefit obligations for Members of the Legislative Assembly. The investments are managed by a third party.

Subsequent to the year end, the third party management was reviewed and the securities transitioned to a new third party manager.

8. **Designated assets**

The Government has designated a portion of its assets for the purpose of meeting the obligations under Part 3 (Supplemental Plan) of the *Legislative Assembly Retirement Allowances Act* (Yukon) as well as the "Severance allowance" section of the *Legislative Assembly Act* (Yukon).

Designated assets are included in cash and cash equivalents, temporary investments and portfolio investments as follows:

	2020	2019
	(thousands of dollars)	
Cash and cash equivalents	\$ 50	\$ 20
Temporary investments (market value \$1,264,000; 2019 – \$1,178,000)	1,261	1,172
Portfolio investments – marketable securities (market value \$29,758,000; 2019 – \$32,512,000)	32,948	32,102
	<u>\$ 34,259</u>	<u>\$ 33,294</u>

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
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9. **Loans receivable**

	<u>2020</u>	<u>2019</u>
	(thousands of dollars)	
Yukon Housing Corporation mortgages receivable, secured by registered charges against real property, chattel mortgages or general security agreements, due in varying annual amounts to the year 2029 (2019 – 2029) bearing interest rates ranging from 0% to 4.95% (2019 – 0% to 4.70%), net of allowance for subsidies and valuation of \$394,000 (2019 – \$326,000) and a provision in the amount of \$535,000 (2019 – \$576,000) for loans with concessionary terms.	\$ 39,772	\$ 41,897
Agreements for sale of land, due in varying annual amounts over a three or five year term to the year 2025 (2019 – 2023) bearing interest at 5.00% (2019 – 5.00%).	16,895	11,281
Local improvement loans, due in varying annual amounts to the year 2041 (2019 – 2041), bearing interest rates ranging from 0.50% to 5.25% (2019 – 0.50% to 5.25%).	7,534	6,914
Debenture loans to municipalities, due in varying annual amounts to the year 2034 (2019 – 2034), bearing interest rates ranging from 2.72% to 6.38% (2019 – 2.72% to 6.38%).	3,014	3,308
Other, net of allowance for doubtful accounts of \$345,000 (2019 – \$322,000).	5,453	5,436
	<u>\$ 72,668</u>	<u>\$ 68,836</u>

10. **Inventories for resale**

	<u>2020</u>	<u>2019</u>
	(thousands of dollars)	
Land		
Undeveloped land	\$ 603	\$ 603
Land under development	57,999	58,038
Developed land	<u>18,843</u>	<u>18,309</u>
	77,445	76,950
Other	<u>110</u>	<u>116</u>
	<u>\$ 77,555</u>	<u>\$ 77,066</u>

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2020

11. Investment in government business enterprises

(a) Summary financial statements

Summary financial statements of the government entities accounted for by the modified equity method are provided below. The Yukon Development Corporation has a fiscal year-end of December 31. The Yukon Liquor Corporation has a fiscal year-end of March 31. The summary financial statements are prepared in accordance with International Financial Reporting Standards.

	Yukon Development Corporation	Yukon Liquor Corporation	2020 Total	2019 Total
	(thousands of dollars)			
Assets				
Current	\$ 22,327	\$ 7,424	\$ 29,751	\$ 19,733
Capital assets	463,685	2,176	465,861	446,514
Regulatory deferral (Note 11 (f))	36,286	-	36,286	36,496
Right of use of assets	650	1,277	1,927	-
Other	13,083	22	13,105	10,854
	<u>\$ 536,031</u>	<u>\$ 10,899</u>	<u>\$ 546,930</u>	<u>\$ 513,597</u>
Liabilities				
Current	\$ 31,607	\$ 5,586	\$ 37,193	\$ 14,164
Long-term debt	203,048	-	203,048	194,575
Regulatory deferral (Note 11 (f))	10,057	-	10,057	16,158
Contributions in aid of construction	76,952	-	76,952	77,791
Lease liabilities	444	983	1,427	-
Other	29,922	1,635	31,557	18,941
Equity	<u>184,001</u>	<u>2,695</u>	<u>186,696</u>	<u>191,968</u>
	<u>\$ 536,031</u>	<u>\$ 10,899</u>	<u>\$ 546,930</u>	<u>\$ 513,597</u>
Revenues	\$ 63,663	\$ 21,055 ¹	\$ 84,718	\$ 79,248
Expenses	<u>78,727</u>	<u>11,440</u>	<u>90,167</u>	<u>73,882</u>
Surplus (deficit)	(15,064)	9,615	(5,449)	5,366
Net movement in regulatory deferral (Note 11(f))	11,014	-	11,014	6,401
Other comprehensive gain (loss)	(1,006)	(207)	(1,213)	652
Remitted to the Government	-	(9,624)	(9,624)	(10,329)
Equity, beginning of year	<u>189,057</u>	<u>2,911</u>	<u>191,968</u>	<u>189,878</u>
Equity, end of year	<u>\$ 184,001</u>	<u>\$ 2,695</u>	<u>\$ 186,696</u>	<u>\$ 191,968</u>

Equity represents the Government's investment in the government business enterprises.

¹ Yukon Liquor Corporation revenue is shown as net of cost of goods sold of \$26,187,000 (2019 - \$22,700,000).

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
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(b) Inter-entity balances and transactions

	Yukon Development Corporation	Yukon Liquor Corporation	2020 Total	2019 Total
	(thousands of dollars)			
Government of Yukon:				
Accounts receivable from	\$ 171	\$ 1,808	\$ 1,979	\$ 3,150
Advance receivable	38,200	-	38,200	38,200
Accounts payable to	1,531	83	1,614	2,320
Long-term obligations to	85	-	85	85
Revenues from	124	9,624	9,748	10,396
Expenses to	21,951 ¹	424	22,375	24,945

¹ Includes cost of electricity of \$12,433,000 (2019 – \$11,920,000) purchased by the Government from an unrelated third party. This unrelated party buys electricity from the Yukon Development Corporation's wholly owned subsidiary, Yukon Energy Corporation.

(c) Advance receivable

Yukon Development Corporation

The Government entered into loan agreements with the Yukon Development Corporation ("YDC") and advanced a total of \$39,200,000 in order to assist in the development of the Whitehorse diesel – natural gas conversion project, which was completed by the Yukon Energy Corporation, YDC's wholly owned subsidiary. The loan term that commenced on April 1, 2016 ended on March 31, 2018. The per annum interest rate was set based on the one-year CDOR plus 30 basis points in effect on April 1 each year. The rate of interest on the loans was 1.514%. The Government and YDC entered into a new loan agreement effective March 30, 2018. The initial term of the loan is to March 31, 2023 and pursuant to the agreement, the loan may be extended for two additional five year terms upon mutual consent of the parties. The per annum interest rate will be set based on one-year CDOR plus 40 basis points in effect on April 1 each year. The rate of interest effective March 30, 2020 is 1.610% (2019 – 2.650%). The new loan agreement requires principal repayments of \$1 million on March 31 each year and full repayment of any principal outstanding at the end of each loan term if the loan is not extended. The payment due March 31 from YDC was received in May 2020.

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**Notes to Consolidated Financial Statements
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(d) Commitments

Yukon Development Corporation

In June 2010, the Yukon Development Corporation ("YDC") issued 30-year bonds in the amount of \$100 million at a fixed coupon rate of 5.0% per annum in part to finance the grant from the Yukon Development Corporation Fund and ratepayers' future contributions towards the construction of the Mayo B hydro enhancement and the Carmacks-Stewart transmission phase II projects. In the Memorandum of Understanding ("the MOU") between the Government and YDC dated March 10, 2011, the Government agreed to provide YDC with financial assistance to a maximum of \$2,625,000 annually from April 1, 2011, to March 31, 2042, based on a prescribed formula where, depending on the annual financial results of YDC, the Government funding will be reduced or eliminated. In 2019/2020, the Government paid \$2,625,000 (2019 – \$2,625,000) to YDC based on the MOU.

The Government authorized the continuation of the Interim Electrical Rebate program to March 31, 2021. This rebate program provides subsidies to non-government residential customers. It was initially implemented in 2009 as an interim replacement of the Rate Stabilization Fund. During the fiscal year 2019/2020, the Government provided \$3,375,000 (2019 – \$3,500,000) to YDC for this purpose. The Government is committed to fund up to \$3,500,000 in the fiscal year 2020/2021.

As at March 31, 2020, the Yukon Energy Corporation (YEC), the wholly-owned subsidiary of YDC, had contractual obligations for future purchases of products or services in the amount of \$28,900,000 (2019 – \$4,100,000).

The Yukon Water Board had issued a water use license for the Aishihik Lake facility that was valid until December 31, 2019. In addition to maintaining a minimum and maximum water level, the license commits YEC to meet a number of future requirements including annual fish monitoring programs.

Due to outstanding issues with affected stakeholders, YEC was unable to secure a long-term renewal of the license prior to expiry. During 2019, a two month extension was granted, and then, in order to ensure continued generation of electricity from the Aishihik Lake facility, YEC applied for and received a three year renewal of the existing license. The renewal is effective from March 1, 2020 to December 31, 2022. There are additional monitoring and potential operational adjustments, which will be charged to the fiscal year in which they occur. YEC continues to work with affected parties with the objective of a longer term license agreement prior to the expiry of the renewal.

Fish monitoring programs are also required under an authorization provided by the Federal Government, Department of Fisheries and Oceans. The costs of meeting these requirements will be accounted for as water license costs in the year they are paid.

Yukon Liquor Corporation

In the normal course of operations, the Yukon Liquor Corporation enters into multi-year arrangements for the provision of freight and other services. The total commitments as at March 31, 2020 for future years are \$3,285,000 (March 31, 2019 for 2020 – \$1,055,000).

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
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(e) Contingencies

Yukon Development Corporation

At March 31, 2016, the Yukon Energy Corporation ("YEC"), Yukon Development Corporation's wholly owned subsidiary, had a claim from a contractor in the amount of \$4,000,000 plus interest and legal costs. During 2017, the Yukon Supreme Court issued an award in favour of the contractor. YEC successfully appealed the award in 2018. A re-trial was held in November 2019 and the decision of the judge on this proceeding is outstanding. The matter is still before the courts. Legal costs are being expensed as incurred. The outcome of the appeal is not determinable at this time and no estimate of appeal settlement has been recognized in the financial statements.

YEC has not recognized a provision for asset retirement obligations for the closure and restoration obligations for certain generation, transmission and distribution assets. YEC anticipates maintaining and operating these assets for an indefinite period, making the dates of retirement of the assets indeterminate. The significant uncertainties around the timing of any potential future cash outflows are such that a reasonable estimate of the liability is not possible at this time. A provision will be recognized when the timing of the retirement of these assets can be reasonably estimated.

(f) Regulatory Deferral Accounts

Yukon Development Corporation

Regulatory deferral accounts in YDC's financial statements are accounted for differently than they would be in the absence of rate regulation. Where regulatory decisions dictate, YDC defers certain expenses or revenues as regulatory deferral account debit balances or regulatory deferral account credit balances and recognizes them in the net movement in regulatory deferral account balances as it collects or refunds amounts through future customer rates. Any adjustments to these regulatory deferral accounts are recognized in the net movement in regulatory deferral account balances in the period that the Yukon Utilities Board ("YUB") renders a subsequent decision. All amounts maintained as regulatory deferral account debit balances and regulatory deferral account credit balances are expected to be recovered or settled and are assessed on an annual basis by comparing the rates approved by the YUB to the current balances.

The net movement in regulatory deferral account balances is included in income from investment in government business enterprises in the Government's consolidated statement of operations and accumulated surplus.

GOVERNMENT OF YUKON

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12. **Accounts payable and accrued liabilities**

	2020	2019
	(thousands of dollars)	
Accounts payable	\$ 67,955	\$ 69,008
Accrued liabilities	55,137	47,501
Contractors' holdbacks and security deposits	11,176	11,420
Due to Territorial corporations that are not fully consolidated	2,726	3,218
	<u>\$ 136,994</u>	<u>\$ 131,147</u>

13. **Environmental liabilities**

(a) Contaminated sites and other environmental liabilities

The Government has recorded environmental liabilities of \$27,278,000 (2019 – \$29,117,000). These liabilities consist of estimated costs related to the remediation of contaminated sites as well as estimated costs associated with other liabilities related to these sites. The liabilities are determined on a site-by-site basis and are based on preliminary environmental assessments or estimation for those sites where an assessment has not been conducted. The amount recorded is based on management's best estimates utilizing the information available at the financial statement date. The amount of liabilities becomes determinable over a continuum of events and activities as information becomes available. As a result, the actual amount of liabilities to remediate these sites could vary significantly.

As at March 31, 2020, the Government was aware of 99 sites (2019 – 99 sites) where the Government is obligated or is likely obligated to incur such costs. During the year remediation work was undertaken at 14 sites, including the Marwell Tar Pit.

One of the 99 sites, Marwell Tar Pit, has been formally designated as contaminated under the *Environment Act* (Yukon) and the *Contaminated Sites Regulation*. The Government is not a "responsible party" as defined by the *Environment Act* (Yukon) and determined by the *Contaminated Sites Regulation*. The Government of Canada was the landowner when the contamination occurred. In September 2010, the Government and the Government of Canada entered into an agreement to remediate the site over 11 years with a total estimated cost of \$6,800,000, of which the Government is to fund 30% or \$2,040,000 and the Government of Canada \$4,760,000. As at March 31, 2020, \$250,000 (2019 – \$810,000) was recorded as a liability for this site, which is part of the \$27,278,000 noted above.

(b) Landfill sites

There are 28 active, decommissioned or abandoned landfill sites that are outside incorporated communities and, therefore, are the responsibility of the Government. The Government is the sole operator of the active landfills. 23 of these sites are subject to the *Environment Act* (Yukon) – *Solid Waste Regulations* which includes requirements for closure and abandonment of a dump. The remaining 5 sites are old abandoned dumps which are not subject to the *Solid Waste Regulations*.

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A liability is recognized as the landfill site's capacity is used with usage measured on a volumetric basis. As at March 31, 2020, the net present value of total expenditures for closure and post-closure care is estimated to be \$14,057,000 (2019 – \$10,765,000) and a liability in the amount of \$11,854,000 (2019 – \$9,286,000) has been recorded for these sites. The amount remaining to be recognized in the future is \$2,203,000 (2019 – \$1,479,000). No assets are designated for settling these liabilities.

In calculation of the above liability, the remaining landfill life was estimated to be from 0 to 50 years. Solid waste permits issued under the *Solid Waste Regulations* specify 25 years of post-closure monitoring; therefore, 25 years is used as an estimated length of time needed for post-closure care. A discount rate of 2.58% (2019 – 3.32%) was used for the net present value calculation for active and closed landfill sites.

(c) Type II sites

Pursuant to the Devolution Transfer Agreement (“DTA”), the Government of Canada retained responsibility for the clean-up of waste sites that were identified on lands transferred effective April 1, 2003. The Government of Canada also accepted financial responsibility for the remediation of impacts attributable to activities that took place prior to April 2003 on the mine sites identified as Type II sites, which have been abandoned by their owner/operator. Except for the Ketza River mine site as discussed below, the Government is not aware of any financial obligations on its part in relation to these mine sites.

On April 10, 2015 Veris Gold Corporation abandoned the Ketza River mine site (“the site”). The site is identified as a Type II mine site in the DTA between the Government and the Government of Canada. The Government has provided notice to the Government of Canada pursuant to the DTA that the site has been abandoned by its owner/operator. Once a Type II site becomes abandoned the DTA requires that an Independent Assessor assess the condition of the site and develop a remediation plan. The Government is responsible for the cost of this assessment. Under the DTA, the Government of Canada accepted financial responsibility for the remediation of impacts attributable to activities that were permitted by the Government of Canada. The Government will be financially responsible for remediation of impacts of activities it permitted after devolution. The Government's costs, if any, may be offset by the security bond it holds. The financial obligations related to the assessment required under the DTA are estimated to be \$4,857,000 (2019 - \$4,944,000) and remediation costs, if any, which are the Government's responsibility, are currently undeterminable. No assets are designated for settling these liabilities.

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The following table presents the total estimated amounts of these liabilities as at March 31, 2020.

	2020		2019	
	Number of sites	Estimated Liability	Number of sites	Estimated Liability
	(thousands of dollars)			
Liabilities for contaminated sites ¹				
Highway maintenance camps and airports	36	\$ 10,913	36	\$ 11,749
Other storage tanks and buildings	52	9,215	53	9,658
Marwell Tar Pit	1	250	1	810
Other	10	6,900	9	6,900
	99	27,278	99	29,117
Landfill sites	28	11,854	28	9,286
Type II sites	1	4,857	1	4,944
	128	\$ 43,989	128	\$ 43,347

¹ Contamination primarily includes petroleum hydrocarbons, salts and/or occasionally metals.

14. **Unearned revenues**

	2020	2019
	(thousands of dollars)	
Liability portion of government transfers	\$ 10,791	\$ 21,367
Motor vehicle fees for future years	2,091	3,242
Other	2,746	3,875
	\$ 15,628	\$ 28,484

The liability portion of government transfers represents transfer payments from the Government of Canada, which have funding stipulations that gave rise to a liability as of year-end.

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15. **Post-employment benefits and compensated absences**

(a) The Government of Yukon and Yukon Housing Corporation

Employees of the Government of Yukon and the Yukon Housing Corporation receive severance benefits that are paid on termination of service or upon retirement based on the number of years worked, the level of the pay at the time of termination or retirement and the category of employment. In addition, if an employee has at least five years of continuous service, a cash-in of sick leave will be paid. The cash-in amount is calculated as 1/3 of unused sick leave credits to a maximum of 60 days multiplied by the daily pay rate at termination or retirement.

The Government and the Yukon Housing Corporation have conducted actuarial valuations of post-employment benefits at January 31, 2020. March 31, 2020 amounts are based on an extrapolation of January 31, 2020 amounts. These post-employment benefits are not funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

The Government and the Yukon Housing Corporation also account for compensated absences liabilities in accordance with Canadian public sector accounting standards. Compensated absences include special leave benefits and educational leave benefits.

Effective December 31, 2019 all current resignation and retirement severance accruals have been frozen for employees classified as Deputy Ministers and Managers. All employees in this group are eligible to receive severance payouts based on service accrued prior to December 31, 2019. The plan amendment resulted in a gain to the plan of \$5,435,000. As there were no offsetting net unamortized actuarial losses, the full gain was recognized in net benefit cost for the year.

Effective June 30, 2018 all current and retirement severance accruals were frozen for certain employees of the Government. All employees in this group are entitled to receive severance payouts based on service accrued prior to June 30, 2018. Based on an actuarial evaluation, the plan amendment resulted in a gain to the plan of \$6,881,000. Existing unamortized losses in the amount of \$6,881,000 were immediately recognized so the plan amendment did not impact that year's net benefit cost.

Members of the Yukon Legislative Assembly receive a severance benefit in accordance with the *Legislative Assembly Retirement Allowance Act, 2007* (Yukon). The accrued benefit obligation is calculated actuarially using the projected benefit method prorated on service. The accrued benefit liability at March 31, 2020 is based on an extrapolation of an actuarial valuation that was performed as at March 31, 2017. The Government has designated a portion of its assets for the purpose of meeting this obligation (Note 8).

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(b) Yukon College/University

Yukon College/University's cost of benefit plans, other than pensions, including severance benefits, sick leave and managers' accrued leave, payable upon termination of employment, death or retirement, is actuarially determined using the projected accrued benefit method prorated on employment services. These post-employment benefits are not funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation. The actuarial valuation of the accrued benefit liability was performed as at June 30, 2019.

Yukon College/University accrues vacation leave and other compensated absences for employees as earned.

(c) Yukon Hospital Corporation

Employees of the Yukon Hospital Corporation are entitled to specified severance, special leave and sick leave benefits as provided for under union contracts and conditions of employment. There are no segregated assets for these post-employment benefits.

The Yukon Hospital Corporation accrues vacation leave as earned. This liability is included in accounts payable and accrued liabilities.

The accrued liabilities for the above benefits as of March 31, 2020 were as follows:

	2020	2019
	(thousands of dollars)	
Post-employment benefits and compensated absences liability		
Government of Yukon employees	\$ 116,497	\$ 118,533
Yukon College/University	8,264	7,689
Yukon Hospital Corporation	2,502	2,490
Yukon Housing Corporation	2,242	2,137
Members of Yukon Legislative Assembly	690	532
 (Schedule D)	 \$ 130,195	 \$ 131,381

16. **Retirement benefits**

(a) Public Service Pension Plan

The Government's employees participate in the Public Service Pension Plan administered by the Government of Canada. In this plan, employees accumulate pension benefits up to a maximum period of 35 years at 2% per year of pensionable service based on the average of their five consecutive years of highest paid services. In December 2012, the Government of Canada passed legislation to create a new group of plan members for the employees who join the plan on or after January 1, 2013. This group of plan members is eligible to retire with an unreduced public service pension benefit at age 65 with at least two years of pensionable service (or at age 60 with at least 30 years of service) while the old group of members is eligible to retire with an unreduced public service pension benefit at age 60 with at least two years of pensionable service (or at age 55 with at least 30 years of service). Since January 1, 2013, there are two groups paying different rates of contributions to the plan.

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In the calendar year 2019, the Government contributed \$1.01 for every dollar contributed by the old group of plan members and \$1.00 for the new group of plan members. For the portion of the employee's salary above \$169,300, the Government contributed \$3.79 for every dollar contributed by both groups of plan members.

In the calendar year 2020, the Government contributes \$1.01 for every dollar contributed by the old group of plan members and \$1.00 for the new group of plan members. For the portion of the employee's salary above \$173,000 the Government contributes \$3.80 for every dollar contributed by both groups of plan members.

The Government's contributions to the Public Service Pension Plan during the year and recorded as expenses were \$38,752,000 (2019 – \$37,293,000).

(b) Legislative Assembly Retirement Allowances Plan

The Legislative Assembly Retirement Allowances Plan is a contributory defined benefit pension plan. These benefits are based on service and earnings. The Members' Services Board of the Legislative Assembly is responsible, pursuant to the *Legislative Assembly Retirement Allowances Act* (Yukon), for the administration of the Plan.

The funds are held by an investment manager in two different accounts. The first account holds the assets of the trust fund for the registered pension plan established pursuant to Parts 1 and 2 of the *Legislative Assembly Retirement Allowances Act*. The second account holds the assets of the Government, from which benefits under Part 3 of the *Legislative Assembly Retirement Allowances Act* are paid (Note 8). It is the Government's policy to fully fund Parts 1 and 2 of this pension plan.

Subsequent to the year end, the investment management has transitioned to a new investment manager.

The *Legislative Assembly Retirement Allowances Act* stipulates that actuarial valuations for funding purposes must be performed at least triennially. An actuarial valuation is based on a number of assumptions about future events, such as inflation rates, interest rates, salary increases and member turnover and mortality. The assumptions used in a valuation for funding purposes are based on the actuary's best estimates with margins for conservatism. The last actuarial valuation for funding purposes was performed as of March 31, 2017. The accrued benefit obligation as at March 31, 2020 is based on an actuarial valuation performed for accounting purposes using the membership data as of March 31, 2017.

(c) Territorial Court Judiciary Pension Plan

The Territorial Court Judiciary Pension Plan is a defined benefit pension plan, which is comprised of a judiciary registered pension plan, a judiciary retirement compensation arrangement and a supplementary judiciary pension plan. In addition to pension payments, these plans also contain a provision for payment of lump sum death and severance allowances. The Plan is administered by the Public Service Commissioner in the meaning assigned by the *Public Service Act* (Yukon).

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Pursuant to the *Territorial Court Judiciary Pension Plan Act* (Yukon), the pension fund assets for the judiciary registered pension plan and the judiciary retirement compensation arrangement are held separate and distinct from the Government's operations, and are managed by an investment manager. The *Territorial Court Judiciary Pension Plan Act* stipulates that no contributions are to be made to the supplementary judiciary pension plan, and no fund is to be maintained for this plan.

Actuarial valuations for the Territorial Court Judiciary Pension Plan for accounting and funding purposes were conducted using the membership data as at March 31, 2017.

(d) Yukon College/University Employees' Pension Plan

The Yukon College/University ("the College") Employees' Pension Plan is a contributory defined benefit pension plan. The College's pension plan provides mandatory pension benefits for all full-time employees and optional benefits for part-time employees after 24 months of continuous service. The College's pension plan provides for defined retirement benefits based on an employee's years of service and average final earnings, in accordance with the *Pension Benefits Standards Act, 1985* (Canada). The College has contracted with external organizations to provide the services of trustee, administration, consulting and investment manager for the pension plan. The pension plan assets are held by a trustee and separate financial statements are prepared for the pension plan.

An actuarial valuation for accounting purposes was performed as of June 30, 2019 following Canadian public sector accounting standards. An actuarial valuation for funding purposes was performed as of June 30, 2019, which established Yukon College/University's required contributions as 94.3% (2019 – 101.8%) of employee contributions.

The actuarial valuation for funding purposes as at June 30, 2019 indicates the College had an actuarial surplus of \$19,587,000 (2018 – \$16,395,000) at the measurement date on a going-concern basis and a deficit of \$11,296,000 (2018 – \$6,314,000) if valued on the basis that the pension plan were terminated/wound up as at June 30, 2019. The solvency ratio of the plan was 92.0% at June 30, 2019 (95.2% at June 30, 2018).

For any unfunded pension liability, the College has obtained a letter of credit in lieu of making solvency payments. The amount of the letter of credit is equal to the amount of solvency payments required as determined by the actuary. The Government has issued letters to a bank guaranteeing that, should there be a requirement to draw upon the letters of credit required by Yukon College/University to address its solvency deficit in its pension plan, the Government will provide the necessary financial support to address any resulting debt, interest and costs that may be required under the federal pension legislation. This guarantee remains in effect from December 30, 2019 to June 30, 2021. The maximum amount of letters of credit to which this guarantee applies will be \$20,739,000 (2019 – \$19,416,000).

(e) Yukon Hospital Corporation Employees' Pension Plan

The Yukon Hospital Corporation ("the Corporation") Employees' Pension Plan is a contributory defined benefit pension plan, which provides defined retirement benefits based on the length of service and final average earnings of an employee, and is administered by the Corporation's Board of Trustees. A separate pension fund is maintained to hold plan assets. The Corporation has contracted with external organizations to provide trustee and investment management services for the fund.

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An actuarial valuation for funding purposes was performed at December 31, 2019, which established the Corporation's required contribution as 112% (2018 – 112%) of employee contributions. This valuation reported that, as at December 31, 2019, the pension plan had a surplus of \$36,997,000 (2018 – \$32,664,000) on a going concern basis, and a deficit of \$31,970,000 (2018 – \$25,991,000) if valued on the basis that the pension plan were terminated/wound up. The solvency ratio of the plan is 84% (85% at December 31, 2018).

In accordance with the *Pension Benefits Standards Act, 1985* (Canada), the Corporation is required to make special payments to eliminate the solvency shortfall. The payments have been actuarially determined as \$4,940,000 over the 2020 calendar year (2019 - \$4,524,000). The Corporation is permitted to cover up to a specified maximum of 15% of the solvency liability with a conforming letter of credit. During the fiscal year, the Corporation entered into letters of credit totaling \$26,508,000 (2019 – \$24,081,000) related to solvency deficiency payments. The Government has issued letters to a bank guaranteeing that, should there be a requirement to draw upon the letters of credit required by Yukon Hospital Corporation to address its solvency deficit in its pension plan, the Government will provide the necessary financial support to address any resulting debt, interest and costs that may be required under the federal pension legislation. This guarantee remained in effect from June 30, 2018 to June 30, 2019 and the maximum amount of letters of credit to which this guarantee applied was \$26,057,000 (2018 – \$21,506,000). This guarantee was renewed in the amount of \$26,508,000 for June 30, 2019 to June 30, 2020 (2019 - \$26,057,000). In July 2020, this guarantee was further renewed to June 30, 2021 with similar terms and conditions. There is an overlap of the fiscal years.

An actuarial valuation for accounting purposes was performed as of March 31, 2020 following Canadian public sector accounting standards.

(f) Extended health care and life insurance retirement benefits

The Government provides optional extended health care benefits to retired employees as well as life insurance coverage to eligible retirees. They are both non-pension defined benefit plans. The extended health care plan is self-insured. The accrued benefit obligation as at March 31, 2020 is based on an extrapolation of an actuarial valuation conducted as at January 31, 2020. Extended health care and life insurance retirement benefits are not funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

Effective for all employees retiring after January 1, 2019 the cost sharing arrangement for extended health benefits was revised. Existing retirees and those retiring prior to January 1, 2019 are not impacted by the change. Based on an actuarial valuation, the plan amendment resulted in a gain to the plan of \$16,295,000. Existing unamortized losses in the amount of \$16,295,000 were changes in the 2018-19 fiscal year that were immediately recognized so the plan amendment did not impact that year's net benefit cost.

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The accrued benefit liability/asset for the above retirement benefits as of March 31, 2020 was as follows:

	<u>2020</u>	<u>2019</u>
	(thousands of dollars)	
Accrued benefit liability		
Extended health care retirement benefit	\$ 64,307	\$ 58,631
Legislative Assembly Retirement Allowances Plan	27,030	26,258
Territorial Court Judiciary Pension Plan	7,531	7,004
Life insurance retirement benefit	<u>3,204</u>	<u>2,912</u>
	<u>102,072</u>	<u>94,805</u>
Accrued benefit asset		
Yukon College/University Employees' Pension Plan	\$ 18,276	\$ 17,743
Yukon Hospital Corporation Employees' Pension Plan	<u>53,149</u>	<u>48,183</u>
	<u>71,425</u>	<u>65,926</u>
Total net benefit liability (Schedule E)	<u>\$ 30,647</u>	<u>\$ 28,879</u>

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17. **Borrowings**

	<u>2020</u>	<u>2019</u>
	(thousands of dollars)	
Yukon Hospital Corporation – loans with a chartered bank. (see below)	\$ 29,810	\$ 33,231
Yukon Housing Corporation – mortgages payable to chartered banks and Canada Mortgage and Housing Corporation (CMHC), secured by fixed charges against housing projects, with net book value of \$2,317,000 (2019 – \$2,374,000), repayable in blended monthly payments with maturities up to the year 2028, bearing fixed interest rates ranging from 1.01% to 7.57%.	1,462	1,858
Yukon College/University – non-interest bearing loan repayable on demand within 90 days.	996	996
Yukon Housing Corporation – loans payable to chartered banks and CMHC, repayable in blended periodic instalments with maturities up to the year 2028, bearing fixed interest rates ranging from 7.50% to 9.50%.	719	806
Yukon Hospital Corporation – flexible term note payable to the Yukon Development Corporation, bearing interest rate at 7.50% repayable in annual instalments, based on the annual energy savings realized, secured by a general security agreement on building improvements with a net book value of \$89,000 (2019 – \$119,000).	85	85
	<u>\$ 33,072</u>	<u>\$ 36,976</u>

Principal repayment requirements over the next five years on outstanding borrowings are as follows:

	(thousands of dollars)
2021	\$ 5,088
2022	4,120
2023	4,257
2024	4,153
2025	4,229
Thereafter	<u>11,225</u>
	<u>\$ 33,072</u>

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Yukon Hospital Corporation – loans with a chartered bank

	<u>2020</u>	<u>2019</u>
	(thousands of dollars)	
Demand term installment loan with the CIBC with interest calculated at a fixed rate of 5.15% per annum for the Watson Lake Hospital construction project. Blended payments of \$160,000 due monthly with the final payment due on December 31, 2026.	\$ 10,909	\$ 12,227
Demand term installment loan with the CIBC with interest calculated at a fixed rate of 4.525% per annum for the Dawson City Hospital construction project. Principal payments of \$100,000 due monthly with the final payment due on April 1, 2028.	9,700	10,900
Demand term installment loan with the CIBC with interest calculated at a fixed rate of 5.23% per annum for the Crocus Ridge construction project. Blended payments of \$117,000 due monthly with the final payment due on March 15, 2028.	9,201	10,104
	<u>\$ 29,810</u>	<u>\$ 33,231</u>

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Borrowing Limit

An Order in Council (P.C. 2012-280) issued pursuant to subsection 23(2) of the *Yukon Act* (Canada) provides authority to the Government and its entities to borrow in aggregate to a maximum of \$400 million. The current *Yukon Borrowing Limits Regulations* came into force on March 8, 2013. These regulations prescribe what constitutes borrowing, the entities whose borrowing must be taken into account, and the manner in which the value of a borrowing is determined.

	<u>2020</u>	<u>2019</u>
	(thousands of dollars)	
Authorized borrowing limit	\$ 400,000	\$ 400,000
Loans of money by government reporting entity:		
Government business enterprises		
Yukon Development Corporation, bonds	100,000	100,000
Yukon Development Corporation, other long-term debt	<u>66,231</u>	<u>57,789</u>
	<u>166,231</u>	<u>157,789</u>
Fully consolidated entities		
Yukon Hospital Corporation, bank loans	29,810	33,231
Yukon Housing Corporation, mortgages payable	1,462	1,858
Yukon College/University, loan payable	996	996
Yukon Housing Corporation, loans payable	<u>719</u>	<u>806</u>
	<u>32,987</u>	<u>36,891</u>
Accrued interest payable	1,266	1,268
Credit facilities used	23,807	8,330
Capital lease obligation	<u>4,144</u>	<u>5,201</u>
Total debt	<u>228,435</u>	<u>209,479</u>
Available borrowing capacity	<u>\$ 171,565</u>	<u>\$ 190,521</u>

On September 20, 2020, the Government of Canada repealed, pursuant to subsection 23(4) of the *Yukon Act* (Canada), Order in Council (P.C. 2012-280) and issued Order in Council (P.C. 2020-0663), setting the maximum amount of the aggregate of all borrowing at \$800 million.

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18. Liabilities for leased tangible capital assets

	<u>2020</u>	<u>2019</u>
	(thousands of dollars)	
Building lease obligation payable monthly until the year 2023, with imputed interest rate of 3.7%.	\$ 1,970	\$ 2,570
Building lease obligation payable monthly until the year 2025, with imputed interest rate of 3.7%.	1,285	1,500
Building lease obligation payable monthly until the year 2025, with imputed interest rate of 3.3%.	889	1,090
Equipment lease obligation payable quarterly until the year 2020, with imputed interest rate of 1.9%.	-	41
	<u>\$ 4,144</u>	<u>\$ 5,201</u>

Interest expense related to liabilities for leased tangible capital assets for the year was \$196,000 (2019 – \$217,000) at an imputed average interest rate of 3.1% (2019 – 3.1%).

The following is a schedule of future minimum lease payments under the liabilities for leased tangible capital assets:

	(thousands of dollars)
2021	\$ 1,797
2022	1,863
2023	1,873
2024	725
2025 and thereafter	<u>536</u>
Total minimum lease payments	6,794
Less: amount representing executory costs	(1,738)
amount representing rental of land	(682)
amount representing interest	<u>(230)</u>
	<u>\$ 4,144</u>

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19. **Financial instruments**

The balances in cash and cash equivalents, due to/from Government of Canada, accounts receivable, advances to Territorial corporations, and accounts payable and accrued liabilities have fair values that approximate their carrying amount due to their short term to maturity.

The fair value and the methods of calculation and assumptions used for the Government's other financial instruments are detailed below:

	2020		2019	
	Fair Value	Carrying Value	Fair Value	Carrying Value
	(thousands of dollars)			
Temporary investments	\$ 1,264	\$ 1,261	\$ 43,772	\$ 43,766
Portfolio investments				
Marketable securities	\$ 33,816	\$ 37,006	\$ 36,242	\$ 35,832
Loans receivable				
Mortgages receivable, net of valuation allowance	\$ 39,606	\$ 39,772	\$ 40,174	\$ 41,897
Other loans receivable, net of valuation allowance	33,089	32,896	27,358	26,939
	\$ 72,695	\$ 72,668	\$ 67,532	\$ 68,836
Borrowings				
Demand term installment loan	\$ 34,178	\$ 29,810	\$ 37,360	\$ 33,231
Mortgages payable	1,184	1,462	1,568	1,858
Loans payable	1,751	1,715	1,850	1,802
Other	102	85	76	85
	\$ 37,215	\$ 33,072	\$ 40,854	\$ 36,976

An active and established market exists for the temporary and portfolio investments. Consequently, the estimated fair value is calculated using observed market data.

Since the above valuation is based on market information available at March 31, 2020, the fair value of the investments may change materially in future periods as a result of fluctuations in the market. However, these changes are not expected to result in a significant impact on the Government's future operations.

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The estimated fair values of loans receivable were determined using the present value of future cash flows discounted at the March 31, 2020 average market rate for mortgages and loans with similar maturities. Until settled, the fair value of loans receivable will fluctuate based on changes in interest rates. The Government believes the carrying amount of loans receivable will be fully recovered.

The estimated fair value for borrowings is calculated by discounting the expected future cash flows at year-end market interest rates for equivalent terms to maturity.

20. **Tangible capital assets**

	2020	2019
	Net Book Value	Net Book Value
	(thousands of dollars)	
Land	\$ 19,575	\$ 19,689
Buildings	764,043	752,170
Equipment and vehicles	96,582	90,455
Computer hardware and software	39,556	32,671
Transportation infrastructure	642,427	634,011
Land improvements and fixtures	42,405	37,178
Sewage and water systems	50,278	47,222
Other	13,513	13,005
(Schedule C)	<u>\$ 1,668,379</u>	<u>\$ 1,626,401</u>

During the year, the Government received a contribution of a sewage lagoon from a third party. The government determined that the asset had a fair value of \$251,000 at the date of contribution. The government recorded revenue of \$251,000 which is included as part of funding and service agreements with other parties.

During the previous year, the Government received a contribution of land and buildings from a third party. The government determined that these assets had a fair value at the date of contribution of \$14,500,000 of which \$853,000 was allocated to land and \$13,647,000 to buildings. The government recorded revenue of \$13,300,000 which reflects the difference between the fair value of the assets received and the consideration of \$1,200,000 paid by the government for the assets. This revenue was included as part of funding and service agreements with other parties.

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Leased tangible capital assets are reported as part of the respective asset category. These leased assets are amortized on a straight-line basis over the lease term or estimated economic life. The amortization expense for the year was \$1,038,000 (2019 – \$1,038,000). The cost and accumulated amortization of leased capital assets that are included in the schedule of tangible capital assets are as follows:

	<u>2020</u>	<u>2019</u>
	(thousands of dollars)	
Buildings (cost)	\$ 9,907	\$ 9,907
Operating equipment (cost)	<u>141</u>	<u>141</u>
	10,048	10,048
Less accumulated amortization	<u>(6,424)</u>	<u>(5,387)</u>
	<u>\$ 3,624</u>	<u>\$ 4,661</u>

21. **Expenses by object**

	<u>2020</u>	<u>2019</u>
	(thousands of dollars)	
Personnel	\$ 645,876	\$ 605,725
Government transfers	274,018	261,418
Contract and special services	249,480	238,674
Materials, supplies and utilities	133,404	122,359
Amortization expenses	75,211	73,504
Communication and transportation	46,976	44,212
Rent	46,072	42,691
Interest on long-term debt and capital lease obligations	1,890	2,088
Other	<u>7,202</u>	<u>7,916</u>
	<u>\$ 1,480,129</u>	<u>\$ 1,398,587</u>

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22. Trusts under administration

The Government administers trust accounts on behalf of third parties which are not included in the Government's assets.

The largest such trust account, the Compensation Fund (Yukon) has a fiscal year-end of December 31. Details of the assets of the Compensation Fund (Yukon), principally investments, are available from its financial statements, which are reproduced in Section III of the Public Accounts of the Government. At March 31, 2020, the remaining trust account balances were held in bank accounts or invested in term deposits and GICs.

Investments of the Compensation Fund (Yukon) are valued at fair value. Investments of the remainder of the trust accounts are valued at the lower of cost and market. Any other assets held under administration such as property, securities and valuables are reflected in trust accounts only upon conversion to cash. The following is a summary of the trusts under administration as at March 31, 2020, except for the Compensation Fund (Yukon) which is at December 31, 2019.

	<u>2020</u>	<u>2019</u>
	(thousands of dollars)	
Compensation Fund (Yukon)	\$ 237,564	\$ 217,975
Federal Gas Tax Funds under the New Deal	97,775	85,245
Lottery Commission	8,144	9,048
Crime Prevention and Victim Services	6,955	6,807
Forest Sector trust	5,991	5,884
Extended health and dental plan trust funds	2,906	2,347
Supreme Court trust	1,379	1,151
Public Guardian trust	1,316	1,747
Other	<u>3,482</u>	<u>3,427</u>
	<u>\$ 365,512</u>	<u>\$ 333,631</u>

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23. **Contractual rights**

The Government has entered into agreements to receive, or has contractual rights for, the following receipts subsequent to March 31, 2020:

	<u>Expiry Date</u>	<u>2021</u>	<u>2022 – 2030</u>	<u>Total</u>
		(thousands of dollars)		
Contribution and Service Agreements				
Infrastructure Canada	2028	\$ 70,218	\$ 528,798	\$ 599,016
Transport Canada	2028	7,998	116,398	124,396
Canada Mortgage and Housing Corporation	2030	7,890	58,484	66,374
Crown-Indigenous Relations and Northern Affairs	2022	25,800	24,685	50,485
Environment and Natural Resources	2024	9,717	20,648	30,365
Innovation, Science and Economic Development	2023	8,625	20,558	29,183
Employment and Social Development	2025	2,766	9,864	12,630
RCMP: Mobile Radio Network	2025	2,168	8,672	10,840
Health Canada	2022	8,218	1,570	9,788
Canadian Heritage	2023	2,213	4,426	6,639
Justice Canada	2023	1,181	2,363	3,544
Other	2022	816	438	1,254
		<u>\$ 147,610</u>	<u>\$ 796,904</u>	<u>\$ 944,514</u>

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2020

24. **Contractual obligations**

The Government has entered into agreements for, or is contractually obligated for, the following payments subsequent to March 31, 2020:

	Expiry Date	2021	2022 – 2046	Total
		(thousands of dollars)		
RCMP policing agreement	2032	\$ 26,335	\$ 326,873	\$ 353,208
Capital projects				
- in progress at March 31, 2020	2028	152,620	43,186	195,806
Building/office space leases	2046	13,253	21,022	34,275
NorthwestTel Inc. mobile radio network system	2025	3,804	10,631	14,435
Yukon Hospital Corporation – medical equipment maintenance	2025	7,198	6,824	14,022
Alkan Air Ltd. medical evacuation contract	2023	5,737	5,737	11,474
Conair Group Inc. air tanker services (turbine engines)	2023	1,749	4,079	5,828
Air Spray (1967) Ltd. Air tanker services	2023	1,520	4,106	5,626
Information Services Corporation	2040	323	3,577	3,900
Miscellaneous operational commitments	2045	36,502	13,451	49,953
		<u>\$ 249,041</u>	<u>\$ 439,486</u>	<u>\$ 688,527</u>

25. **Overexpenditure**

During the year, two (2019 – none) departments exceeded their votes with a total of \$7,612,000 (2019 – \$0). Overexpenditure of a vote contravenes subsection 17(2) of the *Financial Administration Act* (Yukon) which specifies that “a vote does not authorize any payment to be made in excess of the amount specified in the vote”.

(thousands of dollars)

The votes that were over expended are as follows:

Operations and Maintenance	
Health and Social Services	\$ 5,246
Highways and Public Works	\$ 2,366

The *Appropriation Acts* (Yukon) state that the Government is not to expend grant payments except in accordance with the Act. During the year, one (2019 – none) department exceeded the authorized amounts as follows:

(thousands of dollars)

Health and Social Services	
- Yukon seniors' income supplement	\$ 102
- Pioneer Utility Grant	51
- Social Assistance - Whitehorse	11

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2020

26. **Guarantees**

The Government has guaranteed repayment of loans payable by the Yukon Energy Corporation, the wholly-owned subsidiary of the Yukon Development Corporation, of \$23,807,000 (2019 – \$8,330,000). At March 31, 2020, on a consolidated basis, the Yukon Development Corporation had borrowings of \$203,000,000 (2019 – \$194,600,000) and a credit facility of up to \$34,000,000. While the Government has not issued guarantees for all of these instruments, as the Yukon Development Corporation is an agent of the Government, lenders may have recourse to the Government. Except for the amounts committed as described in note 11(d), it is expected that no significant costs will be incurred by the Government with respect to these guarantees and debts.

27. **Land claims**

Between February 1995 and March 31, 2020, eleven Yukon First Nation Final and Self-government Agreements came into effect. The Government of Canada's negotiating mandate expired prior to the completion of the remaining three Yukon agreements. Settlements for these outstanding claims would not result in a general liability to the Government as they are to be funded by the Government of Canada. The Government would, however, be responsible for any financial obligations it might agree to during the negotiations.

The bilateral funding agreement with the Government of Canada that had been in place since June 24, 1993 and which provided funding towards the Government's additional implementation costs expired on March 31, 2009. However, there are no additional costs for the Government as all of the existing funding commitments are captured elsewhere, either through a specific funding agreement with the Government of Canada or as a component of the base funding received by the Government. The specific implementation costs include Board and Council funding arising from the various Final Agreement Implementation Plans and other negotiated funding amounts.

28. **Contingencies**

In the normal course of operations, the Government is subject to legal claims. These claims include items with pleading amounts and items where an amount is not specified. At March 31, 2020, the amounts claimed, excluding the claims from Commission scolaire francophone du Yukon and Northern Cross (Yukon) Ltd., which are described below, is \$6,538,000 (2019 – \$6,459,000). No provision for these claims has been made as it is unlikely or undeterminable that a liability has been incurred at the date of the financial statements.

In the Statement of Claim filed by the Commission scolaire francophone du Yukon ("CSFY") in 2009, the Government was named as defendant. In addition to other claims, CSFY sought payment in the amount of \$1,954,000. As part of the Yukon Supreme Court's ruling in 2011, the court ordered the Government to hold \$1,954,000 in trust for CSFY. The case in its entirety was appealed, eventually to the Supreme Court of Canada. In May 2015, the Supreme Court of Canada determined that the trial judge had been biased, with the effect that the trial court's order for the Government to repay the \$1,954,000 is null and void. On March 4, 2020, the Government and CSFY announced that the parties had reached a settlement agreement that addressed and resolved all issues. Consequently, no liability has been recorded in relation to this matter.

On April 4, 2017, Northern Cross (Yukon) Ltd. ("Northern Cross") filed a Statement of Claim in the Supreme Court of Yukon against the Government of Yukon and the Minister of Energy, Mines and

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2020

Resources. Northern Cross identified a number of causes of action although all of these are based upon its allegation that due to the moratorium on hydraulic fracturing Northern Cross' exploration rights in the Eagle Plains area have been adversely affected. The claim seeks up to \$2.26 billion which is comprised of \$395 million for refund of work deposits, application fees, rental amounts, sunk costs and interest and \$1.86 billion in damages for loss of opportunity of 8.6 billion barrels of oil, at fair market value, identified as being in the area through a resource evaluation. No provision for this claim has been made as it is undeterminable that a liability has been incurred at the date of the financial statements.

On April 12, 2017, Northern Cross changed its name to Chance Oil and Gas Limited.

The Government established a Risk Management Revolving Fund in December 2004, with a limit of \$5,000,000, which is to be used for providing limited insurance and risk management services to Government departments. Expenses relating to some of the property and liability losses incurred by the Government are to be paid out of this fund. The Government purchases legal liability and property insurance with a \$2,000,000 deductible. In 2019/2020, the Government paid \$299,000 (2019 – \$67,000) for liability claims such as bodily injury, property damage and automobile liability. The Government had unpaid claims against the fund in the amount of \$1,521,000 as at March 31, 2020 (2019 – \$1,593,000). This amount is reported as part of the Government's accrued liabilities. The fund balance at March 31, 2020 was \$5,000,000 (2019 – \$4,800,000).

In addition to the environmental liabilities discussed in Note 13, there may be other instances of contamination that have not yet been identified for which the Government may be obligated to incur remediation costs. No liability has been recognized for these instances of contamination as the future costs of remediation and the Government's obligation to incur these costs are undeterminable at the date of the financial statements.

Yukon Zinc Corporation ("Yukon Zinc"), the owner of the Wolverine Mine, is responsible for the future reclamation and closure of the mine site. Pursuant to *the Quartz Mining Act* (Yukon), Yukon Zinc was required to provide a total of \$35,549,000 as financial security but had only posted \$10,589,000. The Government has been actively seeking the outstanding financial security from Yukon Zinc, but to no avail. On 16 September 2019, the Yukon Supreme Court ordered Yukon Zinc be put into receivership. During the year, the Government also carried out necessary care and maintenance work including contaminated water treatment on behalf of Yukon Zinc and has expended approximately half of the \$10,589,000 accessible to it from the financial security. On 26 May 2020, the Yukon Supreme Court ruled that the Government's claim to additional monies from the Yukon Zinc ranks in priority above any other claim, right, charge or security against the Wolverine Mine. The liquidation of Yukon Zinc's assets including the mine site are currently put on hold due to ongoing litigation. In the event that the Wolverine Mine becomes ultimately abandoned, the Government will likely be required to assume the remediation responsibility of the site as the mining activities in the Wolverine Mine occurred post-devolution. There is no reliable estimate of future remediation costs in relation to the Wolverine Mine. The outcome of the receivership is not determinable at the date of the financial statement preparation.

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2020

29. **Subsequent events**

The outbreak of COVID-19 in early 2020 has caused material global disruption and economic slowdown. In response to the pandemic, the Government, with support from the Government of Canada, has implemented various initiatives and programs to assist individuals, businesses, and industries. Significant government supports include the Yukon Business Relief program, the Rent Assistance program, and the federally funded Essential Worker Income Support program.

As the duration and impact of the outbreak are unknown at this time, it is not possible to reliably estimate the length and severity of these developments or the potential future impact to the Government's financial position and operations. The Government continues to assess and monitor the impact of COVID-19 on its future financial statements, including the likelihood of decreased revenues, increased expenses, and decreased cash flows. Relative to its 2019/2020 actual results, the Government expects its future own tax revenues to decrease due to reduced economic activity and its future operation and maintenance expenses to increase due to economic and financial relief measures and public health care responses. The Government's future cash flows are also expected to decrease as its own tax revenues decline and government spending increases.

GOVERNMENT OF YUKON

Schedule A

**Consolidated Schedule of Revenues by Source
for the year ended March 31, 2020**

	2020		2019
	Budget	Actual	Actual
	(thousands of dollars)		
From Government of Canada			
Formula Financing Grant	\$ 997,412	\$ 997,412	\$ 950,220
Other grants	61,019	62,346	59,365
Contributions and service agreements	153,479	165,433	126,229
	<u>1,211,910</u>	<u>1,225,191</u>	<u>1,135,814</u>
Taxes and general revenues			
Income taxes	89,806	100,889	97,586
Other taxes			
Tobacco tax	13,348	13,216	13,725
Fuel oil tax	9,106	9,780	9,364
Liquor tax	4,858	4,965	4,685
General property tax	4,996	4,854	4,511
Insurance premium tax	3,157	3,296	3,116
Grant in lieu of property tax	227	226	219
Licences, permits and fees	19,788	19,937	18,355
Sale of land	28,250	18,957	15,181
Investment and interest revenue	7,463	8,296	8,635
Hospital revenues	5,561	2,688	2,651
Resource revenue - mineral, oil and gas and forestry	2,155	1,660	1,999
Aviation operations	1,482	1,295	1,511
Income from portfolio investments	1,583	1,326	1,407
Fines	483	435	588
Other revenues	2,914	4,181	4,297
	<u>195,177</u>	<u>196,001</u>	<u>187,830</u>
Funding and service agreements with other parties	<u>56,201</u>	<u>49,178</u>	<u>64,722</u>
Income/(loss) from investment in government business enterprises			
Yukon Liquor Corporation	9,487	9,615	11,061
Yukon Development Corporation	5,000	(4,050)	706
	<u>14,487</u>	<u>5,565</u>	<u>11,767</u>
	<u>\$ 1,477,775</u>	<u>\$ 1,475,935</u>	<u>\$ 1,400,133</u>

GOVERNMENT OF YUKON

Schedule B

**Consolidated Schedule of Operations by Function
for the year ended March 31, 2020**

	Health and Social Services		Community and Transportation		Education		General Government ¹		Natural Resources	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
(thousands of dollars)										
Revenues										
Formula financing grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 997,412	\$ 950,220	\$ -	\$ -
Other transfers from										
Government of Canada	41,308	32,102	68,923	48,919	19,301	14,707	75,570	70,028	17,160	14,982
Taxes and general revenues	13,905	13,287	39,587	35,542	5,596	4,379	139,667	136,879	4,125	4,179
Funding and service agreements	10,687	23,391	23,074	29,359	17,013	14,295	1,538	2,589	5,082	3,737
Income/(loss) from investments in government business enterprises	-	-	(4,050)	706	-	-	9,615	11,061	-	-
	<u>65,900</u>	<u>68,780</u>	<u>127,534</u>	<u>114,526</u>	<u>41,910</u>	<u>33,381</u>	<u>1,223,802</u>	<u>1,170,777</u>	<u>26,367</u>	<u>22,898</u>
Expenses (Note 21)										
Personnel	202,826	174,903	81,705	77,183	144,412	138,093	113,275	114,459	53,527	51,718
Contracts, materials and other	154,955	145,310	120,361	138,561	36,252	33,896	84,796	50,963	41,155	41,897
Government transfers	97,781	91,535	113,462	108,336	29,664	28,703	8,451	8,757	10,857	9,417
Amortization expenses	15,554	15,908	40,845	38,569	8,280	8,535	5,636	5,594	979	978
Interest on long-term debt and capital lease obligations	1,595	1,749	99	122	-	-	196	217	-	-
	<u>472,711</u>	<u>429,405</u>	<u>356,472</u>	<u>362,771</u>	<u>218,608</u>	<u>209,227</u>	<u>212,354</u>	<u>179,990</u>	<u>106,518</u>	<u>104,010</u>
Recovery of prior years' expenses	196	143	988	92	74	109	76	327	113	39
(Deficit) / surplus for the year	\$ (406,615)	\$ (360,482)	\$ (227,950)	\$ (248,153)	\$ (176,624)	\$ (175,737)	\$ 1,011,524	\$ 991,114	\$ (80,038)	\$ (81,073)

¹ Includes the legislature, tax collection and administration, Formula Financing and other grants from the federal government, liquor profits, general administration and central agency services such as building maintenance, Public Service Commission, finance and IT services to government departments and organizations.

GOVERNMENT OF YUKON

**Consolidated Schedule of Operations by Function
for the year ended March 31, 2020**

Schedule B
Continued

	Justice		Business, Tourism and Culture		Adjustments ²		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
(thousands of dollars)								
Revenues								
Formula financing grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 997,412	\$ 950,220
Other transfers from								
Government of Canada	5,237	4,662	280	194	-	-	227,779	185,594
Taxes and general revenues	1,042	1,263	157	161	(8,078)	(7,860)	196,001	187,830
Funding and service agreements	466	753	388	438	(9,070)	(9,840)	49,178	64,722
Income/(loss) from investments in government business enterprises	-	-	-	-	-	-	5,565	11,767
	<u>6,745</u>	<u>6,678</u>	<u>825</u>	<u>793</u>	<u>(17,148)</u>	<u>(17,700)</u>	<u>1,475,935</u>	<u>1,400,133</u>
Expenses (Note 21)								
Personnel	32,871	32,194	17,275	17,190	(15)	(15)	645,876	605,725
Contracts, materials and other	37,081	38,106	14,205	13,319	(5,671)	(6,200)	483,134	455,852
Government transfers	5,930	6,325	19,335	19,830	(11,462)	(11,485)	274,018	261,418
Amortization expenses	2,792	2,783	1,125	1,137	-	-	75,211	73,504
Interest on long-term debt and capital lease obligations	-	-	-	-	-	-	1,890	2,088
	<u>78,674</u>	<u>79,408</u>	<u>51,940</u>	<u>51,476</u>	<u>(17,148)</u>	<u>(17,700)</u>	<u>1,480,129</u>	<u>1,398,587</u>
Recovery of prior years' expenses	<u>57</u>	<u>36</u>	<u>48</u>	<u>20</u>	<u>-</u>	<u>-</u>	<u>1,552</u>	<u>766</u>
(Deficit) surplus for the year	<u>\$ (71,872)</u>	<u>\$ (72,694)</u>	<u>\$ (51,067)</u>	<u>\$ (50,663)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,642)</u>	<u>\$ 2,312</u>

² To eliminate inter-segment transactions that are measured at the carrying amount.

Government of Yukon

Schedule C

**Consolidated Schedule of Tangible Capital Assets
for the year ended March 31, 2020**

	Land	Buildings	Equipment & Vehicles	Computer Hardware & Software	Transportation Infrastructure	Land Improvements & Fixtures	Sewage & Water Systems	Other	2020 Total	2019 Total
(thousands of dollars)										
Cost of tangible assets, opening	\$ 19,689	\$ 1,164,694	\$ 189,172	\$ 87,999	\$ 1,045,784	\$ 46,310	\$ 57,862	\$ 21,661	\$ 2,633,171	\$ 2,532,315
Acquisitions	-	41,334	18,021	12,119	32,914	6,352	5,937	1,284	117,961	108,252
Write-downs	-	-	(12)	-	-	-	-	-	(12)	(590)
Disposals	(114)	(1,366)	(3,442)	(459)	(677)	-	-	(598)	(6,656)	(6,806)
Cost of tangible assets, closing	<u>19,575</u>	<u>1,204,662</u>	<u>203,739</u>	<u>99,659</u>	<u>1,078,021</u>	<u>52,662</u>	<u>63,799</u>	<u>22,347</u>	<u>2,744,464</u>	<u>2,633,171</u>
Accumulated amortization, opening	-	412,524	98,717	55,328	411,773	9,132	10,640	8,656	1,006,770	939,915
Amortization expense	-	29,312	11,510	5,214	24,393	1,125	2,881	776	75,211	73,504
Disposals	-	(1,217)	(3,070)	(439)	(572)	-	-	(598)	(5,896)	(6,649)
Accumulated amortization, closing	<u>-</u>	<u>440,619</u>	<u>107,157</u>	<u>60,103</u>	<u>435,594</u>	<u>10,257</u>	<u>13,521</u>	<u>8,834</u>	<u>1,076,085</u>	<u>1,006,770</u>
Net book value (Note 20)	<u>\$ 19,575</u>	<u>\$ 764,043</u>	<u>\$ 96,582</u>	<u>\$ 39,556</u>	<u>\$ 642,427</u>	<u>\$ 42,405</u>	<u>\$ 50,278</u>	<u>\$ 13,513</u>	<u>\$ 1,668,379</u>	<u>\$ 1,626,401</u>
Work in progress ¹		\$ 55,095	\$ 4,359	\$ 13,999	\$ 14,741	\$ 10,146	\$ 5,946	\$ 3,506	\$ 107,792	\$ 83,478

¹ Included in net book value.

GOVERNMENT OF YUKON

Schedule D

**Consolidated Schedule of Post-employment Benefits and Compensated Absences
for the year ended March 31, 2020**

	Government of Yukon Employees	Members of Yukon Legislative Assembly	Yukon Housing Corporation	Yukon College/ University	Yukon Hospital Corporation	2020 Total	2019 Total
(thousands of dollars)							
Accrued benefit obligation							
Obligation at beginning of year	\$ 122,044	\$ 613	\$ 2,121	\$ 6,104	\$ -	\$ 130,882	\$ 130,111
Current service costs	12,034	127	212	851	-	13,224	12,895
Plan amendment	(5,435)	-	(152)	-	-	(5,587)	(6,881)
Interest cost on benefit obligation	4,241	32	74	182	-	4,529	4,754
Actuarial (gain) loss	(3,198)	5	(432)	-	-	(3,625)	3,774
Past service cost	-	-	-	-	-	-	(21)
Benefits paid	(13,243)	-	(61)	(680)	-	(13,984)	(13,750)
Accrued benefit obligation at end of year	116,443	777	1,762	6,457	-	125,439	130,882
Unrecognized net actuarial (loss) gain	(421)	(87)	480	283	-	255	(4,266)
Accrued benefit liability	116,022	690	2,242	6,740	-	125,694	126,616
Liabilities that are not included in actuarial valuation	475	-	-	1,524	2,502	4,501	4,765
Post-employment benefits and compensated absences (Note 15)	116,497	690	2,242	8,264	2,502	130,195	131,381
Net benefit cost							
Current service cost	12,034	127	212	851	-	13,224	12,895
Interest cost on benefit obligation	4,241	32	74	182	-	4,529	4,754
Past service costs	-	-	-	-	-	-	(21)
Amortization of net actuarial (gain) loss	320	21	22	40	-	403	464
Plan amendment	(5,435)	-	-	-	-	(5,435)	-
Net cost for the year	\$ 11,160	\$ 180	\$ 308	\$ 1,073	\$ -	\$ 12,721	\$ 18,092

GOVERNMENT OF YUKON

**Consolidated Schedule of Post-employment Benefits and Compensated Absences
for the year ended March 31, 2020**

Schedule D
Continued

	Government of Yukon Employees	Members of Yukon Legislative Assembly	Yukon Housing Corporation	Yukon College/ University	Yukon Hospital Corporation
Key Assumptions					
Discount rate on benefit costs	3.30%	4.70%	3.30%	2.75%	N/A
Discount rate on accrued benefit obligation at end of year	3.80%	4.70%	3.80%	2.75%	N/A
Rate of compensation increase	2.60%	2.50%	2.00%	See below ¹	N/A
Amortization period (expected average remaining service life)	12.5 years	5.0 years	11.6 years	11.0 years	N/A

¹ For 10 years 2.75%, thereafter 3.25%

GOVERNMENT OF YUKON

Schedule E

**Consolidated Schedule of Retirement Benefits
for the year ended March 31, 2020**

	Legislative Assembly Retirement Allowances Plan	Territorial Court Judiciary Pension Plan	Extended Health Care Retirement Benefit	Life Insurance Retirement Benefit	Yukon College/University Employees' Pension Plan	Yukon Hospital Corporation Employees' Pension Plan	2020 Total	2019 Total
(thousands of dollars)								
Pension and retirement plan assets are valued at fair market value.								
Accrued benefit obligation								
Obligation at beginning of year	\$ 34,105	\$ 11,344	\$ 73,850	\$ 3,065	\$ 89,529	\$ 96,636	\$ 308,529	\$ 304,127
Current service costs	1,441	474	3,225	185	4,465	5,241	15,031	15,293
Plan amendment	-	-	-	-	-	-	-	(16,295)
Interest cost on benefit obligation	1,602	606	2,520	105	4,849	5,807	15,489	15,179
Actuarial (gain) loss	1,762	959	(4,496)	883	(7,767)	1,774	(6,885)	2,423
Benefits paid	(1,456)	(477)	(1,410)	(127)	(3,722)	(4,964)	(12,156)	(12,198)
Administration expenses	-	-	-	-	(210)	-	(210)	-
Accrued benefit obligation at end of year	37,454	12,906	73,689	4,111	87,144	104,494	319,798	308,529
Plan assets - valued at fair market value								
Value at beginning of year	8,739	4,408	-	-	108,099	136,531	257,777	244,092
Actual return on plan assets	(616)	(326)	-	-	4,091	(12,539)	(9,390)	12,076
Employer contributions	359	307	1,410	127	2,084	6,265	10,552	8,395
Member contributions	168	68	-	-	2,060	2,653	4,949	4,660
Benefits paid	(302)	(477)	(1,410)	(127)	(3,722)	(4,964)	(11,002)	(11,070)
Actual plan expenses	-	-	-	-	(210)	(306)	(516)	(376)
Value at end of year	8,348	3,980	-	-	112,402	127,640	252,370	257,777
Funded status - plan deficit (surplus)	29,105	8,926	73,689	4,111	(25,258)	(23,146)	67,427	50,752
Unrecognized net actuarial (loss) gain	(2,075)	(1,395)	(9,382)	(907)	6,982	(30,003)	(36,780)	(21,873)
Accrued benefit liability (asset) (Note 16)	\$ 27,030	\$ 7,531	\$ 64,307	\$ 3,204	\$ (18,276)	\$ (53,149)	\$ 30,647	\$ 28,879

GOVERNMENT OF YUKON

Schedule E
Continued

**Consolidated Schedule of Retirement Benefits
for the year ended March 31, 2020**

	Legislative Assembly Retirement Allowances Plan	Territorial Court Judiciary Pension Plan	Extended Health Care Retirement Benefit	Life Insurance Retirement Benefit	Yukon College/University Employees' Pension Plan	Yukon Hospital Corporation Employees' Pension Plan	2020 Total	2019 Total
(thousands of dollars)								
Net benefit cost								
Current service cost	\$ 1,441	\$ 474	\$ 3,225	\$ 185	\$ 4,465	\$ 5,565 ¹	\$ 15,355	\$ 15,606
Less: Member contributions	(168)	(68)	-	-	(2,060)	(2,653)	(4,949)	(4,660)
Interest cost on benefit obligation	1,602	606	2,520	105	4,849	5,807	15,489	15,179
Expected return on plan assets	(416)	(229)	-	-	(5,843)	(8,301)	(14,789)	(13,802)
Amortization of net actuarial (gain) loss	(179)	51	1,341	129	140	881	2,363	2,978
Net cost for the year	\$ 2,280	\$ 834	\$ 7,086	\$ 419	\$ 1,551	\$ 1,299	\$ 13,469	\$ 15,301

Key Assumptions

Expected long term rate of return on assets at beginning of year	4.70%	5.25%	N/A	N/A	5.40%	6.00%
Discount rate on benefit costs	4.70%	5.25%	3.30%	3.30%	5.40%	6.00%
Discount rate on accrued benefit obligation at end of year	4.40%	4.60%	3.80%	3.80%	5.50%	6.00%
Inflation rate at end of year	2.00%	2.00%	2.00%	2.00%	2.20%	2.00%
Rate of compensation increase	2.50%	3.00% ²	see below ³	see below ³	4.00%	2.50%
Health care cost trend rate	N/A	N/A	see below ⁴	N/A	N/A	N/A
Amortization period (expected average remaining service life)	5.0 years	3.3 years	12.5 years	9.3 years	10.0 years	8.9 years

¹ Includes \$324,000 for provision of administrative expenses.

² Based on a rate of compensation increase of 2.5% at April 1, 2017 and 2018, 3% thereafter.

³ Based on the annual rates from the Public Service Pension Plan ("PSPP") March 31, 2017 valuation report.

⁴ 5.9% per annum for 2020-2024, decreasing linearly to 4.9% in 2029, and following the McMaster Model to an ultimate trend rate of 4.0% in 2040.

PART THREE
NON-CONSOLIDATED FINANCIAL STATEMENTS

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SECTION I
GOVERNMENT OF YUKON
FINANCIAL STATEMENTS
(unaudited)

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GOVERNMENT OF YUKON

Statement of Financial Position
as at March 31, 2020

	2020	2019
	(thousands of dollars)	
Financial assets		
Cash and cash equivalents (Note 3)	\$ 51,120	\$ 100,483
Temporary investments (Note 4)	1,261	43,766
Due from Government of Canada (Note 5)	80,776	56,890
Accounts receivable (Note 6)	22,167	18,375
Portfolio investments (Note 7)	32,948	32,102
Advances to Territorial corporations (Note 9)	79,435	72,821
Loans receivable (Note 10)	36,479	28,808
Land inventory (Note 11)	77,445	76,950
	381,631	430,195
Liabilities		
Due to Government of Canada (Note 5)	29,411	30,183
Accounts payable and accrued liabilities (Note 12)	122,243	118,070
Environmental liabilities (Note 13)	43,774	42,979
Unearned revenues (Note 14)	10,173	20,300
Post-employment benefits and compensated absences (Note 15)	117,187	119,065
Retirement benefits (Note 16)	102,072	94,805
Liabilities for leased tangible capital assets (Note 17)	4,144	5,201
	429,004	430,603
Net debt	(47,373)	(408)
Non-financial assets		
Tangible capital assets (Note 19)	1,408,992	1,365,834
Inventories of supplies	6,911	6,194
Prepaid expenses	2,329	2,201
	1,418,232	1,374,229
Accumulated surplus	\$ 1,370,859	\$ 1,373,821


Contingencies, commitments, contractual rights and obligations and guarantees
(Notes 13, 22, 23, 24, 26, 27, and 28)

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

Approved:



Scott Thompson
Deputy Minister of Finance



Sandy Silver
Minister of Finance

GOVERNMENT OF YUKON

**Statement of Operations and Accumulated Surplus
for the year ended March 31, 2020**

	2020		2019
	Main Estimates (Note 1(b))	Actual	Actual
	(thousands of dollars)		
Revenues (Schedule A)			
From Government of Canada			
Formula Financing grant	\$ 997,412	\$ 997,412	\$ 950,220
Other grants	61,019	62,346	59,365
Contributions and service agreements	150,743	161,279	121,961
Taxes and general revenues	192,671	196,217	189,448
Funding and service agreements with other parties	28,152	28,632	44,698
	<u>1,429,997</u>	<u>1,445,886</u>	<u>1,365,692</u>
Expenses (Note 20 and Schedule B)	<u>1,435,944</u>	<u>1,450,344</u>	<u>1,372,298</u>
Recovery of prior years' expenses	-	1,496	778
Surplus (deficit) for the year	<u>\$ (5,947)</u>	(2,962)	(5,828)
Accumulated surplus at beginning of year		<u>1,373,821</u>	<u>1,379,649</u>
Accumulated surplus at end of year		<u>\$ 1,370,859</u>	<u>\$ 1,373,821</u>

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

GOVERNMENT OF YUKON

**Statement of Change in Net Debt
for the year ended March 31, 2020**

	2020		2019
	Main Estimates (Note 1(b))	Actual	Actual
	(thousands of dollars)		
Surplus (deficit) for the year	\$ (5,947)	\$ (2,962)	\$ (5,828)
Effect of change in tangible capital assets			
Acquisitions	(108,329)	(106,024)	(95,210)
Amortization of tangible capital assets	62,880	62,664	60,664
(Gain)/loss on disposal of tangible capital assets	2	(34)	(319)
Proceeds on disposal of tangible capital assets	168	224	444
Write-down of tangible capital assets	-	12	590
Other budgetary adjustments	4,523	-	-
	<u>(40,756)</u>	<u>(43,158)</u>	<u>(33,831)</u>
Effect of change in other non-financial assets			
Acquisition of inventories of supplies	-	(11,102)	(11,912)
Decrease in inventories of supplies	-	10,385	14,799
Increase in prepaid expenses	-	(128)	(873)
	<u>-</u>	<u>(845)</u>	<u>2,014</u>
Increase in net financial debt	<u>\$ (46,703)</u>	<u>(46,965)</u>	<u>(37,645)</u>
(Net debt) / net financial assets at beginning of year		<u>(408)</u>	<u>37,237</u>
Net debt at end of year		<u>\$ (47,373)</u>	<u>\$ (408)</u>

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

GOVERNMENT OF YUKON

**Statement of Cash Flow
for the year ended March 31, 2020**

	2020	2019
	(thousands of dollars)	
Operating transactions		
Surplus (deficit) for the year	\$ (2,962)	\$ (5,828)
Non-cash items included in surplus (deficit) for the year:		
Amortization of tangible capital assets	62,664	60,664
Loans receivable valuation adjustment	(1)	88
Write-down of tangible capital assets	12	590
Gain on sale of land inventory	(1,364)	(540)
Gain on disposal of tangible capital assets	(34)	(319)
Contributed tangible capital assets (Note 19)	(251)	(13,300)
Change in non-cash assets and liabilities	(29,065)	22,338
Cash provided by operating transactions	<u>28,999</u>	<u>63,693</u>
Capital transactions		
Acquisition of tangible capital assets	(105,773)	(81,910)
Proceeds on disposal of tangible capital assets	224	444
Cash used for capital transactions	<u>(105,549)</u>	<u>(81,466)</u>
Investing transactions		
Net proceeds from temporary investments	42,505	119,392
Proceeds from portfolio investments	2,845	1,654
Acquisition of portfolio investments	(3,691)	(4,052)
Repayment of advances from Territorial corporations	250	1,250
Advances to Territorial corporations	(6,864)	(3,673)
Repayment of loans receivable	16,554	15,841
Issuance of loans receivable	(5,268)	(3,632)
Investment in land inventory	(18,087)	(24,925)
Cash provided by investing transactions	<u>28,244</u>	<u>101,855</u>
Financing transactions		
Repayment of liabilities for leased tangible capital assets	(1,057)	(1,019)
Cash used for financing transactions	<u>(1,057)</u>	<u>(1,019)</u>
Cash and cash equivalents (decrease) increase	(49,363)	83,063
Cash and cash equivalents at beginning of year	<u>100,483</u>	<u>17,420</u>
Cash and cash equivalents at end of year (Note 3)	\$ 51,120	\$ 100,483
Interest received in the year	\$ 6,543	\$ 8,411
Interest paid in the year	\$ 198	\$ 218

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

GOVERNMENT OF YUKON

Notes to Financial Statements
March 31, 2020

1. **Authority and operations**

(a) Authority

The Government of Yukon (“the Government”) operates under the authority of the *Yukon Act (Canada)*. All disbursements for operations and loans are authorized by the Yukon Legislative Assembly.

(b) Main Estimates

The Main Estimates comparative figures are from the Main Estimates approved in the Legislative Assembly in 2019. These figures do not reflect changes arising from the Supplementary Estimates approved later in the year by the Yukon Legislative Assembly. Budget adjustments include estimated lapses and unallocated budget estimates.

(c) Investments

The *Financial Administration Act (Yukon)* allows the Government to invest money from the consolidated revenue fund in the following investments:

- securities that are obligations of, or guaranteed by, the Government of Canada or a province;
- fixed deposits, notes, certificates and other short-term paper of, or guaranteed by, a bank including swapped deposit transactions in the currency of the United States of America;
- commercial paper issued by a company incorporated under the laws of the Government of Canada or a province, the securities of which are rated in the highest rating category by at least two recognized security rating institutions.

The duration of the securities held depends on cash projections but usually averages under a year in length.

2. **Significant accounting policies**

(a) Financial statements

These financial statements are prepared on a non-consolidated basis for the purpose of determining the financial position and annual results of the Government of Yukon departments. The *Taxpayer Protection Act (Yukon)* requires that the accounting policies of the Government, which are used to prepare its non-consolidated financial statements, must conform to the recommendations of the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, except with respect to consolidation.

The Government also prepares a set of consolidated financial statements in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

GOVERNMENT OF YUKON

Notes to Financial Statements
March 31, 2020

(b) Basis of accounting

Revenues

Revenues are recorded on an accrual basis.

Grants from the Government of Canada are recognized as revenues when entitlement for the transfer occurs. The Government receives a Formula Financing grant and the Canada health and the Canada social transfers from the Government of Canada in accordance with the *Federal-Provincial Fiscal Arrangements Act* (Canada) which expires on March 31, 2024. The Formula Financing grant is principle-based and the Canada health transfer and the Canada social transfer are simple equal cash per capita grants. Adjustments for health and social transfers are made in the year they are known.

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

Income taxes, levied under the *Income Tax Act* (Yukon), are collected by the Government of Canada on behalf of the Government under a tax collection agreement and are remitted to the Government monthly. The remittances are based on the Government of Canada's Department of Finance's best estimates for the taxation year, which are periodically adjusted until the income tax assessments for the year are final. The Government recognizes income tax revenues based on the estimates made by the Government of Canada, adjusted for known factors. Any adjustments upon finalization are reflected in the accounts in the year they are identified. Tax concessions are accrued on the same basis as the associated tax revenues and reduce gross taxation revenue.

Fuel and tobacco taxes are levied under the authority of the *Fuel Oil Tax Act* (Yukon) and the *Tobacco Tax Act* (Yukon). Revenues are recognized based on the statements received from collectors and estimates. Adjustments from reassessments are recorded in revenue in the year they are identified.

Proceeds from funding and service agreements with other parties are recognized as revenue as they are determined to be earned based on the terms and conditions of the agreements and in compliance with relevant accounting standards. These determinations occur on an agreement by agreement basis due to the diverse nature of each individual agreement.

Expenses

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

Recovery of prior years' expenses includes reversal of amounts accrued in prior years which are in excess of actual expenses. These amounts cannot be used to increase the amount appropriated for the current year.

GOVERNMENT OF YUKON

Notes to Financial Statements March 31, 2020

Assets

Financial assets

Cash and cash equivalents include cash on hand, balances with banks, and short-term investments that have terms to maturity of less than 90 days from the dates of acquisition.

Temporary investments include treasury bills, GICs, term deposits and funds that include short-term debt securities of Canadian governments and corporate issuers with terms to maturity of 90 days or more but one year or less from the date of acquisition. When the market value of temporary investments has declined below the carrying value, they are carried at market value.

Portfolio investments are accounted for by the cost method and include funds that include bonds and equities. These investments are expected to be realized or have terms to maturity greater than one year from the date of acquisition. When there has been a loss in value of a portfolio investment that is other than a temporary decline, the investment is written down to recognize the loss.

Loans receivable are stated at the lower of principal amounts and net recoverable value. Valuation allowances, which are recorded to reduce loans receivable to their net recoverable amount, are based on historical experience, current conditions and all circumstances known at the date of the preparation of the financial statements. The loan receivable is reduced by the amount of a loss when the amount is known with sufficient precision, and there is no realistic prospect of recovery. Interest revenue is recognized on an accrual basis until such time that the collectability of either principal or interest is not reasonably assured.

Land inventory is comprised of the costs of acquiring, planning and developing lots. The lots are valued at cost, except, when there has been a loss in value that is other than a temporary decline, in which case the lots are written down to net recoverable value to recognize the loss.

Non-financial assets

The costs of acquiring land, buildings, equipment and other capital property are capitalized as tangible capital assets and are amortized to expense over the estimated useful lives of the assets.

Inventories of supplies consist primarily of fuel and lubricants, repair parts, stationery and office supplies, and highway materials that are tracked through revolving funds. Inventories are valued at the lower of cost and replacement value. These assets are not held for sale and are intended to be used in providing government services. Other materials and supplies are expensed at the time of acquisition.

Liabilities

Liabilities include financial claims payable by the Government and unearned revenues.

Unearned revenues are cash received for which goods and services have not been provided by year-end, and are primarily comprised of motor vehicle licence fees for the following fiscal years and transfer payments from the Government of Canada, which have associated stipulations that gave rise to a liability as of year-end.

Liabilities for leased tangible capital assets are recorded with a corresponding asset at the lower of the present value of the minimum lease payments, excluding the portion relating to executory costs, and the fair value of the asset. The present value is based on the Government's borrowing rate, over a similar term length as the related lease terms, at the time the obligation is incurred.

GOVERNMENT OF YUKON

Notes to Financial Statements
March 31, 2020

The contingencies of the Government are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. If the future event is considered likely to occur and is quantifiable, an estimated liability is accrued. If the likelihood is not determinable or the amount cannot be reasonably estimated, the contingency is disclosed.

(c) Tangible capital assets

Tangible capital assets are buildings, roads, equipment, and other items, whose useful life extends beyond the fiscal year and are intended to be used on an ongoing basis for delivering services. These assets are recorded at cost, or fair value if donated. For certain tangible capital assets that have previously been transferred from the Government of Canada or where the original costs are not readily available, estimated costs have been extrapolated back in time in a systematic and rational manner to approximate the appropriate transfer value of the assets at the time of transfer.

The value of works of art, historical treasures, all intangibles and items inherited by right of the Crown, such as Crown lands, forests, water, and mineral resources are not recorded as tangible capital assets. Historical treasures and works of art are expensed when they are acquired.

Tangible capital assets that are held and available for use by the Government are reported based on the following capitalization thresholds and estimated useful lives:

<u>Asset category</u>	<u>Threshold</u>	<u>Estimated useful life</u>
Land	Nil	N/A
Buildings		
Buildings	\$50,000	40 - 50 years
Leasehold Improvements	\$50,000	Shorter of the lease term or useful economic life
Equipment and vehicles		
Heavy equipment	\$10,000	7 - 30 years
Operating equipment	\$10,000	5 - 25 years
Vehicles	\$10,000	6 - 20 years
Computer hardware and software		
Computer hardware	\$10,000	5 years
Computer software	\$100,000	Expected usage of the system before overhaul
Transportation infrastructure		
Forestry access roads	\$50,000	10 years
Highways	\$250,000	As determined by the Department of Highways and Public Works to a maximum of 75 years
Pavement/surfaces	\$250,000	
Bridges	\$250,000	
Airport runways	\$50,000	
Other		
Portable classroom/housing trailers	\$50,000	25 years
Land improvements and fixtures	\$50,000	up to 50 years
Sewage and water systems	\$50,000	up to 50 years
Mobile radio system infrastructure	\$100,000	15 years

Tangible capital assets under construction or development are reported as work-in-progress with no amortization until the asset is placed in service.

GOVERNMENT OF YUKON

Notes to Financial Statements
March 31, 2020

(d) Post-employment benefits and compensated absences

Post-employment benefits are expected to be provided after employment but before retirement to employees. These benefits include severance benefits, accumulated sick and vacation leave benefits that are paid in cash when employment is terminated. Compensated absences are benefits such as sick leave and vacation leave that are paid to employees during their employment. The Government recognizes the obligation for these benefits as a liability and uses actuaries to estimate the amount of the obligation based on the projected benefit method prorated on service. Expenses related to post-employment benefits and compensated absences are recognized in the period in which the employee's service is rendered and the benefits are earned. The accrued benefit liability for these plans is calculated as the accrued benefit obligation adjusted by unamortized actuarial gains or losses.

(e) Retirement benefits

The Government's employees participate in the Public Service Pension Plan administered by the Government of Canada. The Government's contributions are expensed during the year in which the services are rendered and represent its total pension obligation. The Government is not currently required to make contributions with respect to any actuarial deficiencies of the pension plan.

Other retirement benefits include extended health care for retired employees who choose to participate in the plan and a life insurance plan for retirees who meet certain criteria. Liabilities for these benefits are valued on an actuarial basis. The Government provides optional extended health care benefits to retired employees as well as life insurance coverage to eligible retirees. They are both non-pension defined benefit plans. The extended health care plan is self-insured. The accrued benefit obligation at March 31, 2020 is based on an extrapolation of an actuarial valuation. Extended health care and life insurance retirement benefits are not funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

Retirement benefits to Members of the Legislative Assembly and territorial court judges are defined benefit plans and are valued on an actuarial basis. Actuarial valuations of these benefits are performed triennially using the projected benefit method prorated on service, with an actuarial valuation for accounting purposes updated annually. Pension expenses for these two plans are recognized as the member renders services. Actuarial gains and losses are amortized on a straight-line basis over the estimated average remaining service lives of the participants. The accrued benefit liability for these plans is calculated as the accrued benefit obligation less plan assets, if any, adjusted by unamortized actuarial gains or losses. Plan assets are valued at the fair market value.

(f) Environmental liabilities

Contaminated sites and other environmental liabilities, which include Type II sites, are accrued, net of recoveries, and an expense recorded based on management's best estimates when the contamination occurs, when the Government becomes aware of the contamination and when the Government is obligated to incur such costs. If the likelihood of the Government's obligation to incur these costs is not determinable, the contingency is disclosed in the notes to the financial statements.

Landfill liabilities are recognized on a net present value basis for the total estimated expenditures for closure and post-closure care as the landfill site's capacity is used.

GOVERNMENT OF YUKON

Notes to Financial Statements
March 31, 2020

(g) Measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires the Government to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant although, at the time of preparation of these statements, the Government believes the estimates and assumptions to be reasonable. Certain estimates used in these financial statements may be subject to measurement uncertainty due to the COVID-19 pandemic (Note 28). The amount of variability cannot be reasonably determined at this time

Some of the more significant management estimates relate to post-employment and retirement benefits, environmental liabilities, amortization of tangible capital assets, corporate and personal income tax revenue and contingencies.

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

3. **Cash and cash equivalents**

	2020	2019
	(thousands of dollars)	
Bank balances	\$ 51,053	\$ 100,415
Cash on hand	67	68
	<u>\$ 51,120</u>	<u>\$ 100,483</u>

4. **Temporary investments**

	2020		2019	
	Market Value	Carrying Value	Market Value	Carrying Value
	(thousands of dollars)			
Floating rate notes	\$ 648	\$ 648	\$ 614	\$ 612
Treasury bills	419	417	372	370
Other	197	196	192	190
Term deposits and GICs	-	-	42,594	42,594
	<u>\$ 1,264</u>	<u>\$ 1,261</u>	<u>\$ 43,772</u>	<u>\$ 43,766</u>

The term deposits and GICs held during the year had a weighted average effective yield of 2.48% (2019 – 2.04%) per annum and the remaining temporary investments had a weighted average effective yield of 1.54% (2019 – 1.75%) per annum.

GOVERNMENT OF YUKON

Notes to Financial Statements
March 31, 2020

5. **Due from/to Government of Canada**

	<u>2020</u>	<u>2019</u>
	(thousands of dollars)	
Due from Government of Canada		
Cost-sharing agreements and projects delivered on behalf of the Government of Canada	\$ 79,592	\$ 56,887
Income tax	1,181	-
Other	<u>3</u>	<u>3</u>
	<u>\$ 80,776</u>	<u>\$ 56,890</u>
Due to Government of Canada		
Payroll taxes	\$ 9,859	\$ 8,453
Public Service Pension Plan contribution	7,675	6,613
RCMP	7,685	8,633
Type II mine sites	1,618	797
Income tax	-	3,863
Other	<u>2,574</u>	<u>1,824</u>
	<u>\$ 29,411</u>	<u>\$ 30,183</u>

Amounts due from and due to the Government of Canada are payable on demand and are non-interest bearing. The carrying amounts approximate fair market values because of their short term to maturity.

6. **Accounts receivable**

	<u>2020</u>	<u>2019</u>
	(thousands of dollars)	
Taxes, interest and other revenue receivables	\$ 17,511	\$ 12,857
Less valuation allowances	<u>(1,050)</u>	<u>(841)</u>
	16,461	12,016
Due from Territorial corporations	<u>5,706</u>	<u>6,359</u>
	<u>\$ 22,167</u>	<u>\$ 18,375</u>

GOVERNMENT OF YUKON

**Notes to Financial Statements
March 31, 2020**

7. **Portfolio investments**

	2020		2019	
	<u>Market Value</u>	<u>Carrying Value</u>	<u>Market Value</u>	<u>Carrying Value</u>
	(thousands of dollars)			
Marketable securities	<u>\$ 29,758</u>	<u>\$ 32,948</u>	<u>\$ 32,512</u>	<u>\$ 32,102</u>

Marketable securities are designated investments (see Note 8) set aside within the Consolidated Revenue Fund for use in meeting certain post-employment and retirement benefit obligations for Members of the Legislative Assembly. The investments are managed by a third party manager.

Subsequent to the year end, the third party management was reviewed and the securities transitioned to a new third party manager.

8. **Designated assets**

The Government has designated a portion of its assets for the purpose of meeting the obligations under Part 3 (Supplemental Plan) of the *Legislative Assembly Retirement Allowances Act* (Yukon) as well as the "Severance allowance" section of the *Legislative Assembly Act* (Yukon).

Designated assets are included in cash and cash equivalents, temporary investments and portfolio investments as follows:

	<u>2020</u>	<u>2019</u>
	(thousands of dollars)	
Cash and cash equivalents	\$ 50	\$ 20
Temporary investments (market value \$1,264,000; 2019 – \$1,178,000)	1,261	1,172
Portfolio investments – marketable securities (market value \$29,758,000; 2019 - \$32,512,000)	<u>32,948</u>	<u>32,102</u>
	<u>\$ 34,259</u>	<u>\$ 33,294</u>

GOVERNMENT OF YUKON

Notes to Financial Statements
March 31, 2020

9. Advances to Territorial corporations

	<u>2020</u>	<u>2019</u>
	(thousands of dollars)	
Yukon Development Corporation		
Infrastructure loan	\$ 38,200	\$ 38,200
Yukon Housing Corporation		
Working capital advances	<u>41,235</u>	<u>34,621</u>
	<u>\$ 79,435</u>	<u>\$ 72,821</u>

The Government entered into loan agreements with the Yukon Development Corporation ("YDC") and advanced a total of \$39,200,000 in order to assist in the development of the Whitehorse diesel – natural gas conversion project, which was completed by the Yukon Energy Corporation, YDC's wholly owned subsidiary. The loan term that commenced on April 1, 2016 ended on March 31, 2018. The per annum interest rate was set based on the one-year CDOR plus 30 basis points in effect on April 1 each year. The rate of interest on the loans was 1.514%. The Government and YDC entered into a new loan agreement effective March 30, 2018. The initial term of the loan is to March 31, 2023 and pursuant to the agreement, the loan may be extended for two additional five year terms upon mutual consent of the parties. The per annum interest rate will be set based on one-year CDOR plus 40 basis points in effect on April 1 each year. The rate of interest effective on March 31, 2020 is 1.61% (2019 - 2.65%). The new loan agreement requires principal repayments of \$1 million on March 31 each year and full repayment of any principal outstanding at the end of each loan term if the loan is not extended. The payment due March 31 from YDC was received in May 2020.

The working capital advances to the Yukon Housing Corporation are interest free and have various repayment terms.

GOVERNMENT OF YUKON

Notes to Financial Statements
March 31, 2020

10. Loans receivable

	<u>2020</u>	<u>2019</u>
	(thousands of dollars)	
Agreements for sale of land, due in varying annual amounts over a three or five year term to the year 2025 (2019 – 2024), bearing interest at 5.00% (2019 – 5.00%).	\$ 10,987	\$ 3,780
Local improvement loans, due in varying annual amounts to the year 2041 (2019 – 2041), bearing interest rates ranging from 0.50% to 5.25% (2019 – 0.50% to 5.25%).	7,534	6,914
Due from Yukon Housing Corporation for lands agreements, due in periodic instalments to the year 2025 (2019 – 2023), bearing interest at 0.00% (2019 – 0.00%).	6,411	9,336
Domestic well loans, due in varying annual amounts to the year 2035 (2019 – 2033), bearing interest rates ranging from 0.50% to 4.50% (2019 – 0.50% to 4.50%).	5,528	5,478
Due from Yukon Hospital Corporation for pension plan solvency loan, due as one payment in the year 2035, bearing interest at 3.95%	3,063	-
Debenture loans to municipalities, due in varying annual amounts to the year 2034 (2019 – 2034), bearing interest rates ranging from 2.72% to 6.38% (2019 – 2.72% to 6.38%).	3,014	3,308
Energy infrastructure development loan due in periodic instalments bearing interest at 6.40% (2019 – 6.40%).	205	205
Business development assistance loans, due in varying annual amounts with varying terms, bearing interest rates ranging from 0.00% to 5.20% (2019 – 0.00% to 5.20%).	65	75
Loan to Yukon Housing Corporation, due in periodic instalments to the year 2021 (2019 – 2021), bearing interest at 0.00% (2019 – 0.00%).	17	34
Less valuation allowances	<u>(345)</u>	<u>(322)</u>
	<u>\$ 36,479</u>	<u>\$ 28,808</u>

GOVERNMENT OF YUKON

Notes to Financial Statements
March 31, 2020

11. **Land inventory**

	2020	2019
	(thousands of dollars)	
Undeveloped land	\$ 603	\$ 603
Land under development	57,999	58,038
Developed land	18,843	18,309
	<u>\$ 77,445</u>	<u>\$ 76,950</u>

12. **Accounts payable and accrued liabilities**

	2020	2019
	(thousands of dollars)	
Accounts payable	\$ 63,013	\$ 62,339
Accrued liabilities	40,221	37,006
Contractors' holdbacks and security deposits	10,248	10,396
Due to Territorial corporations	8,761	8,329
	<u>\$ 122,243</u>	<u>\$ 118,070</u>

13. **Environmental liabilities**

(a) Contaminated sites and other environmental liabilities

The Government has recorded environmental liabilities of \$27,063,000 (2019 - \$28,749,000). These liabilities consist of estimated costs related to the remediation of contaminated sites as well as estimated costs associated with other liabilities related to these sites. The liabilities are determined on a site-by-site basis and are based on preliminary environmental assessments or estimation for those sites where an assessment has not been conducted. The amount recorded is based on management's best estimates utilizing the information available at the financial statement date. The amount of liabilities becomes determinable over a continuum of events and activities as information becomes available. As a result, the actual amount of liabilities to remediate these sites could vary significantly. No assets are designated for settling these liabilities.

As at March 31, 2020, the Government was aware of 95 sites (2019 – 94 sites) where the Government is obligated or is likely obligated to incur such costs. Phase I Environmental Site Assessments (ESA) have been undertaken on 90 of the 95 sites. During the year, remediation work was undertaken at 12 sites, including the Marwell Tar Pit.

One of the 95 sites, Marwell Tar Pit, has been formally designated as contaminated under the *Environment Act* (Yukon) and the *Contaminated Sites Regulation*. The Government is not a "responsible party" as defined by the *Environment Act* (Yukon) and determined by the *Contaminated Sites Regulation*. The Government of Canada was the landowner when the contamination occurred. In September 2010, the Government and the Government of Canada entered into an agreement to remediate the site over 11 years with a total estimated cost of \$6,800,000, of which the Government is to fund 30% or \$2,040,000 and the Government of Canada \$4,760,000. As at March 31, 2020, \$250,000 (2019 - \$810,000) was recorded as a liability for this site, which is part of the \$27,063,000 noted above.

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(b) Landfill sites

There are 28 active, decommissioned or abandoned landfill sites that are outside incorporated communities and, therefore, are the responsibility of the Government. The Government is the sole operator of the active landfills. 23 of these sites are subject to the *Environment Act (Yukon) – Solid Waste Regulations* which includes requirements for closure and abandonment of a dump. The remaining 5 sites are old abandoned dumps which are not subject to the *Solid Waste Regulations*.

A liability is recognized as the landfill site's capacity is used with usage measured on a volumetric basis. As at March 31, 2020, the net present value of total expenditures for closure and post-closure care is estimated to be \$14,057,000 (2019 – \$10,765,000) and a liability in the amount of \$11,854,000 (2019 – \$9,286,000) has been recorded for these sites. The amount remaining to be recognized in the future is \$2,203,000 (2019 – \$1,479,000). No assets are designated for settling these liabilities.

In calculation of the above liability, the remaining landfill life was estimated to be from 0 to 50 years. Solid waste permits issued under the *Solid Waste Regulations* specify 25 years of post-closure monitoring; therefore, 25 years is used as an estimated length of time needed for post-closure care. A discount rate of 2.58% (2019 – 3.32%) was used for the net present value calculation for active and closed landfill sites.

(c) Type II sites

Pursuant to the Devolution Transfer Agreement, the Government of Canada retained responsibility for the clean-up of waste sites that were identified on lands transferred effective April 1, 2003. The Government of Canada also accepted financial responsibility for the remediation of impacts attributable to activities that took place prior to April 2003 on the mine sites identified as Type II sites, which have been abandoned by their owner/operator. Except for the Ketzka River mine site as discussed below, the Government is not aware of any financial obligations on its part in relation to these mine sites.

On April 10, 2015 Veris Gold Corporation abandoned the Ketzka River mine site ("the site"). The site is identified as a Type II mine site in the Devolution Transfer Agreement ("DTA") between the Government and the Government of Canada. The Government has provided notice to the Government of Canada pursuant to the DTA that the site has been abandoned by its owner/operator. Once a Type II site becomes abandoned the DTA requires that an Independent Assessor assess the condition of the site and develop a remediation plan. The Government is responsible for the cost of this assessment. Under the DTA, the Government of Canada accepted financial responsibility for the remediation of impacts attributable to activities that were permitted by the Government of Canada. The Government will be financially responsible for remediation of impacts of activities it permitted after devolution. The Government's costs, if any, may be offset by the security bond it holds. The financial obligations related to the assessment required under the DTA are estimated to be \$4,857,000 (2019 – \$4,944,000) and remediation costs, if any, which are the Government's responsibility, are currently undeterminable. No assets are designated for settling these liabilities.

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The following table presents the total estimated amounts of these liabilities as at March 31, 2020.

	2020		2019	
	Number of sites	Estimated Liability	Number of sites	Estimated Liability
	(thousands of dollars)			
Liabilities for contaminated sites ¹				
Highway maintenance camps and airports	36	\$ 10,913	36	\$ 11,749
Other storage tanks and buildings	48	9,000	48	9,290
Marwell Tar Pit	1	250	1	810
Other	10	6,900	9	6,900
	<u>95</u>	<u>27,063</u>	<u>94</u>	<u>28,749</u>
Landfill sites	28	11,854	28	9,286
Type II sites	1	4,857	1	4,944
	<u>124</u>	<u>\$ 43,774</u>	<u>123</u>	<u>\$ 42,979</u>

¹ Contamination primarily includes petroleum hydrocarbons, salts and/or occasionally metals.

14. **Unearned revenues**

	2020	2019
	(thousands of dollars)	
Liability portion of government transfers	\$ 6,627	\$ 15,838
Motor vehicle fees for future years	2,091	3,242
Other	1,455	1,220
	<u>\$ 10,173</u>	<u>\$ 20,300</u>

The liability portion of government transfers represents transfer payments from the Government of Canada, which have funding stipulations that gave rise to a liability as of year-end.

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15. **Post-employment benefits and compensated absences**

	2020	2019
	(thousands of dollars)	
Severance benefits	\$ 64,335	\$ 70,347
Sick leave obligation	26,288	27,864
Vacation leave obligation	<u>24,172</u>	<u>22,867</u>
Accrued benefit obligation	114,795	121,078
Unamortized net actuarial gain /(loss)	<u>397</u>	<u>(3,938)</u>
Post-employment benefits accrued liability	115,192	117,140
Compensated absences	<u>1,995</u>	<u>1,925</u>
	<u>\$ 117,187</u>	<u>\$ 119,065</u>

Severance benefits are paid on termination of service or upon retirement. The above amounts are comprised of severance benefits for Government employees and for the Members of the Legislative Assembly.

(a) Yukon Government employees

Severance benefits are paid to Government employees based on the type of termination, e.g. resignation versus retirement, the rate of the pay, and the number of years of continuous employment.

If an employee has at least five years of continuous service, a cash-in of sick leave will be paid on termination of service or upon retirement. The cash-in amount is calculated as 1/3 of unused sick leave credits to a maximum of 60 days multiplied by the daily pay rate at termination or retirement.

The accrued benefit obligation at March 31, 2020 is based on an extrapolation of an actuarial valuation conducted as at January 31, 2020. In projecting the accrued obligation for these benefits as at March 31, 2020, the Government assumed a discount rate of 3.8% and general salary increases of 2.6% per annum. The net actuarial loss is amortized over the expected average remaining service life of the active employees of 12.5 years.

Expenses related to post-employment benefits for the year ended March 31, 2020 were \$10,967,000 (2019 - \$16,438,000). Benefits paid by the Government from the post-employment benefits liability during the year amounted to \$13,073,000 (2019 - \$12,611,000). Post-employment benefits are not funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

The Government also accounts for compensated absences liabilities in accordance with Canadian public sector accounting standards. Compensated absences include special leave benefits and educational leave benefits.

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Effective December 31, 2019 all current resignation and retirement severance accruals have been frozen for employees classified as Deputy Ministers and Managers. All employees are eligible to receive severance payouts based on service accrued prior to December 31, 2019. The plan amendment resulted in a gain to the plan of \$5,435,000. As the plan was deemed to be in surplus, this gain reduced current year's expenses. The accounting standards prescribe that the cost of plan amendments related to prior employee service is accounted for as an expense in the period of the amendment. The exception is where unamortized gains or losses exist, whereby the unamortized gains or losses are immediately recognized to the maximum of the prior period service cost.

Effective June 30, 2018 all current and retirement severance accruals were frozen for certain employees of the government. All employees in this group are entitled to receive severance payouts based on service accrued prior to June 30, 2018. Based on an actuarial evaluation, the plan amendment resulted in a gain to the plan of \$6,881,000. Existing unamortized losses in the amount of \$6,881,000 were immediately recognized in 2019 so the plan amendment did not impact current year net benefit cost.

(b) Members of the Legislative Assembly

The *Legislative Assembly Act* (Yukon) provides a severance allowance to members of the Legislative Assembly based on the aggregate of the indemnity and salary received by the member during the preceding year and the number of the years served by the member. At March 31, 2020, the severance benefit obligation for this benefit was \$690,000 (2019 - \$532,000). The book value of the assets designated by the Government to meet this obligation was \$660,000 at March 31, 2020 (2019 - \$519,000) (Note 8). The accrued benefit liability at March 31, 2020 is based on an extrapolation of an actuarial valuation that was performed as at March 31, 2017.

16. **Retirement benefits**

(a) Public Service Pension Plan

The Government's employees participate in the Public Service Pension Plan administered by the Government of Canada. In this plan, employees accumulate pension benefits up to a maximum period of 35 years at 2% per year of pensionable service based on the average of their five consecutive years of highest paid services. In December 2012, the Government of Canada passed legislation to create a new group of plan members for the employees who join the plan on or after January 1, 2013. This group of plan members is eligible to retire with an unreduced public service pension benefit at age 65 with at least two years of pensionable service (or at age 60 with at least 30 years of service) while the old group of members is eligible to retire with an unreduced public service pension benefit at age 60 with at least two years of pensionable service (or at age 55 with at least 30 years of service).

Since the above changes, there are two groups paying different rates of contributions to the plan. The Government contributes \$1.01 for every dollar contributed by the old group of plan members and \$1.00 for the new group of plan members.

In the calendar year 2019, for the portion of the employee's salary above \$169,300, the Government contributed \$3.79 for every dollar contributed by both groups of plan members. In the calendar year 2020, for the portion of the employee's salary above \$173,000 the Government contributes \$3.80 for every dollar contributed by both groups of plan members.

The Government's contributions to the Public Service Pension Plan during the year and recorded as expenses were \$38,183,000 (2019 - \$36,720,000).

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(b) Legislative Assembly Retirement Allowances Plan

The Legislative Assembly Retirement Allowances Plan is a contributory defined benefit pension plan. These benefits are based on service and earnings. The Members' Services Board of the Legislative Assembly is responsible, pursuant to the *Legislative Assembly Retirement Allowances Act* (Yukon), for the administration of the Plan.

The funds are held by an investment manager in two different accounts. The first account holds the assets of the trust fund for the registered pension plan established pursuant to Parts 1 and 2 of the *Legislative Assembly Retirement Allowances Act*. The second account holds the assets of the Government, from which benefits under Part 3 of the *Legislative Assembly Retirement Allowances Act* are paid (Note 8). It is the Government's policy to fully fund Parts 1 and 2 of this pension plan.

Subsequent to the year end, the investment management has transitioned to a new investment manager.

The *Legislative Assembly Retirement Allowances Act* stipulates that actuarial valuations for funding purposes must be performed at least triennially. An actuarial valuation is based on a number of assumptions about future events, such as inflation rates, interest rates, salary increases and member turnover and mortality. The assumptions used in a valuation for funding purposes are based on the actuary's best estimates with margins for conservatism. The last actuarial valuation for funding purposes was performed as of March 31, 2017. The accrued benefit obligation as at March 31, 2020 is based on an actuarial valuation performed for accounting purposes using the membership data as of March 31, 2017.

(c) Territorial Court Judiciary Pension Plan

The Territorial Court Judiciary Pension Plan is a defined benefit pension plan, which is comprised of a judiciary registered pension plan, a judiciary retirement compensation arrangement and a supplementary judiciary pension plan. In addition to pension payments, these plans also contain a provision for payment of lump sum death and severance allowances. The Plan is administered by the Public Service Commissioner in the meaning assigned by the *Public Service Act* (Yukon).

Pursuant to the *Territorial Court Judiciary Pension Plan Act* (Yukon), the pension fund assets for the judiciary registered pension plan and the judiciary retirement compensation arrangement are held separate and distinct from the Government's operations, and are managed by an investment manager. The *Territorial Court Judiciary Pension Plan Act* stipulates that no contributions are to be made to the supplementary judiciary pension plan, and no fund is to be maintained for this plan.

Actuarial valuations for the Territorial Court Judiciary Pension Plan for accounting and funding purposes were conducted using the membership data as at March 31, 2017.

(d) Extended health care and life insurance retirement benefits

The Government provides optional extended health care benefits to retired employees as well as life insurance coverage to eligible retirees. They are both non-pension defined benefit plans. The extended health care plan is self-insured. The accrued benefit obligation at March 31, 2020 is based on an extrapolation of an actuarial valuation conducted as at January 31, 2020. Extended health care and life insurance retirement benefits are not funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

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Effective for all employees retiring after January 1, 2019 the cost sharing arrangement for extended health benefits was revised. Existing retirees and those retiring prior to January 1, 2019 were not impacted by the change. Based on an actuarial valuation, the plan amendment resulted in a gain to the plan of \$16,295,000. Existing unamortized losses in the amount of \$16,295,000 were immediately recognized in 2019 so the plan amendment did not impact current year net benefit cost.

The accrued benefit liability for the above retirement benefits as of March 31, 2020 was as follows:

	2020	2019
	(thousands of dollars)	
Accrued benefit liability		
Extended health care retirement benefit	\$ 64,307	\$ 58,631
Legislative Assembly Retirement Allowances Plan	27,030	26,258
Territorial Court Judiciary Pension Plan	7,531	7,004
Life insurance retirement benefit	3,204	2,912
	<u>102,072</u>	<u>94,805</u>
(Schedule D)	<u>\$ 102,072</u>	<u>\$ 94,805</u>

17. **Liabilities for leased tangible capital assets**

	2020	2019
	(thousands of dollars)	
Building lease obligation payable monthly until the year 2023, with imputed interest rate of 3.7%.	\$ 1,970	\$ 2,570
Building lease obligation payable monthly until the year 2025, with imputed interest rate of 3.7%.	1,285	1,500
Building lease obligation payable monthly until the year 2025, with imputed interest rate of 3.3%.	889	1,090
Equipment lease obligation payable quarterly until the year 2020, with imputed interest rate of 1.9%.	-	41
	<u>4,144</u>	<u>5,201</u>

Interest expense related to liabilities for leased tangible capital assets for the year was \$196,000 (2019 - \$217,000) at an imputed average interest rate of 3.1% (2019 - 3.1%).

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The following is a schedule of future minimum lease payments under the liabilities for leased tangible capital assets:

	(thousands of dollars)
2021	\$ 1,797
2022	1,863
2023	1,873
2024	725
2025 and thereafter	<u>536</u>
Total minimum lease payments	6,794
Less: amount representing executory costs	(1,738)
amount representing rental of land	(682)
amount representing interest	<u>(230)</u>
	<u>\$ 4,144</u>

18. **Financial instruments**

The balances in cash and cash equivalents, due to/from Government of Canada, accounts receivable, advances to Territorial corporations and accounts payable and accrued liabilities have fair values that approximate their carrying amount due to their short term to maturity.

The fair value and the methods of calculation and assumptions used for the Government's other financial instruments are detailed below:

	2020		2019	
	Fair Value	Carrying Value	Fair Value	Carrying Value
	(thousands of dollars)			
Temporary investments	\$ 1,264	\$ 1,261	\$ 43,772	\$ 43,766
Portfolio investments				
Marketable securities	29,758	32,948	32,512	32,102
Loans receivable	36,479	36,479	28,808	28,808

An active and established market exists for the temporary and portfolio investments. Consequently, the estimated fair value is calculated using observed market data.

Since the above valuation is based on market information available at March 31, 2020, the fair value of the investments may change materially in future periods as a result of fluctuations in the market. However, these changes are not expected to result in a significant impact on the Government's future operations.

The carrying value, at the lower of cost or net recoverable value, is estimated to be the fair value of loans receivable due to the nature of these loans. The carrying value of these loans receivable should not be seen as the realizable value on immediate settlement of the loans due to the uncertainty associated with such a settlement.

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19. Tangible capital assets

	2020	2019
	Net Book Value	Net Book Value
	(thousands of dollars)	
Land	\$ 13,010	\$ 13,010
Buildings	533,892	517,814
Equipment and vehicles	80,360	73,489
Computer hardware and software	34,072	31,194
Transportation infrastructure	642,427	634,011
Land improvements and fixtures	42,405	37,178
Sewage and water systems	50,278	47,222
Other	12,548	11,916
(Schedule C)	<u>\$ 1,408,992</u>	<u>\$ 1,365,834</u>

During the year, the Government received a contribution of a sewage lagoon from a third party. The government determined that these assets had a fair value of \$251,000 at the date of contribution. The government recorded revenue of \$251,000 which is included as part of funding and service agreements with other parties.

During the previous fiscal year, the Government received a contribution of land and buildings from a third party. The government determined that these assets had a fair value at the date of contribution of \$14,500,000 of which \$853,000 was allocated to land and \$13,647,000 to buildings. The government recorded revenue of \$13,300,000 which reflects the difference between the fair value of the assets received and the consideration of \$1,200,000 paid by the government for the assets. This revenue was included as part of funding and service agreements with other parties.

Leased tangible capital assets are reported as part of the respective asset category. These leased assets are amortized on a straight-line basis over the lease term or estimated economic life. The amortization expense for the year was \$1,038,000 (2019 - \$1,038,000). The cost and accumulated amortization of leased capital assets that are included in the schedule of tangible capital assets are as follows:

	2020	2019
	(thousands of dollars)	
Buildings (cost)	\$ 9,907	\$ 9,907
Operating equipment (cost)	141	141
	10,048	10,048
Less accumulated amortization	<u>(6,424)</u>	<u>(5,387)</u>
	<u>\$ 3,624</u>	<u>\$ 4,661</u>

No interest was capitalized during the year.

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20. **Expenses by object**

	<u>2020</u>	<u>2019</u>
	(thousands of dollars)	
Personnel	\$ 559,252	\$ 526,842
Government transfers	394,791	373,234
Contract and special services	232,829	224,151
Materials, supplies and utilities	109,172	100,959
Amortization expenses	62,664	60,664
Rent	47,547	44,139
Communication and transportation	42,976	40,540
Other	1,113	1,769
	<u>\$ 1,450,344</u>	<u>\$ 1,372,298</u>

21. **Trusts under administration**

The Government administers trust accounts on behalf of third parties, which are not included in the Government's assets.

The largest such trust account, the Compensation Fund (Yukon), has a fiscal year-end of December 31. Details of the assets of the Compensation Fund (Yukon), principally investments, are available from its financial statements, which are reproduced in Section III of the Public Accounts of the Government. At March 31, 2020, the remaining trust account balances were held in bank accounts or invested in term deposits and GICs.

Investments of the Compensation Fund (Yukon) are valued at fair value. Investments of the remainder of the trust accounts are valued at the lower of cost and market. Any other assets held under administration such as property, securities and valuables are reflected in trust accounts only upon conversion to cash. The following is a summary of the trusts under administration as at March 31, 2020, except for the Compensation Fund (Yukon) which is at December 31, 2019.

	<u>2020</u>	<u>2019</u>
	(thousands of dollars)	
Compensation Fund (Yukon)	\$ 237,564	\$ 217,975
Federal Gas Tax Funds under the New Deal	97,775	85,245
Lottery Commission	8,144	9,048
Crime Prevention and Victim Services	6,955	6,807
Forest Sector Trust	5,991	5,884
Extended health and dental plan trust funds	2,906	2,347
Supreme Court trust	1,379	1,151
Public Guardian trust	1,316	1,747
Other	3,482	3,427
	<u>\$ 365,512</u>	<u>\$ 333,631</u>

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22. **Contractual rights**

The Government has entered into agreements to receive, or has contractual rights for, the following receipts subsequent to March 31, 2020:

	<u>Expiry Date</u>	<u>2021</u>	<u>2022 – 2028</u>	<u>Total</u>
		(thousands of dollars)		
Contribution and Service Agreements				
Infrastructure Canada	2028	\$ 70,218	\$ 528,798	\$ 599,016
Transport Canada	2028	7,998	116,398	124,396
Crown-Indigenous Relations and Northern Affairs	2022	25,800	24,685	50,485
Environment and Natural Resources Canada	2022	9,717	20,648	30,365
Innovation, Science and Economic Development	2023	8,625	20,558	29,183
Employment and Social Development	2024	2,766	9,864	12,630
RCMP: Mobile Radio Network	2025	2,168	8,672	10,840
Health Canada	2022	8,218	1,570	9,788
Canadian Heritage	2023	2,213	4,426	6,639
Justice Canada	2023	1,181	2,363	3,544
Other	2022	816	438	1,254
		<u>\$ 139,720</u>	<u>\$ 738,420</u>	<u>\$ 878,140</u>

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23. **Contractual obligations**

The Government has entered into agreements for, or is contractually obligated for, the following payments subsequent to March 31, 2020:

	Expiry Date	2021	2022 – 2046	Total
		(thousands of dollars)		
RCMP policing agreement	2032	\$ 26,335	\$ 326,873	\$ 353,208
Capital projects				
- in progress at March 31, 2020	2028	149,041	42,204	191,245
Yukon Hospital Corporation	2022	79,804	690	80,494
Building/office space leases	2046	14,794	23,538	38,332
Northwestel Inc. mobile radio network system	2025	3,804	10,631	14,435
Alkan Air Ltd. medical evacuation contract	2023	5,737	5,737	11,474
Yukon Housing Corp, Yukon low carbon	2022	2,737	7,700	10,437
Conair Group Inc. air tanker services (turbine engines)	2023	1,749	4,079	5,828
Air Spray (1967) Ltd. air tanker services	2023	1,520	4,106	5,626
Information Services Corporation	2040	323	3,577	3,900
Miscellaneous operational commitments	2029	32,659	13,403	46,062
		<u>\$ 318,503</u>	<u>\$ 442,538</u>	<u>\$ 761,041</u>

24. **Commitments**

In June 2010, the Yukon Development Corporation ("YDC") issued 30-year bonds in the amount of \$100 million at a fixed coupon rate of 5.0% per annum in part to finance the grant from the Yukon Development Corporation Fund and ratepayers' future contributions towards the construction of the Mayo B hydro enhancement and the Carmacks-Stewart transmission phase II projects. In the Memorandum of Understanding ("the MOU") between the Government and YDC dated March 10, 2011, the Government agreed to provide YDC with financial assistance to a maximum of \$2,625,000 annually from April 1, 2011, to March 31, 2042, based on a prescribed formula where, depending on the annual financial results of YDC, the Government funding will be reduced or eliminated. In 2019/2020, the Government paid \$2,625,000 (2019 - \$2,625,000) to YDC based on the MOU.

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Notes to Financial Statements
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25. **Overexpenditure**

During the year, two (2019 – none) departments exceeded their votes with a total of \$7,612,000 (2019 - \$0). Overexpenditure of a vote contravenes subsection 17(2) of the *Financial Administration Act* (Yukon) which specifies that “a vote does not authorize any payment to be made in excess of the amount specified in the vote”.

(thousands of dollars)

The votes that were over expended are as follows:

Operations and Maintenance	
Health and Social Services	\$ 5,246
Highways and Public Works	\$ 2,366

The *Appropriation Acts* (Yukon) state that the Government is not to expend grant payments except in accordance with the Act. During the year, one (2019 – none) department exceeded the authorized amounts as follows:

(thousands of dollars)

Health and Social Services	
- Yukon seniors' income supplement	\$ 102
- Pioneer Utility Grant	51
- Social Assistance - Whitehorse	11

26. **Guarantees**

The Government has guaranteed repayment of loans payable by the Yukon Housing Corporation of \$2,200,000 (2019 - \$2,700,000) and debts of the Yukon Energy Corporation, the wholly-owned subsidiary of the Yukon Development Corporation, of \$23,807,000 (2019 - \$8,330,000). In addition, the Government has guaranteed an operating demand overdraft facility to the Yukon Housing Corporation of up to \$11,000,000. At March 31, 2020, on a consolidated basis, the Yukon Development Corporation had borrowings of \$203,000,000 (2019 - \$194,600,000) and a credit facility of up to \$34,000,000. While the Government has not issued guarantees for all of these instruments, as the Yukon Development Corporation is an agent of the Government, lenders may have recourse to the Government.

In December 2019, the Government issued a letter of credit providing guarantee to the bank in relation to the Yukon College Employee's Pension Plan's solvency deficit. This guarantee is to remain in effect from December 30, 2019 to June 30, 2021. The maximum amount of letters of credit to which the guarantee applies will be \$20,739,000 (2019 - \$19,416,000).

In June 2019, the Government issued a letter of credit providing guarantee to the bank in relation to the Yukon Hospital Employee's Pension Plan's solvency deficit. This guarantee was to remain in effect from June 30, 2019 to June 30, 2020. The maximum amount of letters of credit to which the guarantee applied was \$26,508,000 (2018 - \$26,057,000).

In July 2020, the Government issued a letter of credit providing guarantee to the bank in relation to the Yukon Hospital Employee's Pension Plan's solvency deficit. This guarantee is to remain in effect from June 30, 2020 to June 30, 2021. The maximum amount of letters of credit to which the guarantee applies will be \$26,508,000 (2019 - \$26,508,000).

It is expected that no significant costs will be incurred by the Government with respect to these guarantees and debts.

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In November 2019, the Government and Yukon Hospital Corporation entered into a Pension Solvency Loan Agreement. The Government has loaned the Yukon Hospital Corporation \$3,063,000 for a payment to be made to their Pension Plan. The loan bears interest at the prime rate charged by the Government of Yukon's banker with interest calculated semi-annually. The annual interest rate for 2020 is 3.95%. The initial term of the loan will be 15 years, due on December 11, 2034, with either party having the ability to terminate the loan with notice.

27. Land claims

Between February 1995 and March 31, 2020, eleven Yukon First Nation Final and Self-government Agreements came into effect. The Government of Canada's negotiating mandate expired prior to the completion of the remaining three Yukon agreements. Settlements for these outstanding claims would not result in a general liability to the Government as they are to be funded by the Government of Canada. The Government would, however, be responsible for any financial obligations it might agree to during the negotiations.

The bilateral funding agreement with the Government of Canada that had been in place since June 24, 1993 and which provided funding towards the Government's additional implementation costs expired on March 31, 2009. However, there are no additional costs for the Government as all of the existing funding commitments are captured elsewhere, either through a specific funding agreement with the Government of Canada or as a component of the base funding received by the Government. The specific implementation costs include Board and Council funding arising from the various Final Agreement Implementation Plans and other negotiated funding amounts.

28. Contingencies

In the normal course of operations, the Government is subject to legal claims. These claims include items with pleading amounts and items where an amount is not specified. At March 31, 2020 the amounts claimed, excluding the claims from Commission scolaire francophone du Yukon and Northern Cross (Yukon) Ltd., which are described below, is \$6,538,000 (2019 - \$6,459,000). No provision for these claims has been made as it is unlikely or undeterminable that a liability has been incurred at the date of the financial statements.

In the Statement of Claim filed by the Commission scolaire francophone du Yukon ("CSFY") in 2009, the Government was named as defendant. In addition to other claims, CSFY sought payment in the amount of \$1,954,000. As part of the Yukon Supreme Court's ruling in 2011, the court ordered the Government to hold \$1,954,000 in trust for CSFY. The case in its entirety was appealed, eventually to the Supreme Court of Canada. In May 2015, the Supreme Court of Canada determined that the trial judge had been biased, with the effect that the trial court's order for the Government to repay the \$1,954,000 is null and void. On March 4, 2020, the Government and CSFY announced that the parties had reached a settlement agreement that addressed and resolved all issues. Consequently, no liability has been recorded in relation to this matter.

GOVERNMENT OF YUKON

Notes to Financial Statements March 31, 2020

On April 4, 2017, Northern Cross (Yukon) Ltd. ("Northern Cross") filed a Statement of Claim in the Supreme Court of Yukon against the Government of Yukon and the Minister of Energy, Mines and Resources. Northern Cross identified a number of causes of action although all of these are based upon its allegation that due to the moratorium on hydraulic fracturing Northern Cross' exploration rights in the Eagle Plains area have been adversely affected. The claim seeks up to \$2.26 billion which is comprised of \$395 million for refund of work deposits, application fees, rental amounts, sunk costs and interest and \$1.86 billion in damages for loss of opportunity of 8.6 billion barrels of oil, at fair market value, identified as being in the area through a resource evaluation. No provision for this claim has been made as it is undeterminable that a liability has been incurred at the date of the financial statements.

On April 12, 2017, Northern Cross changed its name to Chance Oil and Gas Limited.

The Government established a Risk Management Revolving Fund in December 2004, with a limit of \$5,000,000 which is to be used for providing limited insurance and risk management services to Government departments. Expenses relating to some of the property and liability losses incurred by the Government are to be paid out of this fund. The Government purchases legal liability and property insurance with a \$2,000,000 deductible. In 2019/2020, the Government paid \$299,000 (2019 - \$67,000) for liability claims such as bodily injury, property damage and automobile liability. The Government had unpaid claims against the fund in the amount of \$1,521,000 as at March 31, 2020 (2019 - \$1,593,000). This amount is reported as part of the Government's accrued liabilities. The fund balance at March 31, 2020 was \$5,000,000 (2019 - \$4,800,000).

In addition to the environmental liabilities discussed in Note 13, there may be other instances of contamination for which the Government may be obligated to incur remediation costs. No liability has been recognized for these instances of contamination as the future costs of remediation and the Government's obligation to incur these costs are undeterminable at the date of the financial statements.

Yukon Zinc Corporation ("Yukon Zinc"), the owner of the Wolverine Mine, is responsible for the future reclamation and closure of the mine site. Pursuant to *the Quartz Mining Act* (Yukon), Yukon Zinc was required to provide a total of \$35,549,000 as financial security but had only posted \$10,589,000. The Government has been actively seeking the outstanding financial security from Yukon Zinc, but to no avail. On 16 September 2019, the Yukon Supreme Court ordered Yukon Zinc be put into receivership. During the year, the Government also carried out necessary care and maintenance work including contaminated water treatment on behalf of Yukon Zinc and has expended approximately half of the \$10,589,000 accessible to it from the financial security. On 26 May 2020, the Yukon Supreme Court ruled that the Government's claim to additional monies from the Yukon Zinc ranks in priority above any other claim, right, charge or security against the Wolverine Mine. The liquidation of Yukon Zinc's assets including the mine site are currently put on hold due to ongoing litigation. In the event that the Wolverine Mine becomes ultimately abandoned, the Government will likely be required to assume the remediation responsibility of the site as the mining activities in the Wolverine Mine occurred post-devolution. There is no reliable estimate of future remediation costs in relation to the Wolverine Mine. The outcome of the receivership is not determinable at the date of the financial statement preparation.

GOVERNMENT OF YUKON

Notes to Financial Statements
March 31, 2020

29. **Subsequent events**

The outbreak of COVID-19 in early 2020 has caused material global disruption and economic slowdown. In response to the pandemic, the Government, with support from the Government of Canada, has implemented various initiatives and programs to assist individuals, businesses, and industries. Significant government supports include the Yukon Business Relief program, the Rent Assistance program, and the federally funded Essential Worker Income Support program.

As the duration and impact of the outbreak are unknown at this time, it is not possible to reliably estimate the length and severity of these developments or the potential future impact to the Government's financial position and operations. The Government continues to assess and monitor the impact of COVID-19 on its future financial statements, including the likelihood of decreased revenues, increased expenses, and decreased cash flows. Relative to its 2019/2020 actual results, the Government expects its future own tax revenues to decrease due to reduced economic activity and its future operation and maintenance expenses to increase due to economic and financial relief measures and public health care responses. The Government's future cash flows are also expected to decrease as its own tax revenues decline and government spending increases.

GOVERNMENT OF YUKON

Schedule A

**Schedule of Revenues
for the year ended March 31, 2020**

	2020		2019
	Main Estimates (Note 1(b))	Actual	Actual
	(thousands of dollars)		
From Government of Canada			
Formula Financing grant	\$ 997,412	\$ 997,412	\$ 950,220
Contributions and service agreements	150,743	161,279	121,961
Other grants	61,019	62,346	59,365
	<u>1,209,174</u>	<u>1,221,037</u>	<u>1,131,546</u>
Taxes and general revenues			
Income taxes	89,806	100,889	97,586
Other taxes			
Tobacco tax	13,348	13,216	13,725
Fuel oil tax	9,106	9,780	9,364
General property tax	5,683	5,555	5,190
Liquor tax	4,858	4,965	4,685
Insurance premium tax	3,157	3,296	3,116
Grant in lieu of property tax	227	226	219
Sale of land	28,250	18,957	15,181
Licences, permits and fees	17,247	18,288	16,962
Yukon Liquor Corporation			
Liquor profit	9,487	9,297	9,855
Cannabis profit	-	327	474
Investment and interest revenue	5,668	6,055	6,437
Resource revenue - mineral, oil and gas and forestry	2,155	1,660	1,999
Income from portfolio investments	1,583	1,326	1,407
Aviation operations	1,482	1,295	1,511
Fines	483	435	588
Restricted funds	-	314	432
Other revenues	131	336	717
	<u>192,671</u>	<u>196,217</u>	<u>189,448</u>
Funding and service agreements with other parties	28,152	28,632	44,698
	<u>\$ 1,429,997</u>	<u>\$ 1,445,886</u>	<u>\$ 1,365,692</u>

GOVERNMENT OF YUKON

Schedule B

**Schedule of Expenses
for year ended March 31, 2020**

	2020	Actual 2020				2019	
	Main Estimates (Note 1(b))	Personnel	Government Transfers	Other	Amortization Expenses	Total (Note 20)	Actual
			(thousands of dollars)				
Health and Social Services	\$ 445,719	\$ 150,974	\$ 179,171	\$ 119,147	\$ 7,662	\$ 456,954	\$ 413,769
Highways and Public Works	239,021	75,122	688	131,659	30,989	238,458	235,264
Community Services	174,122	35,992	96,368	66,520	6,928	205,808	173,482
Education	196,848	115,922	50,989	20,050	7,202	194,163	190,274
Justice	78,307	32,871	5,930	35,623	2,792	77,216	77,904
Energy, Mines and Resources	64,792	29,146	7,167	21,306	439	58,058	55,527
Environment	40,894	24,381	3,690	17,561	540	46,172	46,247
Public Service Commission	52,648	40,135	-	4,927	273	45,335	50,404
Tourism and Culture	31,366	11,224	9,183	9,556	1,125	31,088	30,931
Executive Council Office	22,148	13,242	5,368	4,675	9	23,294	22,010
Economic Development	17,815	6,051	10,152	3,856	-	20,059	19,562
Finance	16,562	10,739	2,733	1,974	65	15,511	14,940
Yukon Housing Corporation (Transfer Payment)	21,245	-	14,380	-	-	14,380	12,037
Yukon Legislative Assembly	8,574	6,469	-	1,799	2	8,270	7,668
Yukon Development Corporation (Transfer Payment)	12,330	-	7,518	-	-	7,518	7,751
French Language Services Directorate	6,302	4,347	152	1,671	-	6,170	5,762
Women's Directorate	2,368	958	1,302	179	-	2,439	2,310
Office of the Ombudsman	1,348	961	-	374	12	1,347	1,227
Child and Youth Advocate Office	566	390	-	185	-	575	629
Elections Office	493	328	-	144	-	472	556
Restricted Funds	(5,465)	-	-	(7,569)	4,626	(2,943)	1,069
Yukon Liquor Corporation (Transfer Payment)	-	-	-	-	-	-	2,975
Adjustments	7,941	-	-	-	-	-	-
	\$ 1,435,944	\$ 559,252	\$ 394,791	\$ 433,637	\$ 62,664	\$ 1,450,344	\$ 1,372,298

GOVERNMENT OF YUKON

Schedule C

**Schedule of Tangible Capital Assets
for year ended March 31, 2020**

	Land	Buildings	Equipment & Vehicles	Computer Hardware & Software	Transportation Infrastructure	Land Improvements & Fixtures	Sewage & Water Systems	Other	2020 Total	2019 Total
(thousands of dollars)										
Cost of tangible capital assets, opening	\$13,010	\$ 821,002	\$ 155,284	\$ 78,948	\$ 1,045,784	\$ 46,310	\$ 57,862	\$20,270	\$ 2,238,470	\$ 2,150,088
Acquisitions	-	35,994	15,761	7,782	32,914	6,352	5,937	1,284	106,024	95,210
Write-downs	-	-	(12)	-	-	-	-	-	(12)	(590)
Disposals	-	-	(2,597)	(150)	(677)	-	-	(598)	(4,022)	(6,238)
Cost of tangible capital assets, closing	13,010	856,996	168,436	86,580	1,078,021	52,662	63,799	20,956	2,340,460	2,238,470
Accumulated amortization, opening	-	303,188	81,795	47,754	411,773	9,132	10,640	8,354	872,636	818,085
Amortization expense	-	19,916	8,793	4,904	24,393	1,125	2,881	652	62,664	60,664
Disposals	-	-	(2,512)	(150)	(572)	-	-	(598)	(3,832)	(6,113)
Accumulated amortization, closing	-	323,104	88,076	52,508	435,594	10,257	13,521	8,408	931,468	872,636
Net book value (Note 19)	\$13,010	\$ 533,892	\$ 80,360	\$ 34,072	\$ 642,427	\$ 42,405	\$ 50,278	\$12,548	\$ 1,408,992	\$ 1,365,834
Work-in-progress ¹		\$ 53,352	\$ 3,792	\$ 9,868	\$ 14,741	\$ 10,146	\$ 5,946	\$ 3,506	\$ 101,351	\$ 79,106

¹ Included in net book value.

GOVERNMENT OF YUKON

Schedule D

**Schedule of Retirement Benefits
for year ended March 31,2020**

	Legislative Assembly Retirement Allowances Plan	Territorial Court Judiciary Pension Plan	Extended Health Care Retirement Benefit	Life Insurance Retirement Benefit	2020 Total	2019 Total
(thousands of dollars)						
Pension and retirement plan assets are valued at fair market value.						
Accrued benefit obligation						
Obligation at beginning of year	\$ 34,105	\$ 11,344	\$ 73,850	\$ 3,065	\$ 122,364	\$ 131,323
Current service costs	1,441	474	3,225	185	5,325	6,164
Plan amendment	-	-	-	-	-	(16,295)
Interest cost on benefit obligation	1,602	606	2,520	105	4,833	5,310
Actuarial (gain) loss	1,762	959	(4,496)	883	(892)	(833)
Benefits paid	(1,456)	(477)	(1,410)	(127)	(3,470)	(3,305)
Accrued benefit obligation at end of year	37,454	12,906	73,689	4,111	128,160	122,364
Plan assets						
Value at beginning of year	8,739	4,408	-	-	13,147	12,670
Actual return on plan assets	(616)	(326)	-	-	(942)	374
Government contributions	359	307	1,410	127	2,203	2,059
Member contributions	168	68	-	-	236	221
Benefits paid	(302)	(477)	(1,410)	(127)	(2,316)	(2,177)
Value at end of year	8,348	3,980	-	-	12,328	13,147
Funded status - plan deficit	29,105	8,926	73,689	4,111	115,831	109,217
Unrecognized net actuarial gain (loss)	(2,075)	(1,395)	(9,382)	(907)	(13,759)	(14,412)
Accrued benefit liability (Note 16)	27,030	7,531	64,307	3,204	102,072	94,805
Net benefit cost						
Current service costs	1,441	474	3,225	185	5,325	6,164
Less: Member contributions	(168)	(68)	-	-	(236)	(221)
Interest cost on benefit obligation	1,602	606	2,520	105	4,833	5,310
Expected return on plan assets	(416)	(229)	-	-	(645)	(622)
Amortization of net actuarial (gain) loss	(179)	51	1,341	129	1,342	2,658
Net cost for the year	\$ 2,280	\$ 834	\$ 7,086	\$ 419	\$ 10,619	\$ 13,289

GOVERNMENT OF YUKON

**Schedule of Retirement Benefits
for the year ended March 31, 2020**

Schedule D
Continued

	Legislative Assembly Retirement Allowances Plan	Territorial Court Judiciary Pension Plan	Extended Health Care Retirement Benefit	Life Insurance Retirement Benefit
Key Assumptions				
Expected long-term rate of return on assets at beginning of year	4.70%	5.25%	N/A	N/A
Discount rate on benefit costs	4.70%	5.25%	3.30%	3.30%
Discount rate on accrued benefit obligation at end of year	4.40%	4.60%	3.80%	3.80%
Inflation rate at end of year	2.00%	2.00%	2.00%	2.00%
Rate of compensation increase	2.50%	3.00% ¹	see below ²	see below ²
Health care cost trend rate	N/A	N/A	see below ³	N/A
Amortization period (expected average remaining service life)	5.0 years	3.3 years	12.5 years	9.3 years

¹ Based on a rate of compensation increase of 2.5% at April 1, 2017 and 2018, 3% thereafter.

² Based on the annual rates from the Public Service Pension Plan ("PSPP") March 31, 2017 valuation report.

³ 5.9% per annum for 2020-2024, decreasing linearly to 4.9% in 2029, and following the McMaster Model to an ultimate trend rate of 4.0% in 2040.

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SECTION II
SUPPLEMENTARY FINANCIAL INFORMATION
(unaudited)

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GOVERNMENT OF YUKON

Schedule 1

**Comparative Schedule of Revenues
for the year ended March 31, 2020**

	2020	2019	Increase (Decrease)
From Government of Canada			
Formula Financing grant	\$ 997,411,832	\$ 950,220,183	\$ 47,191,649
Other grants			
Canada health transfer	43,958,000	43,395,000	563,000
Canada social transfer	15,882,000	15,930,000	(48,000)
Carbon Levy	1,643,177	-	1,643,177
COVID-19 pandemic	543,000	-	543,000
Cannabis transfer	320,439	39,928	280,511
	<u>62,346,616</u>	<u>59,364,928</u>	<u>2,981,688</u>
Contributions and service agreements			
Small Communities Fund	38,105,966	22,389,470	15,716,496
Canadian Heritage			
- French language programs	7,831,580	7,119,220	712,360
- Francophone High School	6,000,000	1,241,676	4,758,324
Investing in Canada infrastructure program	11,146,893	-	11,146,893
Clean water wastewater fund	11,080,628	22,676,147	(11,595,519)
Child welfare	10,150,687	10,177,662	(26,975)
Continuing care facilities	9,613,296	6,146,425	3,466,871
Type II mine sites	7,593,934	10,299,492	(2,705,558)
Territorial health investment fund	6,222,767	4,534,280	1,688,487
Employment and Social Development Canada			
- skills and labour market development	6,020,396	6,857,907	(837,511)
Indigenous children and youth	4,192,977	960,216	3,232,761
Land claims implementation	3,550,840	3,156,794	394,046
RCMP - mobile radio system	2,506,883	2,167,942	338,941
Early learning and childcare	2,405,774	3,125,754	(719,980)
Gas tax fund	2,354,200	680,374	1,673,826
Yukon Hospital Corporation - meditech	2,250,000	1,200,000	1,050,000
Environment and climate change Canada	2,242,979	30,000	2,212,979
Travel recoveries - First Nations benefits	2,009,946	2,135,526	(125,580)
Arrest processing unit	1,899,481	1,862,311	37,170
National trade corridors fund	1,611,493	-	1,611,493
Marwell Tar Pit remediation	1,576,825	1,584,395	(7,570)
Canadian Air Transport Security Authority	1,447,283	-	1,447,283
Inuvialuit Final Agreement	1,443,539	1,333,037	110,502
Connect to innovate fund	1,358,635	-	1,358,635
Youth criminal justice	1,181,442	1,181,000	442
Legal Aid	1,032,000	989,000	43,000
Other funding and service agreements	14,448,282	10,111,950	4,336,332
	<u>161,278,726</u>	<u>121,960,578</u>	<u>39,318,148</u>

GOVERNMENT OF YUKON

Schedule 1

**Comparative Schedule of Revenues
for the year ended March 31, 2020**

	2020	2019	Increase (Decrease)
Taxation			
Income taxes	\$ 100,889,099	\$ 97,586,305	\$ 3,302,794
Tobacco tax	13,216,086	13,725,123	(509,037)
Fuel oil tax	9,779,553	9,364,383	415,170
General property tax	5,554,797	5,189,391	365,406
Liquor tax	4,964,523	4,685,007	279,516
Insurance premium tax	3,295,642	3,115,402	180,240
Grants-in-lieu of property tax	225,745	219,149	6,596
	<u>137,925,445</u>	<u>133,884,760</u>	<u>4,040,685</u>
Licenses, Permits and Fees			
Business and professional	6,548,172	5,461,827	1,086,345
Motor vehicle	5,291,246	5,276,722	14,524
Continuing care facilities	3,033,405	2,668,720	364,685
Building safety	809,370	749,323	60,047
Hunting, fishing and outfitting	732,478	892,784	(160,306)
Campground permits	590,792	576,072	14,720
Land use	406,943	376,010	30,933
Land titles	366,868	415,241	(48,373)
Other	508,955	545,457	(36,502)
	<u>18,288,229</u>	<u>16,962,156</u>	<u>1,326,073</u>
Investment and Interest Revenue			
Banking and investment	4,078,909	4,818,333	(739,424)
Income from portfolio investments	1,326,330	1,407,017	(80,687)
Interest on advances to Territorial corporations	1,015,074	980,490	34,584
Delinquent accounts	358,680	21,512	337,168
Land sale agreements	218,798	200,435	18,363
Local improvement loans	152,162	125,923	26,239
Preferred dividend tax credit	118,011	171,765	(53,754)
Debenture loans	113,573	118,080	(4,507)
	<u>7,381,537</u>	<u>7,843,555</u>	<u>(462,018)</u>
Fines			
Territorial Court	424,720	577,338	(152,618)
Library fines	10,456	11,029	(573)
	<u>435,176</u>	<u>588,367</u>	<u>(153,191)</u>

GOVERNMENT OF YUKON

Schedule 1

**Comparative Schedule of Revenues
for the year ended March 31, 2020**

	2020	2019	Increase (Decrease)
Other			
Sale of land	\$ 18,956,694	\$ 15,181,492	\$ 3,775,202
Yukon Liquor Corporation			
- liquor profit	9,297,467	9,855,212	(557,745)
- cannabis profit	326,851	473,763	(146,912)
Resource revenue - mineral, oil and gas and forestry	1,660,171	1,998,696	(338,525)
Aviation operations	1,295,394	1,510,545	(215,151)
Restricted funds	313,928	432,453	(118,525)
Other	336,292	716,820	(380,528)
	<u>32,186,797</u>	<u>30,168,981</u>	<u>2,017,816</u>
Funding and service agreements with other parties			
Third-party health care costs	7,958,063	7,633,027	325,036
Yukon Zinc Corporation	4,544,503	-	4,544,503
Commission scolaire francophone du Yukon	4,125,002	5,623,518	(1,498,516)
Airports	2,045,335	2,027,241	18,094
Water and sewer	850,309	660,047	190,262
Continuing and other health care recoveries from clients	593,972	974,889	(380,917)
Restricted funds	301,135	2,906,495	(2,605,360)
Salvation Army - contributed tangible capital asset	-	13,300,000	(13,300,000)
Alaska Highway - Shakwak	-	2,344,207	(2,344,207)
Worker's Compensation Health and Safety Board			
- excess reserve rebate	-	1,202,409	(1,202,409)
Other	8,213,782	8,026,325	187,457
	<u>28,632,101</u>	<u>44,698,158</u>	<u>(16,066,057)</u>
	<u>\$ 1,445,886,459</u>	<u>\$ 1,365,691,666</u>	<u>\$ 80,194,793</u>

GOVERNMENT OF YUKON

Schedule 2

**Schedule of Revenues by Department
for the year ended March 31, 2020**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Yukon Legislative Assembly					
<u>Taxes and general revenues</u>					
Income from portfolio investment	\$ 1,583,000	\$ -	\$ 1,583,000	\$ 1,326,330	\$ (256,670)
Executive Council Office					
<u>From Canada</u>					
Operation and maintenance					
<i>Yukon Environmental Socio-economic Assessment Act</i> implementation					
- Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC)	322,000	-	322,000	280,669	(41,331)
Land claims implementation - CIRNAC	3,561,000	-	3,561,000	3,550,840	(10,160)
Office of the Commissioner - CIRNAC	15,000	-	15,000	15,000	-
Public Safety Canada	-	118,000	118,000	85,333	(32,667)
Ethno-Historic research	-	-	-	22,748	22,748
	3,898,000	118,000	4,016,000	3,954,590	(61,410)
<u>Taxes and general revenues</u>					
Water licence fees	25,000	-	25,000	41,672	16,672
Total revenues	3,923,000	118,000	4,041,000	3,996,262	(44,738)

GOVERNMENT OF YUKON

Schedule 2

**Schedule of Revenues by Department
for the year ended March 31, 2020**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Community Services					
<u>From Canada</u>					
Operation and maintenance					
Emergency measures					
Crown-Indigenous Relations and Northern Affairs Canada					
- emergency management	\$ 235,000	\$ -	\$ 235,000	\$ 244,836	\$ 9,836
National Defence - public safety broadband network	815,000	-	815,000	812,134	(2,866)
Sport	252,000	-	252,000	231,915	(20,085)
Community recreation/active living	375,000	-	375,000	641,377	266,377
Author readings	16,000	-	16,000	3,125	(12,875)
Capital					
Gas tax fund	2,615,000	(182,000)	2,433,000	2,354,200	(78,800)
Small Communities Fund	17,136,000	11,594,000	28,730,000	26,503,598	(2,226,402)
Clean Water Wastewater fund	5,102,000	6,640,000	11,742,000	11,080,628	(661,372)
Investing in Canada infrastructure program	5,801,000	8,294,000	14,095,000	9,659,840	(4,435,160)
	<u>32,347,000</u>	<u>26,346,000</u>	<u>58,693,000</u>	<u>51,531,653</u>	<u>(7,161,347)</u>
<u>Taxes and general revenues</u>					
Building safety licences and fees	500,000	-	500,000	732,478	232,478
Library fines	8,000	-	8,000	10,456	2,456
Photocopier fees	2,000	-	2,000	1,424	(576)
Sale of land	28,050,000	(6,622,000)	21,428,000	18,476,744	(2,951,256)

GOVERNMENT OF YUKON

Schedule 2

**Schedule of Revenues by Department
for the year ended March 31, 2020**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Community Services					
<u>Taxes and general revenues (continued)</u>					
Interest on local improvement	\$ 200,000	\$ -	\$ 200,000	\$ 152,162	\$ (47,838)
General property tax	5,683,000	-	5,683,000	5,554,797	(128,203)
Grant-in-lieu of property tax	227,000	-	227,000	225,745	(1,255)
Professional/consumer licensing	623,000	-	623,000	625,846	2,846
Business/corporate licensing	4,032,000	-	4,032,000	4,665,400	633,400
Employment standards	6,000	-	6,000	4,735	(1,265)
	39,331,000	(6,622,000)	32,709,000	30,449,787	(2,259,213)
<u>Third-party recoveries</u>					
Operation and maintenance					
Shared services	55,000	-	55,000	50,000	(5,000)
Emergency medical services	75,000	-	75,000	65,502	(9,498)
Community recreation/active living	160,000	-	160,000	275,827	115,827
Sport	959,000	-	959,000	625,525	(333,475)
Public library	15,000	-	15,000	-	(15,000)
Water and sewer services	981,000	-	981,000	850,309	(130,691)
Mosquito control	46,000	-	46,000	49,409	3,409
Community assessments	710,000	-	710,000	730,752	20,752
Capital					
Rural electrification and well program	-	-	-	263,278	263,278
Sewage disposal plant upgrade	-	-	-	251,113	251,113
	3,001,000	-	3,001,000	3,161,715	160,715
Total revenues	74,679,000	19,724,000	94,403,000	85,143,155	(9,259,845)

GOVERNMENT OF YUKON

Schedule 2

**Schedule of Revenues by Department
for the year ended March 31, 2020**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Economic Development					
<u>From Canada</u>					
Operation and maintenance					
Canada-Yukon business service centre	\$ 100,000	\$ -	\$ 100,000	\$ 100,000	\$ -
Yukon business development program	94,000	-	94,000	93,750	(250)
Total revenues	194,000	-	194,000	193,750	(250)
Education					
<u>From Canada</u>					
Operation and maintenance					
Canadian Heritage - French language programs	2,213,000	-	2,213,000	2,584,834	371,834
Student financial assistance					
- Canada student loan	106,000	-	106,000	527,598	421,598
Employment and Social Development Canada					
- labour market development agreement	4,557,000	(103,000)	4,454,000	3,990,896	(463,104)
- workforce development agreement	2,992,000	157,000	3,149,000	2,029,500	(1,119,500)
Teacher's aides - Jordan's Principle	-	-	-	13,043	13,043
Capital					
Canadian Heritage - French first language secondary school	6,242,000	(242,000)	6,000,000	6,000,000	-
Investing in Canada infrastructure program					
- Ross River school remediation	1,050,000	(1,050,000)	-	-	-
Strategic Infrastructure Fund					
- electrical supply and system upgrade	-	-	-	1,292	1,292
	17,160,000	(1,238,000)	15,922,000	15,147,163	(774,837)

GOVERNMENT OF YUKON

Schedule 2

**Schedule of Revenues by Department
for the year ended March 31, 2020**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Education					
<u>Taxes and general revenues</u>					
Extension programs fees	\$ 5,000	\$ -	\$ 5,000	\$ -	\$ (5,000)
Summer school fees	10,000	-	10,000	7,920	(2,080)
Apprenticeship and certification	1,000	-	1,000	1,804	804
Trade school registration fees	1,000	-	1,000	-	(1,000)
	<u>17,000</u>	<u>-</u>	<u>17,000</u>	<u>9,724</u>	<u>(7,276)</u>
<u>Third-party recoveries</u>					
Operation and maintenance					
Victoria Gold Yukon Student Encouragement Society	25,000	50,000	75,000	75,000	-
Student accommodation	80,000	-	80,000	43,350	(36,650)
Staff accommodation rental	40,000	-	40,000	37,211	(2,789)
Stikine students	167,000	-	167,000	190,000	23,000
Yukon Teachers' Association - substitute teachers	80,000	-	80,000	62,927	(17,073)
Council of Ministers of Education of Canada agreement - monitors	350,000	-	350,000	290,730	(59,270)
Commission scolaire francophone du Yukon - funding formula	5,771,000	125,000	5,896,000	4,125,002	(1,770,998)
Capital					
School-based information technology	88,000	-	88,000	72,642	(15,358)
School-based purchases	-	-	-	21,926	21,926
	<u>6,601,000</u>	<u>175,000</u>	<u>6,776,000</u>	<u>4,918,788</u>	<u>(1,857,212)</u>
Total revenues	23,778,000	(1,063,000)	22,715,000	20,075,675	(2,639,325)

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2020

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Energy, Mines and Resources					
<u>From Canada</u>					
Operation and maintenance					
Agriculture Canada					
- Canadian agricultural partnership	\$ 766,000	\$ 45,000	\$ 811,000	\$ 738,393	\$ (72,607)
- rent	3,000	-	3,000	3,000	-
- Canadian Food Inspection Agency	2,000	-	2,000	1,500	(500)
- regional collaborative partnership	-	53,000	53,000	40,931	(12,069)
Community green energy initiative	310,000	-	310,000	285,798	(24,202)
Natural Resources Canada					
- clean energy for rural and remote communities	231,000	-	231,000	44,609	(186,391)
- innovation and clean growth	-	212,000	212,000	376,500	164,500
- climate change adaptation	-	110,000	110,000	48,378	(61,622)
- climate change adaptation and clean energy	-	-	-	388,765	388,765
- transportation & alternate fuels program - discovery day	-	-	-	48,500	48,500
- energy efficiency program - benchmarking	-	-	-	47,000	47,000
Environment and Climate Change Canada					
- low carbon economy	4,689,000	-	4,689,000	1,969,225	(2,719,775)
Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC)					
- Type II mine sites	8,996,000	2,087,000	11,083,000	7,593,934	(3,489,066)
Strategic investment in northern economic development					
- Geoscience	595,000	-	595,000	594,289	(711)
Lands and economic development services program	-	400,000	400,000	315,119	(84,881)
New Building Canada fund					
- Yukon Resource Gateway project	-	150,000	150,000	241,327	91,327
	15,592,000	3,057,000	18,649,000	12,737,268	(5,911,732)

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2020

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Energy, Mines and Resources					
<u>Taxes and general revenues</u>					
Land management					
- lands administration/interest	\$ 150,000	\$ -	\$ 150,000	\$ 218,798	\$ 68,798
- land sales fees	20,000	-	20,000	40,669	20,669
- land leases	189,000	-	189,000	171,404	(17,596)
- land use fees	21,000	-	21,000	14,125	(6,875)
- quarrying royalties and leases	80,000	-	80,000	117,077	37,077
- sale of land	200,000	-	200,000	479,950	279,950
Land planning					
- application fees	7,000	-	7,000	3,600	(3,400)
Forest management					
- application fees	3,000	-	3,000	1,076	(1,924)
- timber royalty	20,000	-	20,000	14,592	(5,408)
- development fee	10,000	-	10,000	10,510	510
- road charge	15,000	-	15,000	22,505	7,505
Agricultural land application and grazing lease fees	5,000	-	5,000	5,793	793
Oil and gas resources - rentals and administration	65,000	-	65,000	300	(64,700)
Mineral resources					
- coal leases, permits and royalties	22,000	-	22,000	6,400	(15,600)
- placer mining fees	385,000	-	385,000	376,441	(8,559)
- quartz mining fees and leases	1,635,000	-	1,635,000	1,228,347	(406,653)
- maps, publications and charts	5,000	-	5,000	2,592	(2,408)
	2,832,000	-	2,832,000	2,714,179	(117,821)

GOVERNMENT OF YUKON

Schedule 2

**Schedule of Revenues by Department
for the year ended March 31, 2020**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Energy, Mines and Resources					
<u>Third-party recoveries</u>					
Operation and maintenance					
Land management					
- legal surveys	\$ 10,000	\$ -	\$ 10,000	\$ -	\$ (10,000)
- recovery from KOPP estate	-	-	-	21,285	21,285
Agriculture conference	3,000	-	3,000	4,574	1,574
Mineral resources					
- Yukon Zinc Corporation - Wolverine mine	4,021,000	2,129,000	6,150,000	4,544,503	(1,605,497)
Oil and gas resources - EFLO Energy Inc.	625,000	(625,000)	-	-	-
Forest management - Trans Canada Trail	-	29,000	29,000	26,393	(2,607)
	4,659,000	1,533,000	6,192,000	4,596,755	(1,595,245)
Total revenues	23,083,000	4,590,000	27,673,000	20,048,202	(7,624,798)

Environment

From Canada

Operation and maintenance					
Inuvialuit Final Agreement	1,480,000	110,000	1,590,000	1,443,539	(146,461)
Climate change preparedness in the North	416,000	241,000	657,000	488,490	(168,510)
Environmental sustainability - miscellaneous partnerships	100,000	(100,000)	-	-	-
Environmental occurrences notification agreement	5,000	-	5,000	5,830	830
Parks Canada - caribou	8,000	-	8,000	20,000	12,000
Vegetation assessment					
- Nisutlin River Delta National Wildlife Area	5,000	-	5,000	-	(5,000)
Marwell tar pit remediation	93,000	-	93,000	1,576,825	1,483,825
National disaster mitigation program	-	180,000	180,000	180,000	-

GOVERNMENT OF YUKON

Schedule 2

**Schedule of Revenues by Department
for the year ended March 31, 2020**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Environment					
<u>From Canada (continued)</u>					
<u>Operation and maintenance (continued)</u>					
Canada Nature Fund	\$ -	\$ 56,000	\$ 56,000	\$ 8,019	\$ (47,981)
Habitat stewardship program	-	162,000	162,000	272,383	110,383
Environment and climate change Canada					
- challenge fund	-	195,000	195,000	118,211	(76,789)
- boreal caribou	-	-	-	67,043	67,043
<u>Capital</u>					
Inuvialuit Final Agreement	15,000	-	15,000	12,306	(2,694)
Environment and climate change Canada - challenge fund	-	105,000	105,000	88,500	(16,500)
Investing in Canada infrastructure program	-	72,000	72,000	14,691	(57,309)
National disaster mitigation program	-	130,000	130,000	127,049	(2,951)
	<u>2,122,000</u>	<u>1,151,000</u>	<u>3,273,000</u>	<u>4,422,886</u>	<u>1,149,886</u>
<u>Taxes and general revenues</u>					
Campground permits	532,000	-	532,000	590,792	58,792
Wilderness tourism licensing	8,000	-	8,000	11,400	3,400
Hunting licences and seals	465,000	-	465,000	472,888	7,888
Trapping and fur licences	6,000	-	6,000	4,967	(1,033)
Fishing licences	330,000	-	330,000	313,000	(17,000)
Outfitting fees	10,000	-	10,000	7,115	(2,885)
	<u>1,351,000</u>	<u>-</u>	<u>1,351,000</u>	<u>1,400,162</u>	<u>49,162</u>

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2020

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Environment					
<u>Third-party recoveries</u>					
Operation and maintenance					
Advertising recoveries - publications	\$ 10,000	\$ -	\$ 10,000	\$ -	\$ (10,000)
Mapping recoveries	10,000	-	10,000	2,125	(7,875)
Environmental sustainability - miscellaneous partnerships	100,000	(100,000)	-	-	-
Compulsory inspections - Province of British Columbia	2,000	-	2,000	2,500	500
Conservation Action Team	2,000	-	2,000	-	(2,000)
Standards and approvals - technical review	45,000	-	45,000	47,300	2,300
NatureServe Canada					
- Yukon conservation data	34,000	-	34,000	12,000	(22,000)
Trapper education workshop	26,000	-	26,000	28,993	2,993
Wildlife Management Institute	8,000	-	8,000	-	(8,000)
Environmental liabilities and remediation					
- Yukon Housing Corporation	15,000	-	15,000	-	(15,000)
Mayo District Renewable Resource Council	-	-	-	28,686	28,686
Learning Tree Canada	-	-	-	22,848	22,848
Government of British Columbia	-	-	-	10,749	10,749
Carcross Tagish Renewable Resource Council	-	-	-	10,000	10,000
University of Toronto	-	-	-	6,750	6,750
Mitacs Inc.	-	-	-	6,250	6,250
Ducks Unlimited	-	-	-	2,000	2,000
Eco Adventures Inc.	-	-	-	1,500	1,500
BC Ministry of Forest Lands and Natural Resources	-	-	-	1,170	1,170
City of Whitehorse	-	-	-	923	923
Northwest Territories Environment and Natural Resources	-	-	-	560	560
	252,000	(100,000)	152,000	184,354	32,354
Total revenues	3,725,000	1,051,000	4,776,000	6,007,402	1,231,402

GOVERNMENT OF YUKON

Schedule 2

**Schedule of Revenues by Department
for the year ended March 31, 2020**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Finance					
<u>From Canada</u>					
Formula Financing grant	\$ 997,412,000	\$ -	\$ 997,412,000	\$ 997,411,832	\$ (168)
Canada health transfer	44,369,000	-	44,369,000	43,958,000	(411,000)
Canada social transfer	16,030,000	-	16,030,000	15,882,000	(148,000)
Cannabis transfer	620,000	-	620,000	320,439	(299,561)
COVID-19 pandemic	-	-	-	543,000	543,000
	<u>1,058,431,000</u>	<u>-</u>	<u>1,058,431,000</u>	<u>1,058,115,271</u>	<u>(315,729)</u>
<u>Taxes and general revenues</u>					
Personal income tax	74,906,000	-	74,906,000	75,425,715	519,715
Corporate income tax	14,900,000	6,051,000	20,951,000	25,463,384	4,512,384
Fuel oil tax	9,106,000	-	9,106,000	9,779,553	673,553
Insurance premium tax	3,157,000	-	3,157,000	3,295,642	138,642
Tobacco tax	13,348,000	-	13,348,000	13,216,086	(131,914)
Banking and investment	4,105,000	-	4,105,000	4,078,909	(26,091)
Interest on advance to Territorial Corporation	1,134,000	-	1,134,000	1,015,074	(118,926)
Interest on accounts receivable	5,000	-	5,000	358,680	353,680
Miscellaneous revenue	50,000	-	50,000	56,012	6,012
Preferred dividend tax	-	-	-	118,011	118,011
Recovery of bad debt expense	-	-	-	1,004	1,004
	<u>120,711,000</u>	<u>6,051,000</u>	<u>126,762,000</u>	<u>132,808,070</u>	<u>6,046,070</u>

GOVERNMENT OF YUKON

Schedule 2

**Schedule of Revenues by Department
for the year ended March 31, 2020**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Finance					
<u>Third-party recoveries</u>					
Operation and maintenance					
Workers' Compensation Health and Safety Board payroll	\$ 12,000	\$ -	\$ 12,000	\$ 12,000	\$ -
Charge card incentive	50,000	-	50,000	69,789	19,789
Yukon Bureau of Statistics - recoverable services	-	-	-	138,247	138,247
	<u>62,000</u>	<u>-</u>	<u>62,000</u>	<u>220,036</u>	<u>158,036</u>
Total revenues	<u>1,179,204,000</u>	<u>6,051,000</u>	<u>1,185,255,000</u>	<u>1,191,143,377</u>	<u>5,888,377</u>
French Language Services Directorate					
<u>From Canada</u>					
Operation and maintenance					
Canadian Heritage	<u>5,247,000</u>	<u>-</u>	<u>5,247,000</u>	<u>5,246,746</u>	<u>(254)</u>

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2020

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Health and Social Services					
<u>From Canada</u>					
Operation and maintenance					
Territorial health investment fund	\$ 5,600,000	\$ 2,695,000	\$ 8,295,000	\$ 6,222,767	\$ (2,072,233)
Child welfare	8,822,000	400,000	9,222,000	10,150,687	928,687
Indigenous children and youth	1,527,000	2,664,000	4,191,000	4,192,977	1,977
Federal child benefit	370,000	-	370,000	342,431	(27,569)
Transition homes	296,000	-	296,000	162,611	(133,389)
Youth criminal justice	1,181,000	-	1,181,000	1,181,442	442
Early learning and child care	2,391,000	-	2,391,000	2,405,774	14,774
Social assistance	429,000	-	429,000	632,351	203,351
Health Canada					
- mental health	260,000	210,000	470,000	489,084	19,084
- home care	620,000	-	620,000	706,454	86,454
Travel recoveries - First Nations benefits	2,844,000	-	2,844,000	2,009,946	(834,054)
Hearing assessments and aids	61,000	-	61,000	104,671	43,671
Congenital anomalies surveillance	100,000	-	100,000	82,500	(17,500)
Chronic disease surveillance	112,000	-	112,000	112,124	124
Canadian partnership against cancer	513,000	(513,000)	-	-	-
Opioid treatment	100,000	-	100,000	144,681	44,681
Continuing care facilities	6,684,000	(722,000)	5,962,000	9,613,296	3,651,296
Quitline	-	100,000	100,000	100,000	-
Injury surveillance	-	-	-	35,004	35,004
Opioid surveillance	-	-	-	12,773	12,773
Capital					
Territorial health investment fund					
- Yukon Hospital Corporation - Meditech	3,000,000	-	3,000,000	2,250,000	(750,000)
- Corporate Services	203,000	(203,000)	-	-	-
Canada infrastructure	563,000	(563,000)	-	-	-
	<u>35,676,000</u>	<u>4,068,000</u>	<u>39,744,000</u>	<u>40,951,573</u>	<u>1,207,573</u>

GOVERNMENT OF YUKON

Schedule 2

**Schedule of Revenues by Department
for the year ended March 31, 2020**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Health and Social Services					
<u>Taxes and general revenues</u>					
Registration and fees	\$ 36,000	\$ -	\$ 36,000	\$ 39,565	\$ 3,565
Environmental health - inspection/permits	10,000	-	10,000	15,027	5,027
Continuing care facilities	4,368,000	-	4,368,000	3,033,405	(1,334,595)
	<u>4,414,000</u>	<u>-</u>	<u>4,414,000</u>	<u>3,087,997</u>	<u>(1,326,003)</u>
<u>Third-party recoveries</u>					
Operation and maintenance					
Canadian Institutes of Health Research	92,000	-	92,000	36,735	(55,265)
Social supports					
- client recovery	50,000	-	50,000	57,627	7,627
- social assistance	25,000	-	25,000	148,386	123,386
Third-party health care costs	6,969,000	354,000	7,323,000	7,958,063	635,063
Hearing assessments and aids	587,000	-	587,000	532,580	(54,420)
Rental recovery	74,000	-	74,000	68,116	(5,884)
Community health					
- Yukon immunization program	95,000	-	95,000	93,818	(1,182)
Community nursing					
- patient services	167,000	-	167,000	257,598	90,598
- drugs and vaccines	10,000	-	10,000	2,606	(7,394)
- rent/utility recoveries	116,000	-	116,000	118,553	2,553
- Lower Post recovery	15,000	-	15,000	15,789	789
Continuing care facilities					
- McDonald Lodge food services	120,000	-	120,000	126,000	6,000
- Canadian bi-lateral home care	50,000	-	50,000	298,381	248,381
- Canadian Partnership Against Cancer	-	302,000	302,000	158,090	(143,910)
- Canadian Center for aging and brain health innovation	-	-	-	11,501	11,501
Territorial health investment fund - pan territorial	-	494,000	494,000	493,771	(229)

GOVERNMENT OF YUKON

Schedule 2

**Schedule of Revenues by Department
for the year ended March 31, 2020**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Health and Social Services					
<u>Third-party recoveries (continued)</u>					
Operation and maintenance (continued)					
Canadian partnership against cancer					
- smoking cessation	\$ -	\$ 75,000	\$ 75,000	\$ 55,000	\$ (20,000)
- Yukon First nations cancer care	-	337,000	337,000	254,222	(82,778)
	8,370,000	1,562,000	9,932,000	10,686,836	754,836
Total revenues	48,460,000	5,630,000	54,090,000	54,726,406	636,406

Highways and Public Works

From Canada

Operation and maintenance

Mobile radio system

- RCMP	2,396,000	-	2,396,000	2,506,883	110,883
- other federal agencies	68,000	-	68,000	26,290	(41,710)
Information and communications technology service agreements	1,000	-	1,000	-	(1,000)
Transportation - recoverable services	152,000	-	152,000	163,639	11,639
National safety code agreement	153,000	-	153,000	152,567	(433)
Motor vehicles	2,000	-	2,000	8,000	6,000
Airports	60,000	-	60,000	61,436	1,436
Leases/facility management agreements	32,000	-	32,000	30,500	(1,500)
Capital					
Small Communities fund	14,148,000	573,000	14,721,000	11,602,368	(3,118,632)
Yukon Resource Gateway project	6,457,000	(6,457,000)	-	-	-
Canadian Air Transport Security Authority	3,025,000	-	3,025,000	1,447,283	(1,577,717)
Transport Canada fund	750,000	2,361,000	3,111,000	855,881	(2,255,119)

GOVERNMENT OF YUKON

Schedule 2

**Schedule of Revenues by Department
for the year ended March 31, 2020**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Highways and Public Works					
<u>From Canada (continued)</u>					
<u>Capital (continued)</u>					
Connect to Innovate fund	\$ 997,000	\$ (42,000)	\$ 955,000	\$ 1,358,635	\$ 403,635
Mobile radio system	-	93,000	93,000	99,945	6,945
Investing in Canada infrastructure program	-	920,000	920,000	1,487,053	567,053
Natural Resources Canada	-	113,000	113,000	-	(113,000)
National trade corridors fund	-	-	-	1,611,493	1,611,493
	28,241,000	(2,439,000)	25,802,000	21,411,973	(4,390,027)
<u>Taxes and general revenues</u>					
Queen's Printer subscriptions	8,000	-	8,000	6,454	(1,546)
Sale of government surplus equipment	58,000	-	58,000	49,167	(8,833)
Access to Information and Protection of Privacy	10,000	-	10,000	5,107	(4,893)
Highway information signs/permits	14,000	-	14,000	8,200	(5,800)
Quarry permits	3,000	-	3,000	2,200	(800)
Aviation operations	1,482,000	-	1,482,000	1,295,394	(186,606)
National safety code - fees/materials	25,000	-	25,000	27,684	2,684
Weigh station fees	156,000	-	156,000	173,213	17,213
Private vehicle registration/permits	1,660,000	-	1,660,000	2,144,000	484,000
Commercial vehicle registration/permits	3,095,000	-	3,095,000	3,288,658	193,658
Driver licences/fees	519,000	-	519,000	1,115,514	596,514
Land use fees	12,000	-	12,000	12,000	-
	7,042,000	-	7,042,000	8,127,591	1,085,591

GOVERNMENT OF YUKON

Schedule 2

**Schedule of Revenues by Department
for the year ended March 31, 2020**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Highways and Public Works					
<u>Third-party recoveries</u>					
Operation and maintenance					
Deposit forfeitures	\$ 2,000	\$ -	\$ 2,000	\$ -	\$ (2,000)
Travel agent processing	34,000	-	34,000	30,466	(3,534)
Industry conference and reverse tradeshow	10,000	-	10,000	15,675	5,675
Information and communications technology service agreements	697,000	-	697,000	706,534	9,534
Highways employee housing	2,000	-	2,000	-	(2,000)
Transportation - recoverable services	358,000	-	358,000	244,575	(113,425)
Airports	2,033,000	-	2,033,000	2,045,335	12,335
Weigh scale rental	2,000	-	2,000	-	(2,000)
Leases/facility management agreements	379,000	-	379,000	487,965	108,965
Capital					
Diverse Fibre	490,000	(490,000)	-	-	-
Granular material development	-	100,000	100,000	100,475	475
	4,007,000	(390,000)	3,617,000	3,631,025	14,025
Total revenues	39,290,000	(2,829,000)	36,461,000	33,170,589	(3,290,411)

GOVERNMENT OF YUKON

Schedule 2

**Schedule of Revenues by Department
for the year ended March 31, 2020**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Justice					
<u>From Canada</u>					
Operation and maintenance					
Court Services - French language training	\$ 20,000	\$ -	\$ 20,000	\$ 11,822	\$ (8,178)
Legal aid	1,032,000	-	1,032,000	1,032,000	-
Indigenous courtworker program	308,000	-	308,000	308,000	-
Yukon Public Legal Education Association	70,000	93,000	163,000	163,000	-
Family justice activities	207,000	-	207,000	211,676	4,676
Family mediation services	146,000	-	146,000	143,070	(2,930)
Cannabis and impaired driving	445,000	-	445,000	161,700	(283,300)
Exchange of service agreement	30,000	-	30,000	2,600	(27,400)
Arrest processing unit	1,913,000	-	1,913,000	1,899,481	(13,519)
Enhancing services for victims of crime in Yukon	500,000	226,000	726,000	523,392	(202,608)
Independent legal advice pilot	240,000	(240,000)	-	-	-
Guns and gang violence action fund	198,000	-	198,000	198,018	18
Drug treatment court funding	100,000	-	100,000	100,000	-
Coroner's recovery	-	22,000	22,000	15,000	(7,000)
Family information liaison unit	-	285,000	285,000	259,667	(25,333)
Community safety officer program	-	208,000	208,000	208,000	-
	5,209,000	594,000	5,803,000	5,237,426	(565,574)
<u>Taxes and general revenues</u>					
Court fees	475,000	-	475,000	424,720	(50,280)
Sheriff's Office	55,000	-	55,000	55,713	713
Public guardian and trustee fees	30,000	-	30,000	49,625	19,625
Land titles fees	300,000	-	300,000	406,943	106,943
	860,000	-	860,000	937,001	77,001

GOVERNMENT OF YUKON

Schedule 2

**Schedule of Revenues by Department
for the year ended March 31, 2020**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Justice					
<u>Third-party recoveries</u>					
Operation and maintenance					
Witness program - videoconferencing	\$ 4,000	\$ -	\$ 4,000	\$ -	\$ (4,000)
Public Utilities Board hearings	100,000	-	100,000	36,900	(63,100)
Worker advocate	517,000	-	517,000	388,412	(128,588)
Outreach worker - Province of British Columbia	30,000	11,000	41,000	40,625	(375)
	<u>651,000</u>	<u>11,000</u>	<u>662,000</u>	<u>465,937</u>	<u>(196,063)</u>
Total revenues	<u>6,720,000</u>	<u>605,000</u>	<u>7,325,000</u>	<u>6,640,364</u>	<u>(684,636)</u>

GOVERNMENT OF YUKON

Schedule 2

**Schedule of Revenues by Department
for the year ended March 31, 2020**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Public Service Commission					
<u>From Canada</u>					
Operation and maintenance					
Training and development	\$ 5,000	\$ (5,000)	\$ -	\$ -	\$ -
Health, safety and disability management	-	5,000	5,000	-	(5,000)
	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>(5,000)</u>
<u>Third-party recoveries</u>					
Operation and maintenance					
Human resource shared services	77,000	-	77,000	77,070	70
Training and development	5,000	(5,000)	-	-	-
Health, safety and disability management	-	5,000	5,000	-	(5,000)
Organizational development	-	-	-	450	450
	<u>82,000</u>	<u>-</u>	<u>82,000</u>	<u>77,520</u>	<u>(4,480)</u>
Total revenues	87,000	-	87,000	77,520	(9,480)

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2020

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Tourism and Culture					
<u>From Canada</u>					
Capital					
Canadian Northern Economic Development Agency - signage	\$ -	\$ 86,000	\$ 86,000	\$ 86,200	\$ 200
<u>Taxes and general revenues</u>					
Yukon Beringia Interpretive Centre	70,000	-	70,000	78,690	8,690
Archives - reproduction fees	16,000	-	16,000	5,855	(10,145)
Vacation guide advertising revenue	-	75,000	75,000	72,312	(2,688)
	86,000	75,000	161,000	156,857	(4,143)
<u>Third-party recoveries</u>					
Operation and maintenance					
Yukon Lottery Commission	467,000	-	467,000	388,000	(79,000)
Total revenues	553,000	161,000	714,000	631,057	(82,943)
Women's Directorate					
<u>From Canada</u>					
Operation and maintenance					
Status of Women Canada	347,000	24,000	371,000	357,498	(13,502)

GOVERNMENT OF YUKON

Schedule 2

**Schedule of Revenues by Department
for the year ended March 31, 2020**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Yukon Development Corporation					
<u>From Canada</u>					
Capital					
Arctic Energy fund	\$ 4,705,000	\$ (3,955,000)	\$ 750,000	\$ -	\$ (750,000)
Yukon Liquor Corporation					
<u>Taxes and general revenues</u>					
Corporate net income					
- liquor profit	9,487,000	-	9,487,000	9,297,467	(189,533)
- cannabis profit	-	-	-	326,851	326,851
Liquor tax	4,858,000	-	4,858,000	4,964,523	106,523
Total revenues	14,345,000	-	14,345,000	14,588,841	243,841
Interest					
<u>Taxes and general revenues</u>					
Interest	74,000	-	74,000	113,573	39,573

GOVERNMENT OF YUKON

Schedule 2

**Schedule of Revenues by Department
for the year ended March 31, 2020**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Restricted Funds					
<u>From Canada</u>					
Carbon levy	\$ -	\$ -	\$ -	\$ 1,643,177	\$ 1,643,177
<u>Taxes and general revenues</u>					
Gain on sale of tangible capital assets	-	-	-	141,472	141,472
Other revenue	-	-	-	313,928	313,928
	-	-	-	455,400	455,400
<u>Third-party recoveries</u>					
Operation and maintenance Restricted funds	-	-	-	301,135	301,135
Total revenues	-	-	-	2,399,712	2,399,712
Totals					
From Canada	1,209,174,000	27,812,000	1,236,986,000	1,221,037,174	(15,948,826)
Taxes and general revenues	192,671,000	(496,000)	192,175,000	196,217,184	4,042,184
Third-party recoveries	28,152,000	2,791,000	30,943,000	28,632,101	(2,310,899)
Total revenues	\$ 1,429,997,000	\$ 30,107,000	\$ 1,460,104,000	\$ 1,445,886,459	\$ (14,217,541)

GOVERNMENT OF YUKON

Schedule 3

**Comparative Schedule of Expenses
for the year ended March 31, 2020**

	2020	2019	Increase (Decrease)
Yukon Legislative Assembly			
Operation and maintenance			
Legislative services	\$ 3,590,869	\$ 3,365,690	\$ 225,179
Legislative Assembly Office	1,355,083	1,153,183	201,900
Retirement allowances and death benefits	2,689,353	2,559,593	129,760
Hansard	558,848	493,257	65,591
Conflicts Commission	38,632	37,852	780
	<u>8,232,785</u>	<u>7,609,575</u>	<u>623,210</u>
Capital			
Legislative Assembly Office	34,963	40,850	(5,887)
Amortization expense	1,722	17,923	(16,201)
Total expenses	<u>8,269,470</u>	<u>7,668,348</u>	<u>601,122</u>
Elections Office			
Operation and maintenance			
Elections	<u>472,146</u>	<u>555,879</u>	<u>(83,733)</u>
Office of the Ombudsman			
Operation and maintenance			
Office of the Ombudsman	<u>1,313,531</u>	<u>1,203,651</u>	<u>109,880</u>
Capital			
Office of the Ombudsman	<u>21,729</u>	<u>10,985</u>	<u>10,744</u>
Amortization expense	<u>11,997</u>	<u>11,997</u>	<u>-</u>
Total expenses	<u>1,347,257</u>	<u>1,226,633</u>	<u>120,624</u>

GOVERNMENT OF YUKON

Schedule 3

**Comparative Schedule of Expenses
for the year ended March 31, 2020**

	2020	2019	Increase (Decrease)
Child and Youth Advocate Office			
Operation and maintenance			
Child and Youth Advocate Office	\$ 563,581	\$ 627,405	\$ (63,824)
Capital			
Child and Youth Advocate Office	10,826	1,716	9,110
Total expenses	574,407	629,121	(54,714)
Executive Council Office			
Operation and maintenance			
Strategic corporate services	4,325,197	4,203,921	121,276
Aboriginal relations	8,215,268	7,692,435	522,833
Corporate programs and intergovernmental relations	7,135,720	5,990,372	1,145,348
Government internal audit services	481,014	483,764	(2,750)
Office of the Commissioner	248,838	306,770	(57,932)
Cabinet Offices	2,875,029	2,923,674	(48,645)
COVID-19 pandemic	3,714	-	3,714
	23,284,780	21,600,936	1,683,844
Amortization expense	9,373	9,373	-
Total expenses	23,294,153	21,610,309	1,683,844
Community Services			
Operation and maintenance			
Corporate services	4,387,749	4,186,135	201,614
Protective services	55,977,916	37,097,287	18,880,629
Community development	46,478,756	43,626,562	2,852,194
Corporate policy and consumer affairs	11,916,811	11,580,965	335,846
	118,761,232	96,490,949	22,270,283

GOVERNMENT OF YUKON

Schedule 3

**Comparative Schedule of Expenses
for the year ended March 31, 2020**

	2020	2019	Increase (Decrease)
Community Services			
Capital			
Corporate services	\$ 313,566	\$ 329,376	\$ (15,810)
Protective services	1,258,041	2,773,034	(1,514,993)
Community development	89,853,287	84,630,731	5,222,556
Corporate policy and consumer affairs	2,209,052	2,539,077	(330,025)
	<u>93,633,946</u>	<u>90,272,218</u>	<u>3,361,728</u>
Less: Acquisition of tangible capital assets	(11,146,498)	(7,040,244)	(4,106,254)
Land development costs transferred to land inventory	(18,103,755)	(24,759,384)	6,655,629
Local improvement costs transferred to loans receivable	(1,868,365)	(2,389,494)	521,129
	<u>62,515,328</u>	<u>56,083,096</u>	<u>6,432,232</u>
Cost of land sold	<u>17,591,761</u>	<u>14,641,263</u>	<u>2,950,498</u>
Amortization expense	<u>6,927,908</u>	<u>6,211,564</u>	<u>716,344</u>
Bad debts expense	<u>11,260</u>	<u>54,594</u>	<u>(43,334)</u>
Total expenses	<u>205,807,489</u>	<u>173,481,466</u>	<u>32,326,023</u>
Economic Development			
Operation and maintenance			
Corporate services	1,891,113	1,811,194	79,919
Policy, planning and communications	1,547,753	1,520,291	27,462
Business and industry development	9,357,976	8,347,306	1,010,670
Regional economic development	4,700,232	4,924,855	(224,623)
	<u>17,497,074</u>	<u>16,603,646</u>	<u>893,428</u>
Capital			
Business and industry development	<u>2,562,139</u>	<u>2,957,913</u>	<u>(395,774)</u>
Total expenses	<u>20,059,213</u>	<u>19,561,559</u>	<u>497,654</u>

GOVERNMENT OF YUKON

Schedule 3

**Comparative Schedule of Expenses
for the year ended March 31, 2020**

	2020	2019	Increase (Decrease)
Education			
Operation and maintenance			
Education support services	\$ 4,038,847	\$ 4,198,670	\$ (159,823)
Schools and student services	122,213,550	119,471,045	2,742,505
Policy and partnerships	22,466,815	22,825,000	(358,185)
Yukon College/University	27,192,742	26,976,316	216,426
First Nations initiatives	7,100,590	5,953,000	1,147,590
	<u>183,012,544</u>	<u>179,424,031</u>	<u>3,588,513</u>
Capital			
Schools and student services	27,341,603	6,583,632	20,757,971
Yukon College/University	-	762,071	(762,071)
	<u>27,341,603</u>	<u>7,345,703</u>	<u>19,995,900</u>
Less acquisition of tangible capital assets	<u>(23,393,685)</u>	<u>(4,579,873)</u>	<u>(18,813,812)</u>
	<u>3,947,918</u>	<u>2,765,830</u>	<u>1,182,088</u>
Amortization expense	<u>7,201,995</u>	<u>7,374,377</u>	<u>(172,382)</u>
Write-down of tangible capital assets	<u>-</u>	<u>590,170</u>	<u>(590,170)</u>
Total expenses	<u>194,162,457</u>	<u>190,154,408</u>	<u>4,008,049</u>
Energy, Mines and Resources			
Operation and maintenance			
Corporate services	3,292,137	3,474,840	(182,703)
Sustainable resources	10,966,410	10,287,675	678,735
Energy, corporate policy and communications	8,235,215	6,600,410	1,634,805
Oil and gas and mineral resources	26,264,879	26,121,260	143,619
Client services and partnerships	8,803,282	8,505,899	297,383
	<u>57,561,923</u>	<u>54,990,084</u>	<u>2,571,839</u>

GOVERNMENT OF YUKON

Schedule 3

**Comparative Schedule of Expenses
for the year ended March 31, 2020**

	2020	2019	Increase (Decrease)
Energy, Mines and Resources			
Capital			
Corporate services	\$ 535,436	\$ 169,220	\$ 366,216
Sustainable resources	274,442	316,573	(42,131)
	809,878	485,793	324,085
Less: Acquisition of tangible capital assets	(549,473)	(217,465)	(332,008)
Land development costs transferred to land inventory	(116,209)	(123,439)	7,230
	144,196	144,889	(693)
Amortization expense	438,617	448,537	(9,920)
Environmental liabilities (net)	(86,867)	(56,469)	(30,398)
Total expenses	58,057,869	55,527,041	2,561,226
Environment			
Operation and maintenance			
Corporate services	10,554,643	11,064,662	(510,019)
Environmental sustainability	26,348,541	25,073,134	1,275,407
Environmental liabilities and remediation	6,886,728	5,073,385	1,813,343
	43,789,912	41,211,181	2,578,731
Capital			
Corporate services	586,064	329,533	256,531
Environmental sustainability	1,443,962	582,701	861,261
	2,030,026	912,234	1,117,792
Less acquisition of tangible capital assets	(1,069,312)	(289,413)	(779,899)
	960,714	622,821	337,893

GOVERNMENT OF YUKON

Schedule 3

**Comparative Schedule of Expenses
for the year ended March 31, 2020**

	2020	2019	Increase (Decrease)
Environment			
Amortization expense	\$ 539,747	\$ 529,401	\$ 10,346
Environmental liabilities (net)	881,775	3,884,014	(3,002,239)
Total expenses	46,172,148	46,247,417	(75,269)
Finance			
Operation and maintenance			
Corporate services	1,364,070	1,697,535	(333,465)
Financial operations and revenue services	5,007,929	4,608,886	399,043
Economics, fiscal policy and statistics	2,572,900	2,701,413	(128,513)
Management board secretariat	2,233,446	1,912,190	321,256
Office of the Comptroller	985,178	940,089	45,089
Workers' compensation supplementary benefits	247,004	278,954	(31,950)
COVID-19 pandemic	1,348	-	1,348
	12,411,875	12,139,067	272,808
Capital			
Corporate services	655,392	995,819	(340,427)
Less acquisition of tangible capital assets	(156,228)	(783,180)	626,952
	499,164	212,639	286,525
Amortization expense	65,371	7,827	57,544
Bad debt expense	312,905	280,442	32,463
Transfers through the tax system	2,221,925	2,299,881	(77,956)
Total expenses	15,511,240	14,939,856	571,384

GOVERNMENT OF YUKON

Schedule 3

**Comparative Schedule of Expenses
for the year ended March 31, 2020**

	2020	2019	Increase (Decrease)
French Language Services Directorate			
Operation and maintenance			
French language services	\$ 6,169,919	\$ 5,881,554	\$ 288,365
Health and Social Services			
Operation and maintenance			
Corporate services	18,740,793	14,495,032	4,245,761
Family and children's services	52,341,137	47,783,463	4,557,674
Social supports	64,888,495	58,033,486	6,855,009
Community and program support	12,253,546	10,650,548	1,602,998
Health services	145,007,100	136,389,985	8,617,115
Continuing care	74,399,412	61,264,036	13,135,376
Yukon hospital services	79,510,253	72,606,663	6,903,590
COVID-19 pandemic	185,579	-	185,579
	447,326,315	401,223,213	46,103,102
Less pension costs transferred to loans receivable	(3,063,321)	-	(3,063,321)
	444,262,994	401,223,213	43,039,781
Capital			
Corporate services	1,782,062	2,533,579	(751,517)
Family and children's services	1,050,883	1,626,453	(575,570)
Social supports	138,068	2,055,503	(1,917,435)
Community and program support	20,568	19,535	1,033
Health services	741,267	239,968	501,299
Continuing care	3,178,802	14,239,915	(11,061,113)
Yukon hospital services	3,905,052	1,908,258	1,996,794
	10,816,702	22,623,211	(11,806,509)
Less acquisition of tangible capital assets	(5,787,457)	(17,284,787)	11,497,330
	5,029,245	5,338,424	(309,179)
Amortization expense	7,662,266	7,607,313	54,953
Total expenses	456,954,505	414,168,950	42,785,555

GOVERNMENT OF YUKON

Schedule 3

**Comparative Schedule of Expenses
for the year ended March 31, 2020**

	2020	2019	Increase (Decrease)
Highways and Public Works			
Operation and maintenance			
Corporate services	\$ 13,048,145	\$ 11,899,002	\$ 1,149,143
Information and communications technology	21,726,236	18,892,651	2,833,585
Transportation	65,432,640	65,317,415	115,225
Property management	43,748,422	42,620,719	1,127,703
Central Stores write off	138,131	19,271	118,860
	<u>144,093,574</u>	<u>138,749,058</u>	<u>5,344,516</u>
Less lease payments for leased tangible capital assets transferred to liabilities	<u>(1,016,420)</u>	<u>(973,334)</u>	<u>(43,086)</u>
	<u>143,077,154</u>	<u>137,775,724</u>	<u>5,301,430</u>
Capital			
Information and communications technology	6,116,662	6,102,632	14,030
Transportation	85,261,237	81,638,856	3,622,381
Property management	26,198,013	23,482,700	2,715,313
	<u>117,575,912</u>	<u>111,224,188</u>	<u>6,351,724</u>
Less acquisition of tangible capital assets	<u>(53,396,302)</u>	<u>(43,571,288)</u>	<u>(9,825,014)</u>
	<u>64,179,610</u>	<u>67,652,900</u>	<u>(3,473,290)</u>
Amortization expense	<u>30,988,601</u>	<u>29,828,802</u>	<u>1,159,799</u>
Write-down/disposal loss of tangible capital assets	<u>105,097</u>	<u>-</u>	<u>105,097</u>
Rental expense recognized from prepaid expenses	<u>106,413</u>	<u>110,447</u>	<u>(4,034)</u>
Total expenses	<u>238,456,875</u>	<u>235,367,873</u>	<u>3,089,002</u>

GOVERNMENT OF YUKON

Schedule 3

**Comparative Schedule of Expenses
for the year ended March 31, 2020**

	2020	2019	Increase (Decrease)
Justice			
Operation and maintenance			
Management services	\$ 4,454,552	\$ 4,341,509	\$ 113,043
Court services	6,899,004	7,102,461	(203,457)
Legal services	8,587,230	9,500,241	(913,011)
Regulatory services	4,551,542	4,415,935	135,607
Community justice and public safety	46,817,295	46,476,870	340,425
Human rights	691,911	881,339	(189,428)
COVID-19 pandemic	2,772	-	2,772
	<u>72,004,306</u>	<u>72,718,355</u>	<u>(714,049)</u>
Capital			
Management services	1,078,825	1,290,464	(211,639)
Court services	75,014	124,990	(49,976)
Community justice and public safety	2,324,070	2,320,278	3,792
	<u>3,477,909</u>	<u>3,735,732</u>	<u>(257,823)</u>
Less acquisition of tangible capital assets	<u>(1,058,684)</u>	<u>(1,333,647)</u>	<u>274,963</u>
	<u>2,419,225</u>	<u>2,402,085</u>	<u>17,140</u>
Amortization expense	<u>2,792,073</u>	<u>2,783,283</u>	<u>8,790</u>
Total expenses	<u>77,215,604</u>	<u>77,903,723</u>	<u>(688,119)</u>
Public Service Commission			
Operation and maintenance			
Corporate services	2,743,877	1,717,000	1,026,877
Human resource service centre division	5,717,371	4,606,000	1,111,371
People and culture	5,295,064	5,000,000	295,064
Employee relations	5,032,927	5,068,000	(35,073)
Corporate funds	25,704,318	33,529,544	(7,825,226)
	<u>44,493,557</u>	<u>49,920,544</u>	<u>(5,426,987)</u>

GOVERNMENT OF YUKON

Schedule 3

**Comparative Schedule of Expenses
for the year ended March 31, 2020**

	2020	2019	Increase (Decrease)
Public Service Commission			
Capital			
Finance and administration	\$ -	\$ 451,221	\$ (451,221)
Corporate services	653,842	35,609	618,233
People and culture	1,248	-	1,248
	<u>655,090</u>	<u>486,830</u>	<u>168,260</u>
Less acquisition of tangible capital assets	<u>(86,118)</u>	<u>(158,671)</u>	<u>72,553</u>
	<u>568,972</u>	<u>328,159</u>	<u>240,813</u>
Amortization expense	<u>272,786</u>	<u>155,651</u>	<u>117,135</u>
Total expenses	<u>45,335,315</u>	<u>50,404,354</u>	<u>(5,069,039)</u>
Tourism and Culture			
Operation and maintenance			
Corporate services	2,434,009	2,530,727	(96,718)
Cultural services	13,197,597	13,221,566	(23,969)
Tourism	12,854,153	12,249,605	604,548
	<u>28,485,759</u>	<u>28,001,898</u>	<u>483,861</u>
Capital			
Corporate services	5,935	285,723	(279,788)
Cultural services	1,493,879	1,962,875	(468,996)
Tourism	532,450	594,089	(61,639)
	<u>2,032,264</u>	<u>2,842,687</u>	<u>(810,423)</u>
Less acquisition of tangible capital assets	<u>(567,146)</u>	<u>(1,154,564)</u>	<u>587,418</u>
	<u>1,465,118</u>	<u>1,688,123</u>	<u>(223,005)</u>
Amortization expense	<u>1,124,951</u>	<u>1,136,912</u>	<u>(11,961)</u>
Write-down of tangible capital assets	<u>12,160</u>	<u>400</u>	<u>11,760</u>
Total expenses	<u>31,087,988</u>	<u>30,827,333</u>	<u>260,655</u>

GOVERNMENT OF YUKON

Schedule 3

**Comparative Schedule of Expenses
for the year ended March 31, 2020**

	2020	2019	Increase (Decrease)
Women's Directorate			
Operation and maintenance			
Policy and program development	\$ 2,432,942	\$ 2,309,380	\$ 123,562
Capital			
Policy and program development	6,782	-	6,782
Total expenses	2,439,724	2,309,380	130,344
Yukon Development Corporation (Transfer Payment)			
Operation and maintenance			
Interim electrical rebate	3,375,066	3,626,380	(251,314)
Mayo B rate payer support	2,625,000	2,625,000	-
	6,000,066	6,251,380	(251,314)
Capital			
Innovative renewable energy initiative	1,518,235	1,500,000	18,235
Total expenses	7,518,301	7,751,380	18,235

GOVERNMENT OF YUKON

Schedule 3

**Comparative Schedule of Expenses
for the year ended March 31, 2020**

	2020	2019	Increase (Decrease)
Yukon Housing Corporation (Transfer Payment)			
Operation and maintenance			
Gross expenditures	\$ 18,357,818	\$ 18,962,319	\$ (604,501)
Less: Rental revenues	(6,983,218)	(6,826,820)	(156,398)
Recoveries	(6,216,345)	(6,611,548)	395,203
	<u>5,158,255</u>	<u>5,523,951</u>	<u>(365,696)</u>
Capital			
Gross expenditures	20,966,713	24,564,009	(3,597,296)
Less: Recoveries	(6,305,736)	(11,300,976)	4,995,240
Loan expenditures	(5,438,882)	(6,750,318)	1,311,436
	<u>9,222,095</u>	<u>6,512,715</u>	<u>2,709,380</u>
Total expenses	<u>14,380,350</u>	<u>12,036,666</u>	<u>2,343,684</u>
Yukon Liquor Corporation (Transfer Payment)			
Operation and maintenance			
Cannabis Distributor Corporation Fund	-	2,975,400	(2,975,400)
	<u>-</u>	<u>2,975,400</u>	<u>(2,975,400)</u>
Loan Capital and Loan Amortization			
Operation and maintenance			
Loans to third parties	-	1,110,656	(1,110,656)
Less loan advances transferred to loans receivable	-	(1,110,656)	1,110,656
	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>-</u>	<u>-</u>	<u>-</u>
Restricted Funds			
Carbon levy rebates	1,643,177	-	1,643,177
Net expenditures	(9,212,321)	(3,471,961)	(5,740,360)
Amortization expense	4,626,308	4,541,319	84,989
Total expenses	<u>(2,942,836)</u>	<u>1,069,358</u>	<u>(4,012,194)</u>

GOVERNMENT OF YUKON

Schedule 3

**Comparative Schedule of Expenses
for the year ended March 31, 2020**

	2020	2019	Increase (Decrease)
Totals			
Operation and maintenance	\$ 1,223,066,076	\$ 1,147,121,793	\$ 75,944,283
Capital	272,405,491	251,948,594	20,456,897
	1,495,471,567	1,399,070,387	96,401,180
Less: Acquisition of tangible capital assets	(97,210,903)	(76,413,132)	(20,797,771)
Land development costs transferred to land inventory	(18,219,964)	(24,882,823)	6,662,859
Loan advances transferred to loans receivable	(4,931,686)	(3,500,150)	(1,431,536)
Lease payments for leased tangible capital assets transferred to liabilities	(1,016,420)	(973,334)	(43,086)
	1,374,092,594	1,293,300,948	80,791,646
Cost of land sold	17,591,761	14,641,263	2,950,498
Amortization expenses	62,663,715	60,664,279	1,999,436
Other expenses not appropriated	(4,004,476)	3,691,518	(7,695,994)
	\$ 1,450,343,594	\$ 1,372,298,008	\$ 78,045,586

GOVERNMENT OF YUKON

Schedule 4

**Schedule of Expenses by Department
for the year ended March 31, 2020**

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Yukon Legislative Assembly						
Operation and maintenance						
Legislative services	\$ 4,056,000	\$ -	\$ -	\$ 4,056,000	\$ 3,590,869	\$ 465,131
Legislative Assembly Office	1,137,000	-	-	1,137,000	1,355,083	(218,083)
Retirement allowances and death benefits	2,720,000	-	-	2,720,000	2,689,353	30,647
Hansard	584,000	-	-	584,000	558,848	25,152
Conflicts Commission	41,000	-	-	41,000	38,632	2,368
	8,538,000	-	-	8,538,000	8,232,785	305,215
Capital						
Legislative Assembly Office	35,000	-	-	35,000	34,963	37
Amortization expense	1,000	-	-	1,000	1,722	(722)
Total expenses	8,574,000	-	-	8,574,000	8,269,470	304,530
Elections Office						
Operation and maintenance						
Elections	493,000	-	-	493,000	472,146	20,854

GOVERNMENT OF YUKON

Schedule 4

**Schedule of Expenses by Department
for the year ended March 31, 2020**

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Office of the Ombudsman						
Operation and maintenance Office of the Ombudsman	\$ 1,314,000	\$ -	\$ -	\$ 1,314,000	\$ 1,313,531	\$ 469
Capital Office of the Ombudsman	22,000	-	-	22,000	21,729	271
Amortization expense	12,000	-	-	12,000	11,997	3
Total expenses	1,348,000	-	-	1,348,000	1,347,257	743
Child and Youth Advocate Office						
Operation and maintenance Child and Youth Advocate Office	564,000	-	-	564,000	563,581	419
Capital Child and Youth Advocate Office	11,000	-	-	11,000	10,826	174
Less acquisition of tangible capital assets	(11,000)	11,000	-	-	-	-
	-	11,000	-	11,000	10,826	174
Amortization expense	2,000	(2,000)	-	-	-	-
Total expenses	566,000	9,000	-	575,000	574,407	593

GOVERNMENT OF YUKON

Schedule 4

**Schedule of Expenses by Department
for the year ended March 31, 2020**

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Executive Council Office						
Operation and maintenance						
Strategic corporate services	\$ 4,377,000	\$ -	\$ -	\$ 4,377,000	\$ 4,325,197	\$ 51,803
Aboriginal relations	7,383,000	645,000	-	8,028,000	8,215,268	(187,268)
Corporate programs and intergovernmental relations	6,382,000	918,000	-	7,300,000	7,135,720	164,280
Government internal audit services	571,000	-	-	571,000	481,014	89,986
Office of the Commissioner	297,000	-	-	297,000	248,838	48,162
Cabinet Offices	3,129,000	-	-	3,129,000	2,875,029	253,971
COVID-19 pandemic	-	-	-	-	3,714	(3,714)
	22,139,000	1,563,000	-	23,702,000	23,284,780	417,220
Amortization expense	9,000	-	-	9,000	9,373	(373)
Total expenses	22,148,000	1,563,000	-	23,711,000	23,294,153	416,847

GOVERNMENT OF YUKON

Schedule 4

**Schedule of Expenses by Department
for the year ended March 31, 2020**

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Community Services						
Operation and maintenance						
Corporate services	\$ 4,394,000	\$ 215,000	\$ -	\$ 4,609,000	\$ 4,387,749	\$ 221,251
Protective services	31,666,000	23,267,000	-	54,933,000	55,977,916	(1,044,916)
Community development	48,362,000	(1,132,000)	-	47,230,000	46,478,756	751,244
Corporate policy and consumer affairs	9,641,000	2,602,000	-	12,243,000	11,916,811	326,189
	94,063,000	24,952,000	-	119,015,000	118,761,232	253,768
Capital						
Corporate services	190,000	-	-	190,000	313,566	(123,566)
Protective services	2,804,000	(934,000)	-	1,870,000	1,258,041	611,959
Community development	66,047,000	43,082,000	-	109,129,000	89,853,287	19,275,713
Corporate policy and consumer affairs	2,200,000	10,000	-	2,210,000	2,209,052	948
	71,241,000	42,158,000	-	113,399,000	93,633,946	19,765,054
Less: Acquisition of tangible capital assets	(5,099,000)	(2,362,000)	-	(7,461,000)	(11,146,498)	3,685,498
Land development costs transferred to land inventory	(19,000,000)	(7,592,000)	-	(26,592,000)	(18,103,755)	(8,488,245)
Local improvement costs transferred to loans receivable	(2,200,000)	-	-	(2,200,000)	(1,868,365)	(331,635)
	44,942,000	32,204,000	-	77,146,000	62,515,328	14,630,672
Cost of land sold	28,050,000	(6,622,000)	-	21,428,000	17,591,761	3,836,239
Amortization expense	7,051,000	-	-	7,051,000	6,927,908	123,092

GOVERNMENT OF YUKON

Schedule 4

**Schedule of Expenses by Department
for the year ended March 31, 2020**

	Appropriation			Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers		
Community Services					
Bad debts expense	\$ 16,000	\$ -	\$ -	\$ 16,000	\$ 4,740
Total expenses	174,122,000	50,534,000	-	224,656,000	18,848,511
Economic Development					
Operation and maintenance					
Corporate services	2,022,000	-	-	2,022,000	130,887
Policy, planning and communications	2,028,000	-	-	2,028,000	480,247
Business and industry development	7,396,000	1,950,000	-	9,346,000	(11,976)
Regional economic development	5,307,000	-	-	5,307,000	606,768
	16,753,000	1,950,000	-	18,703,000	1,205,926
Capital					
Business and industry development	1,062,000	1,500,000	-	2,562,000	(139)
Total expenses	17,815,000	3,450,000	-	21,265,000	1,205,787

GOVERNMENT OF YUKON

Schedule 4

**Schedule of Expenses by Department
for the year ended March 31, 2020**

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Education						
Operation and maintenance						
Education support services	\$ 14,589,000	\$ (10,628,000)	\$ -	\$ 3,961,000	\$ 4,038,847	\$ (77,847)
Schools and student services	117,515,000	5,378,000	-	122,893,000	122,213,550	679,450
Policy and partnerships	26,206,000	(648,000)	-	25,558,000	22,466,815	3,091,185
Yukon College/University	27,193,000	-	-	27,193,000	27,192,742	258
First Nations initiatives	-	7,332,000	-	7,332,000	7,100,590	231,410
	185,503,000	1,434,000	-	186,937,000	183,012,544	3,924,456
Capital						
Schools and student services	29,061,000	219,000	-	29,280,000	27,341,603	1,938,397
Less acquisition of tangible capital assets	(25,408,000)	521,000	-	(24,887,000)	(23,393,685)	(1,493,315)
	3,653,000	740,000	-	4,393,000	3,947,918	445,082
Amortization expense	7,692,000	-	-	7,692,000	7,201,995	490,005
Total expenses	196,848,000	2,174,000	-	199,022,000	194,162,457	4,859,543

GOVERNMENT OF YUKON

Schedule 4

**Schedule of Expenses by Department
for the year ended March 31, 2020**

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Energy, Mines and Resources						
Operation and maintenance						
Corporate services	\$ 3,576,000	\$ -	\$ -	\$ 3,576,000	\$ 3,292,137	\$ 283,863
Sustainable resources	10,986,000	667,000	-	11,653,000	10,966,410	686,590
Energy, corporate policy and communications	11,729,000	792,000	-	12,521,000	8,235,215	4,285,785
Oil and gas and mineral resources	31,376,000	1,696,000	-	33,072,000	26,264,879	6,807,121
Client services and partnerships	8,722,000	500,000	-	9,222,000	8,803,282	418,718
	66,389,000	3,655,000	-	70,044,000	57,561,923	12,482,077
Capital						
Corporate services	265,000	180,000	-	445,000	535,436	(90,436)
Sustainable resources	606,000	(180,000)	-	426,000	274,442	151,558
	871,000	-	-	871,000	809,878	61,122
Less: Acquisition of tangible capital assets	(470,000)	(75,000)	-	(545,000)	(549,473)	4,473
Land development costs transferred to land inventory	(250,000)	-	-	(250,000)	(116,209)	(133,791)
	151,000	(75,000)	-	76,000	144,196	(68,196)
Amortization expense	452,000	(5,000)	-	447,000	438,617	8,383
Environmental liabilities (net)	(2,200,000)	1,400,000	-	(800,000)	(86,867)	(713,133)
Total expenses	64,792,000	4,975,000	-	69,767,000	58,057,869	11,709,131

GOVERNMENT OF YUKON

Schedule 4

**Schedule of Expenses by Department
for the year ended March 31, 2020**

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Environment						
Operation and maintenance						
General management	\$ 366,000	\$ (366,000)	\$ -	\$ -	\$ -	\$ -
Corporate services	10,066,000	767,000	-	10,833,000	10,554,643	278,357
Environmental sustainability	24,599,000	833,000	-	25,432,000	26,348,541	(916,541)
Environmental liabilities and remediation	9,386,000	3,000	-	9,389,000	6,886,728	2,502,272
	44,417,000	1,237,000	-	45,654,000	43,789,912	1,864,088
Capital						
Corporate services	406,000	150,000	-	556,000	586,064	(30,064)
Environmental sustainability	1,089,000	436,000	-	1,525,000	1,443,962	81,038
	1,495,000	586,000	-	2,081,000	2,030,026	50,974
Less acquisition of tangible capital assets	(870,000)	45,000	-	(825,000)	(1,069,312)	244,312
	625,000	631,000	-	1,256,000	960,714	295,286
Amortization expense	677,000	-	-	677,000	539,747	137,253
Environmental liabilities (net)	(4,825,000)	-	-	(4,825,000)	881,775	(5,706,775)
Total expenses	40,894,000	1,868,000	-	42,762,000	46,172,148	(3,410,148)

GOVERNMENT OF YUKON

Schedule 4

**Schedule of Expenses by Department
for the year ended March 31, 2020**

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Finance						
Operation and maintenance						
Corporate services	\$ 1,549,000	\$ -	\$ -	\$ 1,549,000	\$ 1,364,070	\$ 184,930
Financial operations and revenue services	4,870,000	-	-	4,870,000	5,007,929	(137,929)
Economics, fiscal policy and statistics	2,790,000	-	-	2,790,000	2,572,900	217,100
Management board secretariat	2,342,000	-	-	2,342,000	2,233,446	108,554
Office of the Comptroller	973,000	-	-	973,000	985,178	(12,178)
Workers' compensation supplementary benefits	295,000	-	-	295,000	247,004	47,996
COVID-19 pandemic	-	-	-	-	1,348	(1,348)
	12,819,000	-	-	12,819,000	12,411,875	407,125
Capital						
Corporate services	1,111,000	-	-	1,111,000	655,392	455,608
Less acquisition of tangible capital assets	(69,000)	-	-	(69,000)	(156,228)	87,228
	1,042,000	-	-	1,042,000	499,164	542,836
Amortization expense	64,000	-	-	64,000	65,371	(1,371)
Bad debts expense	48,000	-	-	48,000	312,905	(264,905)
Transfers through the tax system	2,589,000	-	-	2,589,000	2,221,925	367,075
Total expenses	16,562,000	-	-	16,562,000	15,511,240	1,050,760

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2020

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
French Language Services Directorate						
Operation and maintenance						
French language services	\$ 6,302,000	\$ -	\$ -	\$ 6,302,000	\$ 6,169,919	\$ 132,081
Health and Social Services						
Operation and maintenance						
Corporate services	17,445,000	1,540,000	-	18,985,000	18,740,793	244,207
Family and children's services	46,971,000	3,713,000	-	50,684,000	52,341,137	(1,657,137)
Social supports	58,090,000	4,991,000	-	63,081,000	64,888,495	(1,807,495)
Community and program support	9,296,000	1,315,000	-	10,611,000	12,253,546	(1,642,546)
Health services	141,948,000	871,000	-	142,819,000	145,007,100	(2,188,100)
Continuing care	80,606,000	(4,248,000)	-	76,358,000	74,399,412	1,958,588
Yukon hospital services	74,909,000	4,633,000	-	79,542,000	79,510,253	31,747
COVID-19 pandemic	-	-	-	-	185,579	(185,579)
	429,265,000	12,815,000	-	442,080,000	447,326,315	(5,246,315)
Less pension costs transferred to loans receivable	-	-	-	-	(3,063,321)	3,063,321
	429,265,000	12,815,000	-	442,080,000	444,262,994	(2,182,994)

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2020

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Health and Social Services						
Capital						
Corporate services	\$ 1,673,000	\$ 725,000	\$ -	\$ 2,398,000	\$ 1,782,062	\$ 615,938
Family and children's services	510,000	-	-	510,000	1,050,883	(540,883)
Social supports	35,000	-	-	35,000	138,068	(103,068)
Community and program support	10,000	-	-	10,000	20,568	(10,568)
Health services	1,172,000	-	-	1,172,000	741,267	430,733
Continuing care	6,223,000	-	-	6,223,000	3,178,802	3,044,198
Yukon hospital services	4,500,000	-	-	4,500,000	3,905,052	594,948
	14,123,000	725,000	-	14,848,000	10,816,702	4,031,298
Less acquisition of tangible capital assets	(5,075,000)	(4,166,000)	-	(9,241,000)	(5,787,457)	(3,453,543)
	9,048,000	(3,441,000)	-	5,607,000	5,029,245	577,755
Amortization expense	7,406,000	204,000	-	7,610,000	7,662,266	(52,266)
Write-down of tangible capital assets	-	182,000	-	182,000	-	182,000
Total expenses	445,719,000	9,760,000	-	455,479,000	456,954,505	(1,475,505)

GOVERNMENT OF YUKON

Schedule 4

**Schedule of Expenses by Department
for the year ended March 31, 2020**

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Highways and Public Works						
Operation and maintenance						
Corporate services	\$ 12,255,000	\$ -	\$ -	\$ 12,255,000	\$ 13,048,145	\$ (793,145)
Information and communications technology	22,063,000	104,000	-	22,167,000	21,726,236	440,764
Transportation	63,747,000	-	-	63,747,000	65,432,640	(1,685,640)
Property management	43,559,000	-	-	43,559,000	43,748,422	(189,422)
Central Stores write off	-	-	-	-	138,131	(138,131)
	141,624,000	104,000	-	141,728,000	144,093,574	(2,365,574)
Less lease payments for leased tangible capital assets transferred to liabilities	(1,016,000)	-	-	(1,016,000)	(1,016,420)	420
	140,608,000	104,000	-	140,712,000	143,077,154	(2,365,154)
Capital						
Information and communications technology	5,953,000	630,000	-	6,583,000	6,116,662	466,338
Transportation	83,480,000	2,198,000	-	85,678,000	85,261,237	416,763
Property management	36,115,000	(2,828,000)	-	33,287,000	26,198,013	7,088,987
	125,548,000	-	-	125,548,000	117,575,912	7,972,088
Less acquisition of tangible capital assets	(58,107,000)	(5,342,000)	-	(63,449,000)	(53,396,302)	(10,052,698)
	67,441,000	(5,342,000)	-	62,099,000	64,179,610	(2,080,610)
Amortization expense	30,866,000	(795,000)	-	30,071,000	30,988,601	(917,601)
Write-down/disposal loss of tangible capital assets	-	-	-	-	105,097	(105,097)
Rental expense recognized from prepaid expenses	106,000	-	-	106,000	106,413	(413)
Total expenses	239,021,000	(6,033,000)	-	232,988,000	238,456,875	(5,468,875)

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2020

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Justice						
Operation and maintenance						
Management services	\$ 4,255,000	\$ 601,000	\$ -	\$ 4,856,000	\$ 4,454,552	\$ 401,448
Court services	7,784,000	(603,000)	-	7,181,000	6,899,004	281,996
Legal services	8,849,000	73,000	-	8,922,000	8,587,230	334,770
Regulatory services	4,002,000	420,000	-	4,422,000	4,551,542	(129,542)
Community justice and public safety	47,596,000	(125,000)	-	47,471,000	46,817,295	653,705
Human rights	744,000	-	-	744,000	691,911	52,089
COVID-19 pandemic	-	-	-	-	2,772	(2,772)
	73,230,000	366,000	-	73,596,000	72,004,306	1,591,694
Capital						
Management services	2,752,000	(1,064,000)	-	1,688,000	1,078,825	609,175
Court services	75,000	-	-	75,000	75,014	(14)
Community justice and public safety	2,323,000	-	-	2,323,000	2,324,070	(1,070)
	5,150,000	(1,064,000)	-	4,086,000	3,477,909	608,091
Less acquisition of tangible capital assets	(2,877,000)	1,064,000	-	(1,813,000)	(1,058,684)	(754,316)
	2,273,000	-	-	2,273,000	2,419,225	(146,225)
Amortization expense	2,804,000	(9,000)	-	2,795,000	2,792,073	2,927
Total expenses	78,307,000	357,000	-	78,664,000	77,215,604	1,448,396

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2020

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Public Service Commission						
Operation and maintenance						
Finance and administration	\$ 1,108,000	\$ (1,108,000)	\$ -	\$ -	\$ -	\$ -
Corporate human resources and diversity services	3,114,000	(3,114,000)	-	-	-	-
Human resource service centre division	5,684,000	574,000	-	6,258,000	5,717,371	540,629
Labour relations	1,327,000	(1,327,000)	-	-	-	-
Workers' compensation fund	6,492,000	(6,492,000)	-	-	-	-
Policy, planning and communication	864,000	(864,000)	-	-	-	-
Employee future benefits	26,895,000	(26,895,000)	-	-	-	-
Organizational development	2,509,000	(2,509,000)	-	-	-	-
Respectful workplace office	1,085,000	(1,085,000)	-	-	-	-
Health, safety and disability management	2,652,000	(2,652,000)	-	-	-	-
Corporate services	-	1,586,000	-	1,586,000	2,743,877	(1,157,877)
People and culture	-	5,882,000	-	5,882,000	5,295,064	586,936
Employee relations	-	5,298,000	-	5,298,000	5,032,927	265,073
Corporate funds	-	31,111,000	-	31,111,000	25,704,318	5,406,682
	51,730,000	(1,595,000)	-	50,135,000	44,493,557	5,641,443
Capital						
Finance and administration	680,000	(680,000)	-	-	-	-
Corporate human resources and diversity services	22,000	(22,000)	-	-	-	-
Health, safety and disability management	20,000	(20,000)	-	-	-	-
Corporate services	-	785,000	-	785,000	653,842	131,158
People and culture	-	8,000	-	8,000	1,248	6,752
Employee relations	-	4,000	-	4,000	-	4,000
	722,000	75,000	-	797,000	655,090	141,910
Less acquisition of tangible capital assets	(77,000)	27,000	-	(50,000)	(86,118)	36,118
	645,000	102,000	-	747,000	568,972	178,028

GOVERNMENT OF YUKON

Schedule 4

**Schedule of Expenses by Department
for the year ended March 31, 2020**

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Public Service Commission						
Amortization expense	\$ 273,000	\$ (7,000)	\$ -	\$ 266,000	\$ 272,786	\$ (6,786)
Total expenses	52,648,000	(1,500,000)	-	51,148,000	45,335,315	5,812,685
Tourism and Culture						
Operation and maintenance						
Corporate services	2,482,000	(104,000)	-	2,378,000	2,434,009	(56,009)
Cultural services	13,139,000	175,000	-	13,314,000	13,197,597	116,403
Tourism	12,872,000	-	-	12,872,000	12,854,153	17,847
	28,493,000	71,000	-	28,564,000	28,485,759	78,241
Capital						
Corporate services	10,000	-	-	10,000	5,935	4,065
Cultural services	2,601,000	(689,000)	-	1,912,000	1,493,879	418,121
Tourism	550,000	-	-	550,000	532,450	17,550
	3,161,000	(689,000)	-	2,472,000	2,032,264	439,736
Less acquisition of tangible capital assets	(1,325,000)	400,000	-	(925,000)	(567,146)	(357,854)
	1,836,000	(289,000)	-	1,547,000	1,465,118	81,882
Amortization expense	1,037,000	-	-	1,037,000	1,124,951	(87,951)
Write-down of tangible capital assets	-	-	-	-	12,160	(12,160)
Total expenses	31,366,000	(218,000)	-	31,148,000	31,087,988	60,012

GOVERNMENT OF YUKON

Schedule 4

**Schedule of Expenses by Department
for the year ended March 31, 2020**

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Women's Directorate						
Operation and maintenance						
Policy and program development	\$ 2,358,000	\$ 147,000	\$ -	\$ 2,505,000	\$ 2,432,942	\$ 72,058
Capital						
Policy and program development	10,000	-	-	10,000	6,782	3,218
Total expenses	2,368,000	147,000	-	2,515,000	2,439,724	75,276
Yukon Development Corporation (Transfer Payment)						
Operation and maintenance						
Interim electrical rebate	3,500,000	-	-	3,500,000	3,375,066	124,934
Mayo B rate payer support	2,625,000	-	-	2,625,000	2,625,000	-
	6,125,000	-	-	6,125,000	6,000,066	124,934
Capital						
Innovative renewable energy initiative	1,500,000	457,000	-	1,957,000	1,518,235	438,765
Arctic energy fund	4,705,000	(3,955,000)	-	750,000	-	750,000
	6,205,000	(3,498,000)	-	2,707,000	1,518,235	1,188,765
Total expenses	12,330,000	(3,498,000)	-	8,832,000	7,518,301	1,313,699

GOVERNMENT OF YUKON

Schedule 4

**Schedule of Expenses by Department
for the year ended March 31, 2020**

	Appropriation			Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers		
Yukon Housing Corporation (Transfer Payment)					
Operation and maintenance					
Gross expenditures	\$ 19,050,000	\$ -	\$ -	\$ 19,050,000	\$ 18,357,818
Less: Rental revenues	(6,408,000)	(96,000)	-	(6,504,000)	(6,983,218)
Recoveries	(5,997,000)	(136,000)	-	(6,133,000)	(6,216,345)
	6,645,000	(232,000)	-	6,413,000	5,158,255
Capital					
Gross expenditures	28,148,000	(4,000,000)	-	24,148,000	20,966,713
Less: Recoveries	(7,148,000)	(1,492,000)	-	(8,640,000)	(6,305,736)
Loan expenditures	(6,400,000)	-	-	(6,400,000)	(5,438,882)
	14,600,000	(5,492,000)	-	9,108,000	9,222,095
Total expenses	21,245,000	(5,724,000)	-	15,521,000	14,380,350

GOVERNMENT OF YUKON

Schedule 4

**Schedule of Expenses by Department
for the year ended March 31, 2020**

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Loan Capital and Loan Amortization						
Operation and maintenance						
Loans to third parties	\$ 5,000,000	\$ -	\$ -	\$ 5,000,000	\$ -	\$ 5,000,000
Less loan advances transferred to loans receivable	(5,000,000)	-	-	(5,000,000)	-	(5,000,000)
Total expenses	-	-	-	-	-	-
Restricted Funds						
Carbon levy rebates	-	-	-	-	1,643,177	(1,643,177)
Net expenditures	(9,999,000)	2,304,000	-	(7,695,000)	(9,212,321)	1,517,321
Amortization expense	4,534,000	111,000	-	4,645,000	4,626,308	18,692
Total expenses	(5,465,000)	2,415,000	-	(3,050,000)	(2,942,836)	(107,164)

GOVERNMENT OF YUKON

Schedule 4

**Schedule of Expenses by Department
for the year ended March 31, 2020**

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Totals						
Operation and maintenance	\$ 1,203,764,000	\$ 46,467,000	\$ -	\$ 1,250,231,000	\$ 1,223,066,076	\$ 27,164,924
Capital	274,428,000	34,520,000	-	308,948,000	272,405,491	36,542,509
Less: Acquisition of tangible capital assets	(99,388,000)	(9,877,000)	-	(109,265,000)	(97,210,903)	(12,054,097)
Land development costs transferred to land held for sale	(19,250,000)	(7,592,000)	-	(26,842,000)	(18,219,964)	(8,622,036)
Loan advances transferred to loans receivable	(7,200,000)	-	-	(7,200,000)	(4,931,686)	(2,268,314)
Lease payments for leased tangible capital assets transferred to liabilities	(1,016,000)	-	-	(1,016,000)	(1,016,420)	420
Cost of land sold	28,050,000	(6,622,000)	-	21,428,000	17,591,761	3,836,239
Amortization expenses	62,880,000	(503,000)	-	62,377,000	62,663,715	(286,715)
Other expenses not appropriated	(14,265,000)	3,886,000	-	(10,379,000)	(4,004,476)	(6,374,524)
Adjustments	7,941,000	(17,562,000)	-	(9,621,000)	-	(9,621,000)
	\$ 1,435,944,000	\$ 42,717,000	\$ -	\$ 1,478,661,000	\$ 1,450,343,594	\$ 28,317,406

GOVERNMENT OF YUKON

Schedule 5

**Schedule of Recoveries of Prior Years' Expenses
for the year ended March 31, 2020**

Department	Over Accruals	Other Recoveries	Total
Community Services	\$ 3,485	\$ 928,920	\$ 932,405
Health and Social Services	49,247	147,008	196,255
Energy, Mines and Resources	97,717	426	98,143
Education	11,757	62,742	74,499
Justice	154	56,348	56,502
Ombudsman	46,099	-	46,099
Economic Development	29,834	-	29,834
Public Service Commission	21,692	1,664	23,356
Tourism and Culture	159	17,384	17,543
Environment	-	14,527	14,527
Executive Council Office	-	3,083	3,083
Finance	-	2,357	2,357
Highways and Public Works	-	1,626	1,626
	\$ 260,144	\$ 1,236,085	\$ 1,496,229

GOVERNMENT OF YUKON

Schedule 6

**Schedule of Restricted Funds
for the year ended March 31, 2020**

	Recycling Fund	Youth Investment Fund	Health Investment Fund	Conservation Fund	Road and Airport Equipment Reserve Fund	Queen's Printer Revolving Fund	Vehicle Fleet Revolving Fund
Revenues							
Appropriation	\$ 175,000	\$ 102,000	\$ 75,000	\$ -	\$ -	\$ -	\$ -
Operating	6,015,062	-	-	200	16,330,442	426,795	4,953,553
	<u>6,190,062</u>	<u>102,000</u>	<u>75,000</u>	<u>200</u>	<u>16,330,442</u>	<u>426,795</u>	<u>4,953,553</u>
Expenses							
Operating	5,016,691	92,826	-	-	10,464,690	489,205	2,410,931
Amortization	-	-	-	-	3,015,962	48,504	1,561,842
	<u>5,016,691</u>	<u>92,826</u>	<u>-</u>	<u>-</u>	<u>13,480,652</u>	<u>537,709</u>	<u>3,972,773</u>
Net profit (loss) for the year	1,173,371	9,174	75,000	200	2,849,790	(110,914)	980,780
Adjustments for the <i>Financial Administration Act</i> requirements							
Acquisition of capital assets	-	-	-	-	(7,193,168)	-	(1,347,116)
Amortization of capital assets	-	-	-	-	3,015,962	48,504	1,561,842
(Gain) loss on sale of capital assets	-	-	-	-	(158,124)	-	16,652
Proceeds on sale of capital assets	-	-	-	-	181,610	-	42,294
Balance at beginning of year	(124,505)	13,846	135,698	167,309	5,721,259	62,409	3,716,776
Balance at end of year	<u>\$ 1,048,866</u>	<u>\$ 23,020</u>	<u>\$ 210,698</u>	<u>\$ 167,509</u>	<u>\$ 4,417,329</u>	<u>\$ (1)</u>	<u>\$ 4,971,228</u>

GOVERNMENT OF YUKON

Schedule 6

**Schedule of Restricted Funds
for the year ended March 31, 2020**

	Recycling Fund	Youth Investment Fund	Health Investment Fund	Conservation Fund	Road and Airport Equipment Reserve Fund	Queen's Printer Revolving Fund	Vehicle Fleet Revolving Fund
Assets and liabilities that are specific to each Fund and included in the Government's assets and liabilities are as follows:							
Assets							
Accounts receivable	\$ 486,705	\$ -	\$ -	\$ -	\$ 1,659	\$ 10,734	\$ 42,441
Tangible capital assets	-	-	-	-	37,207,143	2,927	8,287,348
	<u>486,705</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,208,802</u>	<u>13,661</u>	<u>8,329,789</u>
Liabilities							
Accounts payable and accrued liabilities	<u>33,861</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,999</u>	<u>28,069</u>	<u>1,157,974</u>
Accumulated surplus (deficit) of the Funds that are included in the Government's accumulated surplus are as follows:							
Accumulated surplus (deficit)	<u>\$ 1,048,866</u>	<u>\$ 23,020</u>	<u>\$ 210,698</u>	<u>\$ 167,509</u>	<u>\$ 41,624,471</u>	<u>\$ (326,776)</u>	<u>\$ 10,745,731</u>

GOVERNMENT OF YUKON

Schedule 6

**Schedule of Restricted Funds
for the year ended March 31, 2020**

	Wildland Fire Suppression Revolving Fund	Risk Management Revolving Fund	Assurance Fund	Yukon Historic Resources Fund	Corrections Revolving Fund	Elijah Smith Forest Renewal Fund	Carbon Rebate Revolving Fund	2020 Total	2019 Total
Revenues									
Appropriation	\$ 30,801,883	\$ 1,705,744	\$ -	\$ 25,000	\$ -	\$ -	\$ -	\$ 32,884,627	\$ 15,275,803
Operating	301,135	-	197,987	-	104,605	11,136	1,643,177	29,984,092	29,160,343
	<u>31,103,018</u>	<u>1,705,744</u>	<u>197,987</u>	<u>25,000</u>	<u>104,605</u>	<u>11,136</u>	<u>1,643,177</u>	<u>62,868,719</u>	<u>44,436,146</u>
Expenses									
Operating	31,103,018	1,553,896	220	26,497	98,713	-	1,643,177	52,899,864	37,306,296
Amortization	-	-	-	-	-	-	-	4,626,308	4,541,319
	<u>31,103,018</u>	<u>1,553,896</u>	<u>220</u>	<u>26,497</u>	<u>98,713</u>	<u>-</u>	<u>1,643,177</u>	<u>57,526,172</u>	<u>41,847,615</u>
Net profit (loss) for the year	-	151,848	197,767	(1,497)	5,892	11,136	-	5,342,547	2,588,531
Adjustments for the <i>Financial Administration Act</i> requirements									
Acquisition of capital assets	-	-	-	-	-	-	-	(8,540,284)	(5,497,283)
Amortization of capital assets	-	-	-	-	-	-	-	4,626,308	4,541,319
Gain on sale of capital assets	-	-	-	-	-	-	-	(141,472)	(318,939)
Proceeds on sale of capital assets	-	-	-	-	-	-	-	223,904	443,563
Balance at beginning of year	-	4,848,152	5,372,011	1,204,405	117,292	231,325	-	21,465,977	19,708,786
Balance at end of year	<u>\$ -</u>	<u>\$ 5,000,000</u>	<u>\$ 5,569,778</u>	<u>\$ 1,202,908</u>	<u>\$ 123,184</u>	<u>\$ 242,461</u>	<u>\$ -</u>	<u>\$ 22,976,980</u>	<u>\$ 21,465,977</u>

GOVERNMENT OF YUKON

Schedule 6

**Schedule of Restricted Funds
for the year ended March 31, 2020**

	Wildland Fire Suppression Revolving Fund	Risk Management Revolving Fund	Assurance Fund	Yukon Historic Resources Fund	Corrections Revolving Fund	Elijah Smith Forest Renewal Fund	Carbon Rebate Revolving Fund	2020 Total	2019 Total
Assets and liabilities that are specific to each Fund and included in the Government's assets and liabilities are as follows:									
Assets									
Accounts receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	541,538	\$ 399,539
Tangible capital assets	-	-	-	-	-	-	-	45,497,419	41,668,081
	-	-	-	-	-	-	-	46,038,957	42,067,620
Liabilities									
Accounts payable and accrued liabilities	-	1,520,734	-	-	-	-	2,783,079	5,574,716	2,444,020
Accumulated surplus (deficit) of the Funds that are included in the Government's accumulated surplus are as follows:									
Accumulated surplus (deficit)	\$ -	\$ 5,000,000	\$ 5,569,778	\$ 1,202,908	\$ 123,184	\$ 242,461	\$ -	\$ 65,631,850	\$ 60,289,303

GOVERNMENT OF YUKON

Schedule 7

**Schedule of Inventories of Supplies
for the year ended March 31, 2020**

	Garage Parts and Fuel Inventory Fund	Central Stores Fund	Highway Materials Fund	Fire Management Fuel & Retardant Inventory	2020 Total	2019 Total
Opening inventory	\$ 1,691,889	\$ 699,304	\$ 2,489,816	\$ 1,313,425	\$ 6,194,434	\$ 9,080,913
Add purchases	3,308,927	921,531	4,422,055	2,449,283	11,101,796	11,912,340
	5,000,816	1,620,835	6,911,871	3,762,708	17,296,230	20,993,253
Less: Consumption	2,825,620	1,217,763	3,879,719	2,340,014	10,263,116	11,738,933
Inventory adjustments	-	121,997	-	-	121,997	3,059,886
Closing inventory	<u>\$ 2,175,196</u>	<u>\$ 281,075</u>	<u>\$ 3,032,152</u>	<u>\$ 1,422,694</u>	<u>\$ 6,911,117</u>	<u>\$ 6,194,434</u>

GOVERNMENT OF YUKON

Schedule 8

**Schedule of Legislated Grants
for the year ended March 31, 2020**

	Main Estimates	Revised Estimates	Actual	Under (Over) Estimates
Community Services				
Comprehensive municipal grants	\$ 19,141,000	\$ 19,201,000	\$ 19,201,194	\$ (194)
In-lieu of property taxes	9,799,000	9,799,000	9,047,899	751,101
Home owner grants	4,024,000	4,024,000	3,944,185	79,815
	32,964,000	33,024,000	32,193,278	830,722
Education				
Post secondary student grants	5,034,000	5,034,000	4,785,569	248,431
Student transportation	116,000	116,000	63,848	52,152
Student accommodation (boarding subsidy)	30,000	30,000	12,608	17,392
	5,180,000	5,180,000	4,862,025	317,975
Finance				
Workers' compensation supplementary benefits	295,000	295,000	247,004	47,996
	295,000	295,000	247,004	47,996
Health and Social Services				
Social assistance - Whitehorse	17,194,000	18,194,000	18,205,422	(11,422)
Social assistance - region	2,568,000	3,068,000	2,662,760	405,240
Pioneer utility grant	1,946,000	1,946,000	1,996,713	(50,713)
Yukon seniors' income supplement	1,713,000	1,713,000	1,814,512	(101,512)
Child care subsidies	2,551,000	2,551,000	1,593,471	957,529
Medical travel subsidies	1,740,000	1,888,000	1,495,709	392,291
Adoption subsidies	180,000	180,000	89,489	90,511
	27,892,000	29,540,000	27,858,076	1,681,924
Total appropriated	66,331,000	68,039,000	65,160,383	2,878,617

GOVERNMENT OF YUKON

Schedule 8

**Schedule of Legislated Grants
for the year ended March 31, 2020**

	Main Estimates	Revised Estimates	Actual	Under (Over) Estimates
Finance				
Yukon child benefit	\$ 1,876,000	\$ 1,876,000	\$ 1,570,756	\$ 305,244
Research and development tax credit	636,000	636,000	606,449	29,551
Children's fitness tax credit	77,000	77,000	44,720	32,280
Total transfers through the tax system	2,589,000	2,589,000	2,221,925	367,075
	\$ 68,920,000	\$ 70,628,000	\$ 67,382,308	\$ 3,245,692

GOVERNMENT OF YUKON

Schedule 9

Schedule of Other Government Transfers
for the year ended March 31, 2020

	Main Estimates	Revised Estimates	Actual
Executive Council Office			
<u>Other transfer payments</u>			
Aboriginal relations			
- implementation initiatives - board and councils	\$ 3,561,000	\$ 3,561,000	\$ 3,550,840
- Yukon Land Use Planning Commission			\$ 679,819
- Yukon Fish and Wildlife Management Board			600,205
- Dawson Planning Commission			350,000
- Yukon Heritage Resources Board			229,855
- North Yukon Renewable Resources Council			173,398
- Teslin Renewable Resources Council			167,876
- Dawson District Renewable Resources Council			164,010
- Mayo District Renewable Resources Council			164,010
- Alsek Renewable Resources Council			156,831
- Carcross/Tagish Renewable Resources Council			156,831
- Carmacks Renewable Resources Council			156,831
- Dän Keyi Renewable Resources Council			156,831
- Laberge Renewable Resources Council			156,831
- Selkirk Renewable Resources Council			156,831
- Yukon Geographical Place Names Board			80,681
- various First Nations	150,000	150,000	65,500
- White River First Nation			40,000
- Gordon Foundation			18,000
- Yukon First Nations Hockey Association			7,500
- Council of Yukon First Nations	100,000	100,000	130,000
Youth strategy initiatives	1,527,000	1,566,000	1,516,138
- Bringing Youth Towards Equality Society			284,000
- Boys and Girls Club of Yukon			277,000
- Youth of Today Society			271,000
- Heart of Riverdale Community Centre			198,000
- Youth Investment Fund			102,000
- Big Brothers Big Sisters of Yukon			34,814
- Association franco-yukonnaise			25,000
- Yukon First Nation Chamber of Commerce			6,000
- various youth groups			318,324
Rideau Hall Foundation - Arctic Inspiration Prize	30,000	30,000	90,000
University of Alberta	130,000	130,000	1,297
Various transfer payments less than \$10,000	5,000	5,000	14,600
Total other government transfers	5,503,000	5,542,000	5,368,375

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2020**

	Main Estimates	Revised Estimates	Actual
Community Services			
<u>Funding programs</u>			
Sport	\$ 3,755,000	\$ 3,755,000	\$ 4,114,191
Community recreation/active living	1,854,000	2,604,000	2,220,660
Fire management - FireSmart	850,000	850,000	844,206
	<u>6,459,000</u>	<u>7,209,000</u>	<u>7,179,057</u>
<u>Other transfer payments</u>			
Small Communities fund	6,803,000	6,376,000	31,042,249
Investing in Canada infrastructure program	6,734,000	15,418,000	12,705,949
Clean Water Wastewater fund	22,021,000	1,814,000	11,678,721
Community library boards	399,000	399,000	353,161
- Watson Lake Library Board		\$ 58,343	
- Dawson City Library Board		52,136	
- Carcross Library Board		32,965	
- Haines Junction Library Board		31,090	
- Carmacks Library Board		30,878	
- Teslin Library Board		26,538	
- Mayo Library Board		23,209	
- Faro Library Board		19,936	
- Beaver Creek Library Board		16,255	
- Tagish Library Board		15,374	
- Pelly Crossing Library Board		13,183	
- Ross River Library Board		11,816	
- Burwash Landing Library Board		11,132	
- Old Crow Library Board		<u>10,306</u>	
Vuntut Gwitchin First Nation			270,000
- Old Crow Community Centre	50,000	50,000	<u>270,000</u>
Kwanlin Dün First Nation			172,716
- Whistle Bend Phase 4			
- employment and training support	-	-	113,338
- development of land information GIS database	-	-	<u>59,378</u>
Municipal ground water monitoring	111,000	111,000	146,734
- Town of Watson Lake			65,643
- City of Dawson			20,000
- Village of Carmacks			14,854
- Town of Faro			12,032
- Village of Mayo			11,662
- Various recipients			<u>22,543</u>

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2020**

	Main Estimates	Revised Estimates	Actual
Community Services			
<u>Other transfer payments (continued)</u>			
Solid waste - landfill agreements	\$ 239,000	\$ 239,000	\$ 142,473
- Vuntut Gwitchin First Nation		\$ 80,000	
- City of Dawson		62,473	
Association of Yukon Communities	100,000	100,000	100,000
Community/Local Advisory Council - operation and maintenance	72,000	72,000	72,396
- Hamlet of Mount Lorne		14,876	
- Marsh Lake Local Advisory Council		14,876	
- South Klondike Local Advisory Council		14,876	
- Tagish Area Advisory Committee		14,876	
- Hamlet of Ibx Valley		12,892	
Volunteer Benevoles Yukon Society	67,000	67,000	67,000
Emergency medical services			60,245
- Volunteer Ambulance Services Society			
- volunteer awards fund	110,000	110,000	19,022
- volunteer education			11,223
- volunteer community allowances			30,000
Emergency Management Organization			27,273
- National Defence - public safety broadband network	815,000	815,000	-
- emergency measures preparation	10,000	10,000	27,273
Kluane First Nation			20,000
- recreation/community centre	-	-	20,000
Tagish Community Association	-	-	21,458
Lorne Mountain Community Association	-	-	21,309
Selkirk First Nation	-	-	20,000
Marsh Lake Community Society	-	-	16,664
Keno Community Club	-	-	11,488
Fire management - research	10,000	10,000	10,000
City of Dawson - official community plan	-	-	4,852
Gas tax fund	1,615,000	-	-
Various transfer payments less than \$10,000	-	-	31,115
	<u>39,156,000</u>	<u>25,591,000</u>	<u>56,995,803</u>
Total other government transfers	<u>45,615,000</u>	<u>32,800,000</u>	<u>64,174,860</u>

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2020**

	Main Estimates	Revised Estimates		Actual
Economic Development				
<u>Funding programs</u>				
Community development fund	\$ 2,950,000	\$ 2,950,000		\$ 2,713,881
Media development incentive programs	710,000	1,160,000		1,359,969
Regional economic development fund	800,000	800,000		622,999
Strategic industries development fund	800,000	800,000		479,656
Enterprise trade fund	360,000	360,000		313,647
	<u>5,620,000</u>	<u>6,070,000</u>		<u>5,490,152</u>
<u>Other transfer payments</u>				
Technology and telecommunications projects	171,000	1,671,000		1,500,000
- Yukon First Nation Investment				
- Panache Ventures Investment Fund	-	-	\$ 1,500,000	
Yukon College/University				1,102,990
- Yukon Cold Climate Innovation Centre	835,000	835,000	835,000	
- cold climate innovation - Yukon innovation prize	105,000	105,000	105,000	
- core funding 2018/19			82,500	
- incubation program development			49,800	
- start-up business plan			30,690	
Yukonstruct Society				474,950
- Canada Yukon business service centre	200,000	200,000	200,000	
- operational funding 2019/20	150,000	150,000	100,000	
- launchspace program development			50,000	
- makerspace youth education equipment support			50,000	
- growthwheel group training			25,000	
- northern impact feasibility analysis			25,000	
- Yukon 2019 world building planning			24,950	
Yukon Gold Mining Alliance	397,000	397,000		397,500
- Yukon exploration & mining investment attraction			397,500	
Whitehorse Chamber of Commerce				191,567
- operational support	120,000	120,000	133,412	
- Yuwin project			25,000	
- collaboration facilitated session			12,385	
- Yukon Business Development (YBDP) website			11,943	
- Yukon Business Development (YBDP) program			8,827	
MusicYukon				145,000
- operational support	50,000	50,000	50,000	
- Breakout West 2019			95,000	
Yukon First Nations Chamber of Commerce				134,134
- operational support	125,000	125,000	125,000	
- LEADER Mini-MBA boot camp			9,134	
Yukon Chamber of Commerce, The	75,000	75,000		112,000
- operational support			112,000	

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2020**

	Main Estimates	Revised Estimates	Actual
Economic Development			
<u>Other transfer payments (continued)</u>			
Yukon Information Technology Industry Society (YITIS)	\$ 125,000	\$ 125,000	\$ 108,175
- TechYukon consolidated projects			\$ 108,175
Western Canadian Music			90,000
- Canadian music alliance licensing	-	-	90,000
Friends of Mount Sima Society			75,000
- pre-season training	-	-	75,000
Enterprise Development Services			70,691
- Youth of Today Society	-	-	70,691
Däna Näye Ventures			59,588
- micro loan program	73,000	73,000	34,664
- business development program	26,000	26,000	-
- youth entrepreneur in residence pilot project			24,924
Screen Production Yukon Association	50,000	50,000	50,000
- operational support 2019/20			45,000
- operational support 2018/19			5,000
Yukon First Nations Wildfire Limited Partnership			50,000
- beat the heat boot camp	-	-	50,000
Food Bank Society of Whitehorse			45,000
- Covid assistance	-	-	45,000
Vimy Heritage Housing Society			15,750
Northwestel			10,000
- community television	-	-	10,000
Miscellaneous transfer payments	50,000	50,000	-
Various transfer payments less than \$10,000	9,000	9,000	29,494
	2,561,000	4,061,000	4,661,839
Total other government transfers	8,181,000	10,131,000	10,151,991
Education			
<u>Funding programs</u>			
Labour market development agreement	4,148,000	4,045,000	3,532,766
Workforce development agreement	2,688,000	2,845,000	2,269,116
Community training fund	1,390,000	1,390,000	1,575,141
Student training and employment program	366,000	366,000	394,652
Canada/Yukon summer program	114,000	114,000	93,166
	8,706,000	8,760,000	7,864,841

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Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2020**

	Main Estimates	Revised Estimates		Actual
Education				
<u>Other transfer payments</u>				
Yukon College/University				\$ 27,267,743
- operational funding	\$ 23,596,000	\$ 23,596,000	\$ 23,595,743	
- Yukon Research Centre	1,456,000	1,456,000	1,456,000	
- Centre for Northern Innovation in Mining	1,200,000	1,200,000	1,200,000	
- licensed practical nurse program	491,000	491,000	491,000	
- Northern Institute of Social Justice	450,000	450,000	450,000	
- youth exploring trades	75,000	75,000	75,000	
Commission scolaire francophone du Yukon				5,888,345
- operations and maintenance	6,761,000	7,091,000	5,668,345	
- capital	-	220,000	220,000	
Council of Yukon First Nations				1,870,658
- native language centre	686,000	686,000	685,658	
- education support	260,000	260,000	560,000	
- native language program	450,000	450,000	450,000	
- education commission	175,000	175,000	175,000	
First Nation education agreements	-	1,035,000		1,285,212
Foundational skills	876,000	876,000		569,885
- Yukon Literacy Coalition			347,944	
- Yukon Learn Society			215,441	
- various recipients			6,500	
Association franco-yukonnaise	220,000	220,000		250,000
Special payments for education-related events/student activities	270,000	245,000		186,245
- Yukon Wildlife Preserve Operating Society			29,944	
- Yukon Food for Learning Association			20,005	
- Big Brothers & Big Sisters of Yukon			19,500	
- Yukon Arts Society			18,811	
- F.H. Collins Secondary School Trust Account			12,762	
- Historica Canada			10,080	
- Grower's of Organic Food Yukon Association			10,000	
- various recipients			65,143	
Remuneration school councils/committees	257,000	257,000		179,982
- Catholic Education Association of Yukon			28,731	
- various recipients			151,251	
Home tutor program	150,000	125,000		143,043
- Learning Disabilities Association of Yukon			80,000	
- Kwanlin Dün First Nation			31,907	
- Skookum Jim Friendship Centre			20,000	
- Ta'an Kwäch'än Council			11,136	
Post-secondary student scholarships	119,000	119,000		118,000
- Lester B. Pearson College			68,000	
- University of Saskatchewan			50,000	

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2020**

	Main Estimates	Revised Estimates	Actual
Education			
<u>Other transfer payments (continued)</u>			
Education related organizations	\$ 105,000	\$ 105,000	\$ 112,905
- Council of Ministers of Education, Canada			\$ 110,905
- various recipients			2,000
Whole child project	141,000	141,000	103,522
- Dealing with the Whole Child Society			87,522
- various recipients			16,000
Attendance initiative	50,000	100,000	100,000
- Individual Learning Centre School trust			18,040
- Takhini Elementary School trust			13,545
- Gadzoosdaa student residence trust			10,000
- Porter Creek Secondary School trust			10,000
- various recipients			48,415
French second language support	49,000	49,000	49,000
- Robert Service school trust			10,846
- various recipients			38,154
First Nations elder program	44,000	44,000	46,500
- Teslin Tlingit Council			30,000
- Champagne and Aishihik First Nations			16,500
School cultural activities	97,000	97,000	43,750
- Northern Cultural Expressions Society			30,000
- Tr'ondëk Hwëch'in			13,750
Apprenticeship initiatives	58,000	58,000	34,402
- Receiver General for Canada			34,402
First Nations special payments for education related events student activities	-	25,000	13,000
- various recipients			13,000
First Nations education accords	10,000	-	-
	38,046,000	39,646,000	38,262,192
Total other government transfers	46,752,000	48,406,000	46,127,033
Energy, Mines and Resources			
<u>Funding programs</u>			
Rebate programs	3,760,000	3,760,000	1,726,294
Low carbon economy leadership fund	1,760,000	3,360,000	1,409,047
Yukon mineral exploration program	1,400,000	1,400,000	1,400,000
Agriculture - Canadian agricultural partnership	875,000	875,000	668,414
	7,795,000	9,395,000	5,203,755

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2020**

	Main Estimates	Revised Estimates	Actual
Energy, Mines and Resources			
<u>Other transfer payments</u>			
Gateway related project funding			
- various First Nations	\$ -	\$ 200,000	\$ 321,770
Energy - cost shared projects			
- various recipients	997,000	47,000	287,175
Mining memorandum of understanding			
- various First Nations	750,000	750,000	262,268
Type II mine site reclamation			
- various Yukon First Nations	616,000	616,000	228,516
- Ross River Dena Council		\$ 150,000	
- Tr'ondëk Hwëch'in		78,516	
First Nation of Na-cho Nyäk Dun			
- ATAC Resources Ltd. - road support	-	-	206,875
Klondike Placer Miners' Association			
- operational funding	120,000	120,000	120,000
Geological survey work	215,000	215,000	118,137
- Boise State University			95,136
- Institut national de la recherche scientifique			14,070
- Simon Fraser University			4,877
- Memorial University			2,054
- Laurentian University			1,000
- University of Alberta			1,000
Yukon Chamber of Mines			
- operational funding	100,000	100,000	100,000
Yukon Agricultural Association - operational funding	90,000	90,000	90,000
Land planning - Peel related	-	-	45,000
- various First Nations			45,000
Yukon Wood Products Association	40,000	40,000	40,000
Tr'ondëk Hwëch'in - wetlands funding	-	-	39,000
Council of Yukon First Nations			
- mineral development strategy	-	-	20,881
Oil and gas resources			
- various Yukon First Nations	40,000	40,000	19,929
Forest management plans assistance			
- various recipients	15,000	15,000	13,590
Successor resource legislation working group			
- various First Nations	70,000	-	-

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2020**

	Main Estimates	Revised Estimates		Actual
Energy, Mines and Resources				
<u>Other transfer payments (continued)</u>				
Canadian Council of Forest Ministers	\$ -	\$ -	\$	11,250
Oil and gas and mineral resources - regulatory costs				
- various First Nations	35,000	35,000		10,000
Yukon Invasive Species Council	-	-		10,000
Various transfer payments less than \$10,000	24,000	24,000		18,741
	<u>3,112,000</u>	<u>2,292,000</u>		<u>1,963,132</u>
Total other government transfers	10,907,000	11,687,000		7,166,887
Environment				
<u>Other transfer payments</u>				
Environment Canada				1,259,565
- environmental sustainability	824,000	824,000	\$ 886,565	
- Peel Watershed	-	-	177,000	
- cableway remediation	-	156,000	156,000	
- Mackenzie River Basin - transboundary agreement	40,000	40,000	<u>40,000</u>	
Yukon Wildlife Preserve Operating Society				735,300
- operational costs	718,000	718,000	718,300	
- Swan Haven	17,000	17,000	<u>17,000</u>	
Wildlife Management Advisory Council	460,000	469,000		469,000
- Inuvialuit Final Agreement			<u>469,000</u>	
Yukon College/University				145,701
- climate change research	75,000	168,000	75,000	
- Yukon Research Centre			70,701	
- Congdon Creek Campground	5,000	5,000	-	
Humane Society Yukon	120,000	120,000		141,709
- operational costs			110,000	
- flooring			<u>31,709</u>	
Whitehorse Fish Hatchery	100,000	100,000		120,000
University of Saskatchewan	-	120,000		112,500
Yukon Fish and Game Association	80,000	80,000		80,000
Porcupine Caribou Management Board	75,000	75,000		75,000
Yukon Conservation Society	35,000	75,000		75,000
Vuntut Gwitchin First Nation				
- Porcupine caribou herd protection	50,000	50,000		62,500
Yukon Trappers' Association				
- operational costs	35,000	35,000		46,000
Centre for Human-Wildlife Conflict Solutions	25,000	25,000		44,500
Council of Yukon First Nations	-	-		37,312
Yukon Fish and Wildlife Association	-	-		37,000

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2020**

	Main Estimates	Revised Estimates		Actual
Environment				
<u>Other transfer payments (continued)</u>				
Animal protection program - various recipients	\$ 25,000	\$ 25,000	\$	32,553
Environmental public awareness - various recipients	30,000	30,000		29,269
Community water monitoring project	25,000	25,000		27,570
Humane Society Dawson	25,000	25,000		25,000
Government of Northwest Territories	-	-		25,000
Yukon invasive species	-	-		20,000
Ducks Unlimited	18,000	18,000		18,000
University of Toronto				14,300
- environmental sustainability	20,000	20,000	\$ 14,300	
- climate change research	-	15,000	-	
Canadian Cooperative Wildlife Health Centre	14,000	14,000		14,000
Fish and wildlife research support - various recipients	18,000	18,000		12,415
North Yukon Renewable Resource Council	-	-		10,000
Canadian Parks Council	12,000	12,000		8,662
Dalhousie University	-	-		7,500
Champagne and Aishihik First Nations	50,000	50,000		-
Tr'ondëk Hwëch'in				
- Tombstone Territorial Park	16,000	16,000		-
Livestock veterinary services	10,000	10,000		-
Various transfer payments less than \$10,000	28,000	28,000		4,276
Total other government transfers	2,950,000	3,383,000		3,689,632
Finance				
<u>Other transfer payments</u>				
Toronto-Dominion Bank, The				
- rural community banking	-	450,000		263,635
Total other government transfers	-	450,000		263,635
French Language Services Directorate				
<u>Other transfer payments</u>				
Association franco-yukonnaise	120,000	120,000		124,598
- French language training			120,000	
- Journée de la francophonie			4,598	
Quebec - Yukon Francophone community development	25,000	25,000		23,305
- Association franco-yukonnaise			12,905	
- various recipients			10,400	
Various transfer payments less than \$10,000	4,000	4,000		4,000
Total other government transfers	149,000	149,000		151,903

GOVERNMENT OF YUKON

Schedule 9

Schedule of Other Government Transfers
for the year ended March 31, 2020

	Main Estimates	Revised Estimates		Actual
Health and Social Services				
<u>Funding programs</u>				
Child care operating funds	\$ 4,454,000	\$ 4,454,000		\$ 7,098,061
Parents of children with disabilities	690,000	690,000		959,450
Employment incentives	390,000	390,000		414,835
	<u>5,534,000</u>	<u>5,534,000</u>		<u>8,472,346</u>
<u>Other transfer payments</u>				
Yukon Hospital Corporation				81,041,282
- operational funding	72,846,000	75,231,000	\$ 59,489,449	
- Watson Lake Hospital			6,449,643	
- Dawson City Hospital			6,045,956	
- orthopedic program	563,000	2,811,000	2,811,319	
- Territorial health investment fund - meditech	3,000,000	3,000,000	2,250,000	
- First Nations health	1,200,000	1,200,000	1,200,000	
- secure medical unit	1,000,000	1,000,000	1,000,000	
- laboratory services	800,000	800,000	689,299	
- Telemedicine	500,000	500,000	500,000	
- cataract plan	207,000	207,000	263,250	
- OB-GYN program			155,200	
- MS program			94,166	
- Yukon Hospital Foundation	93,000	93,000	<u>93,000</u>	
Yukon hospital insurance services	30,770,000	29,778,000		33,405,522
- Yukon residents' health care provided outside Yukon				
- Province of British Columbia			22,438,883	
- Province of Alberta			3,546,890	
- Yukon Hospital Corporation - Whitehorse			3,263,341	
- reimbursements to individuals and insurance companies			1,537,038	
- contributions to various health agencies			932,976	
- Canadian Blood Services			846,350	
- other provinces and territories			<u>840,044</u>	
Council of Yukon First Nations				4,367,961
- prevention and enhancement funding	-	2,664,000	4,191,976	
- First Nations health partnership	120,000	120,000	27,357	
- Health and Social Development Commission	-	-	<u>148,628</u>	
Yukon Medical Association				4,004,594
- physician recruitment/retention initiatives	2,793,000	3,018,000	2,782,206	
- medical practice insurance	304,000	304,000	746,888	
- education	318,000	318,000	318,000	
- medical student bursaries	125,000	125,000	<u>157,500</u>	
Child Development Centre	2,404,000	2,404,000		2,512,178
Challenge - Disability Resource Group				2,148,457
- transitional housing for persons with mental health conditions	562,000	562,000	720,360	
- Takhini Haven	1,080,000	1,080,000	631,124	
- community vocational alternatives	613,000	613,000	539,738	
- men's group residence	-	-	191,235	
- Bridges Café	65,000	65,000	<u>66,000</u>	

GOVERNMENT OF YUKON

Schedule 9

Schedule of Other Government Transfers
for the year ended March 31, 2020

	Main Estimates	Revised Estimates	Actual
Health and Social Services			
<u>Other transfer payments (continued)</u>			
Yukon Women's Transition Home Society	\$ 1,504,000	\$ 1,504,000	\$ 1,564,080
Teegatha'Oh Zheh	1,754,000	1,754,000	1,312,694
Skookum Jim Friendship Centre	774,000	774,000	963,769
- operational funding			\$ 806,256
- transitional services			109,513
- family support worker			48,000
Fetal Alcohol Syndrome Society of Yukon	527,000	527,000	919,641
- operational funding			713,141
- Kids Brain Health Network			80,000
- FASD Inter-agency Committee			59,000
- out and about Yukon			48,000
- Jeff Noble education training			19,500
First Nation family support	295,000	1,125,000	833,560
- First Nation of Na-cho Nyäk Dun			83,560
- Carcross/Tagish First Nation			75,000
- Champagne and Aishihik First Nations			75,000
- Kluane First Nation			75,000
- Liard First Nation			75,000
- Little Salmon/Carmacks First Nation			75,000
- Ross River Dena Council			75,000
- Selkirk First Nation			75,000
- Teslin Tlingit Council			75,000
- Tr'ondëk Hwëch'in			75,000
- Vuntut Gwitchin First Nation			75,000
Options for Independence Society	629,000	629,000	759,387
Blood Ties Four Directions Centre Society	199,000	199,000	691,968
- operational funding			336,090
- outreach van			355,878
Help & Hope for Families Society	492,000	492,000	677,640
- operational funding			592,640
- data collection on housing			85,000
Early learning and child care	1,938,000	1,938,000	634,820
- Child Development Centre			300,614
- Yukon College/University			145,000
- Grow with Joy Limited			38,900
- Teslin Tlingit Council			16,000
- Clifton Associates Ltd.			12,495
- Dawson Society for Children and Families (DSCF)			11,858
- Cheerful Kids Daycare			10,000
- various recipients			99,953
Inclusion Yukon Society	-	-	592,000
Canadian Mental Health Association	-	-	583,000
Kwanlin Dün First Nation			
- Jackson Lake Healing Camp	400,000	400,000	400,000
Dawson Shelter Society, The	442,000	442,000	388,620
Care agreements	-	-	343,538

GOVERNMENT OF YUKON

Schedule 9

Schedule of Other Government Transfers
for the year ended March 31, 2020

	Main Estimates	Revised Estimates		Actual
Health and Social Services				
<u>Other transfer payments (continued)</u>				
Hospice Yukon Society	\$ 288,000	\$ 288,000		\$ 310,080
Territorial Health Investment Fund	50,000	50,000		281,000
- First Nation of Na-cho Nyäk Dun			\$ 45,000	
- Little Salmon/Carmacks First Nation			42,000	
- Carcross/Tagish First Nation			40,000	
- Council of Yukon First Nations			30,000	
- Teslin Tlingit Council			25,000	
- Champagne and Aishihik First Nations			20,000	
- Liard Aboriginal Women's Society			20,000	
- Shakat Tun Adventures Inc.			20,000	
- Ta'an Kwäch'än Council			20,000	
- Kwanlin Dün First Nation			19,000	
City of Whitehorse - Handy Bus	234,000	234,000		234,000
Sport Yukon - Kids' Recreation Fund	206,000	206,000		210,120
Yukon Anti-Poverty Coalition	49,000	49,000		206,193
- operational funding			105,693	
- Safe at home			40,000	
- Voices influencing change program			36,500	
- Whitehorse affordable family housing program			24,000	
British Columbia Centre for Disease Control	96,000	96,000		184,713
Individual respite agreements	125,000	125,000		170,881
HealthLink British Columbia	-	-		162,618
Memorial University of Newfoundland	-	-		152,000
Kwanlin Dün First Nation - child welfare	150,000	150,000		150,000
- family support worker			150,000	
Yukon Registered Nurses Association	150,000	150,000		150,000
Salvation Army	150,000	150,000		149,530
Learning Disabilities Association of Yukon	136,000	136,000		147,390
Integrated support services for Yukon youth	-	-		145,860
- Skookum Jim Friendship Centre			134,007	
- various recipients			11,853	
Panorama	126,000	126,000		126,000
Second Opinion Society	109,000	109,000		121,000
Yukon Food for Learning Association	95,000	95,000		113,220
Federal child benefit - various recipients				111,383
- Whitehorse	289,000	289,000	74,639	
- Region	71,000	71,000	36,744	
Canadian partnership against cancer Yukon	-	85,000		85,000
Yukon Review Board - care agreements	92,000	92,000		81,137
Autism Yukon	180,000	180,000		80,580
Canadian Cancer Society				79,490
- cancer lodges	65,000	65,000	65,250	
- health services	12,000	15,000	14,240	
Public Works and Government Services Canada	74,000	74,000		78,064
Ta'an Kwäch'än Council				
- family support worker	75,000	75,000		75,000

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2020**

	Main Estimates	Revised Estimates	Actual
Health and Social Services			
<u>Other transfer payments (continued)</u>			
Yukon Council on Aging	\$ 48,000	\$ 48,000	\$ 72,420
Tr'ondëk Hwëch'in - emergency shelter	-	-	70,000
Line of Life Association of the Yukon	44,000	44,000	62,220
All Genders Yukon Society	-	-	69,333
Northern Gender Alliance	-	-	66,600
SignPost Seniors Association	54,000	54,000	55,080
Health Investment Fund	50,000	50,000	50,000
Rendezvous Rotary Club of Whitehorse - imagination library	50,000	50,000	50,000
Canadian Institute for Health Information	22,000	22,000	47,175
Victoria Faulkner Women's Centre, The - accommodation	32,000	32,000	42,153
Nursing education bursaries	24,000	24,000	41,418
Alberta Health Services - emergency medical services	34,000	34,000	35,910
Canadian Red Cross Society	-	-	35,800
Canadian National Institute for the Blind	33,000	33,000	33,000
St. Elias Seniors Society	32,000	32,000	32,640
British Columbia Family Hearing Resource Society	-	-	32,221
Government of Manitoba - Healthy child	30,000	30,000	31,500
Kids in the kitchen - various recipients	-	-	29,290
Health education bursaries	25,000	25,000	25,000
Professional Development Fund	25,000	25,000	25,000
Teen Parent Access to Education Society	18,000	18,000	23,460
Yukon T1D support network	-	-	23,000
Yukon Housing Corporation	22,000	22,000	21,636
British Columbia Cancer Registry	17,000	17,000	20,159
University of Toronto - choosing wisely Canada	-	-	20,000
Big Brothers and Big Sisters of Yukon	12,000	12,000	12,000
Recreation and Parks Association of the Yukon	28,000	28,000	8,050
Many Rivers Counselling and Support Services Society	2,042,000	2,042,000	-
Yukon Housing Corporation - Housing First	302,000	302,000	-
Social supports - miscellaneous	250,000	250,000	-
Land based healing supports	150,000	150,000	-
Mental health youth treatment centres	130,000	130,000	-
Watson Lake Shelter	100,000	100,000	-
Yukon Association for Community Living	96,000	96,000	-
Watson Lake Food Bank	50,000	50,000	-
Haines Junction Employment Development Society	50,000	50,000	-
Health professional bursary	40,000	40,000	-
Rick Hansen Foundation	20,000	20,000	-
Foster Parent Association	15,000	15,000	-
Corporate services - miscellaneous transfers	11,000	11,000	-
Alcohol and drug - education and prevention	10,000	10,000	-
Various transfer payments less than \$10,000	5,000	5,000	55,898
	135,010,000	142,458,000	142,840,933
Total other government transfers	140,544,000	147,992,000	151,313,279

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2020**

	Main Estimates	Revised Estimates	Actual
Highways and Public Works			
<u>Other transfer payments</u>			
Carcross/Tagish First Nation	\$ -	\$ 275,000	\$ 211,608
Northern transportation adaptation initiative			
- Yukon College/University	-	89,000	133,583
- climate change		\$ 72,263	
- permafrost mapping		61,320	
- Carleton University - climate change	-	48,000	48,001
- McMaster University - climate change	-	48,000	48,000
- FP innovations	-	45,000	45,000
- Canadian Standards Associations	-	3,000	-
Council of Yukon First Nations	-	-	103,500
Yukon Contractors Association	-	40,000	40,000
Tr'ondëk Hwëch'in	-	-	30,000
Yukon Transportation Museum Society, The			
- Bell licensing agreement	12,000	12,000	12,000
Government of Northwest Territories	-	-	3,000
Various transfer payments less than \$10,000	5,000	5,000	13,050
Total other government transfers	17,000	565,000	687,742

GOVERNMENT OF YUKON

Schedule 9

Schedule of Other Government Transfers
for the year ended March 31, 2020

	Main Estimates	Revised Estimates	Actual
Justice			
<u>Other transfer payments</u>			
Yukon Legal Services Society (Legal Aid)			\$ 2,588,572
- legal services	\$ 2,440,000	\$ 2,440,000	\$ 2,553,572
- community justice and public safety	35,000	35,000	35,000
Human Rights Commission	646,000	646,000	646,000
Community residential centre (Salvation Army)	550,000	550,000	550,000
Indigenous courtworker program	648,000	648,000	485,484
- Kwanlin Dün First Nation			127,958
- Kwanlin Dün First Nation (prior year funding)			17,096
- Carcross/Tagish First Nation			36,952
- Carcross/Tagish First Nation (prior year funding)			4,105
- Little Salmon/Carmacks First Nation			36,952
- Little Salmon/Carmacks First Nation (prior year funding)			4,105
- Vuntut Gwitchin First Nation			36,952
- Vuntut Gwitchin First Nation (prior year funding)			4,105
- Ross River Dena Council			36,952
- Tr'ondëk Hwëch'in			36,952
- First Nation of Na-cho Nyäk Dun			27,714
- Selkirk First Nation			25,064
- Selkirk First Nation (prior year funding)			26,202
- Teslin Tlingit Council			18,476
- Teslin Tlingit Council (prior year funding)			5,870
- Liard First Nation			18,476
- Kluane First Nation			9,238
- Kluane First Nation (prior year funding)			4,105
- Liard Aboriginal Women's Society (prior year funding)			8,210
Kwanlin Dün First Nation - security initiative	-	-	400,000
Yukon Workers' Compensation Health and Safety Board	330,000	330,000	329,500
Community justice projects	307,000	307,000	285,134
- Kwanlin Dün First Nation			49,925
- Kwanlin Dün First Nation (prior year funding)			13,868
- Liard First Nation			54,750
- Teslin Tlingit Council			45,000
- Champagne and Aishihik First Nations			23,768
- Champagne and Aishihik First Nations (prior year funding)			7,922
- Carcross/Tagish First Nation			20,925
- Carcross/Tagish First Nation (prior year funding)			2,325
- Tr'ondëk Hwëch'in			22,500
- Vuntut Gwitchin First Nation (prior year funding)			12,323
- Vuntut Gwitchin First Nation			9,858
- Ross River Dena Council			14,670
- Liard Aboriginal Women's Society (prior year funding)			7,300
Gladue project	-	-	224,700
Yukon Public Legal Education Association	90,000	163,000	163,333

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2020**

	Main Estimates	Revised Estimates		Actual
Justice				
<u>Other transfer payments (continued)</u>				
RCMP			\$	105,456
- biology caseworks	\$ 121,000	\$ 81,000	\$ 105,456	
- auxiliary police program	25,000	25,000	-	
- police board funding	5,000	5,000	-	
Yukon Aboriginal Women's Council	-	-		69,000
Selkirk First Nation community safety plan	-	-		32,500
Yukon Women's Transition Home Society	-	-		25,447
Yukon Community Crime Stoppers Association	10,000	10,000		8,296
The John Howard Society of the Lower Mainland of British Columbia	-	-		6,870
Tr'ondëk Hwëch'in - community consultative group	-	-		5,000
Vuntut Gwitchin First Nation - community consultative group	-	-		5,000
Sexualized assault response team	140,000	-		-
Various transfer payments less than \$10,000	-	-		-
Total other government transfers	5,347,000	5,240,000		5,930,292
Tourism and Culture				
<u>Funding programs</u>				
Arts operating funds	825,000	825,000		743,600
Tourism cooperative marketing fund	700,000	700,000		576,691
Arts fund	500,000	500,000		504,442
Advanced artist award	150,000	150,000		150,995
Touring artist fund	100,000	100,000		99,108
	2,275,000	2,275,000		2,074,836
<u>Other transfer payments</u>				
Yukon Arts Centre Corporation				1,066,657
- operations and maintenance	873,000	873,000	891,657	
- Old Fire Hall programming	175,000	175,000	175,000	
Museums - general operation, maintenance and training support	842,000	842,000		842,000
- MacBride Museum Society			232,000	
- Dawson City Museum Society			130,000	
- Yukon Transportation Museum Society, The			130,000	
- Yukon Church Heritage Society			80,000	
- Keno Community Club			50,000	
- Kluane Museum of History Society			50,000	
- Teslin Historical & Museum Society			50,000	
- Town of Faro - Campbell Region Interpretive Centre			40,000	
- Town of Watson Lake - Northern Lights Centre			40,000	
- Village of Mayo - Binet house			40,000	

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2020**

	Main Estimates	Revised Estimates		Actual
Tourism and Culture				
<u>Other transfer payments (continued)</u>				
First Nations cultural centres	\$ 800,000	\$ 800,000	\$	800,000
- Carcross/Tagish First Nation			\$ 130,000	
- Champagne and Aishihik First Nations			130,000	
- Kwanlin Dün Cultural Society			130,000	
- Teslin Tlingit Council			130,000	
- Tr'ondëk Hwëch'in			130,000	
- Little Salmon/Carmacks First Nation			50,000	
- Selkirk First Nation			50,000	
- Vuntut Gwitchin First Nation			50,000	
Dawson City Arts Society				607,000
- operation and maintenance	425,000	425,000	450,000	
- culture quest	157,000	157,000	157,000	
Northern Cultural Expressions Society	345,000	345,000		345,000
Museums - assistance	348,000	348,000		307,097
- MacBride Museum Society			55,128	
- Yukon Transportation Museum Society, The			45,388	
- Kwanlin Dün Cultural Society			39,240	
- Yukon Church Heritage Society			33,840	
- Carcross/Tagish First Nation			33,300	
- Dawson City Museum Society			28,000	
- Vuntut Gwitchin First Nation			19,055	
- Teslin Tlingit Council			18,780	
- Kluane Museum of Natural History			14,738	
- various recipients			19,628	
Yukon tourism development strategy				
- Yukon First Nations Culture and Tourism Association	300,000	300,000		295,000
- experience development	75,000	75,000		88,180
- Tourism Industry Association of the Yukon			45,000	
- Carcross/Tagish First Nation			38,180	
- Champagne and Aishihik First Nations			5,000	
Wilderness Tourism Association of the Yukon	264,000	264,000		290,500
- operations and maintenance			264,000	
- Yukon wild photo and video image bank			26,500	
Tourism Industry Association of the Yukon				264,000
- operations and maintenance	244,000	244,000	244,000	
- promotion/events	20,000	20,000	20,000	
Dawson City Museum Society	250,000	250,000		250,000
Yukon Convention Bureau Society	200,000	200,000		200,000
Yukon First Nations Culture and Tourism Association	160,000	160,000		160,500
- operations and maintenance			160,000	
- bead, hide and fur symposium			500	
Yukon Quest International Association (Canada)	150,000	150,000		150,000
Selkirk First Nation - Fort Selkirk	147,000	147,000		147,000
Klondike Visitors Association	-	-		138,148
Canadian Tourism Commission	303,000	303,000		100,000
Yukon Art Society - artist in the school	100,000	100,000		100,000

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2020**

	Main Estimates	Revised Estimates	Actual
Tourism and Culture			
<u>Other transfer payments (continued)</u>			
Tr'ondëk Hwëch'in			\$ 100,000
- Forty Mile	\$ 95,000	\$ 95,000	\$ 95,000
- Tr'ondëk - Klondike World Heritage Nomination			5,000
On Yukon Time			
- arts themed events	94,000	94,000	93,097
- Friends of the Yukon Archives Society			29,997
- MacBride Museum Society			12,000
- Dawson City Arts Society			10,000
- various recipients			41,100
Historic properties assistance program	116,000	116,000	79,760
- Yukon Historic Resource Fund			25,000
- City of Dawson			20,000
- Dawson Downtown Limited			10,000
- various recipients			24,760
Holland America Line Inc.	75,000	75,000	75,000
Yukon Sourdough Rendezvous	75,000	75,000	75,000
Yukon Historical and Museums Association	74,000	74,000	74,000
Air North Charter & Training Ltd.	-	-	73,792
Yukon Council of Archives	79,000	79,000	72,985
- community archivist project (phase 3, part 3)			70,000
- indigenous archives mini-summit			2,985
Vuntut Gwitchin First Nation - Rampart House	60,000	60,000	60,000
Sport Yukon - sport tourism	43,000	43,000	50,000
Friends of Yukon Permanent Art Collection Society			
- visual arts acquisitions	30,000	30,000	30,000
Association franco-yukonnaise	25,000	25,000	25,000
Stay Another Day			
- various recipients	25,000	25,000	25,000
Industry - product development and resource assessment	50,000	50,000	20,707
- various recipients			20,707
Yukon Science Institute, The	20,000	20,000	20,000
New Canadians event fund	45,000	45,000	19,758
- various recipients			19,758
Yukon Conservation Society - Canyon City	15,000	15,000	18,000
Carcross/Tagish First Nation - Conrad historic site	15,000	15,000	10,000
Council of Yukon First Nations	-	-	10,000
Kwanlin Dün Cultural Society	-	-	10,000
Heritage trails	20,000	20,000	900
- various recipients			900
National research projects	20,000	20,000	-
Various transfer payments less than \$10,000	-	-	14,000
	7,154,000	7,154,000	7,108,081
Total other government transfers	9,429,000	9,429,000	9,182,917

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2020**

	Main Estimates	Revised Estimates	Actual
Women's Directorate			
<u>Other transfer payments</u>			
Indigenous Women's equality fund	\$ 600,000	\$ 624,000	\$ 610,498
- Yukon Aboriginal Women's Council			\$ 216,500
- Liard Aboriginal Women's Society			200,000
- Whitehorse Aboriginal Women's Circle			193,998
Women's equality fund	197,000	197,000	180,000
- Victoria Faulkner Women's Centre, The			50,000
- The Yukon Status of Women Council			45,000
- Yukon Women in Trades and Technology			45,000
- Les EssentiElles			40,000
Victoria Faulkner Women's Centre, The			168,385
- women's advocate	100,000	100,000	100,000
- A Safe Place	65,000	65,000	68,385
Prevention of violence against aboriginal women initiatives	200,000	200,000	125,316
- Teen Parent Access to Education Society			25,500
- Champagne and Aishihik First Nations			25,000
- Food Bank Society of Whitehorse			25,000
- Victoria Faulkner Women's Centre, The			25,000
- Skookum Jim Friendship Centre			24,816
Skookum Jim Friendship Centre	93,000	93,000	96,039
- Women's legal advocate services			96,039
Yukon Anti-Poverty Coalition	42,000	42,000	52,500
- Program coordination/delivery			52,500
- Whitehorse affordable family housing complex			
Yukon Women's Transition Home Society	-	60,000	34,028
Queer Yukon Society	-	-	27,600
Women's community projects - various recipients	10,000	10,000	7,840
Total other government transfers	1,307,000	1,391,000	1,302,206
Yukon Development Corporation (Transfer Payment)			
<u>Other transfer payments</u>			
Interim electrical rebate	3,500,000	3,500,000	3,375,066
Mayo B rate payer support	2,625,000	2,625,000	2,625,000
Innovative renewable energy initiative	1,500,000	1,957,000	1,518,235
Arctic energy fund	4,705,000	750,000	-
Total other government transfers	12,330,000	8,832,000	7,518,301

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2020**

	Main Estimates	Revised Estimates	Actual
Yukon Housing Corporation (Transfer Payment)			
<u>Other transfer payments</u>			
Operations and maintenance	\$ 6,645,000	\$ 6,413,000	\$ 5,158,255
Capital	14,600,000	9,108,000	9,222,095
Total other government transfers	<u>21,245,000</u>	<u>15,521,000</u>	<u>14,380,350</u>
Totals			
Funding programs	36,389,000	39,243,000	36,284,987
Other government transfers	273,887,000	262,275,000	291,124,416
	<u>\$ 310,276,000</u>	<u>\$ 301,518,000</u>	<u>\$ 327,409,403</u>

GOVERNMENT OF YUKON

Schedule 10

**Schedule of Bad Debt Write-offs
for the year ended March 31, 2020**

Department	Number of Accounts	Total
Education	8	\$ 16,990
Community Services	31	11,240
Health and Social Services	9	<u>87,323</u>
		<u>\$ 115,553</u>

SECTION III
SUPPLEMENTARY FINANCIAL STATEMENTS
(audited)

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YUKON COLLEGE
FINANCIAL STATEMENTS
June 30, 2019

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YUKON COLLEGE
Management Responsibility

The consolidated financial statements are the responsibility of management and the Board of Governors of the College. The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards with Section 4200 series for government not-for-profit organizations. The consolidated financial statements include estimates based on the experience and judgment of management.

Management is responsible for maintaining the books of account, financial and management controls, and information systems, together with management practices designed to provide reasonable assurance that reliable and accurate financial information is available on a timely basis, that assets are safeguarded and controlled, that resources are managed economically and efficiently in the attainment of College objectives and that operations are carried out effectively.

Management is also responsible for designing these systems and practices to provide reasonable assurance that transactions are in accordance with the *Yukon College Act*, bylaws and policies of the College.

The Board of Governors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Board meets on a periodic basis with management and the external auditor to review the scope and results of the annual audit, and to review the consolidated financial statements and related financial reporting matters. The Board of Governors has reviewed and approved the consolidated financial statements.

These consolidated financial statements for the years ended June 30, 2019 and comparative periods have been independently audited by the College's auditor, the Auditor General of Canada, and his report is included herein.



Dr. Karen Barnes
President



Maggie Matear
Vice-President, University Services

December 7, 2019



INDEPENDENT AUDITOR'S REPORT

To the Board of Governors of the Yukon College

Opinion

We have audited the consolidated financial statements of the Yukon College and its controlled entity (the Group), which comprise the consolidated statement of financial position as at 30 June 2019, and the consolidated statement of operations, consolidated statement of changes in net assets and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2019, and the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.


Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in blue ink that reads "David Irving". The signature is written in a cursive style with a horizontal line above the name.

David Irving, CPA, CA
Principal
for the Interim Auditor General of Canada

Edmonton, Canada
7 December 2019

YUKON COLLEGE
Consolidated Statement of Financial Position
As at June 30

ASSETS	<u>2019</u>	<u>2018</u>
Current Assets		
Cash (note 4)	\$ 8,562,908	\$ 8,558,803
Accounts receivable (note 3b)	3,057,205	3,074,435
Inventories	118,497	126,662
Prepaid expenses	<u>135,373</u>	<u>133,469</u>
	<u>11,873,983</u>	<u>11,893,369</u>
Other Assets		
Restricted cash (note 5)	4,318,358	3,884,598
Accrued pension benefit asset (note 6a)	18,275,800	17,743,100
Capital assets (note 7)	<u>9,638,277</u>	<u>10,428,407</u>
	<u>\$ 44,106,418</u>	<u>\$ 43,949,474</u>
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities (note 8)	\$ 3,186,609	\$ 3,192,279
Deferred contributions (note 9)	3,950,461	3,993,487
Vacation leave and employee future benefits (note 10)	2,709,236	2,516,652
Loan payable (note 11)	<u>996,431</u>	<u>996,431</u>
	<u>10,842,737</u>	<u>10,698,849</u>
Long-term Liabilities		
Deferred capital contributions (note 12)	5,933,101	6,459,443
Other employee future benefits (note 6b)	<u>5,554,800</u>	<u>5,172,100</u>
	<u>11,487,901</u>	<u>11,631,543</u>
Net Assets		
Capital (note 7)	9,638,277	10,428,407
Externally restricted for endowments (note 13)	2,722,553	2,572,828
Externally restricted for pension (note 6a)	18,275,800	17,743,100
Unrestricted	<u>(8,860,850)</u>	<u>(9,125,253)</u>
	<u>21,775,780</u>	<u>21,619,082</u>
	<u>\$ 44,106,418</u>	<u>\$ 43,949,474</u>

Contractual rights and commitments (note 19 and 20)

The accompanying notes are an integral part of the consolidated financial statements.

Approved by the Board of Governors

Chair

Member

YUKON COLLEGE
Consolidated Statement of Operations
For the year ended June 30

	<u>2019</u>	<u>2018</u>
Revenues		
Contributions, Government of Yukon (note 15)	\$ 26,618,839	\$ 24,824,875
Contracts (note 16)	16,540,056	15,339,307
Tuition	2,547,290	2,326,551
Miscellaneous income (note 17)	1,921,199	1,879,615
Sales, rentals and services	1,583,449	1,662,302
Student assistance/scholarships (note 18)	836,724	768,242
Amortization of deferred capital contributions (note 12)	486,343	451,376
Interest income	208,051	110,573
	<u>\$ 50,741,951</u>	<u>\$ 47,362,841</u>
Expenses (note 14)		
Direct instruction	\$ 16,155,964	\$ 15,114,320
Direct instructional support	10,231,084	10,082,465
General administration	8,573,358	6,707,231
Research	4,471,071	4,513,909
Services received without charge (note 15)	4,466,331	3,983,667
Facility services and utilities	2,776,330	1,877,784
Cost of sales	1,654,561	1,617,001
Amortization of capital assets (note 7)	1,143,006	1,057,599
Employee leave and termination benefits	575,284	335,983
Student assistance/scholarships	569,463	724,382
Miscellaneous	118,526	104,441
	<u>\$ 50,734,978</u>	<u>\$ 46,118,782</u>
Total surplus (note 21)	<u>\$ 6,973</u>	<u>\$ 1,244,059</u>

The accompanying notes are an integral part of the consolidated financial statements.

YUKON COLLEGE
Consolidated Statement of Changes in Net Assets
For the year ended June 30

	<u>Unrestricted</u>	<u>Capital</u>	<u>Externally Restricted for Endowments</u>	<u>Externally Restricted for Pension</u>	<u>2019 Total</u>	<u>2018 Total</u>
Balance, beginning of year	\$ (9,125,253)	\$ 10,428,407	\$ 2,572,828	\$ 17,743,100	\$ 21,619,082	\$ 20,175,417
Capital assets acquired - net of disposals (note 7)	-	352,876	-	-	352,876	2,643,425
Amortization of capital assets (note 7)	-	(1,143,006)	-	-	(1,143,006)	(1,057,599)
Change in net assets - Capital (note 7)	790,130	-	-	-	790,130	(1,585,826)
Endowment contributions - net (note 13)	-	-	149,725	-	149,725	199,606
Total surplus (note 21)	(525,727)	-	-	532,700	6,973	1,244,059
Balance, end of year	<u>\$ (8,860,850)</u>	<u>\$ 9,638,277</u>	<u>\$ 2,722,553</u>	<u>\$ 18,275,800</u>	<u>\$ 21,775,780</u>	<u>\$ 21,619,082</u>

The accompanying notes are an integral part of the consolidated financial statements.

YUKON COLLEGE
Consolidated Statement of Cash Flows
For the year ended June 30

	<u>2019</u>	<u>2018</u>
Operating activities:		
Total surplus	\$ 6,973	\$ 1,244,059
Items not affecting cash		
Amortization of capital assets (note 7)	1,143,006	1,057,599
Amortization of deferred capital contributions (note 12)	(486,343)	(451,376)
Increase in non-cash working capital balances	541,213	1,331,924
Increase in accrued pension benefit asset	(532,700)	(1,089,200)
Increase in other employee future benefits	382,700	358,400
Cash flows provided from operating activities	<u>1,054,849</u>	<u>2,451,406</u>
Investing activities:		
Increase in restricted cash	<u>(433,760)</u>	<u>(117,065)</u>
Cash flows used in investing activities	<u>(433,760)</u>	<u>(117,065)</u>
Capital activities:		
Proceeds from disposal of capital asset	-	92,213
Capital assets acquired (note 7)	<u>(726,710)</u>	<u>(2,719,297)</u>
Cash flows used in capital activities	<u>(726,710)</u>	<u>(2,627,084)</u>
Financing activities:		
Net investment income from endowments (note 13)	142,198	156,436
Endowment contributions (including transfers)	7,527	43,170
(Decrease) increase in deferred capital contributions (note 12)	<u>(39,999)</u>	<u>2,129,226</u>
Cash flows provided from financing activities	<u>109,726</u>	<u>2,328,832</u>
Change in cash:		
Net increase in cash	4,105	2,036,089
Cash		
Beginning of year	<u>8,558,803</u>	<u>6,522,714</u>
End of year	<u>\$ 8,562,908</u>	<u>\$ 8,558,803</u>
Interest received	\$ 208,051	\$ 110,573

The accompanying notes are an integral part of the consolidated financial statements.

YUKON COLLEGE
Notes to the Consolidated Financial Statements
Year ended June 30, 2019

1. Purpose

a) Yukon College (the College) is a post-secondary educational institution and is incorporated under the *Yukon College Act*. The College is a not-for-profit organization and is a registered charity under the *Income Tax Act* and is therefore exempt from tax. A significant portion of its funding is provided by the Government of Yukon. The purpose of the College is to provide excellent, relevant and accessible learning opportunities.

b) The Yukon College Foundation (the Foundation) is incorporated as a not-for-profit organization under the *Canada Not-For-Profit Corporations Act*. The Foundation is a registered charity under the *Income Tax Act* and is therefore exempt from tax. The Foundation was established:

- to fund, facilitate, promote and carry out activities which are consistent with the objectives of the College and to provide support for its educational facilities, educational programs and education services;
- to fund the provision of bursaries, scholarships and prizes granted by the College for any purpose for students in attendance at facilities owned and/or operated by the College;
- to receive bequests, legacies, donations, gifts, funds and property from all sources and to hold and invest such funds and property and to administer and distribute such funds and property for the purposes of the Foundation;
- to do all such other things as are incidental and ancillary to the attainment of the foregoing purposes and the exercise of the power of the Foundation.

2. Significant accounting policies

a) Basis of presentation

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. The College has elected to apply the Section 4200 series for government-not-for-profit organizations.

b) Basis of consolidation

The consolidated financial statements include the accounts of the College and its controlled entity, the Foundation. All inter-entity transactions and balances have been eliminated on consolidation.

The College controls the Foundation as the Board of Governors of the College have the ability to be appointed as the majority of the members of the Board of Directors of the Foundation. The President of the College is the only board member in common for the Foundation and the College. The President is an ex-officio member of the Board of Directors of the Foundation and a non-voting member of the Board of Governors of the College. The Foundation operates out of the College's main campus building with the assistance of College employees in the advancement office.

c) Financial instruments

All financial instruments of the College are recorded at cost or amortized cost. The College does not have any financial instruments that are carried at fair value.

YUKON COLLEGE
Notes to Consolidated Financial Statements
Year ended June 30, 2019

2. Significant accounting policies (continued)

d) Accounts receivable

Accounts receivable are recorded at cost less valuation allowances. Valuation allowances are calculated by examining amounts overdue 90 days or more to estimate amounts deemed to be uncollectible.

e) Capital assets

Capital assets are recorded at cost, net of accumulated amortization. Assets are amortized on a straight-line basis over their estimated useful lives. Assets under construction are recorded as work in progress and are not amortized until put into production. Contributed capital assets are recorded at fair value at the time of contribution. When conditions indicate that an asset no longer contributes to the College's ability to provide its services, the carrying amount of the asset is written down to its residual value, if any.

	<u>Useful life (years)</u>
Equipment – general	10
Leasehold improvements	20
Equipment EDP – electronic data processing	3
Furniture & fixtures	10
Mobile trailers	20
Vehicles	5

The Works of Art are capitalized at cost and no amortization is recorded.

f) Inventories

Inventories consist of items for resale in the bookstore and food service operations and are valued at the lower of cost and net realizable value. Inventories are determined on a first in - first out basis.

g) Contributed services

The College benefits from services provided by volunteers in assisting the institution in carrying out its activities. The fair value of these services is not determinable and accordingly is not included in the consolidated financial statements

h) Employee future benefits

Pension benefits

The Yukon College Employees' Pension Plan (pension plan) is a contributory defined benefit pension plan. The pension plan provides mandatory pension benefits for all full-time employees and optional benefits for part-time employees of the College after 24 months of continuous service. The College's pension plan provides for defined retirement benefits based on an employee's years of service and average final earnings, in accordance with the federal *Pension Benefits Standards Act*, and is indexed in accordance with the change in Consumer Price Index for 12 months ending September 30th. The College has contracted with external organizations to provide the services of trustee, administration, consulting and investment management for the pension plan. The pension plan assets are held by a trustee and separate financial statements are prepared for the pension plan.

The College accrues its obligations under the pension plan and the related costs, net of plan assets.

The cost of pension benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of expected plan investment performance, inflation rates, salary escalation, and retirement ages of employees.

YUKON COLLEGE
Notes to Consolidated Financial Statements
Year ended June 30, 2019

2. Significant accounting policies (continued)

(h) Employee future benefits (continued)

Past service costs from plan amendments are accounted for in the period of the plan amendments.

Actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service life of the related employee group.

Other non-pension benefits

The cost of the benefit plan, other than pension, including severance benefits, non-vesting but accumulating sick leave and special leave and managers' accrued leave, payable upon termination of employment, death or retirement, is actuarially determined using the projected accrued benefit method prorated on employment services using management's best estimate of inflation rates, salary escalation, retirement ages of employees, and is recognized over the period in which the benefits are earned (i.e. the period the employee renders service to the College). The College accrues other vacation and leave benefits for employees as earned. Actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service life of the related employee group.

i) Employee vacation leave

Employee vacation leave is expensed as the benefits accrue to employees under their respective terms of employment.

j) Revenue recognition

The College follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue on the same basis and in the same periods as expenses under the terms of the restrictions. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

Unrestricted contributions, such as operating grants, are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Endowment contributions are recognized as direct increases in endowment net assets. Interest earned on endowment contributions where a portion of the interest cannot be spent is added to the endowment principal. Interest earned on endowment contributions where the investment income can be spent is deferred until the interest is spent for the specified purposes.

Sales, rentals and services, miscellaneous income, and tuition are reported as revenue at the time the services are substantially provided or the products are delivered. Tuition fees received in advance of courses being delivered are deferred and recognized when the courses are delivered.

The College provides education, rentals, research and services to private companies, federal and territorial government departments, agencies and corporations through contractual arrangements. Payments received under these contracts for which the development and delivery of courses and projects are not completed are recorded as deferred revenue until completion in accordance with the terms of the agreements.

YUKON COLLEGE
Notes to Consolidated Financial Statements
Year ended June 30, 2019

2. Significant accounting policies (continued)

k) Allocation of expenses

The College allocates the majority of its expenses by function. General administration expenses are not allocated to other functions but are disclosed separately. Fundraising expenses incurred during the year are included in general administration expenses.

l) Restrictions on net assets

Capital represents the amount the College has spent on capital assets using its own funding sources. The accrued pension benefit asset is restricted in order to meet future pension obligations.

m) Related party transactions

The College is related to all Government of Yukon departments, corporations, agencies and the College's key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College. Significant transactions with related parties and balances at year-end are disclosed separately in the financial statements and notes thereto.

Inter-entity transactions are transactions between commonly controlled entities. Inter-entity transactions are recorded on a gross basis and are measured at the carrying amount, except for when inter-entity transactions are undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length, or where costs provided are recovered, they are measured at the exchange amount.

Related party transactions other than inter-entity transactions are recorded at the exchange amount.

The College receives certain services provided by the Government of Yukon without charge. The majority of the services received without charge represent costs associated with facilities provided by the Government of Yukon at a reduced, or no, charge. These services are recognized as expenses with an offsetting credit to revenues in order to reflect the full cost of the College's operations in its financial statements. These services are recorded at amounts based on the Government of Yukon's amortization expense (for the main campus), which is the carrying amount, and on fair value for the rental of other facilities.

n) Use of estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards applicable for government not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses for the year. Significant areas requiring the use of management estimates relate to the determination of the accrued pension benefit asset and the liabilities for other employee future benefits, and the estimated useful lives of capital assets. Actual results could differ significantly from those estimated. Estimates are reviewed annually and as adjustments become necessary, they are recorded in the consolidated financial statements in the period which they become known.

o) Contingent liabilities

Contingent liabilities may arise from time to time in the normal course of operations. Liabilities on any litigation are recognized in the consolidated financial statements when it is likely that a future event will confirm that a liability has been incurred at the date of the consolidated financial statements and the amount can be reasonably estimated. If the likelihood is not determinable or the amount cannot be reasonably estimated, the contingent liability is disclosed in the notes to the financial statements and no liability is accrued.

YUKON COLLEGE
Notes to Consolidated Financial Statements
Year ended June 30, 2019

3. Financial risk management

(a) Fair value of financial instruments

The College's financial instruments consist of cash, accounts receivable, restricted cash, accounts payable and accrued liabilities and loan payable. The fair values of the College's financial instruments approximate their carrying values.

(b) Financial risks

The College's financial instruments are exposed to the following risks: interest rate risk, foreign exchange risk, credit risk, and liquidity risk. The College manages these risk exposures on an ongoing basis. The College is not party to any financial derivatives.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The fair value of the College's financial instruments approximate their carrying values due to the short term nature of these instruments. It is management's opinion that the College is not exposed to significant interest rate risk on its cash and restricted cash, which are held in a Canadian chartered bank and a reputable investment firm.

Foreign exchange risk

Foreign exchange risk is the risk that the value of financial assets and liabilities denominated in foreign currencies will fluctuate due to changes in their respective exchange rates. The College is not exposed to any significant foreign exchange risk because instruments held in foreign currency are not considered significant.

Credit risk

Credit risk arises from the possibility that the issuer of a financial instrument fails to meet its obligation. The carrying amount of cash, restricted cash and accounts receivable represents the maximum credit exposure. The credit risk associated with these instruments is considered to be minimal due to the nature of the instruments and the fact that the majority of the accounts receivable are due from the federal, territorial, first nation and municipal governments.

Credit risk on cash and restricted cash is minimized as these assets are held with a Canadian Chartered bank and a reputable investment firm.

Information regarding the College's accounts receivable is as follows:

	<u>2019</u>	<u>2018</u>
Carrying value	\$ 3,057,205	\$ 3,074,435
Allowance for doubtful accounts	\$ 18,279	\$ 75,920
Accounts receivable % less than 30 days	79%	74%
Accounts receivable % over 90 days	8%	5%

YUKON COLLEGE
Notes to Consolidated Financial Statements
Year ended June 30, 2019

3. Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the entity will not be able to meet its financial obligations as they become due. The College monitors its cash balance and cash flows from operations to ensure that it has sufficient liquidity on hand to meet its liabilities when due.

The College manages liquidity risk by continually monitoring actual and forecasted cash flows from operations and anticipated investing and financing activities to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the College's reputation. As at June 30, 2019 and 2018, substantially all of the College's accounts payable and accrued liabilities is due within 6 months of year-end.

4. Cash

The College has, if needed, an operating demand line of credit with its banker that allows the College to borrow up to \$500,000 at bank prime. The credit line was unused at both June 30, 2019 and June 30, 2018. The College's credit facility interest rates are subject to fluctuations in the prime rate.

5. Restricted cash

Restricted cash consists of \$4,267,082 (2018 - \$3,774,193) for Foundation endowment and deferred contributions and \$51,276 (2018 - \$110,405) for prepaid leave.

Restricted cash for Foundation endowment and deferred contributions consists of investments and cash invested in accordance with the articles of incorporation of the Foundation. Annual investment returns will vary from year to year. Restricted cash for prepaid leave consists of high interest savings accounts and the average annual return was 2.0% (2018 - 1.1 %).

6. Employee future benefits

a) Pension benefits

Assets in the Yukon College Employees' Pension Plan are based on fair values as reported by the custodian of the funds as at June 30, 2019. No adjustment is made for contributions/payments in transit at that date.

An actuarial valuation for accounting purposes was performed as of June 30, 2019 using the projected benefits method prorated on services. Pension benefit estimates for the year ending June 30, 2019 were made as part of the June 30, 2019 valuation. The next actuarial valuation for accounting purposes will be performed as of June 30, 2021.

An actuarial valuation for funding purposes was performed as of June 30, 2019 and the next actuarial valuation for funding purposes will be performed as of June 30, 2020. The actuarial valuation for funding purposes performed by the actuary in 2019 established the College's required current service contributions as 94.3% (2018 – 101.8%) of employee contributions. Under economic and demographic assumptions used in these calculations, this level of College contributions together with the employee contributions is sufficient to fund the current service costs of the pension plan benefits.

Total benefit payments were \$3,722,300 (2018 - \$3,159,900).

YUKON COLLEGE
Notes to Consolidated Financial Statements
Year ended June 30, 2019

6. Employee future benefits (continued)

a) Pension benefits (continued)

The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases and employee turnover and mortality. The assumptions used reflect management's best estimates of these future events. Key assumptions are summarized below:

	<u>2019</u>	<u>2018</u>
Weighted-average assumptions for benefit costs		
Discount rate	5.40 %	5.40 %
Expected long-term rate of return on plan assets	5.40 %	5.40 %
Rate of compensation increase	4.00 %	4.00 %
Inflation rate	2.20 %	2.20 %
Expected average remaining service life	10 years	9 years
Weighted-average assumptions of accrued benefit obligation		
Discount rate	5.50 %	5.40 %
Rate of compensation increase	3.50 %	4.00 %
Inflation rate	2.10 %	2.20 %
Change in accrued benefit obligation:		
	<u>2019</u>	<u>2018</u>
Accrued benefit obligation - beginning of year	\$ 89,528,700	\$ 83,740,100
Current service cost	2,405,300	2,559,600
Interest cost	4,849,000	4,555,300
Employee contributions	2,060,300	1,833,600
Benefits paid	(3,722,300)	(3,159,900)
Admin expenses	(210,000)	-
Actuarial gains	(7,767,200)	-
Accrued benefit obligation - end of year	<u>\$ 87,143,800</u>	<u>\$ 89,528,700</u>
Change in plan assets:		
	<u>2019</u>	<u>2018</u>
Fair value of plan assets - beginning of year	\$ 108,098,500	\$ 101,080,500
Actual return on plan assets	4,091,100	5,499,300
Employer contributions	2,084,200	2,845,000
Employee contributions	2,060,300	1,833,600
Benefits paid	(3,722,300)	(3,159,900)
Admin expenses	(210,000)	-
Fair value of plan assets - end of year	<u>\$ 112,401,800</u>	<u>\$ 108,098,500</u>
Reconciliation of funded status:		
	<u>2019</u>	<u>2018</u>
Accrued benefit obligation - end of year	\$ (87,143,800)	\$ (89,528,700)
Fair value of plan assets	<u>112,401,800</u>	<u>108,098,500</u>
Funding surplus	25,258,000	18,569,800
Unamortized net actuarial gains	(6,982,200)	(826,700)
Accrued pension benefit asset	<u>\$ 18,275,800</u>	<u>\$ 17,743,100</u>

YUKON COLLEGE
Notes to Consolidated Financial Statements
Year ended June 30, 2019

6. Employee future benefits (continued)

a) Pension benefits (continued)

	<u>2019</u>	<u>2018</u>
Elements of defined pension plan benefit costs recognized in the year:		
Current service cost, net of employee contributions	\$ 2,405,300	\$ 2,559,600
Interest cost on benefit obligation	4,849,000	4,555,300
Expected return on plan assets	(5,843,000)	(5,499,300)
Amortization of actuarial losses	140,200	140,200
Net periodic pension cost recognized	<u>\$ 1,551,500</u>	<u>\$ 1,755,800</u>

Based on fair value of plan assets held as at June 30, the assets were composed of:

	<u>2019</u>	<u>2018</u>
Equity securities	55%	55%
Debt securities	42%	42%
Other	<u>3%</u>	<u>3%</u>
Total	100%	100%

The accrued pension benefit asset has been recorded on the College's books of account and is included on the consolidated statement of financial position as at June 30, 2019.

The funded status of the pension plan, a surplus of \$19,586,500 as at June 30, 2019 (June 30, 2018 - \$16,395,300), has been determined on the basis that the pension plan remains a going concern. As at June 30, 2019, the date of the most recent actuarial valuation for funding purposes, the pension plan had a deficit of \$11,295,600 (June 30, 2018 - \$6,314,200) if valued on the basis that the pension plan were terminated/wound up as at June 30, 2019.

The solvency ratio of the pension plan was 92.0% at June 30, 2019 (2018 – 95.2%). During the fiscal year the College contributed \$2,084,200 (2018 - \$2,845,000) to the pension plan as a result of the solvency deficiency. The Government of Yukon provided pension funding to the College during the year as described in note 15. All required contributions to the pension plan have been made.

For the solvency deficiency, the College obtained a letter of credit in lieu of making solvency payments. The amount of the letter of credit is equal to the amount of solvency payments required as determined by the actuary.

In May 2011, the College acquired a letter of credit for the pension plan. The *Pension Benefits Standards Act* permits that letters of credit can be obtained in lieu of making special solvency payments. The letter of credit is an escalating letter of credit that increases by \$160,750 (2018 - \$207,108) per month up to an amount of \$19,415,635 which was the estimated amount of solvency payments required to April 30, 2020 based on the June 30, 2018 valuation. The maximum amount of the letter of credit is \$21,255,500 based on the June 30, 2019 funding valuation (2018 - \$19,550,400). The value of the letter of credit at June 30, 2019 was \$17,808,135 (2018 - \$15,832,777).

The letter of credit expires on April 30, 2020 but the College plans to renew the letter of credit no later than January 2020 as required by the legislation and in the amount determined by the actuarial valuation for June 30, 2019. The letter of credit is guaranteed by the Government of Yukon.

YUKON COLLEGE
Notes to Consolidated Financial Statements
Year ended June 30, 2019

6. Employee future benefits (continued)

b) Other non-pension employee future benefits

The non-pension benefit plan is not funded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation. The benefits include severance, non-vesting but accumulating sick leave, special leave and other outstanding leave entitlements and will be paid from future sources of revenue. The actuarial valuation of the accrued benefit liability as at June 30, 2019 is:

	<u>2019</u>	<u>2018</u>
Accrued benefit obligation, end of year	\$ 5,952,000	\$ 6,104,200
Unamortized actuarial gain (loss)	<u>282,800</u>	<u>(262,100)</u>
Actuarially determined other employee future benefits, end of year	6,234,800	5,842,100
Less: Current portion included in vacation leave and employee future benefits	<u>(680,000)</u>	<u>(670,000)</u>
Long-term portion other employee future benefits, end of year	<u>\$ 5,554,800</u>	<u>\$ 5,172,100</u>

The annual benefit plan cost and change in accrued benefit liability are as follows:

	<u>2019</u>	<u>2018</u>
Accrued benefit liability, beginning of year	\$ 5,842,100	\$ 5,483,700
Add: Annual benefit plan cost:		
Current service cost	851,000	816,300
Interest on accrued benefit obligation	181,900	172,300
Amortization of net actuarial loss	<u>39,800</u>	<u>39,800</u>
Total annual benefit plan cost	1,072,700	1,028,400
Less: Benefits paid by College	<u>(680,000)</u>	<u>(670,000)</u>
Actuarially determined other employee future benefits, end of year	6,234,800	5,842,100
Less: Current portion included in vacation leave and employee future benefits	<u>(680,000)</u>	<u>(670,000)</u>
Long-term portion other employee future benefits, end of year	<u>\$ 5,554,800</u>	<u>\$ 5,172,100</u>

The significant actuarial assumptions adopted in measuring the College's accrued benefit obligation are as follows:

	<u>2019</u>	<u>2018</u>
Weighted average assumptions for benefit costs:		
Discount rate	2.75%	2.75%
Rate of compensation increase		
for 10 years	2.75%	4.25%
thereafter	3.25%	4.75%
Expected average remaining service life	11 years	9 years
Weighted average assumptions for accrued benefit obligation:		
Discount rate	2.75%	2.75%
Rate of compensation increase		
for 10 years	2.75%	4.25%
thereafter	3.25%	4.75%
Expected average remaining service life	11 years	9 years

YUKON COLLEGE
Notes to Consolidated Financial Statements
Year ended June 30, 2019

7. Capital assets

	Beginning of Year	Additions	Disposals	Transfer to Capital Assets	End of Year
June 30, 2019					
Cost:					
Leasehold Improvements	\$ 6,907,460	\$ 207,587	\$ (58,730)	\$ -	\$ 7,056,317
Equipment General	3,598,689	352,063	(197,777)	-	3,752,975
Equipment EDP	662,210	108,235	(8,757)	-	761,688
Mobile Trailers	2,273,284	-	-	-	2,273,284
Furniture and Fixtures	313,636	56,075	(16,414)	-	353,297
Works of Art	76,198	2,750	-	-	78,948
Vehicles	521,633	-	-	-	521,633
Work in Progress	406,481	-	(373,834)	-	32,647
Total	<u>\$ 14,759,591</u>	<u>\$ 726,710</u>	<u>\$ (655,512)</u>	<u>\$ -</u>	<u>\$ 14,830,789</u>
Accumulated Amortization:					
Leasehold Improvements	\$ 1,599,362	\$ 373,880	\$ (58,730)	\$ -	\$ 1,914,512
Equipment General	1,266,606	387,997	(197,777)	-	1,456,826
Equipment EDP	428,493	155,137	(8,757)	-	574,873
Mobile Trailers	545,539	113,664	-	-	659,203
Furniture and Fixtures	112,446	37,013	(16,414)	-	133,045
Works of Art	-	-	-	-	-
Vehicles	378,738	75,315	-	-	454,053
Work in Progress	-	-	-	-	-
Total	<u>\$ 4,331,184</u>	<u>\$ 1,143,006</u>	<u>\$ (281,678)</u>	<u>\$ -</u>	<u>\$ 5,192,512</u>
Carrying Amounts:	<u>\$ 10,428,407</u>	<u>\$ (416,296)</u>	<u>\$ (373,834)</u>	<u>\$ -</u>	<u>\$ 9,638,277</u>

YUKON COLLEGE
Notes to Consolidated Financial Statements
Year ended June 30, 2019

7. Capital assets (continued)

	Beginning of Year	Additions	Disposals	Transfer to Capital Assets	End of Year
June 30, 2018					
Cost:					
Leasehold Improvements	\$ 4,494,023	\$ 1,979,626	\$ (77,118)	\$ 510,929	\$ 6,907,460
Equipment General	3,449,713	389,957	(240,979)	-	3,598,691
Equipment EDP	528,818	133,392	-	-	662,210
Mobile Trailers	2,273,283	-	-	-	2,273,283
Furniture and Fixtures	270,289	57,782	(14,435)	-	313,636
Works of Art	67,948	8,250	-	-	76,198
Vehicles	446,710	74,922	-	-	521,632
Work in Progress	842,042	75,368	-	(510,929)	406,481
Total	<u>\$ 12,372,826</u>	<u>\$ 2,719,297</u>	<u>\$ (332,532)</u>	<u>\$ -</u>	<u>\$ 14,759,591</u>
Accumulated Amortization:					
Leasehold Improvements	\$ 1,399,009	\$ 277,470	\$ (77,118)	\$ -	\$ 1,599,361
Equipment General	1,055,462	376,249	(165,107)	-	1,266,604
Equipment EDP	256,356	172,137	-	-	428,493
Mobile Trailers	431,875	113,664	-	-	545,539
Furniture and Fixtures	93,920	32,964	(14,435)	-	112,449
Works of Art	-	-	-	-	-
Vehicles	293,623	85,115	-	-	378,738
Work in Progress	-	-	-	-	-
Total	<u>\$ 3,530,245</u>	<u>\$ 1,057,599</u>	<u>\$ (256,660)</u>	<u>\$ -</u>	<u>\$ 4,331,184</u>
Carrying Amounts:	<u>\$ 8,842,581</u>	<u>\$ 1,661,698</u>	<u>\$ (75,872)</u>	<u>\$ -</u>	<u>\$ 10,428,407</u>

The land and buildings at Ayamdigut Campus and some community campuses are owned by the Government of Yukon and leased to the College at no charge. The Government of Yukon is responsible for major maintenance and upkeep of the building and grounds, and the College is responsible for minor interior maintenance and repairs. The College received contributed capital assets in 2018. In 2018 the assets consisted of two vehicles to be used in the Centre for Northern Innovation in Mining. The appraised amount of \$27,500 was added to the value of vehicles.

YUKON COLLEGE
Notes to Consolidated Financial Statements
Year ended June 30, 2019

8. Accounts payable and accrued liabilities

	<u>2019</u>	<u>2018</u>
Payroll payable	\$ 1,273,258	\$ 1,546,084
Trades accounts payable	1,139,107	905,897
Accrued accounts payable	247,446	373,019
Other payables	526,798	367,279
	<u>\$ 3,186,609</u>	<u>\$ 3,192,279</u>

9. Deferred contributions

These represent unspent externally restricted resources which have been received and relate to expenses that will occur in subsequent periods, and are therefore not recognized as revenue until the related expenses are incurred. These contributions may only be used in certain programs or in the completion of specific work. The Foundation endowment accounts consist of funds that can be used for student awards, scholarships and programs. The College trust accounts consist of funds used for employee benefits, emergency disbursements to students and the student training allowance. Deferred contributions are comprised of funds restricted for the following purposes:

	<u>2019</u>	<u>2018</u>
Contracts	\$ 2,604,568	\$ 2,868,202
Tuition	890,211	711,076
Endowment and trust accounts	455,682	414,209
Total deferred contributions	<u>\$ 3,950,461</u>	<u>\$ 3,993,487</u>

Change in Deferred Contributions:

	<u>2019</u>				<u>2018</u>	
	Contracts	Tuition & Registration Fees	Endowments & Trusts	Yukon Government Operating Contributions	Total	
Balance, beginning of year	\$ 2,868,202	\$ 711,076	\$ 414,209	\$ -	\$ 3,993,487	\$ 2,838,691
Investment income on trusts & endowments	-	-	77,312	-	77,312	83,814
Contributions	16,276,422	2,726,425	772,507	22,030,760	41,806,114	40,266,640
Revenue recognized	(16,540,056)	(2,547,290)	(808,346)	(22,030,760)	(41,926,452)	(39,168,022)
Transfer to endowments & unrestricted	-	-	-	-	-	(27,636)
Balance, end of year	<u>\$ 2,604,568</u>	<u>\$ 890,211</u>	<u>\$ 455,682</u>	<u>\$ -</u>	<u>\$ 3,950,461</u>	<u>\$ 3,993,487</u>

YUKON COLLEGE
Notes to Consolidated Financial Statements
Year ended June 30, 2019

10. Vacation leave and employee future benefits

	<u>2019</u>	<u>2018</u>
Vacation leave liability	\$ 1,878,369	\$ 1,679,992
Current portion of other employee future benefits (note 6b)	680,000	670,000
Long service leave liability	139,836	125,481
Compensatory pay liability	11,031	41,179
	<u>\$ 2,709,236</u>	<u>\$ 2,516,652</u>

11. Loan payable

The Yukon College Foundation, whose financial results are consolidated in these financial statements (note 2 b), has entered into an agreement with a donor for a non-interest bearing loan that is invested as deemed appropriate by the Foundation. Income from the loan will be used to establish and grow a research endowment. The principal will remain invested until it has been gifted to the Foundation at which time it will be added to the research endowment and managed under the terms of the endowment agreement. While the loan is repayable within 90 days on demand, the loan will be in place for a minimum of five years but may be converted to a gift at any time by the donor.

12. Deferred capital contributions

Deferred capital contributions represent restricted contributions received or receivable to purchase capital assets. The changes in the deferred capital contributions balance for the year are as follows:

	<u>2019</u>	<u>2018</u>
Balance, beginning of year	\$ 6,459,443	\$ 4,781,593
Restricted government contributions	(39,999)	2,129,226
Amount amortized to revenue	(486,343)	(451,376)
Balance, end of year	<u>\$ 5,933,101</u>	<u>\$ 6,459,443</u>

13. Endowments

	<u>2019</u>	<u>2018</u>
Endowment balance, beginning of year	2,572,828	2,373,222
Investment income added to net assets	142,198	156,436
Contributions from donors	7,527	33,605
Transfer of deferred contributions to endowments	-	9,565
Endowment balance, end of year	<u>\$ 2,722,553</u>	<u>\$ 2,572,828</u>
Investment income added to net assets	\$ 142,198	\$ 156,436
Net income on investments recognized as revenue	3,187	5,116
Total investment income on endowments and trusts	<u>\$ 145,385</u>	<u>\$ 161,552</u>

YUKON COLLEGE
Notes to Consolidated Financial Statements
Year ended June 30, 2019

14. Expenditures by object

	<u>2019</u>	<u>2018</u>
Salaries, wages and benefits	\$ 31,115,423	\$ 29,305,009
Contract services	8,498,785	6,727,739
Utilities and communications	2,257,368	1,874,516
Material and supplies	1,791,450	1,712,063
Travel	1,351,460	1,307,111
Rental of facilities and equipment	1,203,996	1,062,765
Amortization of capital assets	1,143,006	1,057,599
Cost of sales and ancillary services	671,734	631,760
Employee leave and termination benefits	575,284	335,983
Student assistance/scholarships	569,463	724,382
Promotion, events and advertising	486,414	576,278
Licenses, permits, and memberships	475,763	378,072
Bank fees and credit card commissions	348,834	204,846
Other	133,299	81,305
Books and subscriptions	68,286	99,388
Postage and freight	44,413	39,966
	<u>\$ 50,734,978</u>	<u>\$ 46,118,782</u>

Fundraising expenses totaling \$364,082 (2018 - \$239,992) are included in salaries, wages and benefits, contract services, material and supplies, promotion, events and advertising.

15. Government of Yukon contributions

	<u>2019</u>	<u>2018</u>
Operating contributions	\$ 22,030,760	\$ 20,734,123
Pension funding	121,748	107,085
Services received without charge	4,466,331	3,983,667
	<u>\$ 26,618,839</u>	<u>\$ 24,824,875</u>

A significant portion of the College's income is received from the Government of Yukon in the form of annual operating contributions and services received without charge. In 2019, Government of Yukon core funding contributions, pension funding, and services received without charge made up 52% of total revenues (2018 - 52%). In 2019, the College received \$121,748 (2018 - \$107,085) for pension letter of credit costs.

YUKON COLLEGE
Notes to Consolidated Financial Statements
Year ended June 30, 2019

16. Contracts

Revenue from contracts consists of revenue from third party contracts, non-credit program revenues, training provided to federal, territorial and municipal governments and to First Nations, not for profit, private and public organizations.

Contract revenue is comprised of the following:

	<u>2019</u>	<u>2018</u>
Third party funded projects and programs	\$ 14,946,881	\$ 13,595,513
Training and non-credit course fees	1,593,175	1,743,794
	<u>\$ 16,540,056</u>	<u>\$ 15,339,307</u>

17. Miscellaneous income:

	<u>2019</u>	<u>2018</u>
Salary, travel and other expense recovery	\$ 834,355	\$ 805,469
Pension contract recovery	594,784	572,159
Other miscellaneous revenue	136,157	75,272
General student fees	172,432	196,608
Computer lab usage fees	119,205	150,235
Facilities and equipment rental	48,352	45,732
Book, publication and supply sales	10,190	20,316
Course materials recovery	5,724	13,824
	<u>\$ 1,921,199</u>	<u>\$ 1,879,615</u>

18. Related party transactions

In addition to those related party transactions disclosed elsewhere, the College enters into transactions with related entities in the normal course of business.

The College regularly enters into contracts for the provision of services to Departments of the Government of Yukon. These contracts, the value of which is \$8,680,872 (2018 - \$9,663,638), are recorded as contracts revenue on the Consolidated Statement of Operations. The College also receives funds from the Government of Yukon for student training allowances, the value of which is \$497,538 (2018 - \$436,139) and this is recognized on the Consolidated Statement of Operations within student assistance/scholarships. Included in the amortization of deferred capital contributions on the Consolidated Statement of Operations is \$246,459 (2018 - \$250,557) related to the Government of Yukon. 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.

At June 30, 2019 there was \$121,630 (2018 - \$167,568) of accounts payable and accrued liabilities and \$1,490,853 (2018 - \$1,064,297) of accounts receivable related to the Government of Yukon. At June 30, 2019 there was \$640,478 (2018 - \$525,207) of deferred contributions and \$4,706,511 (2018 - \$4,992,970) of deferred capital contributions related to the Government of Yukon. The College has a lease agreement with the Government of Yukon for a building and land lease which expires June 2022. Lease payments total \$47,828 for fiscal 2020, \$49,194 for 2021, and \$50,561 for 2022.

YUKON COLLEGE
Notes to Consolidated Financial Statements
Year ended June 30, 2019

19. Contractual rights

Contractual rights are rights to economic resources arising from contracts or agreements that will result in revenues and assets in the future. The College's contractual rights arise because of contracts entered into for undertaking specific programs and projects in the normal course of business. The following table summarizes the contractual rights of the College:

	<u>Government of Canada</u>	<u>Government of Yukon</u>	<u>Other</u>	<u>Total</u>
2019-20	2,077,600	22,346,793	957,614	25,382,007
2020-21	673,296	1,390,187	1,121,556	3,185,039
2021-22	389,229	891,250	877,867	2,158,346
Thereafter	288,000	-	851,367	1,139,367
	<u>\$ 3,428,125</u>	<u>\$ 24,628,230</u>	<u>\$ 3,808,404</u>	<u>\$ 31,864,759</u>

Government of Yukon contributions consist of funds to be received for core operational funding, the Centre for Northern Innovation in Mining, university transition, the Yukon Research Centre, the Cold Climate Innovation Centre, programs such as Practical Nursing and Environmental Monitoring and other initiatives.

Government of Canada contributions consist of funds to be received for the Northern Basic Adult Education program, the Industrial Research Chair – Northern Energy Innovation, a Yukon satellite program, and various other programs and initiatives such as Industrial Research Assistance, Partners for Children, Bringing Research Home and Environmental Monitoring.

Other contributions consist of funds to be received for student support, the Industrial Research Chair – Northern Energy Innovation and other initiatives.

20. Commitments

Leases

The College has operating leases and maintenance service agreements for classroom space, telecommunication, the information system and course curriculum and is committed to basic payments as follows:

	<u>Maintenance Service Agreements</u>	<u>Facility Leases</u>	<u>Telecommunication, Course Curriculum and Other Contracts</u>
2019-20	157,826	323,824	350,770
2020-21	164,139	238,441	258,572
2021-22	170,705	50,561	40,000
2022-23	177,553	-	40,000
2023-24	184,655	-	-
	<u>\$ 854,878</u>	<u>\$ 612,826</u>	<u>\$ 689,342</u>

YUKON COLLEGE
Notes to Consolidated Financial Statements
Year ended June 30, 2019

21. Total surplus

The total surplus includes net periodic pension cost of \$1,551,500 (2018 - \$1,755,800). However, as disclosed in note 6, the College's employer contributions to the accrued pension benefit asset were \$2,084,200 (2018 - \$2,845,000), which is \$532,700 (2018 - \$1,089,200) higher than the College's net periodic pension cost.

22. Subsequent event

On November 27, 2019, the Yukon University Act received royal assent. The Act enables the College to transition to Yukon University. It includes provisions to ensure the university is a hybrid institution that offers a comprehensive range of programming including trades, adult basic education, certificates, diplomas, degrees and applied research, and ensures a commitment to work with Yukon First Nations and communities to meet the diverse education needs of Yukon. The financial impact from this Act is not determinable at this time.

23. Comparative figures

Certain comparative figures for 2018 have been reclassified to conform with 2019 presentation.

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YUKON DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

December 31, 2019

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Yukon

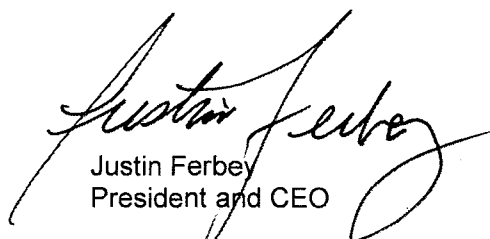


Management's Responsibility for Financial Reporting

Management is responsible for the preparation of these consolidated financial statements in conformity with International Financial Reporting Standards and all other financial information relating to the Corporation contained in this annual report. These consolidated financial statements have been prepared by management using methods appropriate for the industry in which the Corporation operates and necessarily include some amounts that are based on judgments and best estimates of management. The financial information contained elsewhere in this annual report is consistent with that in the consolidated financial statements. The Auditor General of Canada is the external auditor of the Corporation.

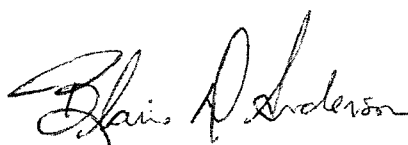
Management has established internal accounting control systems to meet its responsibilities for reliable and accurate reporting. These systems include policies and procedures, the careful selection and training of qualified personnel and an organizational structure that provides for the appropriate delegation of authority and segregation of responsibilities.

The Board of Directors, through its Audit Committee, oversees management's responsibilities for financial reporting. The Audit Committee meets regularly with management and the independent auditor to discuss auditing and financial matters to ensure that management is carrying out its responsibilities and to review the consolidated financial statements. The auditors have full and free access to the Audit Committee and management.



Justin Ferbey
President and CEO

May 21, 2020



Blaine Anderson
Chief Financial Officer

Independent Auditor's Report



Office of the
Auditor General
of Canada

Bureau du
vérificateur général
du Canada

INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Yukon Development Corporation

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the Yukon Development Corporation and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of operations and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated

financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Compliance with Specified Authorities

Opinion

In conjunction with the audit of the consolidated financial statements, we have audited transactions of the Yukon Development Corporation coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are the *Financial Administration Act* of Yukon and regulations, the *Yukon Development Corporation Act* and regulations, the *Public Utilities Act* and regulations, the *Business Corporations Act* and regulations, and the articles and by-laws of the Yukon Development Corporation.


In our opinion, the transactions of the Yukon Development Corporation that came to our notice during the audit of the consolidated financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Yukon Development Corporation Act*, we report that, in our opinion, the accounting principles in IFRSs have been applied, except for the change in the method of accounting for leases as explained in Note 3 to the consolidated financial statements, on a basis consistent with that of the preceding year. In addition, in our opinion, proper books of account have been kept by the Yukon Development Corporation and the consolidated financial statements are in agreement therewith.

Responsibilities of Management for Compliance with Specified Authorities

Management is responsible for the Yukon Development Corporation's compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable the Yukon Development Corporation to comply with the specified authorities.

Auditor's Responsibilities for the Audit of Compliance with Specified Authorities

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the consolidated financial statements are in compliance with the specified authorities referred to above.



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

Vancouver, Canada
21 May 2020

Consolidated Statement of Financial Position

Yukon Development Corporation

Consolidated Statement of Financial Position

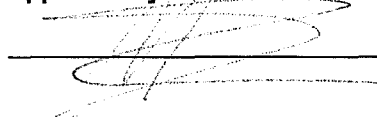
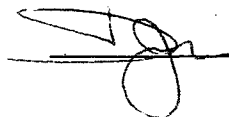
(in thousands of Canadian dollars)

December 31,	2019	2018
Assets		
Current		
Cash	\$ 9,085	\$ 5,113
Accounts receivable (Note 5)	10,452	8,133
Inventories (Note 6)	4,018	3,709
Prepaid expenses	741	661
	24,296	17,616
Non-current		
Right-of-use asset (Note 7)	639	-
Finance lease receivable (Note 8)	85	85
Property, plant and equipment (Note 9)	463,078	446,602
Intangible assets (Note 10)	12,462	10,584
Total assets	500,560	474,887
Regulatory deferral account debit balances (Note 11)	38,988	34,788
Total assets and regulatory deferral account debit balances	\$ 539,548	\$ 509,675
Liabilities		
Current		
Bank indebtedness (Note 12)	\$ 19,680	\$ -
Accounts payable and accrued liabilities (Note 13)	11,329	11,466
Current portion of deferred revenue (Note 17)	2,661	1,700
Current portion of lease liability (Note 7)	206	-
Current portion of long-term debt (Note 14)	3,382	2,980
	37,258	16,146
Non-current		
Post-employment benefits (Note 15)	7,689	5,768
Contributions in aid of construction (Note 16)	76,952	77,791
Deferred revenue (Note 17)	17,994	10,194
Lease liability (Note 7)	443	-
Derivative related liability (Note 25)	1,930	1,042
Long-term debt (Note 14)	199,969	192,843
Total liabilities	342,235	303,784
Equity		
Contributed capital	41,501	41,501
Retained earnings	145,612	147,376
Total equity	187,113	188,877
Total liabilities and equity	529,348	492,661
Regulatory deferral account credit balances (Note 11)	10,200	17,014
Total liabilities, equity and regulatory deferral account credit balances	\$ 539,548	\$ 509,675

Commitments and Contingencies (Notes 22 and 23)

The accompanying notes are an integral part of the consolidated financial statements.

Approved by the Board:


Chair

Director

Consolidated Statement of Operations and Other Comprehensive Income

Yukon Development Corporation

Consolidated Statement of Operations and Other Comprehensive Income (in thousands of Canadian dollars)

For the year ended December 31,	2019	2018
Revenues		
Sales of power (Note 18)	\$ 50,206	\$ 47,691
Yukon Government contributions (Note 21)	7,455	7,340
Other	1,468	314
	59,129	55,345
Operating expenses		
Operations and maintenance (Note 19)	32,725	23,487
Depreciation and amortization (Notes 7, 9 and 10)	13,312	12,906
Administration (Note 20)	12,482	12,611
	58,519	49,004
Income before other income and other expenses	610	6,341
Other income		
Amortization of contributions in aid of construction (Note 16)	1,367	2,082
Allowance for funds used during construction	643	535
Interest income	108	48
	2,118	2,665
Other expenses		
Interest on borrowings	8,360	8,089
Interim electrical rebate program subsidies (Note 1)	3,171	3,319
Innovative renewable energy initiative program subsidies (Note 1)	1,228	1,168
Unrealized loss on interest rate swaps (Note 25)	888	986
	13,647	13,562
Net loss for the year before net movement in regulatory deferral account balances	(10,919)	(4,556)
Net movement in regulatory deferral account balances related to net income (Note 11(d))	11,014	7,563
Net income for the year and net movement in regulatory deferral account balances	95	3,007
Other comprehensive (loss) income		
Item that will not be reclassified to net income in subsequent periods		
Remeasurement of defined benefit pension plans (Note 15)	(1,859)	550
Total comprehensive (loss) income for the year	\$ (1,764)	\$ 3,557

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Changes in Equity

Yukon Development Corporation

Consolidated Statement of Changes in Equity (in thousands of Canadian dollars)

	Contributed Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance at December 31, 2017	\$ 41,501	\$ 143,819	\$ -	\$ 185,320
Net income for the year and net movement in regulatory deferral account balances	-	3,007	-	3,007
Other comprehensive income	-	-	550	550
Transfer of remeasurement of defined benefit pension plans to retained earnings	-	550	(550)	-
Balance at December 31, 2018	\$ 41,501	\$ 147,376	\$ -	\$ 188,877
Net income for the year and net movement in regulatory deferral account balances	-	95	-	95
Other comprehensive loss	-	-	(1,859)	(1,859)
Transfer of remeasurement of defined benefit pension plans to retained earnings	-	(1,859)	1,859	-
Balance at December 31, 2019	\$ 41,501	\$ 145,612	\$ -	\$ 187,113

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Cash Flow

Yukon Development Corporation

Consolidated Statement of Cash Flows (in thousands of Canadian dollars)

For the year ended December 31,	2019	2018
Operating activities		
Cash receipts from customers	\$ 46,140	\$ 48,298
Cash receipts from Yukon Government	8,686	7,081
Cash receipts from contributions in aid of construction	528	78
Cash paid to suppliers	(36,178)	(25,035)
Cash paid to employees	(12,359)	(12,898)
Interest paid	(8,297)	(7,347)
Interest received	235	48
Cash (used in) provided by operating activities	(1,245)	10,225
Financing activities		
Proceeds from long-term debt	10,724	23,600
Repayment of long-term debt	(3,223)	(1,549)
Lease payments	(226)	-
Cash provided by financing activities	7,275	22,051
Investing activities		
Additions to property, plant and equipment	(19,392)	(19,698)
Additions to intangible assets	(2,346)	(2,875)
Cash used in investing activities	(21,738)	(22,573)
Net (decrease) increase in cash	(15,708)	9,703
Cash, beginning of year	5,113	(4,590)
Cash, end of year	\$ (10,595)	\$ 5,113
Cash includes:		
Cash	\$ 9,085	\$ 5,113
Bank indebtedness (note 12)	(19,680)	-
Total	\$ (10,595)	\$ 5,113

The accompanying notes are an integral part of the consolidated financial statements.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2019 (tabular amounts in thousands of Canadian dollars)

1. Nature of operations

a) General

Yukon Development Corporation was originally established under the *Yukon Development Corporation Act* to participate with the private sector in the economic development of the Yukon, to make strategic investments to the benefit of the territory and to acquire and operate the assets of Northern Canada Power Commission in the Yukon. In 1993, the Yukon Development Corporation's mandate was changed to restrict its new initiatives to energy-related activities designed to promote the economic development of the Yukon. The Yukon Development Corporation's principal place of business is located at 2180 Second Avenue, Suite 234 Whitehorse, YT, Y1A 5N6.

Yukon Development Corporation's wholly-owned subsidiary, Yukon Energy Corporation (the "Utility") was incorporated under the *Yukon Business Corporations Act*. The Utility generates, transmits, distributes and sells electrical energy in the Yukon and is subject to overall regulation by the Yukon Utilities Board ("YUB") and specific regulation by the Yukon Water Board. Both boards are consolidated by the Yukon Government and are related parties for accounting purposes to the Yukon Development Corporation and the Utility. Management has assessed that these boards operate independently from the Yukon Development Corporation and the Utility from a rate setting and operating perspective. The Utility's principal place of business is located at #2 Miles Canyon Road, Whitehorse, YT, Y1A 6S7.

Yukon Development Corporation and the Utility are not subject to income taxes.

Yukon Development Corporation consolidates the financial statements of its subsidiary, the Utility. All intercompany transactions, balances, income and expenses are eliminated on consolidation. References in these consolidated financial statements to "Corporation" refer to the consolidated entity.

b) Rate regulation

The operations of the Corporation are regulated by the YUB pursuant to the *Public Utilities Act*. The Corporation is subject to a cost of service regulatory mechanism under which the YUB establishes the revenues required (i) to recover the forecast operating costs, including depreciation and amortization, of providing the regulated service, and (ii) to provide a fair and reasonable return on Corporation investment in rate base. There is no minimum requirement for the Corporation to appear before the YUB to review rates. However, the Corporation is not permitted to charge any rate for the supply of power that is not approved by an Order of the YUB. As actual operating conditions may vary from forecast, actual returns achieved can differ from approved returns.

The regulatory hearing process used to establish or change rates typically begins when the Corporation files a General Rate Application ("GRA") for its proposed electricity rate changes over the next one or two forecast years. The YUB must ensure that its decision, which fixes electricity rates, complies with appropriate principles of rate making, all relevant legislation including the *Public Utilities Act* and directives issued by Yukon Government through Orders-In-Council (OIC) that specify how the interests of the customer and Corporation are to be balanced.

The YUB typically follows a two-stage decision process. In the first stage, the total costs that the Corporation expects it will incur to provide electricity to its customers over the immediate future are reviewed and approved. The approval of these costs determines the total revenues the Corporation is allowed to collect from its customers.

It is the responsibility of the YUB to examine the legitimacy of three classes of costs:

- the costs to the Corporation to run its operations and maintain its equipment (personnel and materials);
- the cost associated with the depreciation of all capital equipment; and
- the return on rate base (the costs related to borrowing that portion of rate base which is financed with debt, plus the costs to provide a reasonable rate of return on that portion of rate base which is financed with equity).

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2019 (tabular amounts in thousands of Canadian dollars)

1. Nature of operations - continued

The YUB assesses the prudence of costs added to rate base, which includes an allowance for funds used during construction ("AFUDC") charged to capital projects. The YUB also reviews the appropriateness of property, plant and equipment depreciation rates, which are periodically updated by the Corporation through depreciation studies.

In the second stage, the YUB approves how the revenue will be raised. This stage essentially determines the electricity rates for the various customer classes in the Yukon: wholesale, general service, industrial, residential, sentinel and street lights and secondary sales. This process is guided mainly by requirements of OIC 1995/90 and can include a cost-of-service study which allocates the Corporation's overall cost of service to the various customer classes on the basis of appropriate costing principles.

In June 2017, the Corporation filed a GRA for the years 2017 and 2018 requesting approval of revenue requirement and related rate increases. The GRA requested rate increases of 9.04% and 2.07% for the years 2017 and 2018 respectively. A refundable interim rider (5.50%) was approved effective September 1, 2017. After responding to multiple rounds of interrogatories and participating in an oral public hearing, the Corporation received a preliminary order on its application in December 2018. During 2019 the Corporation submitted an initial compliance filing, provided a technical session and submitted a second compliance filing. The Corporation received a final order on its application in November 2019. The YUB approved Rider J at 22.32% for retail customers and 18.67% for industrial customers, effective December 1, 2019, as well as a time-limited Rider J1 of 9.25% for a period of 24 months.

The GRA included requested board orders related to the regulatory deferral accounts, specifically an increase of the annual appropriation for uninsured losses and change to the rate of amortization; elimination of the requirement to defer vegetation management costs in excess of the 2011 actual brushing costs and amortization of previously deferred costs; change to the long-term average for fuel costs to better reflect current market conditions; and decrease of the annual appropriation for the hearing reserve and change to the rate of amortization.

The key findings in YUB Order 2018-10 was a direction to the Corporation to update the 2017 revenue requirement based on the 2017 actual results and to replace the Diesel Contingency Fund ("DCF") with the Low Water Reserve Fund ("LWRF"). The key finding in YUB Board Order 2019-08 was to amend the calculation of the LWRF. See Note 11(b)(iii) for details on the LWRF impact.

These financial statements reflect the approved rate increase, and all other YUB Board orders approved in the GRA which affect the Corporation's financial statements for 2019. Refer to Note 4 Regulatory deferral account balances.

c) Water regulation

The Yukon Water Board ("YWB"), pursuant to the *Yukon Waters Act*, decides if and for how long the Corporation will have water licences for the purposes of operating hydro generation stations in the Yukon. The licences will also indicate terms and conditions for the operation of these facilities. The current water licenses have the following terms:

Aishihik Generating Station	February 28, 2023
Mayo Generating Station	December 31, 2025
Whitehorse Generating Station	December 31, 2025

d) Capital structure

The Utility's policy which has been approved by the YUB is to maintain a capital structure of 60% debt and 40% equity (Note 26).

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2019 (tabular amounts in thousands of Canadian dollars)

1. Nature of operations - continued

e) Yukon Government

In March 2019, the Yukon Government authorized the continuation of the Interim Electrical Rebate program (the "rebate") for 12 months at current levels, to March 31, 2020. The rebate provides subsidies to non-government residential and municipal customers. It was implemented in 1998 after the Faro mine closed to protect customers from significant bill increases that would have resulted from that shutdown. The Yukon Government is providing funding for the monthly rebate based on \$0.023959/kwh applied to residential customers to a maximum of \$3.5 million annually.

The Corporation and the Yukon Government signed a Memorandum of Understanding for the accounting period starting April 1, 2011 to March 31, 2042 regarding the Mayo B and Carmacks-Stewart Transmission line projects. The Yukon Government will assist in funding the repayment of a portion of the bond interest costs of up to \$2.625 million annually, subject to the Corporation meeting specified terms set out in the agreement.

The Corporation signed an agreement with the Yukon Government for the period from January 1, 2018 to March 31, 2021 for total funding of up to \$1.5 million annually to conduct Innovative Renewable Energy Initiative programs throughout the Yukon. The program is intended to encourage the development of small-scale, community-based renewable energy generation capacity.

2. Basis of presentation

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

These consolidated financial statements were authorized for issue by the Board of Directors on May 21, 2020.

b) Basis of measurement

The financial information included in the consolidated financial statements has been prepared on a historical cost basis, except for some financial instruments, as described in Note 3(f), which are measured at fair value.

3. Significant accounting policies

The accounting policies set out below have been applied to all periods presented in these consolidated financial statements except for the changes related to adoption of IFRS 16, *Leases*, as described in Note 3(p).

a) Revenue recognition

The Corporation recognizes revenue from contracts where the right to consideration from a customer corresponds directly with the value to the customer of the Corporation's performance completed to date.

The majority of the Corporation's revenues from contracts with customers are derived from the generation, transmission, distribution, purchase and sales of electricity under the *Public Utilities Act*. The Corporation evaluates whether the contracts it enters into meet the definition of a contract with a customer at the inception of the contract and ongoing basis if there is an indication of a significant change in facts and circumstances.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2019 (tabular amounts in thousands of Canadian dollars)

3. Significant accounting policies - continued

Revenue is measured based on the transaction price specified in a contract with a customer. Revenue is recognized when control over a promised good or service is transferred to the customer and the Corporation is entitled to consideration as a result of completion of the performance obligation.

The Corporation recognizes a contract asset or deferred revenue for the contracts where the performance obligation has not been satisfied. Deferred revenue is recognized when the Corporation receives consideration before the performance obligations have been satisfied. A contract asset is recorded when the Corporation has rights to consideration for the completion of a performance obligation when that right is conditional on something other than the passage of time. The Corporation recognizes unconditional rights to consideration separately as a trade receivable. Contract assets are evaluated at each reporting period to determine whether there is any objective evidence that they are impaired.

Electricity sales contracts are deemed to have a single performance obligation as the promise to transfer individual goods or services is not separately identifiable from other obligations in the contracts and therefore not distinct. These performance obligations are considered to be satisfied over time as electricity is delivered because of the continuous transfer of control to the customer. The method of revenue recognition for the electricity is an output method, which is based on the volume delivered to the customer.

The Corporation's electricity sales are calculated based on the customers usage of electricity during the period at the applicable published rates for each customer class. Electricity rates in the Yukon are set by the YUB. Electricity sales include an estimate of electricity deliveries not yet billed at period-end. The estimated unbilled revenue is based on several factors, including estimated consumption by customer, applicable customer rates and the number of days between the last billing date and the end of the period.

b) Translation of foreign currencies

The functional currency of the Corporation is the Canadian Dollar. Revenue and expense items denominated in foreign currencies are translated at exchange rates prevailing during the period. Monetary assets and liabilities denominated in foreign currencies are translated at period-end exchange rates. Non-monetary assets and liabilities are translated at exchange rates in effect when the assets are acquired or the obligations are incurred. Foreign exchange gains and losses are reflected in net income for the period.

c) Allowance for funds used during construction

The cost of the Corporation's property, plant and equipment, intangible assets and certain regulatory deferral accounts includes an allowance for funds used during construction ("AFUDC"). The AFUDC rate is based on the Corporation's weighted average cost of debt.

d) Cash

Cash is comprised of bank account balances (net of outstanding cheques).

e) Inventories

Inventories consist of materials and supplies, diesel fuel and liquefied natural gas. Inventories are carried at the lesser of weighted average cost and net realizable value. Cost includes all expenditures incurred in acquiring the items and bringing them to their existing condition and location. Critical spare parts are recognized in the Corporation's property, plant and equipment.

The recoverable value of inventory considers its net realizable value, including required processing costs, and is impacted by estimates and assumptions on price, quality, recovery and exchange rates. Obsolete materials and supplies are recorded at salvage value in the period when obsolescence is determined.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2019 (tabular amounts in thousands of Canadian dollars)

3. Significant accounting policies - continued

f) Financial instruments

Financial assets and financial liabilities are recognized on the Corporation's Consolidated Statement of Financial Position when the Corporation becomes party to the contractual provisions of the instrument.

i) Financial assets

Cash, finance lease receivable, and accounts receivable, plus any transaction costs that are directly attributable to the acquisition of the financial asset, are initially measured at fair value. Subsequent to initial recognition, cash is measured at amortized cost and finance lease receivable and accounts receivable are measured at amortized cost using the effective interest rate method less any impairment. The Corporation's business model is to hold these assets to collect contractual cash flows.

A provision for impairment of accounts receivable is established applying the expected credit loss model based on all possible default events over the expected life of the financial asset. For trade accounts receivable, the Corporation applies the simplified approach which requires expected lifetime losses to be recognized from initial recognition of the receivables. For the other receivables, at the reporting date, if credit risk has increased significantly since initial recognition, the Corporation measures the loss allowance at an amount equal to the lifetime expected credit losses, otherwise, if the credit risk has not increased significantly since initial recognition, the Corporation measures the loss allowance at an amount equal to 12-month expected credit losses.

Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy or require financial reorganization, and default or delinquency in payments are considered indicators that the related accounts receivable are impaired. The accounts receivable carrying amount is reduced through the use of an allowance account and the loss is recognized in net income. A financial asset is derecognized when the rights to receive cash flows from the asset have expired, or the Corporation has transferred its rights to receive cash flows from the asset and has transferred substantially all of the risk and rewards of the asset.

ii) Financial liabilities

Bank indebtedness, accounts payable and accrued liabilities, and long-term debt are initially measured at fair value less any transaction costs that are directly attributable to the issuance of the financial liability. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest rate method.

Transaction costs are presented as a reduction from the carrying value of the related debt and are amortized using the effective interest rate method over the terms of the debts to which they relate. Transaction costs include fees paid to agents, brokers and advisors but exclude debt discounts and lender financing costs.

Derivative financial instruments are financial contracts that derive their value from changes in an underlying variable. The Corporation has entered into interest rate swaps to manage interest rate risk. The Corporation's interest rate swaps are classified as fair value through profit and loss and are thus recognized at fair value on the date the contract has been entered into with any subsequent unrealized and realized gains and losses recognized in net income during the period in which the fair value movement occurred.

A financial liability is derecognized when the obligation is discharged or cancelled, or expires.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2019 (tabular amounts in thousands of Canadian dollars)

3. Significant accounting policies - continued

g) Property, plant and equipment

Property, plant and equipment are carried at cost, less accumulated depreciation and any asset impairment charges. Cost includes the direct costs of acquisition and materials, direct labour, and, if applicable, an allocation of directly attributable overhead costs, AFUDC and any asset retirement costs associated with the property, plant and equipment.

AFUDC is applied to actual costs in work-in-progress less any contributions in aid of construction. For items of property, plant and equipment acquired prior to January 1, 2011, the AFUDC rate also included a regulatory cost of equity component as allowed by the YUB. Capitalization of AFUDC ceases when the asset being constructed is substantially ready for its intended purpose.

Assets under construction are recognized as in construction work in progress until they are operational and available for use, at which time they are transferred to the applicable component of property, plant and equipment.

Depreciation is recognized in net income based on the straight-line method over the estimated useful life of each major component of property, plant and equipment.

The range of estimated useful lives of the major classes and subclasses of property, plant and equipment is as follows:

Generation	
Hydroelectric plants	30 to 103 years
Thermal plants	12 to 72 years
Transmission	20 to 65 years
Distribution	12 to 55 years
Buildings	20 to 55 years
Transportation	9 to 31 years
Other equipment	5 to 20 years

Depreciation commences when an asset is available for use. The estimated useful lives of the assets are based upon depreciation studies conducted periodically by the Corporation and any changes in the estimated useful life are accounted for prospectively.

Major overhaul costs are capitalized and depreciated on a straight-line basis over the period of the expected useful life (until the next major overhaul) which varies from 5 to 10 years. Repairs and maintenance costs of property plant and equipment are expensed as incurred unless they meet the criteria of a betterment.

h) Intangible assets

Intangible assets are carried at cost less accumulated amortization and any asset impairment charges. Cost includes the direct costs of acquisition and materials, direct labour, and, if applicable, an allocation of directly attributable overhead costs and AFUDC. Amortization is recognized in net income on a straight-line basis over the estimated useful lives as follows:

Software	5 years
Deferred service costs	12 years
Financial software	10 years
Licensing costs	
Hydro generation	17 to 25 years
Diesel generation	3 years

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2019 (tabular amounts in thousands of Canadian dollars)

3. Significant accounting policies - continued

The water license for the Aishihik generating station received a 3 year extension. Costs associated with the 3 year extension are being amortized over 3 years (see Note 22).

i) Leases

At inception of a contract, the Corporation assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset, the Corporation assesses whether:

- (i) The contract involves the use of an identified asset;
- (ii) The Corporation has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- (iii) The Corporation has the right to direct the use of the asset.

At inception, the Corporation allocates the consideration in the contract to each lease component on the basis of the relative stand-alone prices.

The Corporation recognizes a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any incentives received. The Corporation elected to exclude short-term leases with a term of twelve months or less as well as leases of low value assets, and accounts for the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. Right-of-use assets are tested for impairment in accordance with IAS 36, *Impairment of Assets*, and impairments are recorded in net income.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Corporation's incremental borrowing rate. Generally, the Corporation uses its incremental borrowing rate as the discount rate. Subsequent to recognition, the lease liability is measured at amortized cost using the effective interest rate method. A lease liability is remeasured when there is a change in future lease payments arising mainly from a change in an index or rate, or if the Corporation changes its assessment of whether it will exercise a renewal or termination option. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in net income if the carrying amount of the right-of-use assets has been reduced to zero.

j) Impairment of non-financial assets

Property, plant and equipment, and intangible assets with finite lives are reviewed for impairment on an annual basis if there is an indication that the carrying amount may not be recoverable. Impairment is assessed at the level of cash-generating units, identified as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

When an impairment review is undertaken, the recoverable amount is assessed by reference to the higher of value in use and fair value less costs to sell ("FVLCS").

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2019 (tabular amounts in thousands of Canadian dollars)

3. Significant accounting policies - continued

Value in use is the net present value of expected future cash flows of the relevant cash-generating unit in its current condition. The best evidence of FVLCS is the value obtained from an active market or binding sale agreement. Where neither exists, FVLCS is based on the best information available to reflect the amount the Corporation could receive for the cash-generating unit in an arm's length transaction.

This is often estimated using discounted cash flow techniques and where unobservable inputs are material to the measurement of the recoverable amount, the measurement is classified as level 3 in the fair value hierarchy. The cash flow forecasts for FVLCS purposes are based on management's best estimates of expected future revenues and costs, including the future cash costs of production, capital expenditure, closure, restoration and environmental cleanup. For regulatory deferral account debit balances the impairment review focuses on whether the amount is considered collectible based on the expected cash flows from the rates approved by the YUB.

These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period. Changes in these assumptions may alter the results of impairment testing, impairment charges recognized in net income and the resulting carrying amounts of the assets.

k) Rate regulated accounting policies

Regulatory deferral accounts

Regulatory deferral accounts in these consolidated financial statements are accounted for differently than they would be in the absence of rate regulation. The Corporation defers certain costs or revenues as regulatory deferral account debit balances or regulatory deferral account credit balances on the Consolidated Statement of Financial Position and recognizes changes in the regulatory deferral account balances in the net movement in regulatory deferral account balances in the Consolidated Statement of Operations and Other Comprehensive Income. The amounts recognized as regulatory deferral account balances are expected to be recovered or refunded in future rates, based on approvals by the YUB. The recovery or settlement of regulatory deferral account balances through future rates is impacted by demand risk and regulatory risks (e.g. potential future decisions of the YUB which could result in material adjustments to these regulatory deferral account debit balances and regulatory deferral account credit balances as described in Note 1(b)).

i) Regulatory deferral account debit balances

Regulatory deferral account debit balances represent costs which are expected to be recovered from customers in future periods through the rate-setting process. In the absence of rate regulation and the Corporation's adoption of IFRS 14, *Regulatory Deferral Accounts*, such costs would be expensed as incurred.

ii) Regulatory deferral account credit balances

Regulatory deferral account credit balances represent future reductions or limitations of increases in revenues associated with amounts that are expected to be refunded to customers as a result of the rate-setting process. In the absence of rate regulation and the Corporation's adoption of IFRS 14, such amounts would be recorded in income as performance obligations are met.

Note 11 describes the individual regulatory deferral accounts, the Corporation's related regulatory deferral and amortization policies and describes the related account activity in the relevant periods.

l) Provision for asset retirement obligations

The Corporation has legal obligations related to the closure and restoration of property, plant and equipment, which includes the costs of dismantling, demolition of infrastructure and the removal of residual materials and remediation of the disturbed areas.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2019 (tabular amounts in thousands of Canadian dollars)

3. Significant accounting policies - continued

Where a reliable estimate of the present value of these obligations can be determined, the total retirement costs are recognized as a provision in the accounting period when the obligation arises. There is also a corresponding increase to property, plant and equipment upon recognition of the obligation.

Management estimates its costs based on feasibility and engineering studies and assessments using current restoration standards and techniques.

m) Provision for environmental liabilities

Environmental liabilities consist of the estimated costs related to the remediation of environmentally contaminated sites. The Corporation will accrue a provision when it has a present obligation as a result of a past event to remediate the contaminated site, it is expected that future economic benefits will be given up to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

If the likelihood of the Corporation's obligation to incur these costs is either not determinable or the amount of the obligation cannot be reliably estimated, the contingency is disclosed in the notes to the consolidated financial statements.

The Corporation reviews its provision for environmental liabilities on an ongoing basis and any changes are recognized in net income for the current period.

n) Contributions in aid of construction

Certain property, plant and equipment additions are made with financial assistance from the Yukon Government or the Government of Canada. These contributions are deferred upon receipt and amortized to income on the same basis as the assets to which they relate.

o) Post-employment benefits and other comprehensive income

The Corporation sponsors an employee defined benefit pension plan for employees joining the Corporation before January 1, 2002. The Corporation also sponsors an executive defined benefit pension plan and supplemental executive retirement plan for a former executive. Benefits provided are calculated based on length of pensionable service, pensionable salary at retirement age and negotiated rates. The Corporation contributes amounts to the pension plans as recommended by an independent actuary.

For the defined benefit pension plans, the cost of pension benefits is actuarially determined using the projected benefits method, prorated on service, and reflects management's best estimates of investment returns, wage and salary increases, and age at retirement. Remeasurements of the net defined benefit liability, including actuarial gains and losses and return on plan assets, are recognized in other comprehensive income ("OCI") and are not reclassified to net income in a subsequent period.

The Corporation's policy is to immediately transfer actuarial gains and losses recognized in OCI to retained earnings. The expected return on plan assets is based on the fair value of these assets.

Employees joining the Corporation after January 1, 2002 are eligible for a defined contribution retirement plan and are not eligible to participate in the defined benefit pension plan. The Corporation has no legal or constructive obligation to pay further contributions with respect to this plan. Contributions are recognized as an expense in the year when employees have rendered service and represents the obligation of the Corporation.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2019 (tabular amounts in thousands of Canadian dollars)

3. Significant accounting policies - continued

p) Impact of adoption of new accounting standard

Impact of Adoption of IFRS 16, *Leases*

The Corporation has adopted IFRS 16, *Leases*, using the modified retrospective approach without restatement with a date of initial application of January 1, 2019. On transition to IFRS 16, the Corporation identified and reviewed each contract that had a lease. Previously, the Corporation classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Corporation and classified operating lease payments as operating costs. Under IFRS 16, a lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The Corporation has applied the following practical expedients:

- Account for existing leases with terms of twelve months or less from the date of initial application as short-term leases and expense on a straight-line basis over the lease term;
- Account for lease payments as an expense and not recognize a right-of-use asset if the underlying asset is of low dollar value;
- Exclude indirect costs from the measurement of the right-of-use assets at the date of initial application;
- Use hindsight, such as in determining the lease term in relation to extension options or termination options;
- Measure the right-of-use assets under lessee arrangements at the same amount as the lease liability, adjusted by the amount of any prepaid or accrued lease payments before the date of initial application; and
- Not re-assess IAS 17 and IFRIC 4 determinations of which contracts that existed at or prior to the date of initial application were a lease, or contained a lease.

As a result of IFRS 16 adoption, the Corporation recognized right-of-use assets and a corresponding lease liability of \$851,000, with no effect on opening retained earnings. On transition, the weighted average incremental borrowing rate applied to lease liability recognized under IFRS 16 was 3.2%.

The following is a reconciliation of the total commitments as at December 31, 2018 to the lease liability recognized at January 1, 2019.

Total commitments as at December 31, 2018	\$ 3,832
Less: Non-lease commitments	(2,149)
<hr/>	
Total operating lease commitments as at December 31, 2018	1,683
Recognition exemption for short-term leases	(771)
<hr/>	
Operating lease liability before discounting	\$ 912
Discounting using incremental borrowing rate	(61)
<hr/>	
Operating lease liability at January 1, 2019	851
Reasonably certain extension options	-
Other	-
<hr/>	
Total lease liability recognized under IFRS 16 at January 1, 2019	\$ 851

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2019 (tabular amounts in thousands of Canadian dollars)

4. Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires the use of judgement in applying accounting policies and in making critical accounting estimates that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of any contingent assets and liabilities. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to previous experience, but actual results may differ from the amounts included in the consolidated financial statements. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised and in any future periods affected. Information about such judgements and estimation is contained in the accounting policies and/or the notes to the consolidated financial statements, and the key areas are summarized below. Areas of significant judgements and estimates made by management in preparing these consolidated financial statements include:

Impairment of non-financial assets - Notes 3(j)

An evaluation of whether or not an asset is impaired involves consideration of whether indicators of impairment exist. Management continually monitors the Corporation's operations and makes judgements and assessments about conditions and events in order to conclude whether possible impairment exists.

Asset retirement obligations - Notes 3(l) and 23

In determining the present value of the obligation, the Corporation must estimate the amount and timing of the future cash payments and then apply an appropriate risk-free interest rate. Any change to the anticipated amount, timing of future payments or risk-free interest rate can result in a change to the obligation.

Depreciation - Notes 3(g), 7 and 9

Significant components of property, plant and equipment are depreciated over their estimated useful lives. Useful lives are determined based on current facts and past experience and the results of depreciation studies.

While these useful life estimates are reviewed on a regular basis and depreciation calculations are revised accordingly, actual lives may differ from the estimates. As such, assets may continue in use after being fully depreciated, or may be retired or disposed of before being fully depreciated. The latter could result in additional depreciation expense in the period of disposition.

Intangible assets - Notes 3(h) and 10

In determining whether to recognize costs as intangible assets, management makes judgements about when the criteria for recognition are met. Changes to management's judgements would affect the carrying amount of the Corporation's intangible assets and amortization recognition.

Post-employment benefits - Notes 3(o) and 15

The Corporation accrues for its obligations under defined benefit pension plans using actuarial valuation methods and other assumptions to estimate the projected benefit obligation and the associated expense related to the current period. The key assumptions utilized include the long-term rate of inflation, rates of future compensation, liability discount rates and the expected return on plan assets. The Corporation consults with qualified actuaries when setting the assumptions used to estimate benefit obligations. Actual rates could vary significantly from the assumptions and estimates used.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2019 (tabular amounts in thousands of Canadian dollars)

4. Significant accounting judgements, estimates and assumptions - continued

Revenue - Note 3(a), and Note 18

The Corporation estimates usage not yet billed at year end, which is included in revenues from sales of power. This accrual is based on an assessment of unbilled electricity supplied to customers between the date of the last meter reading and the year end. Management applies judgement to the measurement of the estimated consumption. Significant judgements have also been made in determining the nature of the Corporation's performance obligations, the appropriate process measure and the contract terms to be used in recognizing the related revenue.

Provisions and contingencies - Notes 3(m) and 23

Management is required to make judgements to assess if the criteria for recognition of provisions and contingencies are met, in accordance with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*.

Key judgements are whether a present obligation exists and the probability of an outflow being required to settle that obligation. Key assumptions in measuring recognized provisions include the timing and amount of future payments and the discount rate applied in measuring the provision.

Where the Corporation is defending certain lawsuits management must make judgements, estimates and assumptions about the final outcome, timing of trial activities and future costs as at the period end date. Management will obtain the advice of its external counsel in determining the likely outcome and estimating the expected obligations associated with these lawsuits; however, the ultimate outcome or settlement costs may differ from management's estimates.

Financial instruments - Notes 3(f) and 25

The Corporation enters into financial instrument arrangements which may require management to make judgements to determine if such arrangements are derivative instruments in their entirety or contain embedded derivatives, in accordance with IFRS 9, *Financial Instruments*. Key judgements are whether certain non-financial items are readily convertible to cash, whether similar contracts are routinely settled net in cash or delivery of the underlying commodity taken and then resold within a short period, and whether the value of a contract changes in response to a change in an underlying rate, price, index or other variable.

Regulatory deferral account balances - Notes 1(b), 3(k) and 11

The Corporation accounts for its regulatory deferral accounts in accordance with IFRS 14 and the decisions of the YUB. As discussed in Note 1(b) the recovery of these balances will be determined by the YUB as part of the regulatory proceeding to approve the GRA. Management is required to make judgements as to the amounts that the YUB will approve the Corporation to collect deferred costs through future rates.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2019 (tabular amounts in thousands of Canadian dollars)

5. Accounts receivable

	2019	2018
Trade accounts receivable		
Wholesale energy sales	\$ 5,676	\$ 4,599
Retail energy sales	2,414	1,601
Other	2,014	656
Due from related parties (Note 21)	348	1,277
	\$ 10,452	\$ 8,133

Included in Accounts receivable - Other is an amount of \$939,000 related to a power purchase agreement. Refer also to Note 17.

At December 31, 2019, the aging of accounts receivable is as follows:

	Current	31 - 90 Days	Over 90 Days	Total
Accounts receivable	\$ 8,782	\$ 800	\$ 880	\$ 10,462
Allowance for doubtful accounts	-	-	(10)	(10)
	\$ 8,782	\$ 800	\$ 870	\$ 10,452

At December 31, 2018, the aging of accounts receivable is as follows:

	Current	31 - 90 Days	Over 90 Days	Total
Accounts receivable	\$ 7,462	\$ 677	\$ 4	\$ 8,143
Allowance for doubtful accounts	-	(6)	(4)	(10)
	\$ 7,462	\$ 671	\$ -	\$ 8,133

A reconciliation of the beginning and ending amount of allowance for doubtful accounts is as follows:

	2019	2018
Allowance for doubtful accounts at beginning of year	\$ (10)	\$ (10)
Amounts written off as uncollectable	-	-
Allowance for doubtful accounts at end of year	\$ (10)	\$ (10)

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2019 (tabular amounts in thousands of Canadian dollars)

6. Inventories

	2019	2018
Materials and supplies	\$ 3,396	\$ 3,067
Diesel fuel	520	457
Liquefied natural gas	102	185
	\$ 4,018	\$ 3,709

7. Leases

The Corporation leases industrial land and building space. The lease terms typically run for two to five years. The right-of-use asset consists of land of \$122,000 and building of \$517,000.

Right-of-use asset

As at January 1, 2019	\$ 851
Depreciation expense	(212)

At December 31, 2019	\$ 639
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Maturity analysis

Less than one year	\$ 212
One to five years	427
More than five years	-

Total undiscounted lease liabilities	\$ 639
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Lease liabilities

Lease liabilities	\$ 649
Less current portion	206

Non-current portion	\$ 443
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Amounts recognized in net income

Depreciation expense on right-of-use assets	\$ 212
Interest expense on lease liabilities	\$ 24
Expense relating to short-term leases	\$ 1,411

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2019 (tabular amounts in thousands of Canadian dollars)

8. Direct financing lease

The Corporation's investments in direct financing leases are summarized as follows:

	2019	2018
Direct financing leases	\$ 85	\$ 85
Less: current portion	-	-
	\$ 85	\$ 85

In 2003, the Corporation financed an electric boiler system for the Yukon Hospital Corporation at a cost of \$595,898. The repayment terms on this lease stipulate that one half of the realized energy cost savings resulting from the boiler usage during the year will be repaid against the investment. Interest on this investment is earned at the rate of 7.5% per annum and recognized as interest income.

9. Property, plant and equipment

A reconciliation of the changes in the carrying amount of property, plant and equipment is as follows:

	Generation	Transmission & Distribution	Land, Buildings & Other Equipment	Transportation	Construction Work-in Progress	Total
Cost:						
At December 31, 2017	\$ 294,733	\$ 163,996	\$ 17,527	\$ 4,581	\$ 3,775	\$ 484,612
Additions	-	-	-	-	19,832	19,832
Transfers	10,182	8,733	969	306	(20,190)	-
Disposals	(1,783)	(47)	(220)	-	-	(2,050)
At December 31, 2018	303,132	172,682	18,276	4,887	3,417	\$ 502,394
Additions	-	-	-	-	29,928	29,928
Transfers	2,634	21,225	1,592	285	(25,736)	-
Disposals	(1,771)	-	-	-	-	(1,771)
At December 31, 2019	\$ 303,995	\$ 193,907	\$ 19,868	\$ 5,172	\$ 7,609	\$ 530,551
Accumulated depreciation:						
At December 31, 2017	\$ 20,639	\$ 19,702	\$ 3,468	\$ 992	\$ -	\$ 44,801
Depreciation	6,575	4,362	608	319	-	11,864
Disposals	(643)	(8)	(222)	-	-	(873)
At December 31, 2018	26,571	24,056	3,854	1,311	-	\$ 55,792
Depreciation	6,355	4,694	727	339	-	12,115
Disposals	(434)	-	-	-	-	(434)
At December 31, 2019	\$ 32,492	\$ 28,750	\$ 4,581	\$ 1,650	\$ -	\$ 67,473
Net book value:						
At December 31, 2018	\$ 276,561	\$ 148,626	\$ 14,422	\$ 3,576	\$ 3,417	\$ 446,602
At December 31, 2019	\$ 271,503	\$ 165,157	\$ 15,287	\$ 3,522	\$ 7,609	\$ 463,078

The AFUDC capitalized for 2019 was \$643,000 (2018 - \$540,000). The AFUDC rate estimate for 2019 was 2.57% (2018 - 2.36%).

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2019 (tabular amounts in thousands of Canadian dollars)

10. Intangible assets

A reconciliation of the changes in the carrying amount of intangible assets is as follows:

	Software	Deferred Service Costs	Financial Software	Aishihik Water License	Thermal and Water Licensing	Total
Cost:						
At December 31, 2017	\$ 690	\$ 443	\$ 2,406	\$ 5,944	\$ 2,825	\$ 12,308
Additions	791	-	-	1,983	376	3,150
Disposals	-	-	-	(466)	-	(466)
At December 31, 2018	1,481	443	2,406	7,461	3,201	14,992
Additions	235	-	533	1,289	806	2,863
Transfers	(276)	-	276	-	-	-
Disposals	-	-	-	(2,475)	-	(2,475)
At December 31, 2019	\$ 1,440	\$ 443	\$ 3,215	\$ 6,275	\$ 4,007	\$ 15,380
Accumulated amortization:						
At December 31, 2017	\$ 277	\$ 256	\$ 1,134	\$ 2,068	\$ 97	\$ 3,832
Amortization	183	64	284	479	32	1,042
Disposals	-	-	-	(466)	-	(466)
At December 31, 2018	460	320	1,418	2,081	129	4,408
Amortization	213	64	284	394	30	985
Disposals	-	-	-	(2,475)	-	(2,475)
At December 31, 2019	\$ 673	\$ 384	\$ 1,702	\$ -	\$ 159	\$ 2,918
Net book value:						
At December 31, 2018	\$ 1,021	\$ 123	\$ 988	\$ 5,380	\$ 3,072	\$ 10,584
At December 31, 2019	\$ 767	\$ 59	\$ 1,513	\$ 6,275	\$ 3,848	\$ 12,462

The internally generated costs and externally purchased costs for Software and Financial Software are approximately 50% internal and 50% external at December 31, 2019 and December 31, 2018. All other categories are almost exclusively internally generated.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2019 (tabular amounts in thousands of Canadian dollars)

11. Regulatory accounts

a) Regulatory deferral account debit balances

	Feasibility Studies (i)	IFRS Planning (ii)	Regulatory Costs (iii)	Vegetation Management (iv)	Dam Safety (v)	Uninsured Losses (vi)	Subtotal see next page
Cost:							
At December 31, 2017	\$ 21,855	\$ -	\$ 4,429	\$ 2,216	\$ 148	\$ 1,459	\$ 30,107
Costs incurred	1,091	-	645	-	-	651	2,387
Regulatory provision	-	-	-	-	-	(267)	(267)
Disposals	(69)	-	-	-	-	-	(69)
At December 31, 2018	22,877	-	5,074	2,216	148	1,843	32,158
Costs incurred	1,383	-	1,657	-	-	62	3,102
Regulatory provision	-	-	(883)	-	-	(267)	(1,150)
Disposals	(553)	-	(768)	-	-	-	(1,321)
Contributions received	-	-	(365)	-	-	-	(365)
At December 31, 2019	\$ 23,707	\$ -	\$ 4,715	\$ 2,216	\$ 148	\$ 1,638	\$ 32,424
Accumulated amortization:							
At December 31, 2017	\$ 3,357	\$ -	\$ 596	\$ 222	\$ 30	\$ 212	\$ 4,417
Amortization	1,791	-	405	222	30	212	2,660
Disposals	(69)	-	-	-	-	-	(69)
At December 31, 2018	5,079	-	1,001	444	60	424	7,008
Amortization	1,823	-	465	222	29	212	2,751
Disposals	(36)	-	(243)	-	-	-	(279)
At December 31, 2019	\$ 6,866	\$ -	\$ 1,223	\$ 666	\$ 89	\$ 636	\$ 9,480
Net book value:							
At December 31, 2018	\$ 17,798	\$ -	\$ 4,073	\$ 1,772	\$ 88	\$ 1,419	\$ 25,150
At December 31, 2019	\$ 16,841	\$ -	\$ 3,492	\$ 1,550	\$ 59	\$ 1,002	\$ 22,944
Net increase (decrease) in regulatory deferral account debit balances (which are recognized in the net movement in regulatory deferral account balances related to net income on the Consolidated Statement of Operations and Other Comprehensive Income):							
December 31, 2018	\$ (700)	\$ -	\$ 240	\$ (222)	\$ (30)	\$ 172	\$ (540)
December 31, 2019	\$ (957)	\$ -	\$ (581)	\$ (222)	\$ (29)	\$ (417)	\$ (2,206)
Remaining recovery years							
At December 31, 2018	1 to 8 years	0 years	1 to 35 years	8 years	3 years	Indeterminate	-
At December 31, 2019	1 to 7 years	0 years	1 to 34 years	7 years	2 years	Indeterminate	-
Absent rate regulation, net income for the year and net movement in regulatory deferral account balances on the Consolidated Statement of Operations and Other Comprehensive Income would increase (decrease) by:							
December 31, 2018	\$ 700	\$ -	\$ (240)	\$ 222	\$ 30	\$ (172)	\$ 540
December 31, 2019	\$ 957	\$ -	\$ 581	\$ 222	\$ 29	\$ 417	\$ 2,206

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2019 (tabular amounts in thousands of Canadian dollars)

11. Regulatory accounts - continued

Regulatory deferral account debit balances - continued

	Carry Forward	Deferred Overhauls (vii)	Fuel Price Adjustment (viii)	2017/18 GRA (ix)	Total
Cost:					
At December 31, 2017	\$ 30,107	\$ 2,768	\$ 498	\$ 4,319	\$ 37,692
Costs incurred	2,387	-	-	-	2,387
Regulatory provision	(267)	-	1,321	2,696	3,750
Disposals	(69)	-	-	(1,705)	(1,774)
At December 31, 2018	\$ 32,158	\$ 2,768	\$ 1,819	\$ 5,310	\$ 42,055
Cost incurred	3,102	-	-	-	3,102
Regulatory provision	(1,150)	-	3,760	10,388	12,998
Disposals	(1,321)	-	(3,940)	(3,378)	(8,639)
Contributions received	(365)	-	-	-	(365)
At December 31, 2019	\$ 32,424	\$ 2,768	\$ 1,639	\$ 12,320	\$ 49,151
Accumulated amortization:					
At December 31, 2017	\$ 4,417	\$ 112	\$ -	\$ -	\$ 4,529
Amortization	2,660	147	-	1,705	4,512
Disposals	(69)	-	-	(1,705)	(1,774)
At December 31, 2018	7,008	259	-	-	7,267
Amortization	2,751	424	-	3,378	6,553
Disposals	(279)	-	-	(3,378)	(3,657)
At December 31, 2019	\$ 9,480	\$ 683	\$ -	\$ -	\$ 10,163
Net book value:					
At December 31, 2018	\$ 25,150	\$ 2,509	\$ 1,819	\$ 5,310	\$ 34,788
At December 31, 2019	\$ 22,944	\$ 2,085	\$ 1,639	\$ 12,320	\$ 38,988
Net increase (decrease) in regulatory deferral account debit balances (which are recognized in the net movement in regulatory deferral account balances related to net income on the Consolidated Statement of Operations and Other Comprehensive Income):					
December 31, 2018	\$ (540)	\$ (147)	\$ 1,321	\$ 991	\$ 1,625
December 31, 2019	\$ (2,206)	\$ (424)	\$ (180)	\$ 7,010	\$ 4,200
Remaining recovery years					
At December 31, 2018		3 to 8 years	1 year	1 year	
At December 31, 2019		2 to 7 years	1 year	1 year	
Absent rate regulation, net income for the year and net movement in regulatory deferral account balances on the Consolidated Statement of Operations and Other Comprehensive Income would increase (decrease) by:					
December 31, 2018	\$ 540	\$ 147	\$ (1,321)	\$ (991)	\$ (1,625)
December 31, 2019	\$ 2,206	\$ 424	\$ 180	\$ (7,010)	\$ (4,200)

(i) Feasibility studies and infrastructure planning

The Corporation undertakes certain studies to determine the feasibility of a range of projects and infrastructure proposals. While in progress, the costs of these studies are deferred within this account. The Corporation is directed to defer and amortize the costs over terms (between five and ten years) at the discretion of the YUB. In the absence of rate regulation, IFRS requires these costs to be expensed as incurred.

(ii) IFRS planning

These deferred costs are associated with the conversion from previous GAAP to IFRS and are amortized over a term of five years. In the absence of rate regulation, IFRS requires these costs to be expensed as incurred.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2019 (tabular amounts in thousands of Canadian dollars)

11. Regulatory accounts - continued

(iii) Regulatory costs

These costs are associated with the YUB regulatory proceedings. The costs consist primarily of various rate and project review proceedings but also include resource plans, hearing costs from before 2012 and demand side management costs (consumer energy conservation program). The Corporation is directed to defer and amortize the costs over terms at the discretion of the YUB. The regulatory provision for the year reflects an amount transferred of \$883,000 to the regulatory deferral account credit balance class Hearing Reserve (See Note 11(b)(ii)). In the absence of rate regulation, IFRS requires these costs to be expensed as incurred.

(iv) Vegetation management

Prior to 2017, the Corporation was deferring annual brushing costs in excess of a prescribed maximum annual amount based on a review of prior year brushing costs. In 2017, the Corporation established a vegetation management policy and as a result of expected annual costs, deferral is no longer required.

The Corporation completes a full cycle of all its brushing requirements every 10 years and is amortizing previously deferred costs over a 10 year period. This change is consistent with the 2017-2018 GRA. Refer to Note 1(b). In the absence of rate regulation, IFRS requires these costs to be expensed as incurred.

(v) Dam safety review

The Corporation has a program of conducting safety reviews of its dams in accordance with standards set by the Canadian Dam Association. External consultants are hired every five years with intermittent costs incurred in the interim periods. These costs are being amortized over five years. In the absence of rate regulation, IFRS requires these costs to be expensed as incurred.

(vi) Uninsured losses

Uninsured losses is an account maintained to address uninsured and uninsurable losses as well as the deductible portion of insured losses. The account is maintained through an annual provision and collected through customer rates. There is an annual regulatory provision of \$267,000 and amortization of the 2016 accumulated balance of \$1,059,000 over five years (\$212,000 per year). This change is consistent with the 2017-2018 GRA. Refer to Note 1(b). In the absence of rate regulation, IFRS requires these costs to be expensed as incurred.

(vii) Deferred overhauls

YUB Order 2013-01 restricted inclusion of property, plant and equipment overhaul depreciation expense in rates charged to customers until the Corporation comes before the YUB for a prudence review. As such, starting in 2013 the Corporation deferred depreciation expense related to overhauls. In 2017, the Corporation came before the YUB for a prudence review and began to recognize these deferred depreciation amounts. In the absence of rate regulation, IFRS requires these costs to be expensed as incurred.

(viii) Fuel price adjustment

OIC 1995/90 directs the YUB to permit the Corporation to adjust electricity rates to reflect the fluctuations in the price of diesel fuel. The amount by which actual fuel prices vary from the long-term average prices is deferred and recovered from or refunded to customers in a future period. In 2017 the Corporation updated the long-term average cost to better reflect current market conditions. This change is consistent with the 2017-2018 GRA. Refer to Note 1(b). As part of the 2017-18 GRA, the balance as at June 30, 2019 of \$3,940,000 was transferred to the regulatory deferral account debit balance class 2017/18 GRA (See Note 11(a)(ix)). In the absence of rate regulation, IFRS requires these costs to be expensed as incurred.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2019 (tabular amounts in thousands of Canadian dollars)

11. Regulatory accounts - continued

(ix) 2017/18 GRA

The Corporation recognizes a regulatory deferral account debit balance when the Corporation has the right, as a result of the actual or expected actions of the rate regulator, to increase rates in future periods in order to recover its allowable costs plus return on rate base, as described in Note 1(b). The amount recognized represents the amount approved by the YUB in November 2019, less amounts received from customers during the year. The ending balance at December 31, 2019 comprises the Corporation's remaining revenue shortfall and the amount transferred from the regulatory deferral account debit balance class Fuel Price Adjustment (see Note 11(a)(viii)) during the year, to be collected from customers in future years.

This change is consistent with the 2017-2018 GRA. Refer to Note 1(b) and Note 4.

(x) Deferred gains and losses

Deferred gains and losses represent amounts from disposals of property, plant and equipment that have or will be submitted for approval by the YUB to be deferred. There are no deferred gains or losses during any of the reporting years.

b) Regulatory deferral account credit balances

	Deferred Insurance Proceeds (i)	Hearing Reserve (ii)	Low Water Reserve Fund (iii)	Future Removal and Site Restoration (iv)	Contracts with Customers (v)	Total
Cost:						
At December 31, 2017	\$ 11,122	\$ 1,220	\$ 8,742	\$ 4,303	\$ 4,153	\$ 29,540
Costs incurred	-	(155)	(893)	(339)	-	(1,387)
Regulatory provision	-	250	(2,033)	-	471	(1,312)
Cash received	-	-	77	-	-	77
Cash refunded	-	-	(2,875)	-	-	(2,875)
At December 31, 2018	11,122	1,315	3,018	3,964	4,624	24,043
Costs incurred	-	-	(4,038)	(1,173)	-	(5,211)
Regulatory provision	-	(633)	-	-	471	(162)
Cash received	-	-	11	-	-	11
Cash refunded	-	-	(1,004)	-	-	(1,004)
At December 31, 2019	\$ 11,122	\$ 682	\$ (2,013)	\$ 2,791	\$ 5,095	\$ 17,677
Accumulated amortization:						
At December 31, 2017	\$ 6,394	\$ 194	\$ -	\$ -	\$ -	\$ 6,588
Amortization	247	194	-	-	-	441
At December 31, 2018	6,641	388	-	-	-	7,029
Amortization	253	195	-	-	-	448
At December 31, 2019	\$ 6,894	\$ 583	\$ -	\$ -	\$ -	\$ 7,477
Net book value:						
At December 31, 2018	\$ 4,481	\$ 927	\$ 3,018	\$ 3,964	\$ 4,624	\$ 17,014
At December 31, 2019	\$ 4,228	\$ 99	\$ (2,013)	\$ 2,791	\$ 5,095	\$ 10,200
Net (increase) decrease in regulatory deferral account credit balances (which are recognized in the net movement of regulatory deferral account balances related to net income on the Consolidated Statement of Operations and Other Comprehensive Income):						
December 31, 2018	\$ 247	\$ 99	\$ 5,724	\$ 339	\$ (471)	\$ 5,938
December 31, 2019	\$ 253	\$ 828	\$ 5,031	\$ 1,173	\$ (471)	\$ 6,814

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2019 (tabular amounts in thousands of Canadian dollars)

11. Regulatory accounts - continued

Remaining recovery years						
At December 31, 2018	18 years	Indeterminate	Indeterminate	Indeterminate		
At December 31, 2019	17 years	Indeterminate	Indeterminate	Indeterminate	48 Years	49 Years

Absent rate regulation, net income for the year and net movement in regulatory deferral account balances on the Consolidated Statement of Operations and Other Comprehensive Income would increase (decrease) by:

December 31, 2018	\$ (247)	\$ (99)	\$ (5,724)	\$ (339)	\$ 471	\$ (5,938)
December 31, 2019	\$ (253)	\$ (828)	\$ (5,031)	\$ (1,173)	\$ 471	\$ (6,814)

(i) Deferred insurance proceeds

The deferred insurance proceeds represents a gain on fire insurance proceeds related to a fire at the Whitehorse Rapids Generating Station in 1997 which, pursuant to YUB Order 2000-3, is being amortized to income at the same rate as depreciation of the related replacement assets. In the absence of rate regulation, IFRS requires the gain to have been fully recognized as income in the year received.

(ii) Hearing reserve

The Corporation has established a deferral account for future regulatory hearing costs. In 2017 the Corporation adjusted the annual provision and recognition of the accumulated balance to more accurately reflect expected hearing costs. This change is consistent with the 2017-18 GRA. Refer to Note 1(b). The regulatory provision for the year reflects an annual provision of \$250,000 less \$883,000 of costs transferred from the regulatory deferral account debit balance class Regulatory Costs (See Note 11(a)(iii)). In the absence of rate regulation, IFRS requires these costs to be expensed as incurred.

(iii) Low Water Reserve Fund

The Low Water Reserve Fund ("LWRF") was established by YUB Order 2018-10. The LWRF is used to protect the Corporation and ratepayers for costs associated with variability in thermal generation required when there is a thermal cost variance due solely to water-related hydro generation variances from YUB approved GRA forecasts. YUB Order 2019-08 amended how the LWRF is calculated. As a result, the costs incurred for the year of \$4,038,000 reflect a decrease of \$360,000 from the amount previously recognized as at December 31, 2018.

The LWRF attracts interest based upon short/intermediate term bond rates. Any negative balance attracts interest at the lowest short-term bond rates available to the Corporation through its line of credit. The Corporation is required to file quarterly reports with the YUB on the LWRF's activity.

In accordance with YUB Order 2015-01, the Corporation defers recognition of the additional amounts collected from rate payers when the cost of thermal consumed in the period is less than the long-term average thermal requirements estimated for the actual annual generation load. These deferred amounts are recognized as revenue in the period when the cost of thermal incurred for the period is greater than the long-term average thermal requirements and the reason for the shortfall is a shortage of water in the hydro system. The YUB has set a cap rate of +/- \$8 million for the LWRF. If the balance falls outside of this range, the Corporation is to make an application to the YUB requesting recovery or a refund to customers. In accordance with YUB Order 2015-06, the Corporation is providing a refund to the customers of 0.68 cents/kWh effective September 1, 2015. YUB Order 2019-02 set the refund rider to 0.00 cents/kWh effective April 1, 2019.

In the absence of rate regulation, IFRS requires any amounts earned or incurred related to the LWRF to be included in the Corporation's net income in the year incurred.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2019 (tabular amounts in thousands of Canadian dollars)

11. Regulatory accounts - continued

(iv) Future removal and site restoration costs

The Corporation maintains a regulatory provision for future removal and site restoration costs related to property, plant and equipment, which is incremental to that required to be recognized as an asset retirement provision under IAS 37. The reserve has been established through amortization rates based upon depreciation studies conducted periodically by the Corporation. As a result of the YUB Order 2005-12, effective January 1, 2005, the provision is not to exceed the cumulative value of the provision at December 31, 2004 of \$5,757,000.

Costs of dismantling capital assets, including site remediation, will be applied to this regulatory deferral account credit balance if they do not otherwise relate to an asset retirement provision. The period over which the provision will be reduced is dependent on the timing of future costs of demolishing, dismantling, tearing down, site restoration or otherwise disposing of the asset net of actual recoveries, and is therefore indeterminate. In the absence of rate regulation, IFRS requires these costs to be expensed or included in the gain or loss on disposal of the related property, plant and equipment, as applicable.

(v) Contracts with customers

Effective January 1, 2018 the Corporation adopted IFRS 15, *Revenue from Contracts with Customers*. As a result of the impacts of IFRS 15, certain revenues are recognized in net income over a shorter period than allowed by the YUB for rate-setting purposes. The timing difference is reflected as a regulatory deferral account credit balance.

(c) Regulatory account expenses

Regulatory account expenses represent costs incurred related to regulatory account debit balances of \$3,102,000 (2018 - \$2,387,000) and regulatory account credit balances of \$5,211,000 (2018 - \$1,387,000).

(d) Net movement in regulatory deferral account balances related to net income

Net movement in regulatory deferral account balances related to net income is \$11,014,000 (2018 - \$7,563,000) and represents the adjustment to net income for the year before net movement in regulatory deferral account balances for the effects of rate regulation in accordance with IFRS 14. The net movement figure of \$11,014,000 is comprised of an increase of \$4,200,000 for regulatory account debit balances and a decrease of \$6,814,000 for regulatory account credit balances for rate regulation compared to the amounts that would be recorded under IFRS absent rate regulation. The net movement figure of \$7,563,000 for 2018 is comprised of an increase of \$1,625,000 for regulatory account debit balances and a decrease of \$5,938,000 for regulatory account credit balances for rate regulation compared to the amounts that would be recorded under IFRS absent rate regulation.

12. Bank indebtedness

The line of credit accrues interest on withdrawals at prime rate minus 0.75% per annum. Refer to the interest rate risk section within Note 25.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2019 (tabular amounts in thousands of Canadian dollars)

13. Accounts payable and accrued liabilities

	2019	2018
Trade payables	\$ 9,923	\$ 9,552
Employee compensation	794	955
Due to related parties (Note 21)	512	920
Other	100	39
	\$ 11,329	\$ 11,466

14. Long-term debt

The Corporation's long-term debt is summarized as follows:

	2019	2018
Bond		
The Corporation issued a bond at a fixed interest rate of 5.0% per annum. Interest is payable semi-annually. Principal payment is due when the bond expires on June 29, 2040 (i).	\$ 98,477	\$ 98,436
The Toronto Dominion Bank		
The Corporation entered into an interest rate swap to convert the interest rate on the Bankers' Acceptances amounts from a variable interest rate based on the Bankers' Acceptances rates to a fixed rate of 2.69% per annum. Payable in monthly installments of \$50,407 interest and principal with the balance due on December 28, 2022 (ii).	8,623	8,991
The Toronto Dominion Bank		
The Corporation entered into an interest rate swap to convert the interest rate on the Bankers' Acceptances amounts from a variable interest rate based on the Bankers' Acceptances rates to a fixed rate of 3.665% per annum. Payable in monthly installments of \$120,246 interest and principal with the balance due on August 23, 2038 (iii).	22,811	23,406
The Toronto Dominion Bank		
The Corporation entered into an interest rate swap to convert the interest rate on the Bankers' Acceptances amounts from a variable interest rate based on the Bankers' Acceptances rates to a fixed rate of 2.899% per annum. Payable in monthly installments of \$31,726 interest and principal with the balance due on July 14, 2039 (iv).	6,688	-

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2019 (tabular amounts in thousands of Canadian dollars)

14. Long-term debt - continued

Yukon Government

The Corporation entered into a refinance agreement for construction financing. Annual principal payments of \$1,000,000 are due on March 31. The interest rate is adjusted annually on April 1 to be the one-year Canadian Dollar Offered Rate plus Yukon Government's borrowing premium with the balance due on March 31, 2023.

38,200 39,200

Tr'ondek Hwech'in First Nation loan

The loan from the First Nation is related to the construction of the Mayo Dawson Transmission Line and is repayable in equal annual principal repayments of \$125,000 with the final payment due in 2049. The interest rate at 6.43% (2018-7.526%) is a blended rate based on the cost of debt and the actual rate of return earned by the Utility.

3,750 3,875

Na-Cho Nyak Dun First Nation loan

The loan from the First Nation is related to the construction of the Mayo B project and is repayable in equal annual principal repayments of \$43,264 with the final payment due in 2094. The interest rate of 6.25% (2018-8.99%) is based on the actual rate of return earned by the Utility.

3,245 3,288

Chu Niikwan Limited Partnership loan

The loan from the First Nation is related to the construction of the Liquid Natural Gas generation equipment and is repayable in equal annual principal repayments of \$839,376 with the final payment due in 2040. The interest rate of 4.048% (2018-5.144%) is based on a blended rate based on the cost of debt and the actual rate of return earned by the Utility.

21,406 18,466

Carmacks Stewart First Nation liability

Long-term liability payable to several First Nations related to the construction of the Carmacks Stewart Transmission Line. These are non interest bearing, repayable in varying installments, due in 2028.

151 161

Total

203,351 195,823

Less: current portion

3,382 2,980

\$ 199,969 \$ 192,843

(i) Bond

The Corporation issued a bond in 2010 for the face value of \$100 million. The interest rate is 5% and the bond matures June 29, 2040. There are no principal payments due until the bond matures and interest is payable semi-annually. The bond was issued at a discount of \$0.7 million which is being amortized over the period of the related debt using the effective interest rate. Transaction costs were \$1.2 million and includes fees paid to agents and advisors and are presented as a reduction from the carrying value of the related debt and are amortized over the period of the related debt using the effective interest rate.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2019 (tabular amounts in thousands of Canadian dollars)

14. Long-term debt - continued

(ii) **Toronto Dominion Bank Loan and Interest Rate Swap**

On December 28, 2012, the Corporation entered into a loan and interest rate swap with Toronto Dominion Bank to arrange financing for the purpose of continuing to develop the electrical infrastructure in the Yukon. The interest rate swap matures December 28, 2022.

(iii) **Toronto Dominion Bank Loan and Interest Rate Swap**

On August 23, 2018, the Corporation entered into a loan and interest rate swap with Toronto Dominion Bank to arrange financing for the purpose of continuing to develop the electrical infrastructure in the Yukon. The interest rate swap matures August 23, 2038.

(iv) **Toronto Dominion Bank Loan and Interest Rate Swap**

On July 15, 2019, the Corporation entered into a loan and interest rate swap with Toronto Dominion Bank to arrange financing for the purpose of continuing to develop the electrical infrastructure in the Yukon. The interest rate swap matures July 14, 2039.

Long-term debt repayment

Scheduled repayments for all long-term debt are as follows:

2020	\$ 3,382
2021	3,416
2022	10,910
2023	3,083
2024	3,083
Thereafter	179,477
	<hr/>
	\$ 203,351

The change in long-term debt arising from financing activities during the year related to principal repayment of \$3,223,000 and the issuance of additional debt in the amount of \$10,724,000.

Fair value

The fair value of long-term debt at December 31, 2019 is \$231 million (December 31, 2018 - \$221 million). The fair value for all long-term debt including current portions was estimated using discounted cash flows based on an estimate of the Corporation's current borrowing rate for similar borrowing arrangements.

15. Post-employment benefits

Characteristics of benefit plans

The Corporation sponsors an employee defined benefit pension plan for employees joining the Corporation before January 1, 2002. The Corporation also sponsors an executive defined benefit pension plan and supplemental executive retirement plan for a former executive. Benefits provided are calculated based on length of pensionable service, pensionable salary at retirement age and negotiated rates.

Employees joining the Corporation after January 1, 2002 are not eligible to participate in the employee defined benefit pension plan.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2019 (tabular amounts in thousands of Canadian dollars)

15. Post-employment benefits - continued

The Corporation makes contributions to a Registered Retirement Savings Plan ("RRSP") on behalf of these employees and employees hired before January 1, 2002 who belonged to the employee defined benefit pension plan and elected to opt out of that plan. The RRSP is a defined contribution retirement plan. The costs recognized for the period are equal to the Corporation's contribution to the plan. During 2019, these were \$418,000 (2018 - \$499,000).

The defined benefit pension plan for employees is regulated by the Office of the Superintendent of Financial Institutions ("OSFI") through the *Pension Benefits Standards Act* and regulations. This Act and accompanying regulations impose, among other things, minimum funding requirements. The executive defined benefit pension plan and supplemental executive retirement plan are not registered with OSFI and are not subject to minimum funding requirements of the Act.

These minimum funding requirements require the Corporation to make special payments as prescribed by the OSFI to repay any unfunded liability or deficit that may exist. For the employee defined benefit pension plan, the Corporation is required to pay \$184,300 as a minimum annual payment during years 2020-2026, reducing to \$38,000 for 2027, \$49,300 per year during years 2028-2031, \$61,000 for 2032 and \$36,000 for 2033 (2018 - \$148,300 as a minimum annual payment during the years 2018-2027, reducing to \$110,300 for 2028, and further reducing to \$61,000 per year during years 2029-2032).

A committee of the Utility's Board of Directors oversees these plans and is responsible for the investment policy with regard to the assets of these funds.

Risks associated with defined benefit plans

The defined benefit pension plans expose the Corporation to risk such as investment risk and actuarial risk. Investment risk is the risk that the assets invested will be insufficient to meet expected benefits. Actuarial risk is the risk that benefits paid will be more than expected. There are no particular unusual, entity-specific or plan specific risks or any significant concentration of risk.

Net defined benefit liability

	2019	2018
Present value of benefit obligations		
Balance, beginning of year	\$ 23,499	\$ 24,775
Employee contributions	51	73
Current service cost	313	403
Interest cost	915	847
Benefits paid	(758)	(680)
Actuarial losses (gains) on experience	853	(235)
Actuarial losses on demographic assumptions	-	215
Actuarial losses (gains) on financial assumptions	3,202	(1,899)
Balance, end of year	\$ 28,075	\$ 23,499

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2019 (tabular amounts in thousands of Canadian dollars)

15. Post-employment benefits - continued

	2019	2018
Fair value of plan assets		
Balance, beginning of year	17,731	18,659
Interest income on plan assets	687	632
Gains (losses) on plan assets	2,196	(1,369)
Employee contributions	51	74
Employer contributions	544	438
Benefits paid	(758)	(643)
Administrative costs	(65)	(60)
Balance, end of year	20,386	17,731
Net defined benefit liability	\$ 7,689	\$ 5,768

Components of benefit plan cost

Current service cost	\$ 313	\$ 403
Interest cost	915	847
Interest income on plan assets	(687)	(632)
Administrative costs	65	60
Defined benefit expense in Consolidated Statement of Operations	606	678
Defined contribution expense	418	499
Total benefit expense in Consolidated Statement of Operations	\$ 1,024	\$ 1,177
Actuarial losses (gains) on obligation	4,055	(1,919)
(Gains) losses on plan assets	(2,196)	1,369
Total remeasurement included in Other Comprehensive Income	1,859	(550)
Total benefit cost recognized in the Consolidated Statement of Operations and Other Comprehensive Income	\$ 2,883	\$ 627

Distribution of plan assets of defined benefit pension plans:

The fair values of the defined benefit pension plans' assets are based on market values as reported by the plans' custodians as at each applicable Consolidated Statement of Financial Position date.

The distribution of assets by major asset class is as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Equities	50.9%	48.6%
Fixed income securities	39.1%	40.9%
Real estate	10.0%	10.5%

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2019 (tabular amounts in thousands of Canadian dollars)

15. Post-employment benefits - continued

Significant assumptions:

	December 31, 2019	December 31, 2018
Discount rate - accrued benefit obligation	3.10%	3.90%
Assumed rate of salary escalation	2.80%	2.80%
Pension growth	2.00%	2.00%

Sensitivity Analysis:

The sensitivities of key assumptions used in measuring accrued benefit obligations at each Consolidated Statement of Financial Position date have been calculated independently of changes in other key assumptions. Actual experience may result in changes in a number of assumptions simultaneously. The sensitivity analysis has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period. The mortality assumptions are based on the 2014 Canadian Pensioner Mortality Private Table projected with full generational mortality improvements using scale MI-2017.

Assumptions and sensitivity to the recognized post-employment benefits liability balance at December 31, 2019

Assumption	+1%	-1%	+1%	-1%
Discount rate	-13.95%	17.69%	\$(3,918)	\$4,966
Salary growth	1.04%	-0.99%	278	(265)
Pension growth	15.74%	-12.90%	4,200	(3,442)
Life expectancy (1 year movement)	2.74%	-2.77%	770	(777)

Assumptions and sensitivity to the recognized post-employment benefits liability balance at December 31, 2018

Assumption	+1%	-1%	+1%	-1%
Discount rate	-13.39%	16.97%	\$(3,146)	\$3,988
Salary growth	1.58%	-1.41%	351	(313)
Pension growth	14.80%	-12.13%	3,287	(2,694)
Life expectancy (1 year movement)	2.51%	-2.45%	589	(575)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same that is applied in calculating the defined benefit obligation liability recognized in the Consolidated Statement of Financial Position.

The Corporation pays the balance of the cost of the employee benefit plan over the employee contributions, as determined by the actuary. Members are required to contribute 3.5% of earnings up to the Year's Maximum Pensionable Earnings ("YMPE") plus 5% of earnings above the YMPE. Permanent part-time members will have required contributions as above multiplied by their permanent part-time service ratio. Employees can make additional contributions to purchase ancillary benefits. Members choose the ancillary benefit on termination of service or on retirement.

The average duration of the benefit obligation is 16.0 years (2018 - 16.0 years). The Corporation expects to make payments of \$718,600 (2018 - \$606,000) to the defined benefit pension plans during the next financial year.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2019 (tabular amounts in thousands of Canadian dollars)

16. Contributions in aid of construction

	Government of Canada	Yukon Government since 1998	Pre - 1998 contributions	Total
Cost:				
At December 31, 2017	\$ 71,000	\$ 18,470	\$ 1,739	\$ 91,209
Additions	-	78	-	78
Disposals	-	(2,080)	-	(2,080)
At December 31, 2018	71,000	16,468	1,739	89,207
Additions	300	228	-	528
At December 31, 2019	\$ 71,300	\$ 16,696	\$ 1,739	\$ 89,735
Accumulated amortization:				
At December 31, 2017	\$ 6,020	\$ 4,072	\$ 1,380	\$ 11,472
Additions	991	332	43	1,366
Disposals	-	(1,422)	-	(1,422)
At December 31, 2018	7,011	2,982	1,423	11,416
Additions	991	333	43	1,367
At December 31, 2019	\$ 8,002	\$ 3,315	\$ 1,466	\$ 12,783
Net book value:				
At December 31, 2018	\$ 63,989	\$ 13,486	\$ 316	\$ 77,791
At December 31, 2019	\$ 63,298	\$ 13,381	\$ 273	\$ 76,952

17. Deferred revenue

	Customer Contributions	Decommissioning Fund	Total
At January 1, 2018	\$ 9,546	\$ 2,665	\$ 12,211
Additions	1,304	48	1,352
Revenue recognized in Sales of Power (Note 18)	(1,669)	-	(1,669)
At December 31, 2018	\$ 9,181	\$ 2,713	\$ 11,894
Additions	11,055	56	11,111
Revenue recognized in Sales of Power	(2,350)	-	(2,350)
At December 31, 2019	\$ 17,886	\$ 2,769	\$ 20,655

Customer contributions represent monies paid or assets contributed by customers for connection to the grid. The contributions are recognized into revenue when the performance obligation is satisfied. Additions during 2019 include assets contributed valued at \$10,345,000, received as part of a power purchase agreement.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2019 (tabular amounts in thousands of Canadian dollars)

17. Deferred revenue - continued

The decommissioning fund represents monies paid in advance by an industrial customer to decommission the spur line that connects its operation to the Corporation's grid. Under a power purchase agreement, the customer has the financial responsibility for decommissioning activities to be performed by the Corporation on its behalf. Any amounts not required for decommissioning will be refunded to the customer. This money accrues interest at the rate equal to the three month Canadian Dealer Offered Rate ("CDOR"). This amount will be recognized to revenue when uncertainty associated with its recognition is satisfied.

18. Sales of power

	2019	2018
Wholesale	\$ 34,520	\$ 32,911
Industrial	6,958	6,894
General service	6,065	5,359
Residential	2,557	2,400
Sentinel and street lights	106	108
Secondary sales	-	19
	\$ 50,206	\$ 47,691

19. Operations and maintenance expenses

	2019	2018
Fuel	\$ 10,331	\$ 6,309
Regulatory account expenses (Note 11 (c))	8,313	3,774
Wages and benefits	6,030	6,234
Contractors	2,563	2,706
Materials and consumables	2,161	1,400
Rent	1,547	1,332
Loss on asset disposal	1,337	1,177
Travel	369	480
Communication	74	75
	\$ 32,725	\$ 23,487

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2019 (tabular amounts in thousands of Canadian dollars)

20. Administration expenses

	2019	2018
Wages and benefits	\$ 6,232	\$ 6,493
Insurance and taxes	1,895	1,819
Materials, consumables and general	1,891	1,752
External labour	1,456	1,580
Licences and fees	674	599
Travel	224	213
Board fees	110	155
	\$ 12,482	\$ 12,611

21. Related party transactions

The Corporation is related in terms of common ownership to all Yukon Government departments, agencies and Territorial Corporations. Transactions are entered into in the normal course of operations with these entities. All sales of power transactions are recorded at the rates approved by the YUB.

The finance lease with the Yukon Hospital Corporation is disclosed in Note 8.

The following table summarizes the Corporation's related party transactions with the Yukon Government for the year:

	2019	2018
Revenues		
Contributions for Interim Electrical Rebate program	\$ 3,454	\$ 3,547
Contributions for bond interest expense	2,625	2,625
Contributions for Innovative Energy Renewable Initiatives	1,376	1,168

At the end of the year, the amounts receivable from and due to the Yukon Government are as follows:

	2019	2018
Balances		
Long-term debt	\$ 38,200	\$ 39,200
Accounts receivable	\$ 348	\$ 1,277
Accounts payable	\$ 512	\$ 920

These balances are non-interest bearing and payable on demand except for long-term debt.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2019 (tabular amounts in thousands of Canadian dollars)

21. Related party transactions - continued

Transactions with Key Management Personnel

The Corporation's key management personnel comprise of members of senior management and the Board of Directors, a total of 27 individuals (2018 - 26 individuals). Key management personnel compensation is as follows:

Year ended December 31,	2019	2018
Short-term employee benefits	\$ 1,539	\$ 1,684
Post-employment benefits	161	159
	\$ 1,700	\$ 1,843

22. Commitments

Aishihik water licence

The Yukon Water Board issued a water use licence in 2002, valid until December 31, 2019, for the Corporation's Aishihik Lake facility. In addition to maintaining a minimum and maximum water level, this licence commits the Corporation to meet a number of future requirements including annual fish monitoring programs.

Due to outstanding issues with affected stakeholders, the Corporation was unable to secure a long term renewal of the licence prior to expiry. During 2019, a two month extension was granted and then, in order to ensure continued generation from this plant, the Corporation made application for a short term (three year) renewal to the existing licence. This application was approved and a renewed licence was granted by the YWB effective March 1, 2020. This short term licence includes additional monitoring and potential operational adjustments, the cost of which will be charged to the fiscal year in which they occur. The Corporation continues to work with affected parties with the objective of a longer term licence agreement prior to the expiry of the extension.

Fish monitoring programs are also required under an authorization provided by the federal government Department of Fisheries and Oceans, which is valid until December 31, 2022. These costs of meeting these requirements are accounted for as water licence costs in the year they are paid.

Contractual obligations

The Corporation has entered into contracts to purchase products or services for which the liability has not been incurred as at December 31, 2019 as the product or service had not been provided. The total commitments at year end are \$8,892,000 (December 31, 2018 - \$3,832,000).

23. Contingencies

Aishihik Third Turbine Project

This project was commissioned into service in December 2011. On March 2, 2012, the general contractor filed a claim with the Supreme Court of Yukon for \$4,000,000 plus interest and costs alleging the Utility has not paid for work performed. During 2017, the Yukon Supreme Court issued an award in favor of the contractor. The Utility successfully appealed the award in 2018. A re-trial was held in November 2019; the decision of the judge on this proceeding is outstanding. The matter is still before the courts. Legal costs are being expensed as incurred. The outcome of the court process is not determinable at this time and no estimate of settlement has been recognized in the consolidated financial statements.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2019 (tabular amounts in thousands of Canadian dollars)

23. Contingencies - continued

Asset retirement obligations

The Corporation has not recognized a provision for the closure and restoration obligations for certain generation, transmission and distribution assets which the Corporation anticipates maintaining and operating for an indefinite period, making the date of retirements of these assets indeterminate. These significant uncertainties around the timing of any potential future cash outflows are such that a reliable estimate of the liability is not possible at this time. A provision will be recognized when the timing of the retirement of these assets can be reasonably estimated.

24. Provision for environmental liabilities

The Corporation's activities are subject to various federal and territorial laws and regulations governing the protection of the environment or to minimize any adverse impact thereon. The Corporation conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations.

The Corporation has conducted environmental site assessments at all its diesel plant sites. At sites where environmental contamination was found and a legal obligation to remediate the site existed, the Corporation has conducted a full remediation. As at December 31, 2019 no new provisions for environmental liabilities, for which a legal obligation exists to remediate, have been identified by the Corporation. The Corporation will continue to use its Environmental Management System to monitor and assess previous and potential existing environmental liabilities on an ongoing basis. The Corporation does not have a provision for environmental liabilities as there is no present obligation to remediate.

25. Risk management and financial instruments

At December 31, 2019, the Corporation's financial instruments included cash, accounts receivable, finance lease receivables, accounts payable and accrued liabilities, long-term debt and interest rate swaps. The fair values of cash, accounts receivable, finance lease receivables, and accounts payable and accrued liabilities approximate their carrying values due to the immediate or short-term maturity of these financial instruments.

The long-term debt is accounted for at amortized cost using the effective interest rate method. The fair value of the long-term debt is estimated by discounting the future cash flows using current rates for debt instruments subject to similar risks and maturities as discussed in Note 14.

Interest rate swaps are financial contracts that derive their value from changes in an underlying variable. The fair value of the interest rate swaps is estimated using standard market valuation techniques and is provided to the Corporation by the financial institution that is the counterparty to the transactions.

Interest rate risk

Interest rate risk is the risk that future cash flows or fair value of a financial instrument will fluctuate due to changes in market interest rates. The Corporation's future cash flows are not exposed to significant interest rate risk due to its long-term debt having fixed interest rates, with the exception of the Bankers' Acceptances from the Toronto Dominion Bank. The Bankers' Acceptances have had the variable rate converted to a fixed rate using an interest rate swap to eliminate the interest rate risk.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2019 (tabular amounts in thousands of Canadian dollars)

25. Risk management and financial instruments - continued

As at December 31, 2019, the Corporation had three interest rate swap agreements in place. The first agreement has a notional principal amount of \$8.6 million (2018 - \$9.0 million) and the agreement effectively changes the Corporation's interest rate exposure on this notional amount from a floating rate to a fixed rate of 2.69%. The second agreement has a notional principal amount of \$22.8 million (2018 - \$23.4 million) and the agreement effectively changes the Corporation's interest rate exposure on this notional amount from a floating rate to a fixed rate of 3.67%. The third agreement has a notional principal amount of \$6.7 million (2018 - \$0) and the agreement effectively changes the Corporation's interest rate exposure on this notional amount from a floating rate to a fixed rate of 2.90%.

The fair value of the interest rate swap agreements on December 31, 2019 was a liability of \$1,930,000 (2018 - liability of \$1,042,000). The decrease in the fair value in 2019 of \$888,000 (2018 - \$986,000) is recognized on the Consolidated Statement of Operations and Other Comprehensive Income as an unrealized loss. A 100 basis point increase/decrease in the interest rate assumption would have resulted in an increase/decrease in the interest rate swap agreements fair value of \$3,534,000 (2018 - \$2,911,000).

The Corporation has access to \$17.5 million in lines of credit. Effective June 6, 2019, the line of credit was increased temporarily to \$34.0 million. The temporary increase expires May 31, 2020. The account accrues interest on withdrawals at prime rate minus 0.75% per annum. By agreement the financial institution has a legally enforceable right to set off the outstanding balance under the lines of credit by cash balances in other accounts with the same bank. The amount outstanding on the line of credit balance at year end was \$22.5 million (2018 - \$2.4 million). The Corporation has cash balances with the same financial institution with legal right of offset of \$2.9 million (2018 - \$2.9 million). Due to the short-term nature of the amount drawn on the lines of credit and the Corporation's cash balances with the same financial institution the interest rate risk is minimal.

Credit risk

Credit risk is the risk of failure of a debtor or counterparty to honour its contractual obligations resulting in financial loss to the Corporation.

The following table illustrates the maximum credit exposure to the Corporation if all counterparties defaulted:

	2019	2018
Cash	\$ 9,085	\$ 5,113
Accounts receivable	10,452	8,133
Finance lease receivables	85	85
	\$ 19,622	\$ 13,331

Credit risk on cash is considered minimal as the Corporation's cash deposits are held by a Canadian Schedule 1 Chartered bank.

Credit risk on accounts receivable is considered minimal as the Corporation has experienced insignificant bad debt in prior years. In addition, its primary customer is a rate regulated utility that purchases power from the Corporation for resale and as such these receivables are considered fully collectible. Included in the accounts receivable past due but not impaired at December 31, 2019 are \$1,680,000 (2018 - \$681,000) which management believes will be received in full.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2019 (tabular amounts in thousands of Canadian dollars)

25. Risk management and financial instruments - continued

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation manages liquidity risk through regular monitoring of cash and currency requirements by preparing cash flow forecasts to identify financing requirements. The Corporation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Corporation's reputation. Rate regulation assists the Corporation with liquidity management by providing consistent revenues and a consistent debt to equity ratio.

Fair values

The following table illustrates the fair value hierarchy of the Corporation's financial instruments as at December 31, 2019:

	Quoted prices in active markets (Level 1)	Other observable inputs (Level 2)	Unobservable inputs (Level 3)	Total
Derivative related liability	-	\$1,930	-	\$1,930
Long-term debt	-	-	\$230,876	\$230,876

The following table illustrates the fair value hierarchy of the Corporation's financial instruments as at December 31, 2018:

	Quoted prices in active markets (Level 1)	Other observable inputs (Level 2)	Unobservable inputs (Level 3)	Total
Derivative related liability	-	\$1,042	-	\$1,042
Long-term debt	-	-	\$195,823	\$195,823

26. Capital management

The Utility's capital is its shareholder's equity which is comprised of share capital, contributed surplus and retained earnings. The Utility manages its equity by managing revenues, expenses, assets and liabilities to ensure the Utility effectively achieves its objectives while remaining a going concern.

The Utility maintains a balance in retained earnings as an indicator of the Utility's equity position. The Utility has a policy which defines its capital structure at a ratio of 60% debt and 40% equity. This policy has been reviewed and accepted by the YUB.

The Utility monitors its capital on the basis of the ratio of total debt to total capitalization. Debt is calculated as total borrowings, which is comprised of long-term debt, including the portion of long-term debt due within one year, as well as the decommissioning fund (Note 17). Short-term debt related to assets under construction at the Statement of Financial Position date is excluded from the calculation of total debt, as the assets are similarly excluded from the determination of rate base.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2019 (tabular amounts in thousands of Canadian dollars)

26. Capital management - continued

Total capitalization is calculated as total debt plus total shareholder's equity as shown on the Utility's Statement of Financial Position.

The table below summarizes the Utility's total debt to total capitalization position:

	2019	2018
Long-term debt due within one year	\$ 6,054	\$ 80,210
Long-term debt	163,602	86,058
Total debt	169,656	166,268
Add decommissioning fund (note 17)	2,769	2,713
Total debt to include in the calculation	\$ 172,425	\$ 168,981
Share capital	\$ 39,000	\$ 39,000
Contributed surplus	14,600	14,600
Retained earnings	65,596	68,014
Total shareholder's equity	119,196	121,614
Total capitalization	\$ 291,621	\$ 290,595
Total debt to total capitalization	59 %	58 %

There were no changes in the Utility's approach to capital management during the period.

27. Subsequent events

Subsequent to year-end, the Corporation entered into a contract to purchase certain products or services. The total commitment for four years is approximately \$20 million, subject to demand and fluctuations in market prices.

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to impact forecasts. The potential financial impact cannot be reasonably estimated at this time, but is expected to both positively and negatively affect the Corporation's consolidated financial position, consolidated results of operations and consolidated cashflows.

28. Non-consolidated financial information

The nature and size of operations of the non-consolidated Yukon Development Corporation and its wholly-owned subsidiary, Yukon Energy Corporation differ substantially. Unaudited non-consolidated financial statements of the Yukon Development Corporation and audited financial statements of Yukon Energy Corporation for the year ended December 31, 2019 are also prepared.

YUKON HOSPITAL CORPORATION

FINANCIAL STATEMENTS

March 31, 2020

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Yukon Hospital Corporation

Management Responsibility Statement

The accompanying consolidated financial statements of the Yukon Hospital Corporation are the responsibility of management and have been approved by the Executive Committee of the Board of Trustees.

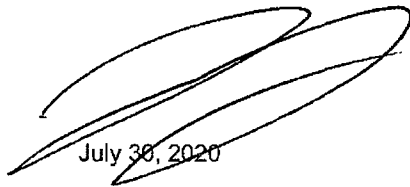
These consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. The consolidated financial statements include some amounts, such as the determination of amounts related to the estimated useful lives of capital assets, the defined benefit pension plan obligation, the calculation of allowance for doubtful accounts and the liabilities for accrued severance, retirement and sick leave benefits, that are necessarily based on management's best estimates and judgement. Management has determined such amounts on a reasonable basis.

Management maintains a system of internal accounting and administrative controls designed to provide reasonable assurance as to the reliability of financial information and the safeguarding of assets.

The Board of Trustees of the Corporation is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls. The Board exercises this responsibility for financial reporting through the delegation of the approval of the consolidated financial statements by the Executive Committee consisting of three non-management members. The Executive Committee meets regularly with management and with the external auditors to review the scope, results of the annual audit, and to review and approve the consolidated financial statements and related financial reporting matters.

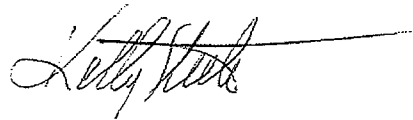
These consolidated financial statements have been independently audited in accordance with Canadian generally accepted auditing standards by the Auditor General of Canada, and her report is included with these consolidated financial statements.

Jason Bilsky
Chief Executive Officer



July 30, 2020

Kelly Steele
Chief Financial Officer



July 30, 2020



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the Yukon Hospital Corporation

Opinion

We have audited the consolidated financial statements of the Yukon Hospital Corporation and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 31 March 2020, and the consolidated statement of operations, consolidated statement of changes in net assets and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2020, and the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

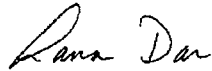
Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in cursive script that reads "Lana Dar".

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

Vancouver, Canada
30 July 2020

Yukon Hospital Corporation
Consolidated Statement of Financial Position

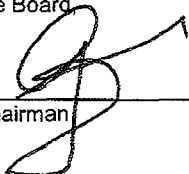
As at March 31
(in thousands of dollars)

	2020	2019
	\$	\$
ASSETS		
Current assets		
Cash (note 4)	3,316	5,118
Accounts receivable	7,176	2,991
Inventory (note 3)	2,538	2,421
Prepaid expenses	623	826
Short-term contributions receivable (note 7)	3,539	3,421
	<u>17,192</u>	<u>14,777</u>
Non-current assets		
Accrued pension benefit (note 5)	53,149	48,183
Capital assets (note 6)	162,982	163,837
Long-term contributions receivable (note 7)	26,271	29,810
	<u>242,402</u>	<u>241,830</u>
	<u>259,594</u>	<u>256,607</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	10,352	5,503
Accrued payroll and benefits	6,223	6,362
Short-term debt (note 8)	32,873	33,231
Deferred revenue (note 9)	377	477
	<u>49,825</u>	<u>45,573</u>
Non-current liabilities		
Long-term debt (note 10)	85	85
Employee future benefits other than pensions (note 11)	2,502	2,490
Deferred capital contributions (note 12)	155,890	158,343
Asset retirement obligation	285	285
	<u>158,762</u>	<u>161,203</u>
	<u>208,587</u>	<u>206,776</u>
NET ASSETS		
Investment in capital assets (note 13)	7,585	6,044
Restricted for First Nations Health Program, external (note 14)	419	204
Restricted for capital purchases, internal	48	183
Restricted for pension, internal	53,149	48,183
Unrestricted	(10,194)	(4,783)
	<u>51,007</u>	<u>49,831</u>
	<u>259,594</u>	<u>256,607</u>

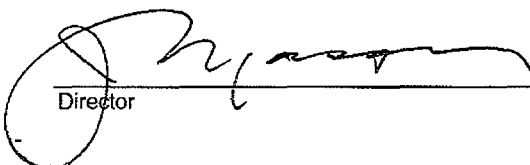
Contractual obligations (note 17)

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

On behalf of the Board



Chairman



Director

Yukon Hospital Corporation

Consolidated Statement of Operations

For the year ended March 31

(in thousands of dollars)

	2020	2019
	\$	\$
Revenues		
Government of Yukon contribution (note 16)	76,080	72,250
Amortization of deferred capital contributions (note 12)	7,073	7,047
Patients	5,312	5,261
Other government contracts (note 16)	2,216	2,080
Other	626	698
Fundraising	704	598
Cafeteria	335	314
Interest	236	255
	<u>92,582</u>	<u>88,503</u>
Expenses		
Compensation and benefits	49,205	46,145
Supplies	14,945	14,396
Amortization of capital assets (note 6)	7,906	8,313
Contracted services	7,184	6,504
Other (note 15)	6,092	5,599
Equipment and building services	2,888	2,584
Interest on short-term debt	1,588	1,742
Pension benefits cost (note 5)	1,299	257
Fundraising	290	253
Loss on disposal of capital assets	9	8
	<u>91,406</u>	<u>85,801</u>
Surplus of revenues over expenses	<u>1,176</u>	<u>2,702</u>

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

Yukon Hospital Corporation
Consolidated Statement of Changes in Net Assets

For the year ended March 31
(in thousands of dollars)

	Investment in Capital Assets (note 13)	Restricted for First Nations Health Program (note 14)	Restricted for Capital Purchases Internal	Restricted for Pension	Unrestricted	2020 Total	2019 Total
	\$	\$	\$	\$	\$	\$	\$
Balance, beginning of year	6,044	204	183	48,183	(4,783)	49,831	47,129
Surplus (deficiency) of revenues over expenses	(833)	215	(135)	4,966	(3,037)	1,176	2,702
Net change in investment in capital assets (note 13)	2,374	-	-	-	(2,374)	-	-
Balance, end of year	7,585	419	48	53,149	(10,194)	51,007	49,831

The accompanying notes are an integral part of the consolidated financial statements.

Yukon Hospital Corporation

Consolidated Statement of Cash Flows

For the year ended March 31
(in thousands of dollars)

	2020 \$	2019 \$
Operating Activities		
Surplus of revenues over expenses	1,176	2,702
Items not involving cash		
Amortization of capital assets	7,906	8,313
Loss on disposal of capital assets	9	8
Amortization of deferred capital contributions	(7,073)	(7,047)
Bad debt expense	98	301
Decrease (increase) in prepaid expenses	203	(117)
Increase in accrued pension benefit	(4,966)	(3,234)
(Increase) decrease in non-cash working capital	(740)	163
Cash (used in) generated through operating activities	(3,387)	1,089
Capital Activities		
Purchases of capital assets	(5,930)	(5,545)
Proceeds on disposal of capital assets	-	12
Cash used in capital activities	(5,930)	(5,533)
Financing Activities		
Repayment of short-term debt	(3,421)	(3,308)
Issuance of short-term debt	3,063	-
Cash received for capital purchases	7,873	6,190
Cash generated through financing activities	7,515	2,882
Decrease in cash	(1,802)	(1,562)
Cash, beginning of year	5,118	6,680
Cash, end of year	3,316	5,118
Interest paid	1,551	1,742
Interest received	236	255

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

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2020

(in thousands of dollars)

1. Purpose

- a) The Yukon Hospital Corporation ("Corporation") is a charitable organization established under the *Hospital Act* of the Yukon. The objectives of the Corporation are to provide hospital and medical services to meet the needs of people in the Yukon. The Corporation is a registered charity and accordingly is exempt from income taxes, provided certain requirements of the Federal *Income Tax Act* are met. The Corporation has historically been dependent on the Government of Yukon to maintain its operations and meet its liabilities. It is expected that the ongoing operations of the Corporation will depend on continued financial support from the Government of Yukon.
- b) The Yukon Hospital Foundation ("Foundation") is a society incorporated under the *Societies Act* of the Yukon. The purpose of the Foundation is to promote health of people in the Yukon and to raise money for hospital and medical care and services, supervised residential care and continuing care, and rehabilitative care and services. The Foundation also grants funds and provides equipment, services and facilities to health facilities in the Yukon, and in particular to the Corporation.

2. Significant Accounting Policies

- a) **Basis of Accounting**

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. The Corporation has elected to apply the Section 4200 series for government not-for-profit organizations.
- b) **Basis of Consolidation**

The consolidated financial statements include the accounts of the Corporation and its wholly-owned subsidiary, the Foundation. All significant inter-company transactions and balances have been eliminated on consolidation.
- c) **Cash**

This balance includes cash held in Canadian bank accounts including amounts designated for the First Nations Health Program ("FNHP") and externally restricted funds. The FNHP is administered by the Corporation.
- d) **Inventory**

Inventories are comprised of pharmacy, medical and general operating supplies, and are valued at the lower of cost and net realizable value. Inventories are determined on a first-in, first-out basis.
- e) **Capital Assets**

Capital assets are recorded at cost except for contributed capital assets which are recorded at fair market value at the date of contribution. The cost of a capital asset includes the cost to acquire, construct, develop or better the capital asset and includes all costs directly attributable to the acquisition, construction, development or betterment of the capital asset including the cost of installation and overhead costs. Except for land, all capital assets are recorded net of accumulated amortization.

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2020

(in thousands of dollars)

2. Significant Accounting Policies (continued)

e) Capital Assets (continued)

Interest on loans during construction of capital assets is capitalized. Amortization is calculated by the straight line method over the assets' expected useful lives. Construction in progress costs are capitalized as incurred. They are transferred to various categories of capital assets and are amortized on a basis consistent with similar assets, once the assets are placed in service.

Capital Asset	Estimated Useful Life
Computer, hardware & systems development	2-10 years
Equipment & vehicles	5-15 years
Buildings	10-40 years
Building improvements	10-20 years
Land improvements	8-20 years

When a capital asset no longer has any long-term service potential to the Corporation, the excess of its net carrying amount over any residual value is recognized as an expense in the Consolidated Statement of Operations. Write-downs are not reversed.

f) Revenue Recognition

The Corporation follows the deferral method of accounting for contributions. Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase and construction of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from other provinces and uninsured patients, operational revenue and ancillary services are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue for funded programs is recognized in the period expenses are incurred.

Interest income is recorded on an accrual basis and is recognized as revenue when earned.

g) Inter-entity Transactions

The Corporation is related in terms of common ownership to all Government of Yukon departments, corporations, and agencies. Inter-entity transactions are those occurring between commonly controlled entities.

The Corporation records inter-entity transactions undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length and inter-entity cost allocation and recovery transactions at the exchange amount.

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2020

(in thousands of dollars)

2. Significant Accounting Policies (continued)

g) Inter-entity Transactions (continued)

The exchange amount is the amount of consideration given for the item transferred or service provided as established and agreed to by the related parties.

Inter-entity transfers of assets or liabilities for nominal or no consideration are measured at the carrying amount by the Corporation, as transferor, and at the carrying amount or fair value by the Corporation, as transferee. As transferor, any difference between the exchange amount and the carrying amount of the transferred asset or liability results in the recognition of a gain or loss in the Consolidated Statement of Operations.

h) Donated Services

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, these donated services are not recognized in the consolidated financial statements.

i) Short-Term Debt

Short-term debt includes embedded interest rate swap derivatives. These embedded derivatives are not separated from the short-term debt agreement and are not accounted for as a standalone derivative instrument as management believes that the economic characteristics and risks associated with these embedded derivatives are closely related to those of the short-term debt agreements. Therefore, they are included in the measurement of the short-term debt.

Short-term debt includes a demand loan with the Government of Yukon. The loan is repayable in full at the end of the term of the loan. Interest compounds on a semi-annual basis and is accrued within accounts payable and accrued liabilities on the Consolidated Statement of Financial Position.

j) Financial Instruments

The Corporation's financial instruments include cash, accounts receivable, contributions receivable, accounts payable and accrued liabilities, accrued payroll and benefits and short and long-term debt. The carrying value of cash, accounts receivable, accounts payable and accrued liabilities, accrued payroll and benefits approximate their fair values due to the short-term nature of these financial assets and liabilities.

The following is a list of the Corporation's financial instruments and their related measurement basis as at March 31, 2020.

Financial Assets	Measurement Basis
Cash	Cost
Accounts receivable	Cost
Contributions receivable	Cost
Financial Liabilities	Measurement Basis
Accounts payable and accrued liabilities	Cost

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2020

(in thousands of dollars)

2. Significant Accounting Policies (continued)

j) Financial Instruments (continued)

Accrued payroll and benefits	Cost
Short-term debt	Amortized Cost
Long-term debt	Amortized Cost

As all financial instruments are measured at cost or amortized cost, there have been no re-measurement gains or losses. Therefore, the Consolidated Statement of Re-measurement Gains and Losses has been excluded.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the Consolidated Statement of Operations.

Transaction costs are incremental costs directly attributable to the acquisition or issue of a financial asset or a financial liability. Transaction costs are added to the carrying value of the instruments when they are initially recognized.

k) Contingent Liabilities

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is uncertain or cannot be reliably determined.

l) Pensions

Eligible employees of the Corporation participate in the Yukon Hospital Corporation Employees' Pension Plan, a defined benefit plan administered by the Corporation's Board of Trustees. Contributions to the plan are required from both the employees and the Corporation.

In general, pensions are based on 2% of the best five years of continuous service minus any adjustments required by the Canada Pension Plan and provisions under the Special Reciprocal Transfer Agreement. The plan members can accumulate up to 30 years of continuous service. Cost of living increases are provided annually to pensioners, as well as upon retirement for deferred pensions.

The expected return on plan assets is based on the fair value of plan assets at the beginning of each fiscal year. Cumulative unrecognized actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service lifetime ("EARSL") of active employees expected to receive benefits under the plan. Past service credits and costs arising from retroactive plan amendments are recognized in the year of plan amendments.

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2020

(in thousands of dollars)

2. Significant Accounting Policies (continued)

m) Employee Future Benefits Other Than Pensions

Employees earn specified severances, sick leave and special leave benefits as provided for under union contracts and conditions of employment. The benefits are paid upon resignation, retirement or death of an employee. The expected cost of providing these benefits is recognized as employees render service. The cost of the benefits has been determined based on management's best estimates using expected compensation levels and employee leave credits.

n) Asset Retirement Obligation

Liabilities are recognized for statutory, contractual or legal obligations, associated with the retirement of capital assets when those obligations result from the acquisition, construction, development or normal operation of the assets. The obligations are measured initially at fair value, determined using present value methodology, and the resulting costs capitalized into the carrying amount of the related asset. In subsequent periods, the liability is adjusted for accretion and any changes in the amount or timing of the underlying future cash flows. The capitalized asset retirement cost is amortized on the same basis as the related asset and accretion is included in the Consolidated Statement of Operations.

o) Use of Estimates and Measurement Uncertainty

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards applicable for government not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. By their nature, these estimates and assumptions are subject to measurement uncertainty. Significant areas requiring the use of management estimates relate to the estimated useful lives of capital assets, determination of the defined benefit pension plan obligation, calculation of allowance for doubtful accounts and actuarial gains or losses, and the liabilities for accrued severance, special leave, retirements and sick leave benefits. Financial results as determined by actual events could differ significantly from these estimates especially given the added uncertainties resulting from the COVID-19 pandemic declared by the World Health Organization (note 20).

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2020
(in thousands of dollars)

3. Inventory

	2020 \$	2019 \$
Pharmacy	944	871
Material Management	748	701
Operating Room	541	589
Laboratory	305	260
Total Inventory	<u>2,538</u>	<u>2,421</u>

4. Restricted Funds

Included in cash are the following amounts:

	2020 \$	2019 \$
Externally restricted – capital	492	552
Externally restricted – other	247	195
	<u>739</u>	<u>747</u>

a) Externally Restricted for Capital

The Corporation has control over restricted funds which have been contributed for specific capital purchases. The balance in the fund represents the difference between restricted contributions received for capital assets and the funds spent thus far based on the restrictions attached to the contributions.

	2020 \$	2019 \$
Balance, beginning of year	552	475
Contributions received during the year	108	77
Amounts used for capital purchases during the year	(168)	-
Balance, end of year	<u>492</u>	<u>552</u>

b) Externally Restricted for Other

The Corporation has control over restricted funds which have been contributed for specific disbursements to eligible Yukon residents. The balance in the fund represents the difference between restricted contributions received and the funds disbursed thus far based on the restrictions attached to the contributions.

	2020 \$	2019 \$
Balance, beginning of year	195	109
Contributions received during the year	116	146
Amounts disbursed during the year	(64)	(60)
Balance, end of year	<u>247</u>	<u>195</u>

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2020

(in thousands of dollars)

5. Pension Costs and Obligations

The Corporation sponsors a defined benefit pension plan. The Corporation contributes amounts as prescribed by an independent actuary. Effective January 1, 2015 changes to the pension plan outlined below divides the Corporation's employees into two groups. In calendar 2020, Group 1 members were required to contribute to the plan at a rate of 8.10% (calendar 2019 – 8.10%) of annualized earnings up to the Year's Maximum Pensionable Earnings ("YMPE") plus 10.10% (calendar 2019 – 10.10%) of annualized earnings in excess of YMPE. Group 2 members were required to contribute to the plan at a rate of 7.00% (calendar 2019 – 7.00%) of annualized earnings up to the YMPE plus 9.00% (calendar 2019 – 9.00%) of annualized earnings in excess of YMPE.

A separate pension fund is maintained to hold plan assets. The Corporation has contracted with external organizations to provide trustee and investment management services for the fund. Pension fund assets are invested in balanced pooled funds of the investment manager. The market value of plan assets was \$127,640 as at March 31, 2020 (2019 - \$136,531).

An actuarial valuation for accounting purposes was performed as at March 31, 2020 using the projected benefits method prorated on services. The actuarial valuation included services rendered by members under the Yukon Hospital Corporation Employees' Pension Plan since the inception of the plan in 1993, as well as service credits in respect of pre-1993 service transferred to the Yukon Hospital Corporation Employees' Pension Plan from the Public Service Pension Plan under the Special Reciprocal Transfer Agreement dated June 1995. The next actuarial valuation for accounting purposes will be performed as at March 31, 2021.

The Corporation has made changes to the Yukon Hospital Corporation Employees' Pension Plan to be consistent with changes made to the Public Service Superannuation Plan in January 2013. These changes affect all employees who are employed by the Corporation after January 1, 2015, with exception of the 50/50 cost sharing that will affect all employees enrolled in the pension plan. Changes include an increase to the early retirement age and the age of eligibility for an unreduced pension as well as a gradual change in cost sharing of contributions to the plan.

Increases to the age of eligibility for an unreduced pension

The normal retirement age for all members is age 65. Existing plan members as of December 31, 2014 may retire with an unreduced pension at age 60, or after having completed 30 years of continuous service. Plan members who join the Corporation on or after January 1, 2015, will be able to retire with an unreduced pension at age 65, or after having completed 30 years of continuous service.

Increases to the early retirement age

Existing plan members as of December 31, 2014 may retire as early as age 50 with a reduced pension, if they have two years of continuous employment service. Plan members who join the Corporation on or after January 1, 2015, will be able to retire early with a reduced pension at age 55, if they have two years of continuous employment service.

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

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5. Pension Costs and Obligations (continued)

Contributions

Historically, the contribution rates for employee and employer contributions were 40% and 60% respectively. Changes to the plan in January 2015 saw a gradual increase of contribution rates to a 50/50 cost-share. This was achieved by January 2019.

The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases, employee turnover and mortality. The assumptions used reflect management's best estimate of these future events. Key assumptions are summarized below:

	2020	2019
Weighted Average Assumptions for Net Period Pension Cost for Fiscal Year		
Discount rate	6.00%	6.00%
Expected long-term rate of return on plan assets	6.00%	6.00%
Rate of compensation increase (exclusive of seniority, merit)	2.50%	2.50%
Expected average remaining service lifetime (EARSL)	8.9	8.8
Inflation rate	2.00%	2.00%
Weighted Average Assumptions for Benefit Obligation at Fiscal Year		
Discount rate	6.00%	6.00%
Rate of compensation increase (exclusive of seniority, merit)	2.50%	2.50%
Expected average remaining service lifetime (EARSL)	8.9	8.8

As at March 31, 2020, pension fund assets are valued at market value. No adjustment is made for benefits payable or contributions receivable.

	2020	2019
	\$	\$
Change in Accrued Benefit Obligation		
Accrued benefit obligation, beginning of year	96,636	89,064
Current period benefit cost (employee and employer), excludes provision for non-investment expenses	5,241	4,735
Interest cost	5,807	5,314
Benefits paid	(4,964)	(5,733)
Actuarial losses	1,774	3,256
Accrued benefit obligation, end of year	<u>104,494</u>	<u>96,636</u>

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

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5. Pension Costs and Obligations (continued)

	2020 \$	2019 \$
Change in Plan Assets		
Fair value of plan assets, beginning of year	136,531	130,341
Actual return on plan assets	(12,539)	6,203
Employer contributions	6,265	3,491
Employee contributions	2,653	2,605
Benefits paid	(4,964)	(5,733)
Actual plan expenses	(306)	(376)
Fair value of plan assets, end of year	<u>127,640</u>	<u>136,531</u>
Reconciliation of Funded Status		
Accrued benefit obligation	104,494	96,636
Fair value of plan assets	(127,640)	(136,531)
Funded surplus	(23,146)	(39,895)
Unamortized actuarial losses	(30,003)	(8,288)
Accrued pension benefit asset	(53,149)	(48,183)
Pension Benefits Cost		
Current period benefit cost, includes provision for non-investment expenses	5,565	5,048
Amortization of actuarial losses	881	320
Employee contributions	(2,653)	(2,605)
Benefit expense	3,793	2,763
Interest on expected average accrued benefit obligation	5,807	5,314
Expected return on plan assets	(8,301)	(7,820)
Pension benefits cost	<u>1,299</u>	<u>257</u>

As at December 31, 2019 the pension plan had a solvency deficit of \$31,970 (December 31, 2018 - \$25,991) if valued on the basis that the pension plan were terminated/wound up as at December 31, 2019. The solvency ratio of the plan is 84% (85% in 2018). In accordance with the *Pension Benefits Standards Act, 1985*, the Corporation is required to make special payments to eliminate the solvency shortfall. The Corporation is permitted to cover up to a specified maximum of 15% of the solvency liability with a conforming letter of credit. As at March 31, 2020 the Corporation has a conforming letter of credit totaling \$26,508 (2019 - \$24,081). The actuary has determined that the special payment shortfall for calendar 2020 is \$4,940 (2019 - \$4,524) (note 21).

During the year, the Corporation received \$3,063 (2019 - \$0) from the Government of Yukon related to the calendar year 2019 special payment in the form of a loan and the Corporation contributed this amount to the pension plan. This loan from the Government of Yukon is included in short-term debt in the Consolidated Statement of Financial Position (note 8).

Yukon Hospital Corporation
Notes to the Consolidated Financial Statements

March 31, 2020

(in thousands of dollars)

6. Capital Assets

	Land	Land Improvements	Buildings	Building Improvements	Equipment & Vehicles	Computer Hardware & Systems Development	Construction In Progress	2020 Total	2019 Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost, beginning of year	1,751	1,391	194,648	4,620	23,144	7,755	916	234,225	229,215
Acquisitions	-	-	-	1,291	1,581	149	4,361	7,382	5,294
Transfers	-	-	-	-	-	-	(322)	(322)	-
Disposals	-	-	-	-	(142)	(27)	-	(169)	(284)
Cost, end of year	1,751	1,391	194,648	5,911	24,583	7,877	4,955	241,116	234,225
Accumulated amortization, beginning of year	-	302	48,562	2191	12,752	6,581	-	70,388	62,339
Amortization expense	-	124	5,400	306	1,929	147	-	7,906	8,313
Disposals	-	-	-	-	(133)	(27)	-	(160)	(264)
Accumulated amortization, end of year	-	426	53,962	2,497	14,548	6,701	-	78,134	70,388
Net book value	1,751	965	140,686	3,414	10,035	1,176	4,955	162,982	163,837

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2020

(in thousands of dollars)

7. Contributions Receivable

The Corporation received financing from CIBC for the construction of the Crocus Ridge building, Watson Lake Hospital, and Dawson City Hospital (note 8). The Government of Yukon has committed funds since 2011-12 to repay these loans. As a result, the Corporation has recognized a contribution receivable for the amount committed by the Government of Yukon as outlined in the following tables.

	Commitment	Principal Payment	Total
	\$	\$	\$
March 31, 2020			
Crocus Ridge building	10,104	(903)	9,201
Watson Lake Hospital	12,227	(1,318)	10,909
Dawson City Hospital	10,900	(1,200)	9,700
	<u>33,231</u>	<u>(3,421)</u>	<u>29,810</u>
Short-term contributions receivable			3,539
Long-term contributions receivable			26,271
			<u>29,810</u>

	Commitment	Principal Payment	Total
	\$	\$	\$
March 31, 2019			
Crocus Ridge building	10,961	(857)	10,104
Watson Lake Hospital	13,479	(1,252)	12,227
Dawson City Hospital	12,100	(1,200)	10,900
	<u>36,540</u>	<u>(3,309)</u>	<u>33,231</u>
Short-term contributions receivable			3,421
Long-term contributions receivable			29,810
			<u>33,231</u>

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2020

(in thousands of dollars)

8. Short-Term Debt

	2020 \$	2019 \$
Demand term installment loan with CIBC with interest calculated at Bankers' Acceptance with stamping fees calculated at 85 bps per annum exchanged for fixed rate by way of interest rate swap fixed at 5.15% per annum for the Watson Lake Hospital construction project. Blended payments of \$160 due monthly beginning on December 30, 2011 with the final payment due on December 31, 2026.	10,909	12,227
Demand term installment loan with CIBC with interest calculated at Bankers' Acceptance with stamping fees calculated at 85 bps per annum exchanged for fixed rate by way of interest rate swap fixed at 4.525% per annum for the Dawson City Hospital construction project. Principal payments of \$100 due monthly beginning on May 1, 2013 with the final payment due on April 1, 2028.	9,700	10,900
Demand term installment loan with CIBC with interest calculated at Bankers' Acceptance with stamping fees calculated at 85 bps per annum exchanged for a fixed rate by way of interest rate swap fixed at 5.23% per annum for the Crocus Ridge construction project. Blended payments of \$117 due monthly beginning December 15, 2010 with the final payment due on March 15, 2028.	9,201	10,104
Demand term loan with Government of Yukon with interest on letter of credit portion at 65bps. Annual interest rate for the first year is prime (3.95%). Thereafter, annual interest rate will be determined on the anniversary date of the advance and will be set at prime rate charged by the Government of Yukon's banker. Term of loan is 15 years, with final payment due on December 11, 2034.	3,063	-
	32,873	33,231

Due to the conditions in the loans with CIBC and the Government of Yukon, all debt has been classified as current as CIBC and the Government of Yukon have the ability to call the loans at any time.

O.I.C 2019/121 Financial Administration Act – Health Act, Yukon Hospital Corporation Loan Regulation, was made to allow the Minister responsible for the Department of Health and Social

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2020
(in thousands of dollars)

8. Short-Term Debt (continued)

Services to make a loan of public money in the purpose of assisting the Corporation in meeting the prescribed tests and standards for Solvency required under the Pension Benefits Standards Act, 1985 (Canada). In December 2019, the Government of Yukon loaned the Corporation \$2,892 (2019 - \$0) to meet the solvency requirement and \$171 (2019 - \$0) for letter of credit interest payments.

Principal Repayment Schedule

Principal repayment on the indebtedness over the next five years and thereafter are as follows:

	\$
2021	3,539
2022	3,663
2023	3,793
2024	3,931
2025	4,076
2026 and thereafter	13,871
	<u>32,873</u>

In addition to its repayment schedule, the demand term instalment loans with CIBC require that the Corporation exchange the variable interest payment with a fixed interest payment. Under these agreements, the Corporation exchanged with CIBC \$1,284 (2019 - \$1,447) of variable interest payments representing an average variable rate of 4.07% (2019 - 4.15%) to a fixed interest payment of \$1,577 (2019 - \$1,695), representing an average fixed rate of 5.00% (2019 - 4.86%). These exchanges were made on a net cash basis.

9. Deferred Revenue

The balance is comprised of \$119 (2019 - \$269) received from the Government of Yukon related to MRI warranty costs, and \$258 (2019 - \$208) of other externally restricted funds.

10. Long-Term Debt

In 2003, Yukon Development Corporation, a common control entity of the Government of Yukon, financed an electric boiler system for the Corporation for a total cost of \$596. The long-term debt bears interest of 7.5% which is payable in an annual installment. The principal is repayable based on 50% of the realized annual energy savings. The long-term debt is secured by a general security agreement on building improvements with a net book value of \$89 (2019 - \$119).

An initial payment on principal of \$200 was made by the Corporation in 2004 and since then \$311 has been repaid from the realized annual energy savings including \$0 repaid in the current year based on realized energy savings of \$0 (2019 - \$2). The final payment is due in 2023.

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2020

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11. Employee Future Benefits Other Than Pensions

In addition to pension benefits, the Corporation provides severances, sick leave and special leave benefits to its employees. The cost of these benefits accrues either as employees render service or upon the occurrence of an event resulting in eligibility for benefits under the terms of the plan. This benefit plan is not pre-funded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation.

	2020	2019
	\$	\$
Severance	2,262	2,354
Sick leave	714	696
Less: short-term portion (included in accrued payroll and benefits)	(474)	(560)
	<u>2,502</u>	<u>2,490</u>

12. Deferred Capital Contributions

Deferred capital contributions represent restricted contributions received or receivable to purchase capital assets. The changes in the deferred capital contributions balance for the year are as follows:

	2020	2019
	\$	\$
Balance, beginning of year	158,343	162,478
Restricted Government of Yukon contributions	4,677	3,128
Restricted non-government contributions	(57)	(216)
Amount amortized to revenue	(7,073)	(7,047)
Balance, end of year	<u>155,890</u>	<u>158,343</u>

13. Investment in Capital Assets

a) Net assets invested in capital assets is calculated as follows:

	2020	2019
	\$	\$
Capital assets (note 6)	162,982	163,837
Amounts financed by deferred capital contributions (net of unexpended externally restricted contributions)	(155,397)	(157,793)
	<u>7,585</u>	<u>6,044</u>

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2020

(in thousands of dollars)

13. Investment in Capital Assets (continued)

b) Change in amortization

	2020 \$	2019 \$
Amortization of deferred capital contributions	7,073	7,047
Amortization of capital assets	(7,906)	(8,313)
	<u>(833)</u>	<u>(1,266)</u>

c) Net change in invested capital assets

	2020 \$	2019 \$
Purchase of capital assets (net of contributed land)	7,060	5,294
Amounts funded by deferred capital contributions	(4,677)	(3,128)
Disposal of capital assets (net of accumulated amortization)	(9)	(20)
	<u>2,374</u>	<u>2,146</u>

Contributed Land

Certain assets in Whitehorse, including land were transferred from the Government of Canada and the Government of Yukon to the control of the Corporation on April 1, 1993 and January 19, 1994. Contributed land also includes land transferred from the Government of Yukon on May 14, 2010 in Watson Lake, in April 2011 in Dawson City, and on May 12, 2011 for the escarpment behind the existing Whitehorse General Hospital.

In fiscal 2012, the Government of Yukon transferred land and building in Dawson City, as well as land behind Whitehorse General Hospital to the Corporation at no cost. The value of this additional land and buildings is \$741. The land and buildings were recorded at fair value.

14. First Nations Health Program

Under an annual contribution agreement, the Government of Yukon provides funds to the Corporation for the purpose of operating the FNHP at the Whitehorse General Hospital. The FNHP includes a health liaison worker program, child life worker for the pediatric ward, traditional medicine, traditional diet, employment equity and training program, interpretation services and in-service training.

The FNHP was established in 1993 under the Whitehorse General Hospital Programs and First Nations Health Services and Community Health Transfer Agreement. Core funding was provided by the Government of Yukon. The programs could not all be implemented in the year which the funding was received and as a result a substantial surplus was realized. An agreement between the Government of Yukon and the First Nations Health Committee restricted this surplus to be used for First Nations programming only. The FNHP is outlined in the *Hospital Act*.

Yukon Hospital Corporation
Notes to the Consolidated Financial Statements

March 31, 2020
(in thousands of dollars)

14. First Nations Health Program (continued)

The following amounts pertain to the FNHP and have been included in the Consolidated Statement of Operations.

	2020 \$	2019 \$
Revenues		
Government of Yukon contribution (note 16)	1,200	1,200
Interest	12	7
Other	16	-
	<u>1,228</u>	<u>1,207</u>
Expenses		
Payroll	926	934
Sundry	41	50
Travel	21	29
Honorariums	15	15
Material and supplies	10	10
	<u>1,013</u>	<u>1,038</u>
Surplus of revenues over expenses	215	169
Opening surplus	204	35
Net surplus, restricted for FNHP	<u>419</u>	<u>204</u>

15. Other Expenses

	2020 \$	2019 \$
Property tax	1,303	1,278
Delivery/courier/taxi	712	613
Legal and professional fees	695	419
Software maintenance	689	569
Communications	640	642
Recruitment and relocation	402	239
Conference fees/travel	396	431
Insurance	344	314
Miscellaneous	332	284
Membership fees	279	294
Honorariums	121	118
Bad debt	98	301
Advertising	81	97
	<u>6,092</u>	<u>5,599</u>

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

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16. Related Party Transactions

	2020 \$	2019 \$
Government of Yukon contribution		
Basic funding	70,934	67,088
First Nations Health Program (note 14)	1,200	1,200
Total basic funding	<u>72,134</u>	<u>68,288</u>
Other	3,946	3,962
Total Government of Yukon contribution	<u>76,080</u>	<u>72,250</u>

Revenue received from the Government of Yukon for services was \$76,080 for 2020 (2019 - \$72,250). The 2020 contribution includes \$93 (2019 - \$93) flow-through funding provided to the Foundation.

	2020 \$	2019 \$
Other government contracts		
Thomson Centre contracts	824	764
Cost recovery arrangement	1,392	1,316
Total other government contracts	<u>2,216</u>	<u>2,080</u>

In fiscal 2020, the Corporation entered into a three year agreement with the Government of Yukon to provide laundry and food services to the Thomson Centre. The revenue recognized from these agreements is included in Other government contracts in the Consolidated Statement of Operations.

In compliance with the agreement outlined in Appendix H of the 1994 Whitehorse General Hospital Transfer Agreement between the Corporation, the Government of Yukon and the Government of Canada (Appendix H), the Corporation provided goods in the amount of \$1,392 (2019 - \$1,316) to related parties which includes a 15% administration charge on material management supplies purchased in excess of \$80. The Corporation recovered only the cost of goods of \$1,319 (2019 - \$1,260). As this is a cost recovery arrangement, the revenues and cost of sales have been reported on a gross basis.

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

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(in thousands of dollars)

16. Related Party Transactions (continued)

Services Without Charge

The Corporation leases space to the Government of Yukon. The leases for the ambulance station, #2 Hospital Road, #4 Hospital Road, and 29,679 square feet of office space located in the Thomson Centre building are at an annual nominal amount of \$1.

Appendix H outlines Whitehorse General Hospital's obligation to provide residual services to Yukon communities at no charge. The total cost of providing these services for 2020 was \$563 (2019 - \$518).

Other Related Party Transactions

In addition to those related party transactions disclosed elsewhere in these consolidated financial statements (notes 5, 7, 8, 9, 10, 12, 13 and 14) the Corporation entered into the following transactions with related entities on similar terms and conditions as entities at arm's length.

As at March 31, 2020 there were \$287 (2019 - \$201) of accounts payable and accrued liabilities and \$652 (2019 - \$1,651) of accounts receivable related to the Government of Yukon.

The Government of Yukon and the Corporation entered into an agreement transferring ownership of the Watson Lake Hospital to the Corporation effective April 1, 2010. The Watson Lake Hospital transfer included land, buildings and medical equipment worth \$2,424. The transaction was recorded at fair value. The Corporation agreed that it may transfer part of the old building back to the Government of Yukon at the request of, and subject to any conditions imposed by the Government of Yukon. In addition, the Corporation may be required to grant to the Government of Yukon a lease on such terms as the Government of Yukon may require. No transfers were made back to Government of Yukon in fiscal 2020.

In fiscal 2012 the Corporation (the Lessor) entered into a lease with the Government of Yukon (the Lessee) for approximately 22,075 square feet of office space located on the 1st and 2nd floor of the Crocus Ridge building. This lease is recorded at the exchange amount which approximates fair value.

In fiscal 2014 the Corporation (the Lessor) entered into a lease with the Government of Yukon (the Lessee) for approximately 2,540 square feet of clinical space located in the Dawson City Hospital. This lease is recorded at the exchange amount which approximates fair value.

In fiscal 2015 the Corporation (the Lessor) entered into a lease with the Government of Yukon (the Lessee) for approximately 2,206 square feet of office space located in the Dawson City Hospital. This lease is recorded at the exchange amount which approximates fair value.

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2020

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16. Related Party Transactions (continued)

In fiscal 2016 the Corporation (the Lessor) amended a lease from fiscal 2014 with the Government of Yukon (the Lessee) for approximately 2,660 square feet of rentable space to add 2,858 square feet of space in the lower level of the Watson Lake Hospital. This lease is recorded at the exchange amount which approximates fair value.

In fiscal 2019 the Corporation (the Lessor) entered into a lease with the Government of Yukon (the Lessee) for approximately 97 square feet of office space located in the Dawson City Hospital. This lease is recorded at the exchange amount which approximates fair value.

In fiscal 2019 the Corporation (the Lessor) entered into a lease with the Government of Yukon (the Lessee) for approximately 147 square feet of office space located in the Dawson City Hospital. This lease is recorded at the exchange amount which approximates fair value.

In fiscal 2019 the Corporation (the Lessor) entered into a lease with the Government of Yukon (the Lessee) for approximately 153 square feet of clinical space and approximately 22 square feet of storage space located in the Dawson City Hospital. This lease is recorded at the exchange amount which approximates fair value.

Details of the leases are outlined as follows:

	Annual Lease Payments \$	Term Years
Crocus Ridge 1 st and 2 nd floor office space	825	10
Dawson City Hospital clinical space	95	15
Dawson City Hospital office space	69	12
Dawson City Hospital office space	5	3
Dawson City Hospital office space	3	2
Dawson City Hospital clinical space	7	10
Watson Lake Hospital rentable space	69	15
Watson Lake Hospital space	74	13
	1,147	
	1,147	

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2020

(in thousands of dollars)

17. Contractual Obligations

The Corporation has contractual commitments whereby the minimum required payments for the next five years and thereafter are as follows:

	\$
2021	8,510
2022	4,653
2023	1,173
2024	981
2025 and thereafter	126
	<u>15,443</u>

Contractual commitments fall under two major categories, contracts related to construction projects and contracts related to scheduled maintenance of medical equipment and other equipment. Contractual commitments over the next 5 years and thereafter for each category are \$1,421 (2019 - \$5,147) and \$14,022 (2019 - \$3,911) respectively.

18. Financial Risks

The Corporation has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and market risk.

The Board of Trustees is responsible for ensuring that the Corporation has identified its major risks and ensures that management monitors and controls them. The Executive Committee oversees the Corporation's systems and practices of internal control, and ensures that these controls contribute to the assessment and mitigation of risk. The Executive Committee reports regularly to the Board of Trustees on its activities. The Corporation has experienced no change in its risk exposure and has not made any changes to its risk management policies and procedures.

a) Credit Risk

Credit risk is the risk of a financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Such risks arise principally from certain financial assets held by the Corporation consisting of cash, accounts receivables, and contributions receivable.

Cash:

The Corporation's exposure to credit risk associated with cash is assessed as low because the Corporation's cash deposits are held by a Canadian Schedule 1 Chartered bank.

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

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18. Financial Risks (continued)

Accounts Receivable:

The Corporation's exposure to credit risk associated with accounts receivable is assessed as low because it is due largely from governments.

Allowances for doubtful accounts are provided for potential losses that have been incurred at the reporting date. The amounts disclosed on the Consolidated Statement of Financial Position are net of these allowances for doubtful accounts. All accounts receivable are considered for impairment based on the type of patient revenue and historical repayment information.

The maximum exposure to credit risk for accounts receivable by type of customer is as follows:

	2020	2019
	\$	\$
Government of Yukon	4,865	1,651
Consumers	1,580	461
Other governments	540	509
Other	191	370
	<u>7,176</u>	<u>2,991</u>

The Corporation's accounts receivable has a carrying value of \$7,176 as at March 31, 2020 (2019 - \$2,991). As at March 31, 2020, approximately 43% (2019 - 37%) of accounts receivable were over 90 days past due, whereas 50% (2019 - 44%) were current or less than 30 days past due. The Corporation's allowance for doubtful accounts is \$412 as at March 31, 2020 (2019 - \$535).

Contributions Receivable:

The Corporation's exposure to credit risk associated with contributions receivable is assessed as low because the amount is due from the Government of Yukon.

b) Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they become due. The Corporation's objective is to have sufficient liquidity to meet these liabilities when due. The Corporation monitors its cash balance and cash flows generated from operations to meet its liquidity requirements.

The liquidity risk arises from the financial liabilities consisting of accounts payable and accrued liabilities, accrued payroll and benefits, short-term debt and long-term debt. The Corporation's accounts payable and accrued liabilities had a carrying value of \$10,352 as at March 31, 2020 (2019 - \$5,503). As at March 31, 2020, approximately 4% (2019 - 0%) of accounts payable were over 90 days past due, whereas 64% (2019 - 100%) were current or less than 30 days past due. The Corporation's accrued payroll and benefits has a carrying value of \$6,223 as at March 31, 2020 (2019 - \$6,362) and is payable in the next fiscal year.

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2020

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18. Financial Risks (continued)

The Corporation's short-term debt has remaining undiscounted contractual cash flows of \$41,219 as at March 31, 2020 (2019 - \$40,780) and may be repayable in the next fiscal year. The Government of Yukon has committed the funds to repay the short-term debt owed to third parties (note 7). The Corporation's long-term debt has remaining undiscounted contractual cash flows of \$91 as at March 31, 2020 (2019 - \$94).

c) Market Risk

Currency Risk

Currency risk is the risk that the value of financial assets and liabilities denominated in foreign currencies will fluctuate due to changes in their respective exchange rates. The Corporation is not exposed to any significant currency risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Corporation is not exposed to any significant interest rate risk.

Long-term debt has interest rates fixed for long periods of time with the debt intended to be repaid in accordance with corresponding energy savings.

For its short-term debt with CIBC, the Corporation mitigates interest rate risk through interest rate swaps that exchange the variable rate inherent in the term debt for a fixed rate. Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to the short-term debt. The short-term loan with the Government of Yukon is at the Government's prime rate and is subject to market fluctuations. Due to the loan balance the variability in interest rates is not expected to have a significant impact on the Corporation.

19. Capital Management

The Corporation is subject to the financial management and accountability provisions of the *Hospital Act*, the *Yukon Financial Administration Act*, and the *Yukon Act* which impose restrictions in relation to borrowings and acquisitions of investments. The Corporation receives its principal source of capital through funding received from the Government of Yukon. The Corporation's financial objectives are to comply with externally imposed restrictions and manage its capital as a by-product of managing revenues, expenses, assets and liabilities. The Corporation considers its capital to be its net assets related to restricted for capital purchases, internal; restricted for pension; and unrestricted. The Corporation's financial objectives as stated above have remained unchanged from the prior year. The Corporation has complied with the externally imposed restrictions on the funding provided.

Internally restricted capital purchases are used to cover commitment or obligations that are expected to arise in the future. The restricted for pension capital is the difference between the contributions to the pension plan and the actuarially determined pension expense and is recorded as an accrued pension benefit asset (non-current assets) and restricted for pension

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2020

(in thousands of dollars)

19. Capital Management (continued)

(net assets) on the Consolidated Statement of Financial Position. This entry reflects trapped capital as these contributions cannot be touched and remain in the plan.

The Corporation computes its capital as follows:

	2020	2019
	\$	\$
Restricted for capital purchases, internal	48	183
Restricted for pension	53,149	48,183
Unrestricted	(10,194)	(4,783)
	<u>43,003</u>	<u>43,583</u>

20. Impact of COVID-19 pandemic response

On March 11, 2020, the World Health Organization declared the Coronavirus COVID-19 (COVID-19) outbreak a pandemic which resulted in a series of public health and emergency measures that have been put in place.

As a result of the Corporation's COVID-19 response, the Corporation experienced a change in demand for its services and worked diligently to mitigate the financial impacts while carrying out its response to the impacts of COVID-19.

For the year ended March 31, 2020, the Government of Yukon committed \$200 to cover COVID-19 related incremental expenses. These amounts have been recorded in various expense accounts in the Consolidated Statement of Operations as determined by the nature of the expense. The Government of Yukon contribution is currently recognized in accounts receivable on the Consolidated Statement of Financial Position.

The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the severity and length of COVID-19 will have on the financial results and condition of the Corporation in future periods, including the fair value of the pension plan assets and the fundraising activities by the Foundation. As part of its mitigation response, the Corporation has continued to take the necessary steps to ensure that it has appropriate personal protective equipment available. The overall impact on the inventory balance subsequent to year-end is unknown at this time.

21. Subsequent events

Pension Solvency Relief

The Federal Government Department of Finance's *Solvency Special Payments Relief Regulations, 2020* that came into force on May 27, 2020, has provided the Corporation solvency relief in the form of a moratorium on solvency payments and or necessary increases to the letter of credit for the 2020 calendar year. The amount of payments/LOC that will not be required total

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2020

(in thousands of dollars)

21. Subsequent events (continued)

\$3,705 and represents the amount remaining from the actuarially determined special payment shortfall for calendar year 2020 (note 5).

Other Pension Related regulatory adjustments

In order to provide organizations with increased stability of pension plans, on March 27, 2020 the Office of the Superintendent of Financial Institutions (OSFI) announced a series of regulatory adjustments to support the financial and operational resilience of federally regulated pension plans. This includes freezing portability transfers and annuity purchases relating to defined benefit provisions in pension plans given that the current financial market conditions have negatively affected the funding status of pension plans.

On May 7, 2020 OSFI revised these regulations to provide automatic consent to portability transfers to locked-in vehicles for members who are eligible for early retirement subject to specific conditions.

YUKON HOUSING CORPORATION

FINANCIAL STATEMENTS

March 31, 2020

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YUKON HOUSING CORPORATION

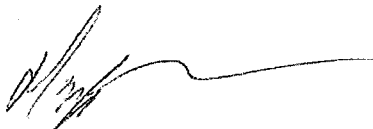
Management's Responsibility for Financial Reporting

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


Management is responsible for developing and maintaining 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 Yukon Housing Corporation (the Corporation).

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

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



Mary Cameron
Acting President



Marcel Holder Robinson, CPA, CGA
Director, Finance and Risk Management

September 24, 2020



INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Yukon Housing Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Yukon Housing Corporation (the Corporation), which comprise the statement of financial position as at 31 March 2020, and the statement of operations and accumulated surplus, statement of changes in net financial assets (net debt) and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2020, and the results of its operations, changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Compliance with Specified Authorities

Opinion

In conjunction with the audit of the financial statements, we have audited transactions of the Yukon Housing Corporation coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are the *Financial Administration Act* of Yukon and regulations, the *Housing Corporation Act* and regulations, and the by-laws of the Yukon Housing Corporation.

In our opinion, the transactions of the Yukon Housing Corporation that came to our notice during the audit of the financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Housing Corporation Act*, we report that, in our opinion, the accounting principles in Canadian public sector accounting standards have been applied on a basis consistent with that of the preceding year. In addition, in our opinion, proper books of account have been kept by the Yukon Housing Corporation and the financial statements are in agreement therewith.

Responsibilities of Management for Compliance with Specified Authorities

Management is responsible for the Yukon Housing Corporation's compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable the Yukon Housing Corporation to comply with the specified authorities.

Auditor's Responsibilities for the Audit of Compliance with Specified Authorities

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the financial statements are in compliance with the specified authorities referred to above.



Heather McManaman, CPA, CA
Principal
for the Auditor General of Canada

Ottawa, Canada
24 September 2020



Yukon Housing Corporation
Statement of Financial Position
as at March 31, 2020

	2020	2019
	(thousands of dollars)	
Financial assets		
Cash (Note 3)	\$ 4,918	\$ 2,538
Accounts receivable (Note 4)	8,980	4,994
Due from the Government of Yukon (Note 15(a))	187	1,030
Loans receivable (Note 5 and Note 14)	45,680	49,398
	<u>59,765</u>	<u>57,960</u>
Liabilities		
Accounts payable and accrued liabilities	2,876	3,361
Environmental liability (Note 6)	216	368
Deferred revenue (Note 7)	4,270	5,727
Long-term debt (Note 8 and Note 14)	18,006	21,680
Post-employment benefits (Note 9)	2,241	2,137
Advances - Government of Yukon (Note 11)	31,835	24,970
	<u>59,444</u>	<u>58,243</u>
Net financial assets (net debt)	<u>321</u>	<u>(283)</u>
Non-financial assets		
Tangible capital assets (Note 12 and Schedule B)	87,114	86,616
Prepaid expenses	133	266
	<u>87,247</u>	<u>86,882</u>
Accumulated surplus	<u>\$ 87,568</u>	<u>\$ 86,599</u>
Contractual obligations and contingencies (Note 16)		
Contractual rights (Note 17)		
Subsequent event (Note 19)		

Approved by the Board of Directors

Director

Director

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



Yukon Housing Corporation
Statement of Operations and Accumulated Surplus
for the year ended March 31, 2020

	2020		2019
	Main Estimates (Note 1(c))	Actual	Actual
	(thousands of dollars)		
Revenues			
Rental income	\$ 6,408	\$ 6,984	\$ 6,827
Funding from Canada Mortgage and Housing Corporation			
- Social Housing Agreement	3,741	3,741	3,787
- Social Infrastructure Fund	-	1,931	7,077
- National Housing Strategy	4,112	1,897	-
- Investment in Affordable Housing	825	822	3,490
- Northern Funding Agreement	-	972	815
Interest income	1,511	1,735	1,869
Other	120	209	447
Tenant damage charge back recovery	100	80	55
Recovery of loan receivable allowances	-	56	(12)
Recovery for Flood Relief program	-	-	373
	<u>16,817</u>	<u>18,427</u>	<u>24,728</u>
Expenses (Note 13)			
Social and staff housing operations (Schedule A)	12,346	13,083	12,085
Lending and grant programs (Schedule A)	14,754	10,221	11,128
Amortization (Note 13 and Schedule B)	3,487	3,577	3,378
Corporate services (Schedule A)	2,585	2,550	2,544
Administration (Schedule A)	2,277	2,179	2,419
Rent supplement programs	1,408	1,358	1,385
Subsidies - private social housing organizations	525	467	394
	<u>37,382</u>	<u>33,435</u>	<u>33,333</u>
Deficit for the year before government funding	(20,565)	(15,008)	(8,605)
Government of Yukon funding			
Capital transfer payment	14,600	9,222	6,513
Operations and maintenance transfer payment	6,645	5,158	5,524
Low Carbon Economy Fund	2,736	1,095	-
Rental assistance - in-kind (Note 15(b))	-	502	502
	<u>23,981</u>	<u>15,977</u>	<u>12,539</u>
Surplus for the year	3,416	969	3,934
Accumulated surplus at beginning of year	86,599	86,599	82,665
Accumulated surplus at end of year	\$ 90,015	\$ 87,568	\$ 86,599

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



Yukon Housing Corporation
Statement of Changes in Net Financial Assets (Net Debt)
for the year ended March 31, 2020

	2020		2019
	Main Estimates (Note 1(c))	Actual	Actual
	(thousands of dollars)		
Surplus for the year	\$ 3,416	\$ 969	\$ 3,934
Effect of change in tangible capital assets			
Acquisitions	(6,903)	(4,311)	(6,789)
Amortization of tangible capital assets	3,487	3,577	3,378
Disposal of tangible capital assets (net book value)	-	236	12
	(3,416)	(498)	(3,399)
Effect of change in other non-financial assets			
Decrease (increase) in prepaid expenses	-	133	(224)
	-	133	(224)
Decrease in net debt	-	604	311
Net debt at beginning of year	(283)	(283)	(594)
Net financial assets (net debt) at end of year	\$ (283)	\$ 321	\$ (283)

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



Yukon Housing Corporation
Statement of Cash Flow
for the year ended March 31, 2020

	2020	2019
	(thousands of dollars)	
Operating transactions		
Surplus for the year	\$ 969	\$ 3,934
Adjustments for non-cash items		
Amortization of tangible capital assets (Note 13 and Schedule B)	3,577	3,378
Post-employment benefits expense (Note 9)	318	368
Bad debt expense (Schedule A)	55	217
Loss on disposals of tangible capital assets (Schedule B)	236	12
Mortgages receivable allowances (Note 5)	27	190
	<u>5,182</u>	<u>8,099</u>
Changes in accruals of operating cash receipts or payments	<u>(6,006)</u>	<u>(3,279)</u>
Cash (used for) provided by operating transactions	<u>(824)</u>	<u>4,820</u>
Capital transactions		
Acquisition of tangible capital assets	<u>(3,585)</u>	<u>(6,132)</u>
Cash used for capital transactions	<u>(3,585)</u>	<u>(6,132)</u>
Investing transactions		
Issuances of mortgages receivable	(5,429)	(6,762)
Repayments of mortgages receivable	7,527	7,148
Repayments of land sales agreements receivable	8,552	10,646
	<u>10,650</u>	<u>11,032</u>
Financing transactions		
Repayments of long-term debt	(748)	(785)
Repayments of land sales agreements payable	(9,884)	(10,877)
Advances from the Government of Yukon (Note 11)	6,771	3,672
	<u>(3,861)</u>	<u>(7,990)</u>
Increase in cash	2,380	1,730
Cash at beginning of year (Note 3)	2,538	808
Cash at end of year (Note 3)	\$ 4,918	\$ 2,538
Interest received in the year	\$ 2,058	\$ 1,717
Interest paid in the year	101	122

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



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2020

1. Authority and operations

(a) Authority

Yukon Housing Corporation (the Corporation) was established in 1972 by the *Housing Corporation Act* of Yukon to undertake, carry to completion, or assist in the provision, development, maintenance and management of housing. The Corporation is subject to the *Financial Administration Act* of Yukon. Disbursements for operations and loans are authorized by the Yukon Legislative Assembly through the Appropriation Acts.

(b) Mission

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

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

Pursuant to Section 45(1) of the *Housing Corporation Act*, the Commissioner in Executive Council has established Housing Advisory Boards in the communities of Carcross, Carmacks, Dawson City, Faro, Haines Junction, Mayo, Ross River, Teslin, Watson Lake and Whitehorse. Local Housing Advisory Boards involve local community members in the decision making process regarding housing in their community. They provide advisory services to the Corporation and a review function in appeals of decisions made by the Corporation.

(c) Main estimates

The Main Estimates comparative figures are from the Main Estimates approved in the Yukon Legislative Assembly in 2019. These figures do not reflect changes arising from the Supplementary Estimates approved later in the year by the Yukon Legislative Assembly.

2. Significant accounting policies

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

(a) Reporting entity

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

(b) Funding and advances from the Government of Yukon

A funding agreement between the Corporation and the Government of Yukon authorizes the Government of Yukon to provide the Corporation with an annual operations and maintenance transfer payment and a capital transfer payment. The transfer payments are equal to the Corporation's actual net operating deficit and net capital expenditures calculated in accordance with the funding agreement and reported to the Government of Yukon in the Corporation's final Period 12 Variance Report. The transfer payments are recognized in accordance with the Corporation's policy for the recognition of government transfers (Note 2(j)). Advances provided by the Government of Yukon in excess of the transfer payments are recorded as a liability of the Corporation (Note 11).

The free rental of a social housing building provided by the Government of Yukon to the Corporation is recorded as rental assistance in-kind revenue and offsetting building services in-kind expenses (Note 15(b) and Schedule A).

(c) Cash

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



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2020

2. Significant accounting policies (continued)

(d) Housing inventory

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

(e) Loans receivable

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

Based on historical loss experience, management establishes a valuation allowance for impaired loans. Mortgages are classified as impaired when the Corporation no longer has reasonable assurance of timely collection of the full amount of principal and interest due. The valuation allowance adjusts a mortgage's carrying value to its net recoverable value.

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

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

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

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

(f) Tangible capital assets

Tangible capital assets are recorded at cost, net of accumulated amortization. Interest on loans during construction of capital assets is capitalized. Assets under construction are not amortized until available for use.

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

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

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



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2020

2. Significant accounting policies (continued)

(g) Environmental liabilities

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

(h) Post-employment benefits

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

(i) Retirement benefits

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

(j) Revenue recognition

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

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

Rental income is recorded on an accrual basis.

(k) Expenses

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



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2020

2. Significant accounting policies (continued)

(l) Measurement uncertainty

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

Significant management estimates include: valuation of loans receivable, valuation of accounts receivable, determination of amortization, valuation of post-employment benefits, estimation of contingencies and environmental liabilities.

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

At the time of preparation of these financial statements, management believes the estimates and the assumptions to be reasonable under the circumstances. However, the effect on the financial statements of changes to such estimates and assumptions in future periods could be significant especially given the added uncertainties resulting from the COVID-19 pandemic declared by the World Health Organization on March 11, 2020.

In response to the COVID 19 pandemic, management issued a Technical Bulletin 03 – Loans and Grants Deferral dated March 24, 2020 which provided loan repayment deferrals and project extensions to clients. Such deferrals and extensions would be offered at the request of clients upon their submission of application and supporting paperwork.

Management also issued Technical Bulletin 06 – Streamlined Process for Rent Reductions dated March 24, 2020 in anticipation that a higher volume of rent deduction requests would be submitted to the Corporation by clients adversely impacted by the pandemic.

(m) Related party transactions

The Corporation is related to all Government of Yukon departments, territorial corporations and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Corporation. Significant transactions with related parties and balances at year-end are disclosed separately in the financial statements and notes thereto.

Inter-entity transactions are transactions between commonly controlled entities. Inter-entity transactions are recorded on a gross basis and are measured at the carrying amount, except for the following: when inter-entity transactions are undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length, or where costs provided are recovered, they are measured at the exchange amount.

Related party transactions other than inter-entity transactions are recorded at the exchange amount.

The Corporation receives certain services provided by the Government of Yukon without charge (Note 15(b)).



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2020

3. Cash

	2020	2019
	(thousands of dollars)	
Cash		
Bank balances	\$ 4,915	\$ 2,535
Cash on hand	3	3
	<u>\$ 4,918</u>	<u>\$ 2,538</u>

The Corporation has an overdraft facility with its bank of up to \$11,000,000 at bank prime less 0.75% (2019 - bank prime less 0.75%). At year end, the bank prime rate was 2.95% (2019 - 3.95%). The overdraft is guaranteed by the Government of Yukon.

4. Accounts receivable

	2020	2019
	(thousands of dollars)	
Due from Canada Mortgage and Housing Corporation		
- Northern Funding Agreement	\$ 2,400	\$ 2,400
- Investment in Affordable Housing	1,575	1,575
- Social Housing Agreement	242	242
- National Housing Strategy	4,111	-
- Yukon First Nations - Multi-unit Residential Building Workshop	145	-
Other receivables	455	813
Receivable from tenants	870	726
Less: Valuation allowance for receivable from tenants	(762)	(721)
Less: Valuation allowance for other receivables	(56)	(41)
	<u>\$ 8,980</u>	<u>\$ 4,994</u>

On August 14, 1998 the Corporation entered into an agreement with CMHC to access funding under the Social Housing Agreement (SHA). Under this thirty-one year agreement (1999/2000 to 2029/2030) CMHC agreed to contribute up to \$114,379,000 for the Corporation to assume full responsibility for the management of various public housing programs specified in the SHA. As at March 31, 2020 the amount receivable under the SHA is \$242,000 (2019 - \$242,000).

On April 1, 2014 the Corporation entered into an agreement with CMHC to access funding under the Investment in Affordable Housing (IAH). Under this five year agreement (2014/2015 to 2018/2019) CMHC agreed to contribute up to \$7,875,000 (\$1,575,000 each year) for project commitments made by the Corporation to improve access to affordable, sound, suitable and sustainable housing for households in need. The funding was fully cost matched by the Corporation. As at March 31, 2020 the amount receivable under the IAH is \$1,575,000 (2019 - \$1,575,000).

On April 1, 2018 the Corporation entered into an agreement with CMHC to access funding under the National Housing Strategy Agreement (NHS). Under this 10 year agreement (2019/20 to 2027/2028) CMHC agreed to contribute up to \$28,269,700 (various amounts each year) for project commitments made by the Corporation to increase access to housing, reduce housing need and achieve better housing solutions across the spectrum. As at March 31, 2020 the amount receivable under the NHS is \$4,111,100 (2019 - \$nil).



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2020

4. Accounts receivable (continued)

On April 1, 2016 the Corporation entered into an agreement with CMHC under the Social Infrastructure Fund (SIF), which was made under the IAH agreement. Under this two year agreement (2016/2017 to 2017/2018) CMHC agreed to contribute up to \$13,642,000 (\$7,229,000 in 2016/2017 and \$6,413,000 in 2017/2018) for project commitments made by the Corporation to improve the quality and increase the supply of affordable housing and to support economic growth in the Yukon. The funding is partially cost matched by the Corporation; the amount of the funding that was required to be matched is \$3,300,000 over the term of the agreement. As at March 31, 2020 the amount receivable under the SIF is \$nil (2019 - \$nil).

On April 1, 2018 the Corporation entered into an agreement with CMHC under the Northern Funding Agreement, which was made under the IAH agreement. Under this one year agreement (2018/2019) CMHC agreed to contribute up to \$2,400,000 for project commitments made by the Corporation to increase the affordable housing that meets the needs of households in the Yukon. As at March 31, 2020 the amount receivable under the Northern Funding Agreement is \$2,400,000 (2019 - \$2,400,000).

5. Loans receivable

	Stated interest rates %	2020 (thousands of dollars)	2019 (thousands of dollars)
Mortgages receivable			
Home Ownership	0.00 - 4.50	\$ 28,444	\$ 30,678
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 2025. Rural and Native Home Ownership mortgages receiving subsidies (Note 2(e)) at March 31, 2020 were \$28,000 (2019 - \$47,000).			
Owner Build	3.64 - 4.41	6,626	5,558
Loans are advanced during the construction phase of a home for a maximum period of two years with interest of 1% below posted average five year rate of major banks. Repayment terms are up to five years, commencing upon completion of construction, secured by registered charges against real property with maturities up to 2025.			
Repair and Upgrade	0.00 - 4.95	3,050	3,772
Loans with terms up to 12 years, secured by registered charges against real property or chattel mortgages, repayable in blended weekly, bi-weekly or monthly payments at fixed rates of interest with maturities up to 2029. Mortgages receiving subsidies (Note 2(e)) and forgiveness at March 31, 2020 were \$23,000 (2019 - \$31,000).			
Energy Management	3.70	6	8
Loans with terms up to 17 years, secured by registered charges against real property or chattel mortgages, repayable in periodic instalments with maturities up to 2022.			



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2020

5. Loans receivable (continued)

	Stated interest rates	0	0
	%	(thousands of dollars)	
Housing Industry Loans	0.00 - 4.95	2,575	2,783
Loans with terms up to 25 years, secured by registered charges against real property or general security agreements, repayable in blended bi-weekly or monthly payments at fixed rates of interest with maturities up to 2027.			
Subtotal mortgages receivable		40,701	42,799
Less: Allowance for Home Repair Program subsidies		(35)	(55)
Less: Allowance for loans receivable with concessionary terms		(535)	(576)
Less: Allowance for impaired loans		(359)	(271)
Net mortgages receivable		39,772	41,897
Land sales agreements receivable	5.00	5,908	7,501
Unsecured loans on residential, commercial and recreational lots, repayable in blended annual payments at fixed rates of interest with maturities up to 2024.			
Total loans receivable		<u>\$ 45,680</u>	<u>\$ 49,398</u>

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

	2020	2019
Mortgages receivable	3.69%	3.51%
Land sales agreements receivable	5.00%	5.00%

6. Environmental liability

Changes in the environmental liability are as follows:

	2020	2019
	(thousands of dollars)	
Balance at beginning of year	\$ 368	\$ 520
Actual expenditures in current year relating to fuel oil spills	(152)	(152)
Balance at end of year	<u>\$ 216</u>	<u>\$ 368</u>

Notable sites within the environmental liability include:

In fall 2010, it was confirmed that approximately 20,000 liters of fuel oil spilled under two Yukon Housing Corporation properties in Dawson City. The remediation plan and projected future costs were prepared by independent consultants, and the remediation started in the summer of 2011. To facilitate remediation the apartment building was demolished and removed. In fall 2012, it was determined that the residence adjacent to the apartment building would need to be removed to complete remediation of the site. The projected future expenditures at year end associated with this spill are estimated at \$50,000 (2019 - \$28,000).

In the summer of 2015, a split fuel line occurred under a house in Dawson City. Approximately 800 liters of fuel leaked from the oil storage tank. The projected future expenditures at year end associated with this spill are estimated at \$100,000 (2019 - \$100,000).



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2020

6. Environmental liability (continued)

Projected future expenditures at year end for site monitoring of \$66,000 (2019 - \$116,000) are for ongoing ground water and soils monitoring for remediated oil spill sites in Old Crow and Watson Lake (2019 - Old Crow, Mayo and Watson Lake).

7. Deferred revenue

	2020	2019
	(thousands of dollars)	
Canada Mortgage and Housing Corporation (CMHC) funding		
- National Housing Strategy	\$ 2,214	\$ -
- Investment in Affordable Housing	851	1,672
- Northern Funding Agreement	613	1,585
- Social Infrastructure Fund	341	2,272
- Yukon First Nations - Multi-unit Residential Building Workshop	145	-
Unearned rent	106	198
	<u>\$ 4,270</u>	<u>\$ 5,727</u>

None of the CMHC funding receivable at March 31, 2019 was received during the fiscal year (2019 - \$7,998,000). At March 31, 2020 \$8,474,000 was receivable (2019 - \$3,975,000) and \$5,622,000 was recognized as revenue during the fiscal year (2019 - \$11,382,000).

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

8. Long-term debt

	Stated interest rates %	2020	2019
		(thousands of dollars)	
Mortgages payable to chartered banks and CMHC (guaranteed by the Government of Yukon)	1.01 - 7.57	\$ 1,462	\$ 1,858
Loans with a variety of terms, repayable in blended monthly payments at fixed rates of interest and with maturities up to 2028, secured by fixed charges against housing projects with net book value of \$2,317,073 (2019 - \$2,373,627).			
Loans payable to chartered banks and CMHC (guaranteed by the Government of Yukon)	7.5 - 9.5	719	806
Unsecured loans repayable in blended periodic installments at fixed rates of interest to maturity and with maturities up to 2028.			
Loans payable to the Government of Yukon	0.00	9,418	9,684
Repayable without interest in periodic instalments to 2027.			
Land sales agreements due to the Government of Yukon, unsecured	0.00	6,407	9,332
Repayable without interest in periodic instalments to 2025.			
Total long-term debt		<u>\$ 18,006</u>	<u>\$ 21,680</u>

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

	2020	2019
Mortgages payable to chartered banks and CMHC	2.44%	2.49%
Loans payable to chartered banks and CMHC	7.88%	7.88%



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2020

8. Long-term debt (continued)

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

	Loans Payable				Total
	Mortgages Payable	Banks and CMHC	Government of Yukon	Land Sales Agreements	
	(thousands of dollars)				
2021	\$ 373	\$ 95	\$ 265	\$ 1,482	\$ 2,215
2022	355	102	253	1,162	1,872
2023	354	110	250	1,928	2,642
2024	103	119	250	998	1,470
2025	25	128	250	837	1,240
Thereafter	252	165	8,150	-	8,567
Total	\$ 1,462	\$ 719	\$ 9,418	\$ 6,407	\$ 18,006

At March 31, 2020, the Corporation owed the Government of Yukon a Land Sales Agreements principal payment of \$499,322 (2019 - \$1,830,581) for principal amounts collected during the year. The amount was subsequently paid to the Government of Yukon in May 2020.

9. Post-employment benefits

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

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

The results measured at March 31 are summarized as follows:

	2020	2019
	(thousands of dollars)	
Accrued benefit liability, beginning of year	\$ 2,137	\$ 2,067
Receipt from Government departments for staff transfers	10	83
Add: Post-employment benefits expenses		
Current service costs	212	204
Interest on accrued benefit liability	74	71
Amortization of net actuarial losses	22	10
Less: Benefits paid during the year	(61)	(298)
Plan amendment	(153)	-
Accrued benefit liability, end of year	2,241	2,137
Unamortized net actuarial gain	(480)	(16)
Accrued benefit obligation, end of year	<u>\$ 1,761</u>	<u>\$ 2,121</u>

The significant actuarial assumptions were:

	2020	2019
Discount rate	3.80%	3.30%
Salary escalation rate (per annum)	2.00%	2.00%
Expected average remaining service life of active employees	11.6 years	11.1 years



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2020

9. Post-employment benefits (continued)

The most recent actuarial valuation made for these post-employment benefits was as of March 31, 2020. The next required valuation would be as of March 31, 2023.

Included in the total accrued benefit obligation at March 31, 2020 are vacation leave of \$541,000 (2019 - \$496,000) and accumulated sick leave of \$376,000 (2019 - \$409,000).

10. Retirement benefits

Substantially all of the employees of the Corporation are covered by the Public Service Pension Plan (the Plan), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Corporation. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. The general contribution effective at year end was \$1.01 (2019 - \$1.01) for every dollar contributed by the employee, and \$3.80 (2019 - \$3.79) for every dollar contributed by the employee for the portion of the employee's salary above \$173,000 (2019 - \$169,000). For new employees who are participating in the Plan on or after January 1, 2013, the Corporation contributes \$1.00 (2019 - \$1.00) for every dollar contributed by the employee, and \$3.80 (2019 - \$3.79) for every dollar contributed by the employee for the portion of the employee's salary above \$173,000 (2019 - \$169,000).

Contributions during the year were as follows:

	2020	2019
	(thousands of dollars)	
Employer's contribution	\$ 569	\$ 573
Employees' contribution	535	549

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

11. Advances - Government of Yukon

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

	2020	2019
	(thousands of dollars)	
Balance at beginning of year	\$ 24,970	\$ 21,298
Cash advanced during the year	21,245	15,709
Operations and maintenance transfer payment	(5,158)	(5,524)
Capital transfer payment	(9,222)	(6,513)
	<u>6,865</u>	<u>3,672</u>
Balance at end of year	<u>\$ 31,835</u>	<u>\$ 24,970</u>



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2020

12. Tangible capital assets

			2020	2019
			(thousands of dollars)	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 4,814	\$ -	\$ 4,814	\$ 4,928
Social housing	115,699	44,376	71,323	70,124
Staff housing	21,543	12,804	8,739	9,029
Office building	1,954	1,458	496	548
Other facilities	538	535	3	4
Furnishings and equipment	3,075	1,389	1,686	1,876
Computer systems	295	242	53	107
(Schedule B)	<u>\$ 147,918</u>	<u>\$ 60,804</u>	<u>\$ 87,114</u>	<u>\$ 86,616</u>

At March 31, 2020, there were construction projects in progress in the amount of \$1,112,000 (2019 - \$3,456,000). There was no interest incurred for the construction of tangible capital assets in the current year or previous year.

Included in the cost of land are 13 vacant lots with a carrying value of \$76,000.

13. Expenses by object

	2020	2019
	(thousands of dollars)	
Transfer payments	\$ 9,787	\$ 10,502
Materials, supplies and utilities	9,168	8,262
Personnel, training and post-employment benefits	7,645	7,753
Amortization	3,577	3,378
Other	2,382	2,390
Communication and transportation	476	492
Contract and special services	301	434
Interest on long-term debt	99	122
	<u>\$ 33,435</u>	<u>\$ 33,333</u>

14. Financial instruments

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

Fair value information is not disclosed for Advances - Government of Yukon (Note 11) because it arose as a result of related party transactions and bears no interest. There is no active market for such instruments.

The fair values of the Corporation's loans receivable and long-term debt were based on management's best estimates and were determined using the present value of future cash flows discounted at the March 31, 2020 estimated market rate for mortgages and loans with similar maturities.



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2020

14. Financial instruments (continued)

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

	2020		2019	
	(thousands of dollars)			
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Loans receivable				
Mortgages receivable net of allowances	\$ 39,772	\$ 39,606	\$ 41,897	\$ 40,174
Land sales agreements receivable	5,908	6,101	7,501	7,920
	<u>\$ 45,680</u>	<u>\$ 45,707</u>	<u>\$ 49,398</u>	<u>\$ 48,094</u>
Long-term debt				
Loans payable to the Government of Yukon	9,418	6,803	9,684	6,528
Land sales agreements due to the Government of Yukon	6,407	5,794	9,332	8,641
Mortgages payable to chartered banks and CMHC	1,462	1,184	1,858	1,568
Loans payable to chartered banks and CMHC	719	755	806	854
	<u>\$ 18,006</u>	<u>\$ 14,536</u>	<u>\$ 21,680</u>	<u>\$ 17,591</u>

These financial instruments do not have active markets.

Until settled, the fair value of loans receivable and long-term debt will fluctuate with changes in interest rates.

Management believes the carrying amount of loans receivable will be fully recovered.

15. Related party transactions and balances

In addition to those related party transactions disclosed elsewhere in these financial statements (Notes 8, 11 and 17), the Corporation enters into transactions with related entities in the normal course of business.

(a) Due from the Government of Yukon

	2020	2019
	(thousands of dollars)	
Accounts payable	\$ (976)	\$ (1,334)
Accounts receivable	68	159
Amount due re: Canada-Yukon Low Carbon Economy Fund	1,095	-
Amount due from Community Services - Disaster Financial Assistance	-	2,205
Net amount due from the Government of Yukon	<u>\$ 187</u>	<u>\$ 1,030</u>

(b) Other transactions

The Government of Yukon provides life insurance and medical benefits to the Corporation's retired personnel, which are provided without charge and not recorded in the financial statements.

The value of administrative services provided by the Government of Yukon to the Corporation is estimated in 2020 to be \$27,900 (2019 - \$29,100). The value of territorial agent services provided by the Corporation to the Government of Yukon for 2020 is estimated to be \$132,700 (2019 - \$48,700). These services are provided without charge and not recorded in the financial statements.



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2020

15. Related party transactions and balances (continued)

The employees of the Corporation are paid by the Government of Yukon. The Corporation reimbursed the Government for personnel expenses (Note 13 and Schedule A) paid of \$8,152,000 during 2020 (2019 - \$7,536,000) which are recorded at the exchange amount.

In 2008, the Corporation entered into an agreement with the Government of Yukon for the use of a 48 unit seniors' social housing constructed as part of the Athletes' Village in Whitehorse. The Corporation is responsible for the operation and maintenance of the facility. The value of services provided without charge, relating to the use of this building by the Corporation, is estimated in 2020 to be \$502,000 (2019 - \$502,000) based on the Government of Yukon's amortization expense.

During 2020, the Corporation was charged \$517,000 (2019 - \$376,000) by the Government of Yukon for information technology support services, office rental, office supplies, computer software licensing, vehicle rental services and other upgrades. These charges are recorded at the exchange amount.

16. Contractual obligations and contingencies

	2020	2019
	(thousands of dollars)	
Outstanding contractual obligations to complete the funding of mortgages receivable at end of year	\$ 2,085	\$ 1,360
Outstanding contractual obligations to complete agreements and contract commitments at end of year	8,729	6,635
Annual subsidies to private social housing organizations	375	375

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

Pursuant to an agreement signed with CMHC in 1998, the Corporation is liable for a mortgage payable by the Whitehorse Housing Co-operative Association Limited (the Co-operative) in the event of a default. The mortgage matures on July 1, 2025 and the amount payable as at March 31, 2020 was \$479,000 (2019 - \$557,000). Management believes that the Corporation would be able to repay the mortgage in full through the sale of the Co-operative's assets (against which the mortgage is made) in the event of a default.

17. Contractual rights

The Corporation has contractual rights for the following payments subsequent to March 31, 2020:

	Expiry Date	2021	2022-2030	Total
		(thousands of dollars)		
CMHC Social Housing Agreement	2030	\$ 3,665	\$ 18,171	\$ 21,836
CMHC Bilateral Agreement				
CMHC Northern Housing	2028	2,400	16,800	19,200
CMHC Canada Community Housing	2028	178	10,298	10,476
CMHC Yukon Priorities Housing	2027	1,063	4,711	5,774
CMHC Canada Housing Benefit	2028	584	8,504	9,088
Canada - Yukon Low Carbon Economy Leadership Fund (Government of Yukon)	2024	2,737	7,700	10,437
Office space lease (Government of Yukon)	2021	96	-	96
		<u>\$ 10,723</u>	<u>\$ 66,184</u>	<u>\$ 76,907</u>



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2020

18. Bad debts write-offs

Section 14(4) of the Financial Administration Act of Yukon requires accounts written off during the fiscal year to be reported in the Public Accounts of Yukon. There were no bad debts written off during the current year and previous four years.

19. Subsequent event

On March 11, 2020 the World Health Organization declared COVID-19 a global pandemic and consequently, the Corporation had to take into account the likely impact it would have on its operations.

The Corporation provides an array of housing solutions for Yukon clientele including residents, contractors, developers and First Nations government partners. These clients will likely be impacted at varying degrees by the COVID-19 pandemic through loss of job/income, limited/restricted cash flow, business disruptions including labour shortages and travel restrictions during the construction season.

For renters and mortgage holders, impacted by loss of job or salary reduction, rent and debt repayment to the Corporation may prove more difficult. There is also potential impact on the property value used as collateral for mortgage holders. However, due to the timing of the pandemic, the 2019/2020 financial statements were not significantly impacted by the COVID-19 developments.

There is uncertainty about the length and potential impact of the pandemic. As the pandemic continues to evolve, in addition to the impacts noted below, the cumulative financial effect on the Corporation is uncertain and cannot be adequately determined. Management estimates that the impact of the new economic relief measures will decrease cash flows from loans receivable and rental income next year. The following economic relief measures are in place to support the Corporation's clients who are adversely affected by the pandemic and the consequent economic downturn:

Rent Assist:

In May 2020, the Corporation announced a new COVID-19 Rent Assist program for tenants living in private non-subsidized market rental housing in Yukon who have lost 30% or more of their income due to COVID-19. Tenants are eligible to receive a grant of 50% of median market rent based on unit size. This short-term program is available to tenants from April 1, 2020 to September 30, 2020. Management estimates the cost of the program at \$500,000.

Deferred loan payments:

If the Corporation's loan or mortgage client is unable to make a payment due to the pandemic, they may request a deferral of their payment. The program started March 24, 2020 and is still available as of September 24, 2020. In the first six months of the program, 37 loan or mortgage clients requested deferrals of payments totaling \$149,000. These actions will impact the Corporation's cash flow in future periods but the loan principal amount and interest for such loan deferrals would be collectible at a future date. As of September 2020, only 7 loan clients with a total payment value of \$34,000 have not yet resumed their payment plans. These actions will impact the Corporation's cash flow in future periods but the loan principal amount and interest for such loan deferrals would be collectible at a future date. The Corporation does not believe that this will have a significant impact on the allowance for doubtful accounts.

Project extension:

The Corporation will also extend deadlines for loans and grants if clients cannot meet their project's timeline. The Corporation also waived the requirement for pre-approved loans clients to submit quotes for work to be done within 90 days. The program started March 24, 2020 and is still available as of September 24, 2020.

Rent reduction:

If a tenant client lost income due to the pandemic, they may be able to have their rent reassessed. In the first six months, 74 out of 714 clients have requested to have their rent reassessed. The program started March 24, 2020 and is still available as of September 24, 2020. Management estimates the revenue loss associated with this program in 2020/2021 to be \$80,000. The Corporation would not recover these amounts resulting in loss of revenue in future periods.

The Corporation is not receiving any additional funding from the Government of Yukon for any of these relief measures.



Yukon Housing Corporation

Schedule of Program Costs, Corporate Services Costs and Administration Expenses
for the year ended March 31, 2020

Schedule A

	2020	2019
	(thousands of dollars)	
Social and staff housing operations		
General maintenance	\$ 4,544	\$ 3,792
Personnel	3,572	3,534
Utilities	2,910	2,716
Property taxes	1,082	1,035
Building services - in-kind (Note 15(b))	502	502
Write-down of / loss on disposal of tangible capital assets	160	12
Housing program administration	159	137
Interest on long-term debt	99	118
Bad debts - tenant receivable	55	217
Property rentals	-	22
	<u>\$ 13,083</u>	<u>\$ 12,085</u>
Lending and grant programs		
Affordable housing contributions	\$ 8,762	\$ 9,012
Personnel	784	803
Northern housing trust grants and contracts	500	957
Bad debts - loans receivable	90	44
Community partnering contributions	66	56
Program materials	19	114
Concessionary loans allowance	-	142
	<u>\$ 10,221</u>	<u>\$ 11,128</u>
Corporate services		
Personnel	\$ 2,323	\$ 2,182
Information technology systems and support	196	128
Professional fees	31	234
	<u>\$ 2,550</u>	<u>\$ 2,544</u>
Administration		
Personnel, training and post-employment benefits	\$ 966	\$ 1,234
Travel and transportation	240	243
Communications	236	249
Office space	195	198
Professional fees	166	102
Office and sundry	111	143
Boards and committees	104	93
Rentals - office and equipment	87	94
Program promotion	74	63
	<u>\$ 2,179</u>	<u>\$ 2,419</u>



Yukon Housing Corporation
 Schedule of Tangible Capital Assets
 for the year ended March 31, 2020

Schedule B

	Land	Social Housing	Staff Housing	Office Building	Other Facilities	Furnishings and Equipment	Computer Systems	2020 Total	2019 Total
(thousands of dollars)									
Cost of tangible capital assets at beginning of year ¹	\$ 4,928	\$ 112,082	\$ 21,940	\$ 1,954	\$ 739	\$ 3,275	\$ 548	\$ 145,466	\$ 138,703
Acquisitions ¹		3,852	397	-	-	62	-	4,311	6,789
Disposals	(114)	(235)	(794)	-	(201)	(262)	(253)	(1,859)	(26)
Cost of tangible capital assets at end of year ¹	4,814	115,699	21,543	1,954	538	3,075	295	147,918	145,466
Accumulated amortization at beginning of year	-	41,958	12,911	1,406	735	1,399	441	58,850	55,486
Amortization	-	2,595	674	52	1	201	54	3,577	3,378
Disposals	-	(177)	(781)	-	(201)	(211)	(253)	(1,623)	(14)
Accumulated amortization at end of year	-	44,376	12,804	1,458	535	1,389	242	60,804	58,850
Net book value ¹	\$ 4,814	\$ 71,323	\$ 8,739	\$ 496	\$ 3	\$ 1,686	\$ 53	\$ 87,114	\$ 86,616
Construction in progress	\$ -	\$ 933	\$ 179	\$ -	\$ -	\$ -	\$ -	\$ 1,112	\$ 3,456

¹ Includes construction in progress

YUKON LIQUOR CORPORATION

FINANCIAL STATEMENTS

March 31, 2020

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

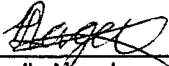
The management of the Yukon Liquor Corporation is responsible for establishing and maintaining a system of books, records, internal controls and management practices designed to provide reasonable assurance that reliable financial information is produced; the assets of the Corporation are safeguarded and controlled; the transactions of the Corporation are in accordance with the relevant legislation, regulations and by-laws of the Corporation; the resources of the Corporation are managed efficiently and economically; and the operations of the Corporation are carried out effectively.

Management is also responsible for the integrity and objectivity of the financial statements of the Corporation. The accompanying financial statements as at March 31, 2020 include amounts based on management's best estimates as determined through experience and judgment, are prepared in accordance with International Financial Reporting Standards. Other financial information included in the Annual Report is consistent with these financial statements.

These financial statements have been independently audited by the Corporation's external auditor, the Auditor General of Canada, and the audit report is included in this report.



Paul McConnell
President



Luzelle Nagel
Director, Finance & Information
Management

July 03, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Yukon Liquor Corporation

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of the Yukon Liquor Corporation (the Corporation), which comprise the statement of financial position as at 31 March 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our Report on the Audit of the Financial Statements, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

On 11 March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). As a result, measures were put in place that impacted our ability to observe the counting of physical inventories as at 31 March 2020. We were also unable to satisfy ourselves concerning those inventory quantities by alternative means. Consequently, we were unable to determine whether any adjustments were necessary to reported inventories on the statement of financial position as at 31 March 2020 and to the cost of goods sold on the statement of comprehensive income for the year then ended.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Compliance with Specified Authorities

Opinion

In conjunction with the audit of the financial statements, we have audited transactions of the Yukon Liquor Corporation coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are the *Financial Administration Act* of Yukon and regulations, the *Liquor Act* and regulations, the *Liquor Tax Act* and regulations, the *Cannabis Control and Regulation Act* and regulations, and the by-laws of the Yukon Liquor Corporation.

In our opinion, the transactions of the Yukon Liquor Corporation that came to our notice during the audit of the financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Liquor Act*, we report that, in our opinion, the accounting principles in IFRSs have been applied on a basis consistent with that of the preceding year. In addition, in our opinion, proper books of account have been kept by the Yukon Liquor Corporation and the financial statements are in agreement therewith.

Responsibilities of Management for Compliance with Specified Authorities

Management is responsible for the Yukon Liquor Corporation's compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable the Yukon Liquor Corporation to comply with the specified authorities.

Auditor's Responsibilities for the Audit of Compliance with Specified Authorities

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the financial statements are in compliance with the specified authorities referred to above.

A handwritten signature in cursive script that reads "David Irving".

David Irving
Principal
for the Auditor General of Canada


Edmonton, Canada
3 July 2020

YUKON LIQUOR CORPORATION
Statement of Financial Position
As at March 31

	2020	2019
	(in thousands of Canadian dollars)	
ASSETS		
CURRENT		
Cash	\$ 3,645	\$ 4,102
Accounts receivable (Note 4)	55	43
Inventories (Note 5)	3,724	3,599
	7,424	7,744
Property, plant and equipment (Note 6)	2,176	2,361
Intangible assets (Note 7)	22	45
Right-of-use assets (Note 17)	1,277	-
	\$ 10,899	\$ 10,150
LIABILITIES AND EQUITY		
CURRENT		
Accounts payable and accrued liabilities (Note 8)	\$ 3,293	\$ 3,036
Deferred revenue	105	91
Due to Government of Yukon (Notes 9, 13)	1,704	2,781
Current portion of lease liabilities (Note 17)	303	-
Deferred Government Grant (Note 16)	181	375
	5,586	6,283
Non-pension benefit liability (Note 10)	1,635	956
Lease liabilities (Note 17)	983	-
	8,204	7,239
Equity (Note 11)	2,695	2,911
TOTAL LIABILITIES AND EQUITY	\$ 10,899	\$ 10,150

Commitments (Note 18)

APPROVED FOR ISSUE ON JULY 3, 2020

 _____ President

 _____ Director, Finance & Information Management

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

YUKON LIQUOR CORPORATION
Statement of Comprehensive Income
For the year ended March 31

	2020	2019
	(in thousands of Canadian dollars)	
Revenue (Note 14)	\$ 46,531	\$ 42,068
Cost of goods sold (Note 15)	26,187	22,700
GROSS PROFIT	20,344	19,368
OTHER INCOME		
Government grant (Note 16)	195	2,600
Miscellaneous	180	101
Gain on disposal of property, plant and equipment	168	-
Fees, permits and licenses	168	144
Total other income	711	2,845
EXPENSES		
Salaries, wages and benefits	7,978	7,717
Rent, utilities and maintenance	924	1,044
Professional services	572	408
Interest and bank charges	567	512
Depreciation of property, plant and equipment	463	855
Depreciation of right of use assets	272	-
Travel and communications	269	274
Other	247	209
General and office supplies	103	111
Interest on lease liabilities	23	-
Amortization of intangible assets	22	22
Total expenses	11,440	11,152
INCOME FROM OPERATIONS	9,615	11,061
OTHER COMPREHENSIVE INCOME, NOT TO BE RECLASSIFIED SUBSEQUENTLY TO NET INCOME		
Actuarial (loss) gain (Note 10)	(207)	102
COMPREHENSIVE INCOME	\$ 9,408	\$ 11,163

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

YUKON LIQUOR CORPORATION
Statement of Changes in Equity
For the Year Ended March 31, 2020

	2020	2019
	(in thousands of Canadian dollars)	
EQUITY - BEGINNING OF YEAR	\$ 2,911	\$ 2,077
Net income before other comprehensive income	9,615	11,061
Other comprehensive income	(207)	102
Current year's profit to be remitted to Government of Yukon (<i>Note 13</i>)	<u>(9,624)</u>	<u>(10,329)</u>
EQUITY - END OF YEAR (<i>Note 11</i>)	<u>\$ 2,695</u>	<u>\$ 2,911</u>

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

YUKON LIQUOR CORPORATION
Statement of Cash Flows
For the Year Ended March 31, 2020

	2020	2019
	(in thousands of Canadian dollars)	
OPERATING ACTIVITIES		
Cash receipts:		
Sales	\$ 46,519	\$ 42,097
Government grant (Note 16)	-	2,026
Fees, permits and licenses and miscellaneous	363	244
Cash disbursements:		
Purchases of inventories	(25,916)	(22,525)
Salaries, wages and benefits	(7,768)	(7,421)
General and administrative expenses	(2,563)	(3,511)
Cash flow from operating activities	<u>10,635</u>	<u>10,910</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment (Schedule 1)	(320)	(1,116)
Proceeds on disposal of property, plant and equipment (Note 6)	210	-
Purchase of intangible assets (Note 7)	-	(67)
Proceeds from government grant (Note 16)	-	949
Cash flow used by investing activities	<u>(110)</u>	<u>(234)</u>
FINANCING ACTIVITIES		
Remittance of profit to Government of Yukon	(10,696)	(9,021)
Payment of lease liabilities	(263)	-
Interest paid on lease liabilities	(23)	-
Cash flow used by financing activities	<u>(10,982)</u>	<u>(9,021)</u>
INCREASE (DECREASE) IN CASH FLOW	(457)	1,655
Cash - beginning of year	<u>4,102</u>	<u>2,447</u>
CASH - END OF YEAR*	<u>\$ 3,645</u>	<u>\$ 4,102</u>

*Cash, end of year is comprised of bank account balances maintained for liquor and for cannabis operations with end of year balances (in thousands of Canadian dollars) of \$2,530 (2019 - \$2,666) and \$1,115 (2019 -\$1,436) respectively.

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

YUKON LIQUOR CORPORATION
Notes to Financial Statements
March 31, 2020

1. Authority and operations

Yukon Liquor Corporation (the Corporation) was established in 1977 under the *Liquor Act* by the Government of Yukon in Canada. It is not a "corporation" under the *Business Corporations Act*, but a government entity and is significantly influenced by the Government of Yukon. As a government entity, the Corporation is exempt from income taxes under Section 149(1)(d) of the Canadian *Income Tax Act*.

The Corporation is responsible for the purchase, distribution and sale of liquor within the Yukon, controlling the sale of liquor through licensed outlets and enforcing all matters related to the *Liquor Act*. The Corporation operates a central warehouse and distribution centre in Whitehorse and six liquor stores. The rural liquor stores also provide specific government services on behalf of the Government of Yukon.

In accordance with the *Liquor Act*, the profit from liquor operations for the year, before depreciation, less amounts expended on property, plant and equipment, is remitted to the Government of Yukon on a monthly basis.

The Corporation is required by the *Liquor Tax Act* to collect liquor taxes on behalf of the Government of Yukon and to remit these taxes on a monthly basis. The current rate is 12% (2019 - 12%) and is applied to selling prices of all liquor products.

In accordance with the provisions of the Beverage Container Regulations under the *Environment Act*, the Corporation collects various beverage container deposits and recycling surcharges on the sale of its products. These amounts are remitted to the Recycling Fund on a monthly basis.

The Corporation is also responsible for the purchase, distribution and sale of cannabis within the Yukon through licensees and a retail store that was operational from October 2018 to October 2019. The *Cannabis Control and Regulation Act* received assent on April 24, 2018 and governs the distribution, retail, consumption, personal cultivation and possession of non-medical cannabis in the Yukon. Through Order-in-Council 2018/107, the Corporation is designated as the distributor corporation, to act as the principal supplier of cannabis for sale in the Yukon.

In accordance with the *Cannabis Control and Regulation Act*, the profit from cannabis operations for the year, before depreciation, less amounts expended on property, plant and equipment, is remitted to the Government of Yukon.

The Corporation's registered office is 9031 Quartz Road, Whitehorse, Yukon, Canada Y1A 4P9.

2. Basis of presentation

These financial statements have been prepared on a historical cost basis, in accordance with International Financial Reporting Standards (IFRSs). The statements are presented in Canadian dollars and are rounded to the nearest thousand (\$000) where indicated.

3. Significant accounting policies

The significant accounting policies summarized below have been applied to all periods presented in these financial statements except for the accounting policy disclosure changes related to adoption of IFRS 16, Leases, as described below in the adoption of new and revised accounting standards:

YUKON LIQUOR CORPORATION

Notes to Financial Statements

March 31, 2020

3. Significant accounting policies *(continued)*

(a) Use of estimates

The preparation of financial statements in accordance with IFRS requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Estimates are used when accounting for matters such as depreciation based on management's estimate of the useful lives of property, plant and equipment, and the non-pension benefit liability based on the actuary's valuation. Actual results could differ materially from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

(b) Financial instruments

Financial assets

The Corporation's financial assets include Cash and Accounts receivable and are initially measured at fair value.

After initial recognition, Cash is measured at amortized cost and Accounts receivable are measured at amortized cost using the effective interest method, less a provision for impairment when applicable. Accounts receivable are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. For Accounts receivable, the Corporation applies the simplified approach which requires expected lifetime losses to be recognized from initial recognition of the receivables. The Accounts receivable carrying amount is reduced through the use of an allowance account and the loss is recognized in the statement of comprehensive income.

A financial asset is derecognized when the contractual rights to the cash flows from the asset have expired, or when the asset and all substantial risks and rewards are transferred.

Financial liabilities

The Corporation's financial liabilities include Accounts payable and accrued liabilities, and Due to the Government of Yukon and are initially measured at fair value.

After initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. A financial liability is derecognized when the obligation is discharged, cancelled, or expires.

(c) Inventories

Inventories are comprised of alcoholic beverages and cannabis for resale and are valued at the lower of cost and net realizable value. Inventory costs are determined on a first-in, first-out basis. Cost is comprised of supplier-invoiced value and freight. Net realizable value represents the estimated selling price for inventories less the cost to sell.

YUKON LIQUOR CORPORATION

Notes to Financial Statements

March 31, 2020

3. Significant accounting policies *(continued)*

(d) Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Depreciation is calculated on a straight-line basis and is based on the estimated useful lives of the assets as follows:

Land	Indefinite
Buildings	20 years
Furniture and office equipment	5 years
Operating equipment	5 years
Heavy equipment	15 years
Systems development	5 years
Systems equipment	5 years
Leasehold improvements	5 years

The assets' residual values, estimated useful life and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within 'Other income - Miscellaneous' in the statement of comprehensive income.

Assets are assessed for indications of impairment at each reporting date. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units), which are based on the Corporation's individual stores.

At each reporting date, assets are assessed for indications that prior impairment losses should be reversed. An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized. This reversal would be recognized immediately in the statement of comprehensive income.

(e) Intangible assets

Intangible assets are comprised of internally developed software systems. They are carried at cost less accumulated depreciation and impairment losses. Depreciation is recognized on a straight-line basis over the estimated useful life of 3 years. The estimated useful life and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use. Gains or losses from de-recognition on an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized within 'Other income - Miscellaneous' in the statement of comprehensive income.

YUKON LIQUOR CORPORATION
Notes to Financial Statements
March 31, 2020

3. Significant accounting policies (continued)

(f) Employee benefits

Non-pension benefits

Under their conditions of employment, employees may qualify for and earn employment benefits for vacation, sick, and special leave, as well as severance benefits. The benefit obligation is determined on an actuarial basis. The cost of these benefits are accrued as employees render the services required to earn them and are calculated using the projected benefit method prorated on service. Actuarial gains and losses are recognized immediately in other comprehensive income. Other retirement benefits include extended health care and life insurance plan for retirees which are paid by and accrued in the consolidated financial statements of the Government of Yukon.

Pension benefits

Substantially all of the employees of the Corporation are covered by the public service pension plan (the Plan), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Corporation to cover current service cost. Pursuant to legislation currently in place, the Corporation has no legal or constructive obligation to pay further contributions with respect to any past service or funding deficiencies of the Plan. Consequently, contributions are recognized as an expense in the year when employees have rendered service and represent the total pension obligation of the Corporation.

(g) Revenue recognition

Revenue is generated from sales to customers through wholesale and retail stores for liquor products as well as through retail stores and e-commerce for cannabis products. Revenue is recognized when the customer obtains control of the asset which is when the Corporation's performance obligations are satisfied. For retail transactions, this is at the point of sale and for wholesale transactions, this is at the time of shipment. Revenue does not include beverage container recycling fees which are remitted to the Recycling Fund as per the Beverage Container Regulations. Revenue also excludes liquor tax which is remitted to the Department of Finance as per the Liquor Tax Act. Licence revenue is recorded as deferred revenue and recognized to revenue over the term of the related licence.

Sales of liquor and cannabis products include a right of return. A refund liability is recognized if it is expected that consideration will be refunded to customers. This liability is updated at the end of each reporting period for changes in circumstances. Revenue is stated net of estimated returns. Historically, the return rate for products sold is nominal.

(h) Government grants

Government grants received from the Government of Yukon to assist the Corporation in meeting its responsibilities are recognized in the period in which the funding is committed by the Government of Yukon and when the terms and eligibility of the expenses have been met. Grants received related to operating expenditures are presented as Other income in the statement of comprehensive income.

Grants received for the purpose of purchasing property, plant and equipment or intangible assets are recognized initially as Deferred Government Grant. Deferred Government Grant is then recognized straight-line over the estimated useful life of the related purchased asset.

(i) Expense recognition

Expenses are recognized as incurred, on an accrual basis, in the period to which they relate.

YUKON LIQUOR CORPORATION
Notes to Financial Statements
March 31, 2020

3. Significant accounting policies (continued)

(j) Leases

The Corporation has applied IFRS 16 using the modified retrospective approach and therefore comparative information has not been restated. IFRS 16 replaces IAS 17 and related interpretations. The details of accounting policies under both IFRS 16 and IAS 17 are presented separately below for the Corporation as a lessee.

Accounting policy applicable from April 1, 2019

For any new contracts entered into on or after April 1, 2019, the Corporation considers whether a contract is, or contains a lease. A lease is defined as "a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration". To apply this definition the Corporation assesses whether the contract meets three key evaluations which are whether :

- (a) the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Corporation;
- (b) the Corporation has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract;
- (c) the Corporation has the right to direct the use of the identified asset throughout the period of use. The Corporation assess whether it has the right to direct "how and for what purpose" the asset is used throughout the period of use.

At lease commencement date, the Corporation recognises a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made of the initial measurement of the lease liability, any initial direct costs incurred, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Corporation depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Corporation also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Corporation measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Corporation's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

On the statement of financial position, right-of-use assets and lease liabilities have been presented separately.

YUKON LIQUOR CORPORATION

Notes to Financial Statements

March 31, 2020

3. Significant accounting policies (*continued*)

The Corporation has elected to account for short-term leases (leases with an expected term of 12 months or less) and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in the statement of comprehensive income under Rent, utilities and maintenance on a straight-line basis over the lease term.

In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

Variable lease payments expensed on the basis that they are not recognised as a lease liability include payments for common area costs. Variable lease payments are expensed in the period they are incurred.

Accounting policy applicable before April 1, 2019

The Corporation assesses all leases to determine their classification under IAS 17. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are treated by the Corporation as operating leases.

Payments on operating lease agreements are recognized as an expense in the statement of comprehensive income under Rent, utilities and maintenance on a straight-line basis over the lease term. Associated costs, such as insurance and maintenance, are expensed as incurred.

(k) Adoption of new and revised accounting standards

The Corporation has adopted IFRS 16 which became effective this year.

IFRS 16 "Leases" replaces IAS 17 "Leases" along with three Interpretations (IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC 15 "Operating Leases-Incentives" and SIC 27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease").

The adoption of this new standard has resulted in the Corporation recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Corporation has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

On transition to IFRS 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 was 2.09%.

The adoption of IFRS 16 did not have a significant impact on the statement of financial position as at April 1, 2019 as all leases at that date were short-term leases or low-value assets.

YUKON LIQUOR CORPORATION
Notes to Financial Statements
March 31, 2020

4. Financial instruments

The Corporation, through its financial assets and liabilities, is exposed to the following risks from its use of financial instruments: credit risk and liquidity risk. The Corporation manages these risk exposures on an ongoing basis. The Corporation has no significant exposure to interest rate risk or foreign exchange risk. The Corporation is not party to any derivative financial instruments. The following analysis provides information about the Corporation's risk exposure and concentration as of March 31, 2020.

(a) Credit risk

Credit risk on financial instruments arises from the possibility that the issuer of a financial instrument fails to meet its obligation. The carrying amount of Cash and Accounts receivable represents the maximum credit risk exposure. The risk on Cash is minimized as these assets are held with a Canadian chartered bank. The Corporation's Accounts receivable has a carrying value of \$55,000 as of March 31, 2020 (2019 - \$43,000). There is a 26% (2019 - nil) concentration of Accounts receivable with one customer.

The following table provides information about the exposure to credit risk for trade accounts receivable by days the receivable is outstanding:

	2020	2019
	(in thousands of Canadian dollars)	
Current	\$ 53	\$ 41
91 days or greater	2	2
Total trade accounts receivable	\$ 55	\$ 43

The Corporation measures the loss allowance at an amount equal to the lifetime Expected Credit Loss (ECL) for its Accounts receivable. For the years ended March 31, 2020 and 2019, the Corporation has estimated the ECL to be nominal. Accounts written off could still be subject to enforcement activities. No accounts are written off directly to the provision for credit losses. As at March 31, 2020 and 2019, the loss allowance was nil.

(b) Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they become due. The Corporation's objective is to have sufficient liquidity to meet these liabilities when due. The Corporation monitors its cash balances and cash flows generated from operations to meet its requirements by regularly checking bank balances and accounts payable reports. The carrying amount of Accounts payable and accrued liabilities and Due to the Government of Yukon represents the maximum exposure to liquidity risk.

The Corporation does not have long-term financial liabilities. The Corporation's Accounts payable and accrued liabilities had a carrying value of \$3,293,000 as at March 31, 2020 (2019 - \$3,036,000). As at March 31, 2020, approximately 22.7 % (2019 - 12.3%) of Accounts payable were over 90 days past due. Due to the Government of Yukon had a carrying value of \$1,704,000 as of March 31, 2020 (2019 - \$2,781,000). As at March 31, 2020 approximately 0% (2019 - 0%) of Due to the Government of Yukon were over 90 days past due.

Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant other price risks arising from these financial instruments.

YUKON LIQUOR CORPORATION
Notes to Financial Statements
March 31, 2020

5. Inventories

	<u>2020</u>	<u>2019</u>
	(in thousands of Canadian dollars)	
Liquor		
Beer	\$ 1,083	\$ 1,317
Spirits	1,027	857
Wine	938	920
Total liquor inventories	3,048	3,094
Cannabis		
Cannabis Flower	535	412
Cannabis edibles and concentrate	71	-
Cannabis Oil	70	93
Total cannabis inventories	676	505
Total inventories	\$ 3,724	\$ 3,599

6. Property, plant and equipment

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
	(in thousands of Canadian dollars)			
Land	\$ 202	\$ -	\$ 202	\$ 202
Buildings	5,363	4,610	753	771
Leasehold improvements	372	365	7	140
Furniture and office equipment	931	577	354	375
Operating equipment	341	266	75	87
Heavy equipment	680	260	420	427
Systems development	513	354	159	118
Systems equipment	578	372	206	241
Schedule 1	\$ 8,980	\$ 6,804	\$ 2,176	\$ 2,361

In December 2019, the Corporation sold property and equipment used in the Cannabis retail store; which was closed October 19, 2019, which had a cost of \$675,000 and a net book value of \$42,000 through an open tender for \$210,000.

7. Intangible assets

	<u>2020</u>	<u>2019</u>
	(in thousands of Canadian dollars)	
Web development	\$ 67	\$ 67
Accumulated depreciation	(45)	(22)
	\$ 22	\$ 45

Depreciation for the year amounted to \$22,420 (2019: \$22,420).

YUKON LIQUOR CORPORATION

Notes to Financial Statements

March 31, 2020

8. Accounts payable and accrued liabilities

	2020	2019	*
	(in thousands of Canadian dollars)		
Trade payable (Note 19)	\$ 1,511	\$ 1,180	
Accrued liabilities (Note 19)	1,544	1,259	
Current portion of non-pension benefit liability	238	597	
	\$ 3,293	\$ 3,036	

Comparative figures have been reclassified. Refer to Note 19.

9. Due to Government of Yukon

	2020	2019
	(in thousands of Canadian dollars)	
Reimbursement due for salaries to employees, and other costs paid on behalf of the Corporation	\$ 940	\$ 948
Remittances due (from) to the Government of Yukon pursuant to <i>Liquor Act</i>	(84)	841
<i>Cannabis Control and Regulation Act</i>	327	474
<i>Liquor Tax Act</i>	403	368
<i>Environment Act - Beverage Container Regulations</i>	118	150
	\$ 1,704	\$ 2,781

10. Employee benefits

Pension plan

Substantially all of the employees of the Corporation are covered by the public service pension plan (the Plan), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Corporation. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. The general contribution effective at year end was \$1.01 (2019 - \$1.01) for every dollar contributed by the employee, and \$3.80 (2019 - \$3.79) for every dollar contributed by the employee for the portion of the employee's salary above \$173,000 (2019 - \$169,300). For new employees who are participating in the plan on or after January 1, 2013, the Corporation contributes \$1.00 (2019 - \$1.00) for every dollar contributed by the employee, and \$3.80 (2019 - \$3.79) for every dollar contributed by the employee for the portion of the employee's salary above \$173,000 (2019 - \$169,300). Total contributions to the Plan of \$1,015,044 (2019 - \$974,019) were recognized in salaries, wages and benefits; of which \$496,651 (2019 - \$480,817) were contributed by employees and \$518,392 (2019 - \$493,202) by the employer.

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

Non-pension benefits

The Corporation provides non-pension benefits to its employees based on years of service and final salary. This benefit plan is not pre-funded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation.

YUKON LIQUOR CORPORATION
Notes to Financial Statements
March 31, 2020

The discount rate used to determine the present value of the non-pension benefit liability is based on interest rates of high-quality corporate bonds of the same currency and with similar terms to maturity.

The following table summarizes non-pension benefits by type:

	2020 (in thousands of Canadian dollars)	2019 (in thousands of Canadian dollars)
Severance benefit	\$ 1,013	\$ 956
Vacation and special leave	596	354
Sick leave	264	243
Accrued benefit obligation, end of year	\$ 1,873	\$ 1,553

The results measured at March 31 are summarized as follows:

	2020 (in thousands of Canadian dollars)	2019 (in thousands of Canadian dollars)
Reconciliation of accrued benefit obligation		
Accrued benefit obligation, beginning of year	\$ 1,553	\$ 1,516
Components recognized in salaries, wages and benefits		
Current service cost	145	138
Past service cost	21	(24)
Interest cost on accrued benefit obligation	54	55
Plan amendment	(27)	-
Actuarial loss (gain) recognized in other comprehensive income	207	(102)
Benefits paid	(80)	(30)
Accrued benefit obligation, end of year	\$ 1,873	\$ 1,553

Effective December 31, 2019 all current resignation and retirement severance accruals have been frozen for employees classified as Deputy Ministers and Managers. All employees are eligible to receive severance payouts based on service accrued prior up to December 31, 2019.

Classification of accrued benefit obligation

Current portion of non-pension benefit liability	\$ 238	\$ 597
Non-current portion	1,635	956
Total accrued benefit classification	\$ 1,873	\$ 1,553

The reduction in the employee sick leave benefits liability over the next twelve months is expected to be \$33,000 (2019 – \$149,000).

	2020 (in thousands of Canadian dollars)	2019 (in thousands of Canadian dollars)
Reconciliation of actuarial gains recognized in Other comprehensive income (OCI)		
Cumulative actuarial gain recognized in OCI, beginning of year	\$ (316)	\$ (214)
Actuarial loss (gain) from member experiences	275	(128)
Actuarial loss (gain) from economic assumption changes	(68)	26
Cumulative actuarial gain recognized in OCI, end of year	\$ (109)	\$ (316)

YUKON LIQUOR CORPORATION
Notes to Financial Statements
March 31, 2020

The significant assumptions used in the actuarial valuation of the obligation were as follows:

	2020	2019
	(in thousands of Canadian dollars)	
Discount rate	3.80%	3.30%
Salary escalation rate per annum	2.00%	2.00%

A quantitative sensitivity analysis as at March 31, 2020 shows the impact of the change in the significant actuarial assumptions on the non-pension defined liability obligation:

	1% increase	1% decrease
	(in thousands of Canadian dollars)	
Discount rate	\$ 127	\$ 119
Salary escalation rate per annum	(134)	(177)

The most recent full actuarial valuation in respect of this non-pension post-employment benefits plan was prepared as of March 31, 2020. The weighted average of the maturity plan as at March 31, 2020 is 7.3 years.

11. Equity

This amount represents the sum of the net book value of property, plant and equipment purchased by the Corporation after March 31, 1990, of which \$2,176,000 (2019 - \$2,361,000), and intangible assets \$22,000 (2019 - \$45,000) was purchased prior to remitting funds to the Government of Yukon (Note 1). The annual change in equity represents net additions and disposals of property, plant and equipment and intangible assets less depreciation expense for the year. It also includes the difference between the right of use assets and the lease liability of \$9,000 (2019 - nil). In addition it also includes the ending inventory balance of \$505,000 for the first year of operations under Section 12.3(b) of the *Cannabis Control and Regulation Act* which reduced the remittance of profit to the Government of Yukon for the year ended March 31, 2019.

12. Capital management

The Corporation manages its capital in order to purchase a range of liquor and cannabis products and make them available to consumers, and to regulate the sale and consumption of these products, while optimizing the net proceeds to the Government of Yukon realized from the sale and control of liquor and cannabis.

The Corporation defines capital as net assets. It is subject to the financial management and accountability provisions of the *Financial Administration Act* of Yukon, the *Corporate Governance Act*, the *Liquor Act*, and the *Cannabis Control and Regulation Act*, which specifies that net assets of the Corporation are the property of the Government of Yukon.

The Corporation manages its net assets through its five year capital plan and as a by-product of managing revenues, expenses, assets, liabilities and general financial dealings to ensure that its objectives are achieved effectively. The five year capital plan and revenue projections are approved annually by the Management Board of the Government of Yukon. The Corporation is required to provide regular variance reporting to the Government of Yukon to ensure that the Corporation effectively achieves its objectives whilst remaining a going concern.

The Corporation is not subject to external capital requirements. There has been no change to its capital management during the year.

YUKON LIQUOR CORPORATION
Notes to Financial Statements
March 31, 2020

13. Related party transactions

The Corporation is related to all departments and public agencies of the Government of Yukon. The Corporation enters transactions with these entities in the normal course of business.

Profit due (from) to the Government of Yukon pursuant to the *Liquor Act*

Calculation of adjusted profit due to the Government of Yukon for the year (Note 1):

	2020	2019
	<u>(in thousands of Canadian dollars)</u>	
Comprehensive income for the year – Liquor operations	\$ 9,237	\$ 9,806
Depreciation - attributable to Liquor operations	313	305
Property, plant and equipment additions, net of disposals		
- attributable to Liquor operations	(262)	(256)
Depreciation - right of use assets	272	-
Lease liabilities - principal payments	(263)	-
	<hr/>	<hr/>
Current year's profit to be remitted	9,297	9,855
Balance due to the Government of Yukon at the beginning of the year	841	7
Less: remitted during the year	(10,222)	(9,021)
	<hr/>	<hr/>
Due (from) to the Government of Yukon at the end of the year	\$ (84)	\$ 841

Profit due to the Government of Yukon pursuant to the *Cannabis Control and Regulation Act*

Calculation of adjusted profit due to the Government of Yukon for the year (Note 1):

	2020	2019
	<u>(in thousands of Canadian dollars)</u>	
Net income for the year – cannabis operations	\$ 171	\$ 1,356
Depreciation and amortization		
- attributable to cannabis operations	172	572
Property, plant, equipment and intangible assets additions		
- attributable to cannabis operations	(58)	(949)
Disposal of property and equipment (net book value)	42	-
Other asset – inventory – attributable to cannabis operations (see Note 8)	-	(505)
	<hr/>	<hr/>
Current year's profit to be remitted	327	474
Balance due to the Government of Yukon at the beginning of the year	474	-
Less: remitted during the year	(474)	-
	<hr/>	<hr/>
Due to the Government of Yukon at the end of the year	\$ 327	\$ 474

YUKON LIQUOR CORPORATION
Notes to Financial Statements
March 31, 2020

13. Related party transactions (continued)

Liquor Tax

Liquor tax collected and due to the Government of Yukon for the year (Note 1):

	2020	2019
	(in thousands of Canadian dollars)	
Balance due at the beginning of the year	\$ 368	\$ 613
Liquor tax collected during the year	4,965	4,766
Less: remitted during the year	(4,930)	(5,011)
Balance due at the end of the year	\$ 403	\$ 368

Other transactions

The Government of Yukon and the Corporation provide services to each other without compensation. These transactions are not recorded in the financial statements of the Corporation. The Government of Yukon provides rent-free occupation of several government buildings to the Corporation with an estimated value of \$732,690 (2019 - \$640,698). The Corporation provides Territorial Agent services in rural community liquor stores on behalf of the Government of Yukon with an estimated value of \$488,857 (2019 - \$456,282).

The Corporation reimburses the Government of Yukon on a monthly basis for salaries and benefits expense paid on its behalf and administered by the Government of Yukon. The Government of Yukon also provides mail services with an estimated value of \$46,658.

The Corporation has entered into lease agreements for two community liquor stores, one cannabis store and service level agreements for the three owned community liquor stores in the amount of \$274,000 (2019 - \$266,000) with the Government of Yukon.

The Government of Yukon provides certain property management services to the Corporation. During 2020 the Corporation was charged \$nil (2019 - \$nil) for work done on its properties.

The Corporation has entered into service agreements with the Government of Yukon for the provision of information, communication and technology services. During the year the Corporation was charged \$311,000 (2019 - \$334,000) for these services.

Key management compensation

For fiscal 2020, key management personnel include the following positions:

President; Director, Operations; Director, Regulatory Services; Director, Finance and Information Management; Director Corporate Services; Director, Liquor Act Implementation; Manager, Social Responsibility, Policy and Communications; Manager, Accounting Services; Manager, Warehouse; Manager, Community Store Operations; Manager, Sourcing and Supply; Manager, Whitehorse Store; and Manager, Human Resources.

For fiscal 2019, key management personnel include the following positions:

President; Director, Operations; Director, Licensing and Inspections; Director, Finance and Information Management; Manager, Social Responsibility, Policy and Planning; Manager, Accounting Services; Manager, Warehouse; Manager, Community Store Operations and Territorial Agent Services; Manager, Whitehorse Store; and Manager, Human Resources.

YUKON LIQUOR CORPORATION
Notes to Financial Statements
March 31, 2020

13. Related party transactions (continued)

	2020		2019
	(in thousands of Canadian dollars)		
Salaries and short-term employee benefits	\$ 1,566	\$	1,275
Post-employment benefits	257		133
Other long-term employee benefits	27		18
Pre-retirement and severance benefits	47		90

14. Revenue

	2020		2019
	(in thousands of Canadian dollars)		
Liquor			
Beer	\$ 18,141	\$	18,369
Spirits	14,821		13,151
Wine	8,706		8,518
Total liquor revenue	<u>41,668</u>		<u>40,038</u>
Cannabis			
Flower	4,318		1,806
Oil	461		224
Edibles and concentrate	84		-
Total cannabis revenue	<u>4,863</u>		<u>2,030</u>
Total revenue	<u>\$ 46,531</u>	<u>\$</u>	<u>42,068</u>

15. Cost of goods sold

	2020		2019	
	(in thousands of Canadian dollars)			
Liquor				
Beer	\$ 12,081	\$	11,539	
Spirits	6,408		5,651	
Wine	4,123		4,223	
Total liquor cost of goods sold (Note 19)	<u>22,612</u>		<u>21,413</u>	
Cannabis				
Flower	3,172		1,153	
Oil	342		134	
Edibles and concentrate	61		-	
Total cannabis cost of goods sold	<u>3,575</u>		<u>1,287</u>	
Total cost of goods sold	<u>\$ 26,187</u>	<u>\$</u>	<u>22,700</u>	

Comparative figures have been reclassified. Refer to Note 19.

YUKON LIQUOR CORPORATION

Notes to Financial Statements

March 31, 2020

16. Deferred Government Grant

On July 24, 2018, the Corporation entered into a Transfer Payment Agreement (the "TP Agreement") with the Government of Yukon to provide start-up funding for the Corporation's cannabis operations. During the previous year, in accordance with the TP Agreement, the Government of Yukon provided the Corporation with \$2,975,400, which was spent on eligible expenditures including inventories and operating costs, as well as \$949,452 on capital. The amount spent on capital was recognized as deferred income and is being amortized over the useful life of the associated assets. At March 31, 2020, a portion, \$181,000 (2019 - \$375,000), remains as a Deferred Government Grant.

17. Leases

The Corporation has leases that relate to the Whitehorse, Haines Junction and Mayo liquor stores with lease terms from 1 year up to 5 years and had a lease of retail space for the cannabis store from the Government of Yukon for approximately 12 months. The Corporation does not have an option to purchase the buildings at the expiry of the lease periods. Subsequent to year-end, the Corporation entered into a new contract for a 1 year lease extension to its Mayo liquor store location.

Each lease generally imposes a restriction that, unless there is a contractual right for the Corporation to sublet the asset to another party, the right-of-use asset can only be used by the Corporation. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. The Corporation is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings, the Corporation must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Corporation must insure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease contracts.

The table below describes the nature of the Corporation's leasing activities by type of right-of-use assets recognised on the statement of financial position:

Right-of-use asset	No. of right-of-use assets leased	Range of remaining term	Average remaining lease term	No. of leases with extension options	No. of leases with options to purchase	No. of leases with variable payments linked to an index	No. of leases with termination options
Retail stores	2	2-4 years	3 years	1	0	0	0

	2020 (in thousands of Canadian dollars)	2019
Right-of-use assets by class of assets:		
Buildings - cost	\$ 1,549	\$ -
Buildings - accumulated depreciation	(272)	-
Carrying amount	<u>\$ 1,277</u>	<u>\$ -</u>

There were no impairment recognised for these right-of-use assets during the year.

YUKON LIQUOR CORPORATION
Notes to Financial Statements
March 31, 2020

17. Leases (continued)

Lease liabilities are presented in the statement of financial position as follows:

	2020 <small>(in thousands of</small>	2019 <small>Canadian dollars)</small>
Current	\$ 303	\$ -
Non-current	983	-
	<u>\$ 1,286</u>	<u>\$ -</u>

The expense relating to payments not included in the measurement of the lease liability is as follows:

	2020 <small>(in thousands of</small>	2019 <small>Canadian dollars)</small>
Short-term leases	\$ 91	\$ 431
Variable lease payments	72	-
	<u>\$ 163</u>	<u>\$ 431</u>

Summary of amounts recognised in expenses in the statement of comprehensive income:

	2020 <small>(in thousands of</small>	2019 <small>Canadian dollars)</small>
Interest paid on lease liabilities	\$ 23	\$ -
Depreciation on right-of-use assets	272	-
	<u>\$ 295</u>	<u>\$ -</u>

Future minimum lease payments at March 31, 2020 were as follows:

	2020 <small>(in thousands of</small>	2019 <small>Canadian dollars)</small>
Less than 1 year		
Lease payments	\$ 326	\$ -
1 to 5 years		
Lease payments	1,017	-
	<u>\$ 1,343</u>	<u>\$ -</u>

At March 31, 2020, the Corporation was committed to short-term leases for an amount of \$146,748.

18. Commitments

In the normal course of operations, the Corporation enters into multi-year agreements for the provision of freight and other goods and services. The total of these commitments as at March 31, 2020 for future years are \$3,285,249 (March 31, 2019 for 2020 - \$1,054,616). Included in these commitments is \$44,515 (2019 - \$16,517) for the acquisition of property, plant and equipment.

YUKON LIQUOR CORPORATION
Notes to Financial Statements
March 31, 2020

19. Reclassification and comparative figures

In order to provide more relevant information about the details of the Corporation's Accounts payable and accrued liabilities and its Cost of goods sold, the Corporation has reclassified information in Note 8 and Note 15 as disclosed below. These changes did not impact any statements and did not impact any other note disclosures.

The following table summarizes the impacts on the Corporation's financial statements:

	March 31, 2019	Increase /	March 31, 2019
	(Previously reported)	(Decrease)	(Reclassified)
<u>Note 8</u>			
Trade payable	\$1,997	\$ (817)	\$1,180
Accrued liabilities	442	817	1,259
Current portion of non-pension benefit liability	597	-	597
Net accounts payable and accrued liabilities	3,036	-	3,036
<u>Note 15</u>			
Liquor			
Beer	10,596	943	11,539
Spirits	7,284	(1,633)	5,651
Wine	3,533	690	4,223
Net liquor cost of goods sold	21,413	-	21,413

20. Subsequent events

After March 31, 2020 the Corporation made the following temporary changes to operations due to the COVID-19 pandemic and Yukon public health measures implemented.

The Corporation has been accepting sales returns from licensees while businesses were not allowed to be open. The Corporation announced an additional discount of 13% to licensees while restaurants are only allowed 50% seating capacity, which began on May 29. Licensees will also receive a 50% refund of their license fees because of the closure requirements for restaurants and bars.

Additional measures to support Yukon licensees include deferring updates to the wholesale price list until October 1, 2020 and temporarily waiving the restocking fee for all liquor licensees when returning unsold liquor products to the Corporation.

An estimate of the cumulative financial effect of these initiatives cannot be made at this time as the duration and extent are uncertain and cannot be determined.

YUKON LIQUOR CORPORATION
Schedule of Property, Plant and Equipment
For the Year Ended March 31, 2020

(Schedule 1)

	Land	Buildings	Leasehold improvements	Furniture and office equipment	Operating equipment	Heavy equipment	Systems development	Systems equipment	2020 Total	2019 Total
(in thousands of Canadian dollars)										
Cost, beginning of year	\$ 202	\$ 5,333	\$ 1,024	\$ 847	\$ 329	\$ 645	\$ 420	\$ 535	\$ 9,335	\$ 8,197
Acquisitions	-	30	-	89	26	35	93	47	320	1,138
Disposals	-	-	(652)	(5)	(14)	-	-	(4)	(675)	-
Cost, end of year	202	5,363	372	931	341	680	513	578	8,980	9,335
Accumulated depreciation, beginning of year	-	4,562	884	472	242	218	302	294	6,974	6,119
Depreciation	-	48	110	106	26	42	52	79	463	855
Disposals	-	-	(629)	(1)	(2)	-	-	(1)	(633)	-
Accumulated depreciation, end of year	-	4,610	365	577	266	260	354	372	6,804	6,974
Net book value	\$ 202	\$ 753	\$ 7	\$ 354	\$ 75	\$ 420	\$ 159	\$ 206	\$ 2,176	\$ 2,361

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

COMPENSATION FUND (YUKON)

FINANCIAL STATEMENTS

December 31, 2019

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Management's Discussion and Analysis

The Management's Discussion and Analysis provides further insight into the financial performance of the Compensation Fund (the Fund) for the year ended December 31, 2019. The audited financial statements and supporting notes are integral to this analysis and should be read in conjunction with it. Unless otherwise indicated, all amounts are expressed in Canadian dollars and have been derived from the Fund's annual financial statements prepared in accordance with International Financial Reporting Standards.

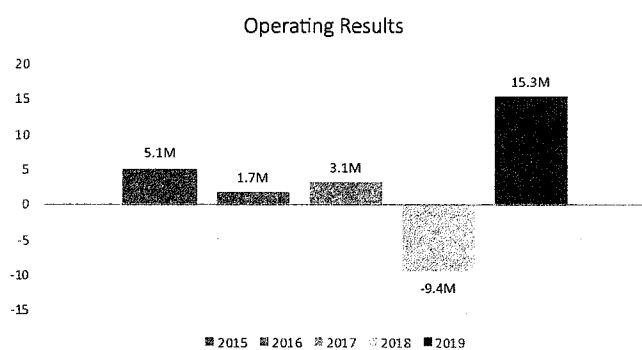
Forward-looking statements

Any forward-looking statements in this document represent the views of management. Forward-looking information is subject to many risks and uncertainties, and may contain significant assumptions about the future. These statements are presented to help stakeholders understand the Fund's financial position, priorities and anticipated financial performance.

Risk and uncertainties about future assumptions include, but are not limited to the following: changing financial markets, the industry mix of the Yukon workforce, the general economy, legislation, accounting standards, appeals and court decisions, and other known or unknown risks. Readers are cautioned not to place undue reliance on forward-looking information as our actual results may differ materially from those expressed or implied.

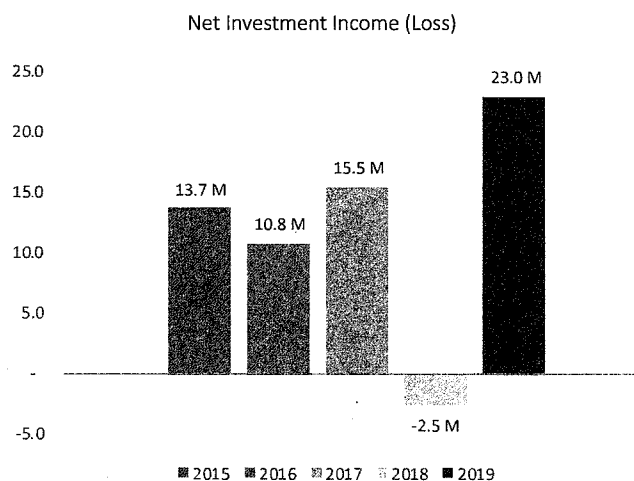
Operating results

In 2019 the Fund incurred an operating surplus of \$15.3 million versus an operating deficit of \$9.4 million (prior to the funding surplus distribution of \$5.0 million) in 2018.



The total comprehensive income, which includes the funding policy surplus recoveries, surplus distributions and the actuarial loss on post-employment benefits, was \$15.3 million (income) in 2019 versus \$14.5 million (loss) in 2018.

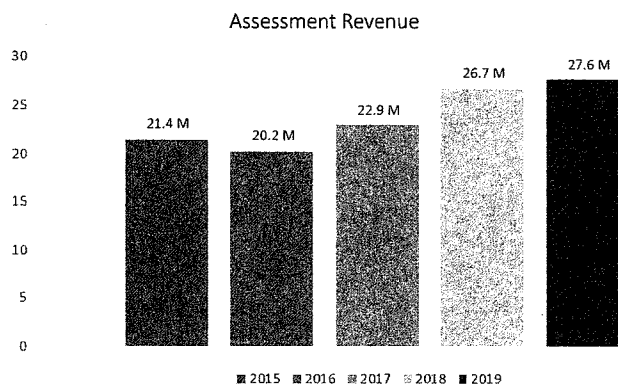
The substantial increase in total comprehensive income can be mainly attributed to the \$23.0 million in net investment income in 2019, compared to a net investment loss of \$2.5 million in 2018.



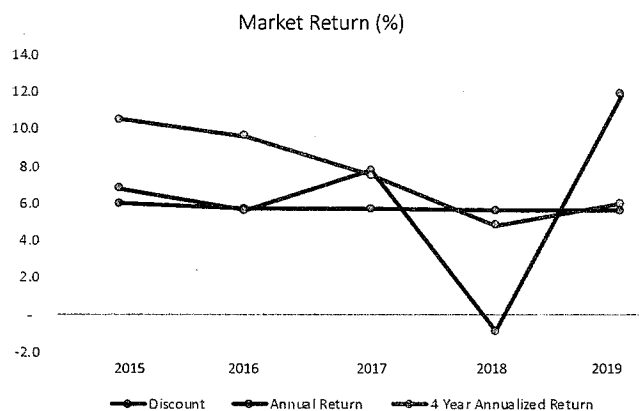
Revenues

The Fund's revenue and income totalled \$52.0 million in 2019 versus \$25.4 million in 2018. The increase in overall revenue was mainly a result of the substantial increase in net investment income.

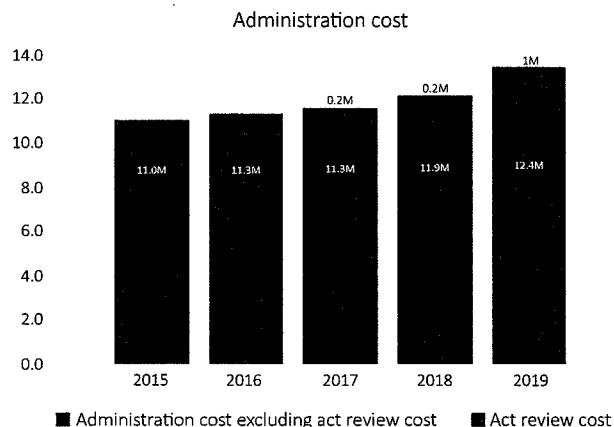
Assessment revenue in 2019 was \$27.6 million, up 3% from \$26.7 million in 2018. The increase in assessment revenue is mainly due to the overall increases in assessable payroll for most sectors, as well as a shift in the industry mix. This shift has been driven mainly by the strong economic activity in the mining and construction sectors.



Net investment income in 2019 was \$23.0 million versus a net investment loss of \$2.5 million in 2018, an increase of \$25.5 million. In 2019 the Fund saw strong growth in its investment portfolio with an overall return for the year of 11.9%. The four-year annualized return in 2019 was 6.0%. The target benchmark (nominal discount rate) for the same period was 5.6%. The investment portfolio's asset mix is 44.3% fixed income and 55.7% equities. This asset mix reflects Yukon Workers' Compensation Health and Safety Board's (the Board) conservative approach to managing its investment portfolio.

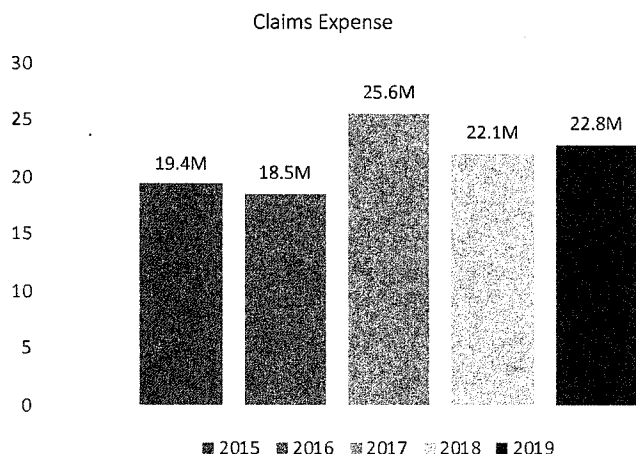


Administration costs increased to \$13.3 million in 2019 from \$12.1 million in 2018. This is mainly due to costs associated with consulting and professional expenses, and salaries and benefits. The increase in consulting and professional expenses can be tied directly to the costs associated with the acts modernization and the development of a new occupational health and safety regulation, which was ongoing in 2019. Another factor was the cost of living increases required by the collective bargaining agreement.



Expenses

Total claims expenses increased to \$22.8 million in 2019 from \$22.1 million in 2018. Claims expenses were higher in 2019 mainly due to an increase in the occupational disease liability provision and a slight decrease in the discount rate used by the actuaries to value the benefits liability. The nominal discount rate changed from 5.6% in 2018 to 5.5% in 2019.



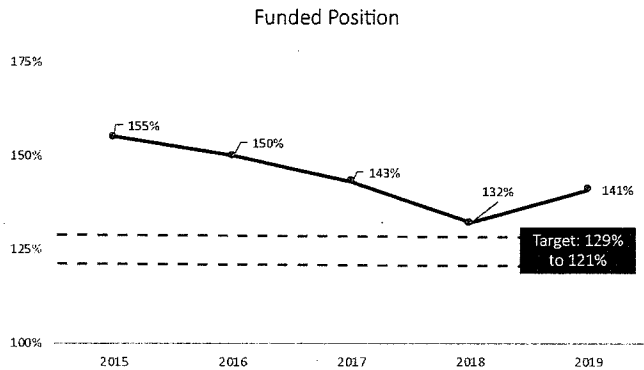
Balance Sheet

At the end of each fiscal year, the Board's actuary calculates the benefits liability for all injuries that have occurred to date. This liability represents the actuarial present value of all future benefits and related administration costs. As at December 31, 2019, this liability was \$160.7 million, an increase of approximately 3.3% over the previous year. The benefits liability increased less than expected due to favourable claims experience in long-term claims in 2019.

The total assets of the Fund increased by \$19.6 million or 9.0% in 2019. The increase in total assets is related mainly to the increase in the value of the investments which were driven by the solid annual returns earned during 2019.

Funded Position

The funding ratio is calculated by dividing the total assets by the total liabilities. Like a pension plan, the Fund must have adequate assets to ensure that benefits can be provided to injured workers both now and well into the future. Reserves are necessary to ensure that the Board can minimize rate volatility, protect the Fund from unforeseen catastrophic events and preserve capital during large downturns in financial markets.



As at December 31, 2019, the funding ratio was 141%, up from 132% in 2018. According to the Board’s funding policy, when the funding ratio is outside the target range of 121% to 129%, the Fund is considered to be in a surplus position. The strong funded position at the end of 2019 will help reduce future assessment rate volatility and help cushion impacts on the rates that employers pay in the future.

Outlook

The challenge in the upcoming years will be to manage the organization through a period of unknown economic shocks as a result of the COVID-19 crisis, which came to the public’s attention in December 2019. The current economic downturn due to the COVID-19 crisis is unprecedented. In addition to the death and illness this virus has created throughout the world, an economic crisis has erupted, and financial markets and industries are stressed at levels never seen before. Government stimulus actions have never been so aggressive. On an individual level, the willingness to support mass social distancing across the globe has never been experienced in our lifetime.

Our strong financial position going into the COVID-19 crisis should allow us to preserve our capital base through the current market downturn, allowing us to fully participate in the market gains when it eventually recovers. This will allow the Board to maintain affordable rates for our employers while ensuring that our future obligations to injured workers are not jeopardized. The Board is well prepared to face these current challenges and is monitoring all economic and operating trends as they develop. We are working closely with all stakeholders and the Government of Yukon to help mitigate any serious adverse financial and health-related impacts that employers and injured workers might be facing.

Management's responsibility for financial reporting

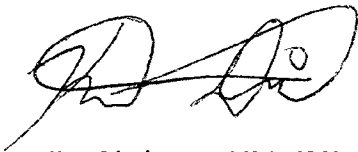
The management of the Yukon Workers' Compensation Health and Safety Board (the "Board") is responsible for establishing and maintaining a system of books, records, internal controls and management practices designed to provide reasonable assurance that reliable financial information is produced on a timely basis; Compensation Fund assets are safeguarded and controlled; transactions of the Compensation Fund are in accordance with relevant legislation, regulations and board policies; and that the Board's resources are managed efficiently and economically and the operations of the Board are carried out effectively.

Management is also responsible for the integrity and objectivity of the financial statements of the Compensation Fund, including any amounts that must of necessity be based on management's best estimates, experience and judgement. Management is responsible for preparing the accompanying financial statements in accordance with International Financial Reporting Standards. Other financial information included in the Annual Report is consistent with these financial statements.

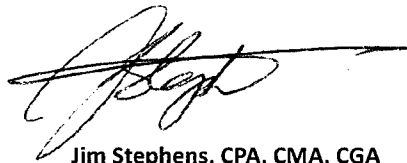
Members of the Board of Directors are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board of Directors exercises its responsibilities through the Finance, Investment, and Audit Committee (the "Committee"). The Committee meets with management and the external auditors on a regular basis. The Committee has reviewed the financial statements and has submitted its report to the Board of Directors, which has approved these financial statements.

The Auditor General of Canada conducts an independent audit for the purpose of expressing his opinion on the financial statements. He also considers whether the transactions that come to his notice in the course of the audit are, in all significant respects, in accordance with specified legislation.

Morneau Shepell, an independent consulting actuarial firm, has completed an actuarial valuation of the benefits liability included in the financial statements of the Compensation Fund and reported thereon in accordance with accepted actuarial practice.



Kurt Dieckmann, MBA, CRSP
President and Chief Executive Officer



Jim Stephens, CPA, CMA, CGA
Vice President, Operations and Chief Financial Officer

April 21, 2020



40 Crowther Lane, Suite 300, Knowledge Park,
Fredericton, New Brunswick E3C 0J1

Actuarial Statement of Opinion

I have completed the actuarial valuation of the benefits liability of the Yukon Workers' Compensation Health and Safety Board (the "board") as at December 31, 2019 (the "valuation date"). Details of the data, actuarial assumptions, valuation methods and results are included in the actuarial valuation report as at the valuation date, of which this statement of opinion forms part. In my opinion:

1. The data on which the valuation is based were supplied by the board in accordance with specifications provided by us. We applied such checks of reasonableness of the data as we considered appropriate, and have concluded that the data are sufficient and reliable to permit a realistic valuation of the benefits liability.
2. The actuarial assumptions adopted in computing the benefits liability are adequate and appropriate for the purpose of the valuation. The economic assumptions are consistent with the funding and investment policies of the board.
3. The methods used are appropriate for the purpose of the valuation and are in accordance with accepted actuarial practice for workers' compensation organizations in Canada.
4. The estimate of the actuarial liabilities as at the valuation date is \$160,659,000. This includes provisions for benefits expected to be paid after the valuation date for claims that occurred on or before the valuation date. A provision for future claims arising from long latency occupational diseases is included in this valuation. This liability includes future administrative expenses for all benefits, with the exception of the Annuity benefit. It does not include any accrued liability for claims arising from self-insured accounts.
5. The liability as at the valuation date for Annuity contributions and interest already set aside by the board up to the valuation date for purposes of providing pension benefits to injured workers was obtained from the board's finance division and is included in item 4 above.
6. The amount of the actuarial liabilities makes appropriate provision for all personal injury compensation obligations and the financial statements fairly present the results of the valuation.
7. This report has been prepared, and my opinions given, in accordance with accepted actuarial practice in Canada.
8. The valuation is based on the provisions of the *Workers' Compensation Act* of the Yukon Territory and on the board's policies and practices in effect on the valuation date.

A handwritten signature in cursive script, reading "Thane MacKay", positioned above a horizontal line.

Thane MacKay, F.C.I.A.

This report has been peer reviewed by Mark Simpson, FCIA.



Office of the
Auditor General
of Canada

Bureau du
vérificateur général
du Canada

INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Compensation Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Compensation Fund, which comprise the statement of financial position as at 31 December 2019, and the statement of operations and comprehensive income, statement of changes in funded position (equity) and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Compensation Fund as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Compensation Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Yukon Workers' Compensation Health and Safety Board's Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Compensation Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Compensation Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Compensation Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Compensation Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Compensation Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the

related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Compensation Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Compliance with Specified Authorities

Opinion

In conjunction with the audit of the financial statements, we have audited transactions of the Compensation Fund coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are the *Workers' Compensation Act* and regulations, the *Occupational Health and Safety Act* and regulations, and the *Financial Administration Act* of Yukon and regulations.

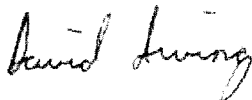
In our opinion, the transactions of the Compensation Fund that came to our notice during the audit of the financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Workers' Compensation Act*, we report that, in our opinion, the accounting principles in IFRSs have been applied on a basis consistent with that of the preceding year. In addition, in our opinion, proper books of account have been kept by the Compensation Fund and the financial statements are in agreement therewith.

Responsibilities of Management for Compliance with Specified Authorities

Management is responsible for the Compensation Fund's compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable the Compensation Fund to comply with the specified authorities.

Auditor's Responsibilities for the Audit of Compliance with Specified Authorities

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the financial statements are in compliance with the specified authorities referred to above.



David Irving, CPA, CA
Principal
for the Interim Auditor General of Canada

Edmonton, Canada
21 April 2020

Compensation Fund
 Statement of Financial Position
 As at December 31
 (In Canadian Dollars)

	Note	2019 (\$000s)	2018 (\$000s)
ASSETS			
Cash		\$ 1,501	\$ -
Accounts receivable	6	2,858	2,053
Prepaid expenses		304	253
Investments	7	220,237	202,983
Property and equipment	8	9,542	9,677
Intangible assets	9	3,122	3,009
Total assets		\$ 237,564	\$ 217,975
LIABILITIES			
Bank overdraft	5	\$ -	\$ 1,226
Accounts payable and accrued liabilities	10	4,850	4,767
Surplus distributions payable	14	-	64
Deferred portion of government grant	11	72	109
Benefits liability	12	160,659	155,499
Employee benefits	13	3,407	3,037
Total liabilities		168,988	164,702
FUNDED POSITION (EQUITY)			
Reserves	14	68,576	53,273
Total equity		68,576	53,273
Total liabilities and equity		\$ 237,564	\$ 217,975

Commitments and Contingencies (notes 16 and 18)

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

Approved by the Yukon Workers' Compensation Health and Safety Board



Mark Pike
 Chair

Compensation Fund

Statement of Operations and Comprehensive Income
For the year ended December 31

(In Canadian Dollars)

	Note	2019 (\$000s)	2018 (\$000s)
Revenue and Income			
Assessment revenue		\$ 27,551	\$ 26,742
Net investment income (loss)	7	23,019	(2,490)
Recoveries and other receipts		1,465	1,187
		<u>52,035</u>	<u>25,439</u>
Expenses			
Claims expenses	12	22,786	22,104
Administration	17		
General and Administration		9,327	9,006
Occupational Health and Safety		2,348	2,137
Act and Regulation Amendments (previously referred to as Act Amendments)		976	164
Workers' Advocate		409	496
Employer Advisor		167	153
Appeal Tribunal		143	135
Prevention		603	644
		<u>36,759</u>	<u>34,839</u>
Operating surplus (deficit)		<u>15,276</u>	<u>(9,400)</u>
Funding policy surplus recoveries (distributions)	14	<u>18</u>	<u>(5,002)</u>
Net surplus (deficit)		15,294	(14,402)
Other comprehensive loss			
All items presented in other comprehensive loss will not be reclassified to operating surplus in subsequent periods:			
Actuarial gain (loss) on post-employment benefits	13	<u>9</u>	<u>(62)</u>
Total comprehensive income (loss)		<u>\$ 15,303</u>	<u>\$ (14,464)</u>

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

Compensation Fund

Statement of Changes in Funded Position (Equity)

For the year ended December 31

(In Canadian Dollars)

	Stabilization Reserve	Adverse Events Reserve	Total
	(\$000s)	(\$000s)	(\$000s)
Balance at January 1, 2018	\$ 44,062	\$ 23,675	\$ 67,737
Net deficit for 2018	(14,402)	-	(14,402)
Other comprehensive loss	(62)	-	(62)
Total comprehensive loss for 2018	(14,464)	-	(14,464)
Transfer to / from Adverse Events Reserve	(572)	572	-
Balance at December 31, 2018	\$ 29,026	\$ 24,247	\$ 53,273
Net surplus for 2019	15,294	-	15,294
Other comprehensive gain	9	-	9
Total comprehensive income for 2019	15,303	-	15,303
Transfer to / from Adverse Events Reserve	(733)	733	-
Balance at December 31, 2019	\$ 43,596	\$ 24,980	\$ 68,576

Capital Management and Reserves (note 14)

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

Compensation Fund

Statement of Cash Flows

For the year ended December 31

(In Canadian Dollars)

	2019	2018
	(\$000s)	(\$000s)
Operating activities		
Cash received from:		
Employers, for assessments	\$ 27,929	\$ 26,715
Investment revenue - interest	2,784	2,769
Investment revenue - dividends	3,193	2,770
Recoveries and other receipts	959	1,133
	<u>34,865</u>	<u>33,387</u>
Cash paid:		
To employers, for surplus distributions	(46)	(5,153)
For claims	(17,739)	(17,759)
To employees and suppliers, for administration and prevention	(13,706)	(11,591)
	<u>(31,491)</u>	<u>(34,503)</u>
Total cash used by operating activities	<u>3,374</u>	<u>(1,116)</u>
Investing activities		
Net sale (purchase) of investments	518	(857)
Purchases of property and equipment	(277)	(936)
Purchases of intangible assets	(887)	(551)
Total cash provided (used) by investing activities	<u>(646)</u>	<u>(2,344)</u>
Foreign exchange gain (loss) on cash held in foreign currency	(1)	2
Increase (decrease) in cash	2,727	(3,458)
Cash (bank overdraft), beginning of year	(1,226)	2,232
Cash (bank overdraft), end of year	\$ 1,501	\$ (1,226)

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

Compensation Fund

Notes to the Financial Statements

December 31, 2019

(In Canadian Dollars)

1. Reporting Entity

The Compensation Fund (the "Fund") was established by the *Workers' Compensation Act* of Yukon (the "Act") and is administered by the Yukon Workers' Compensation Health and Safety Board (the "Board") pursuant to the Act. In 2008, the Act was amended and received assent in the Legislative Assembly. The effective date of the new Act was July 1, 2008. The Board is exempt from income tax and the Goods and Services Tax.

The Fund, as administered by the Board, provides compensation for injury or death by accidents arising out of and in the course of employment. Annual assessments are levied upon employers by applying their industry assessment rate to their actual or estimated payrolls for the year. The assessment and investment revenue pays for all claims, administration and prevention expenses.

Since 1992, the Board has also been responsible for the administration of the *Occupational Health and Safety Act* and regulations to advance strategies for preventing workplace injuries in the territory.

The Board, a territorial entity, is domiciled in Canada and has its office at 401 Strickland Street, Whitehorse, Yukon, Canada.

2. Statement of Compliance and Basis of Preparation

These financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS").

The Board of Directors approved and authorized for issue the 2019 financial statements on April 21, 2020.

Basis of Measurement

These financial statements have been prepared on a historical cost basis, except for the following: investments classified as held-for-trading that are measured at fair value, benefits liability and the employee benefits which are both actuarially determined. The Fund's functional currency is the Canadian dollar, which is the currency of the primary economic environment in which the Fund operates, which is also the presentation currency of the financial statements.

All financial information is presented in Canadian dollars and tabular financial information has been rounded to the nearest thousand dollars, unless otherwise stated.

Critical Accounting Estimates and Judgements

The Board makes estimates and judgements in respect of certain key assets and liabilities of the Fund. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Compensation Fund

Notes to the Financial Statements

December 31, 2019

(In Canadian Dollars)

The significant areas of estimation uncertainties which have a significant risk of resulting in a material adjustment within the next financial year are the following:

- Note 7 Investments – Valuation of financial instruments
- Note 12 Benefits liability – Determination of discount rates and other assumptions
- Note 12 Benefits liability – Determination of latent occupational disease provision

The major areas of judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are the following:

- Note 7 Investments – Classification of financial instruments
- Note 8 Property and equipment – The degree of componentization
- Note 9 Intangible assets – The determination of development costs eligible for capitalization

3. Application of New and Revised IFRS

(a) New or amended standards effective for the current year

IFRS 16 Leases

In January 1, 2019, the Board, adopted IFRS 16 – *Leases*. The adoption of this standard had no significant impact on the Fund's financial statements for the year ending December 31, 2019.

The Board reviewed all other newly issued and amended standards issued for 2019 and concluded that there was no significant impact on the Fund's financial statements for the year ending December 31, 2019 and does not anticipate in the future any significant impacts to the Fund's financial statements as a result of these amendments effective January 1, 2019.

(b) New and revised IFRS issued but not yet effective

IFRS 9 *Financial Instruments*

In July 2014, the IASB issued the final version of IFRS 9 to replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking 'expected loss' impairment model. IFRS 9 also includes a substantially reformed approach to hedge accounting. The standard is effective for annual periods beginning on or after January 1, 2018. The Board is eligible and will be using the temporary exemption allowed for based on amendments to IFRS 4 issued in March 2020 which delays implementation of IFRS 9 to 2023.

The Board has applied the amendment effective January 1, 2018. In order to qualify for the exemption, the Board needed to have a ratio of liabilities connected with insurance compared to the total carrying amount of its liabilities greater than 90%. The Board achieved 95% as of December 31, 2019 (94% December 31, 2018) and therefore qualified for the exemption.

With the exemption in place, the Board will continue to classify its investments as held-for-trading and measured at fair value through profit or loss, refer to note 7 for more details.

Compensation Fund

Notes to the Financial Statements

December 31, 2019

(In Canadian Dollars)

Accounts receivable is classified as loans and receivables and due to their short term in nature, the carrying value approximates their fair value. Bank overdraft, accounts payable, accrued liabilities, and surplus distributions payable are classified as other financial liabilities. All will continue to be measured at fair value, and measured at amortized cost using the effective interest rate method. Credit risk disclosure, including significant credit risk concentrations, are disclosed in note 5.

The Board will continue to assess at year-end whether a receivable is considered to be uncollectible, and will write off against the allowance account.

The impact of applying IFRS 9 is not expected to have a material impact.

IFRS 17 Insurance Contracts

IFRS 17 *Insurance Contracts* was issued in May 2017. On March 17, 2020, the IASB: agreed to defer the effective date of IFRS 17 to annual reporting periods beginning on or after January 1, 2023; agreed to extend the fixed expiry date of the temporary exemption from applying IFRS 9 for qualifying insurers (as contained in IFRS 4), so that all entities must apply IFRS 9 for annual reporting periods beginning on or after January 1, 2023. The Board continues to monitor developments and discussion related to this standard. IFRS 17 will replace IFRS 4 *Insurance Contracts* and is expected to change the way insurance contract liabilities are recognized and measured. It will also change the presentation and disclosures of the Fund's financial statements.

The Board is assessing the impact of this standard and expects that it may potentially have a significant impact on the Fund's financial statements.

The Board reviewed all other new or revised standards issued but yet not effective for 2019 and concluded that there would be no significant impact on the Fund's financial statements in the future as a result of these revisions.

4. Significant Accounting Policies

The following is a summary of the significant accounting policies:

(a) Cash

For the purposes of the Statement of Financial Position and Statement of Cash Flows, cash includes cash on hand and bank balances net of any bank overdrafts. Foreign currency transactions incurred within operating activities are translated based on the exchange rate at the time of the transaction. Any gains or losses incurred as result of translation are recorded in the Statement of Operations and Comprehensive Income. The cash balance remaining in the account at year end is translated at the exchange rate in effect as of December 31, 2019.

Cash and short-term investments held by custodians for investment purposes are not available for general use and are included in investments.

Compensation Fund

Notes to the Financial Statements

December 31, 2019

(In Canadian Dollars)

(b) Assessments and recoveries and other receipts

Assessment revenue is calculated monthly on actual or estimated payrolls as reported by the employer, or on provisional assessments as determined by the Board. Separate rates of assessment are established for each industry classification. At year end, assessments receivable and payable are adjusted based on the difference between estimated and actual payrolls.

The Government of Yukon pays certain claims costs to the Compensation Fund for claims prior to 1993 and reimburses the cost of supplementary benefits pursuant to the Yukon Workers' Compensation Supplementary Benefits Ordinance. Supplementary compensation benefits are granted, pursuant to the Yukon Workers' Compensation Supplementary Benefits Ordinance, to all persons receiving compensation on or after October 1, 1973 for accidents prior to that date. Compensation is increased to the amount that would have been granted had the accident occurred after the Act came into force. The cost of these benefits is recovered from the Yukon Consolidated Revenue Fund. Effective January 1, 1993, all Government employees were covered by the Fund. The Government also reimburses the Compensation Fund for all claims costs associated with those injured workers, who are designated as workers employed by the Government under section 6 of the Act. These amounts are recorded in recoveries and other receipts in the year in which the related expenses are incurred (note 15(a)).

(c) Recoveries from third parties

Since July 1, 2008, under section 51 of the *Workers' Compensation Act*, the Board is deemed to be an assignee of a cause of action in respect of a worker's injury that arose out of a work-related injury. If settled, or as a result of a Court decision, the legal costs and costs associated with the claim create the settlement. Out of the settlement are paid the legal costs, and legal disbursements, and all past, present and future costs. Any funds remaining will be paid to the worker. The amount recovered for past, present and future costs is used to pay for future claims benefits, which were previously expensed in accordance with actuarial calculations, and which were previously incorporated in the benefits liability.

Recoveries from third parties are recognized when their receipt is virtually certain and the amount can be reliably measured. They are recorded as a recovery in the year they are recognized. No provision is made in the benefits liability for possible future third party recoveries because of their contingent nature.

(d) Financial instruments

Investments

Investments are classified as held-for-trading because they are acquired for the purpose of selling or repurchasing in the near term and are measured at fair value through profit or loss. The fair value of publicly traded investments is the quoted market price which approximates the bid price at the end of the reporting period. Pooled fund units are valued at their year end net asset value, as determined by the fund manager. Purchases and sales of investments are recognized on the trade date. Short-term investments held by the investment managers for investment purposes are included in Investments.

Compensation Fund

Notes to the Financial Statements

December 31, 2019

(In Canadian Dollars)

Net investment income is comprised of realized gains and losses earned in the period arising on the sale of investments; unrealized gains and losses arising from fluctuations in fair value in the period; and dividends and interest earned in the period; net of investment management fees and transaction costs.

Investments denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the end of the year. Income from investments is translated at the rate in effect at the time it is earned. Exchange gains and losses resulting from the translation of foreign currency balances and transactions are recognized in net investment income in the period in which they arise.

The Board does not enter into any financial derivative instruments as part of managing the Fund's investment portfolio.

Other financial assets and liabilities

Accounts receivable are classified as loans and receivables. Bank overdraft, accounts payable and accrued liabilities, and surplus distributions payable are classified as other financial liabilities. All are initially measured at fair value, and subsequently measured at amortized cost using the effective interest rate method. Due to the short-term nature of accounts receivable, bank overdraft, accounts payable and accrued liabilities, and surplus distributions payable, their carrying values approximate their fair values, which are classified as Level 2 in the fair value hierarchy.

Fair value hierarchy

The Fund uses the following hierarchy for determining and disclosing the fair value of its financial instruments by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
- Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Changes in valuation methods may result in transfers into or out of an instrument's assigned level. The Board's policy is to recognize transfers into or out of the fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no such transfers between levels in 2019 (2018 – No transfers).

Impairment of financial assets

The carrying amount of accounts receivable is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. The Board assesses at each reporting date whether a financial asset or group of financial assets is impaired. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

Compensation Fund

Notes to the Financial Statements

December 31, 2019

(In Canadian Dollars)

Derecognition of financial assets and liabilities

A financial asset is derecognized when the contractual right to the cash flows from the asset expires or if the Board transfers the financial asset and substantially all risk and rewards of ownership to another entity.

Financial liabilities are derecognized when the contractual obligations are discharged, cancelled, or expire.

(e) Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and accumulated impairment. Depreciation is calculated based on the straight-line method, using rates based on the estimated useful lives of the assets as follows:

Buildings and fixtures	10 – 75 years
Furniture and equipment	5 – 15 years
Computer equipment	5 – 7 years

Where an item of property and equipment is comprised of significant components with different useful lives, the components are accounted for separately.

The estimated useful life, residual value and depreciation method is reviewed at each year end and any change in estimate is made on a prospective basis.

(f) Intangible assets

Intangible assets are comprised of purchased software and internally developed software systems.

Research costs are expensed as incurred. Development costs of internally developed software systems are capitalized when the system is technically feasible, resources are available, costs can be measured reliably, management intends to use the asset and future economic benefits are probable. The asset is derecognized when it no longer meets these criteria. Salaries, wages and benefits directly related to internally developed software systems are included in the asset's cost. When the asset is substantially complete and is available for use, development costs capitalization ceases and the costs are transferred to the related asset category and amortized.

Intangible assets are recorded at cost less accumulated amortization and accumulated impairment. Amortization is calculated based on the straight-line method, using rates based on the estimated useful lives of the assets as follows:

Systems and software	5 – 25 years
----------------------	--------------

The estimated useful life and amortization period is reviewed at each year end and any change in estimate is made on a prospective basis.

Compensation Fund

Notes to the Financial Statements

December 31, 2019

(In Canadian Dollars)

(g) Impairment of non-financial assets

IAS 36 *Impairment of Assets* requires an entity to test assets for impairment if indicators of impairment exist. The impairment review must be conducted for an individual asset, an asset group, or the cash-generating unit level, which is the smallest identifiable group of assets that generates cash inflows independent of cash inflows from other assets or groups of assets.

Based on an analysis of cash flows, the Board has established that the appropriate cash generating unit for impairment review is the entity. The Board has statutory power under the Act to increase premiums and/or charge a premium surcharge to ensure full funding into the foreseeable future and therefore, the likelihood of impairment at the entity level is remote.

Individual assets that may have experienced impairment due to loss, damage, obsolescence or curtailed service potential will be reviewed and the estimated useful life, depreciation method and residual value adjusted.

The Board assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Board estimates the asset's recoverable amount. As at December 31, 2019, management conducted an impairment review at the entity level, which confirmed that there were no indicators of impairment—changes in the legislative, economic or business environment—that would have a material impact on the Board's ability to generate future economic benefits from its operating (non-financial) assets.

(h) Government grants

There are two types of government grants which include government grants related to expenses and government grants related to assets. Government grants related to expenses are recognized as income when there is reasonable assurance that the conditions attached to the grant will be complied with and the grant will be received. When the grant relates to an asset, it is recognized as deferred income and is released into income in equal amounts over the expected useful life of the related asset.

In 2005, the Government of Yukon approved the reinstatement of ongoing funding for the Mine Safety Program (the "Program") through an annual grant to the Fund. The Program, which was transferred to the Board in 1993, provides mine rescue training and support services as well as mine safety inspection services. The funding is to be reviewed by the Government, at a minimum, every five years. The grant is accounted for as income in the period in which the related expenses are incurred (note 11).

In 2011, the Board signed an agreement with the Government of Yukon which provides the Fund with funding for the purpose of upgrading mine safety equipment. The grant is accounted for as deferred income and released into income over the expected useful life of the equipment (note 11).

Compensation Fund

Notes to the Financial Statements

December 31, 2019

(In Canadian Dollars)

(i) Benefits liability

The benefits liability is determined annually and represents the actuarial present value of all future benefit payments expected to be made for claims which have occurred in the current fiscal year or in any prior year. The benefits liability includes a provision for future payments on claims that have not been finalized to date. It also includes a provision for all benefits provided by current legislation, policies and administrative practices in respect of existing claims as well as future claims management costs. A provision has been made for claims related to known latent occupational diseases which may have occurred in the current or previous years, but which may not be recognized and reported for a number of years due to the extended latency period of such diseases. Due to the nature of the estimated liability for long latent occupational diseases and the extent of related historical claims information available, this liability is more uncertain by its nature than other benefits liabilities (note 12).

The benefits liability is comprised of four liabilities—medical aid, compensation, pension, and annuity:

- Medical aid includes benefits for medical aid, emergency transportation, traditional aboriginal healing, death and funeral expenses, lump sum payments for permanent impairment, and rehabilitation assistance.
- Compensation includes income amounts that are paid to all eligible workers who suffer a work-related injury, incapacity or occupational disease that has resulted in a loss of earnings.
- The pension liability includes monthly pension benefits indexed annually that are paid to spouses, dependent children and guardians of dependent children of those who die from a work-related injury.
- The annuity liability is for workers who have received compensation for the same disability for at least 24 months. An amount equal to ten percent of the total compensation payments, plus interest, is set aside to provide a retirement annuity when a worker becomes entitled to apply for Old Age Security benefits.

Many assumptions are required to calculate the benefits liability, including estimates of future inflation, interest rates, and mortality rates. The benefits liability is determined annually by an independent actuarial valuation. The Actuarial Statement of Opinion on the adequacy and appropriateness of the benefits liability is attached to these financial statements.

A portion of administration and general expenses is allocated as claims management costs to the current year's claims and the prior years' claims. The amount allocated to claims is reviewed by the independent actuary for reasonableness as part of the annual actuarial valuation of the benefits liability.

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(j) Employee benefits

Short-term employee benefits

Employee benefits that are expected to be settled within twelve months of the reporting date are measured on an undiscounted basis. These benefits include annual vacation leave earned but not yet used.

Other long-term employee benefits

Benefits that are expected to be settled beyond twelve months are determined based on an actuarial valuation as the best estimate of future cash flows discounted to present value with actuarial gains and losses recognized in profit and loss as incurred. These benefits include long service vacation leave, sick leave, and special leave benefits earned but not used.

Post-employment benefits

(i) Retirement and severance benefits

Retirement or severance benefits are available to employees who have completed five years of service with the Board. Payments are made upon retirement or termination, with benefits increasing with additional length of service. The benefit obligation is determined based on an actuarial valuation using estimates of future inflation and interest rates. Actuarial gains and losses are recognized in other comprehensive income as incurred. The obligation is calculated using the projected unit credit method prorated on service.

(ii) Public Service Pension Plan

Substantially all of the employees of the Board are covered by the Public Service Pension Plan (the "Plan"), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Fund to cover current service cost. Pursuant to legislation currently in place, the Fund has no legal or constructive obligation to pay further contributions with respect to any past service or funding deficiencies of the Plan. Consequently, contributions are recognized as an expense in the year when employees have rendered service and represent the total pension obligation of the Fund.

(k) Funding policy surplus distributions

The Board may issue surplus distributions in accordance with its Funding Policy. These are recorded as an expense in the period in which they are approved by the Board of Directors and issued. Surplus distributions that are approved but not issued are recorded as payable when the amount of such distributions can be reliably estimated and when it is probable a payment will be issued in the future to settle the obligation.

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5. Risk Management

The Fund has exposure to the following financial risks: credit risk, liquidity risk, and market risk (which also includes inflation risk, interest rate risk and currency risk). The Fund's exposure to these risks arises primarily in relation to its investment portfolio, but also in relation to its other financial assets and financial liabilities.

The Board's management is responsible for monitoring performance and recommending changes to the Investment Policy. The Board of Directors is ultimately responsible for governance and strategic direction of the investment portfolio through its review and approval of the Investment Policy and selection of investment managers. The investment managers' compliance with this Investment Policy is monitored on a regular basis. Quarterly, independent consultants benchmark the performance of the Fund's investment managers and advise on the appropriateness and effectiveness of the Fund's Investment Policy and practices.

The following sections present information about the Fund's exposure to each of the above risks and the Board's objectives, policies and processes for measuring and managing each risk. There were no changes to these risks or the Board's objectives, policies and process for managing them during the year ended December 31, 2019.

Credit risk

Credit risk on financial instruments arises from the possibility that the issuer of a fixed-term instrument fails to meet its obligations. Excess cash is held on deposit with the Government of Yukon's banker. Short-term deposits with this bank are rated as R-1 (high). To manage this risk, the Board, as prescribed in the Investment Policy, has determined that cash and cash equivalents held in the investment portfolio and short-term investments must have a credit rating of at least R1L, and long-term investments require a rating of BBB or higher by the Dominion Bond Rating Service or the equivalent rating by Moody's, in order to be eligible for consideration as an investment. Diversification of credit risk is managed by limiting the exposure in a single private institution to 15% of the portfolio. The Board has stayed within these guidelines during the year.

Fixed Income Portfolio Credit Ratings

Ratings					31-Dec-19	31-Dec-18
	AAA	AA	A	BBB	(\$000's)	(\$000's)
Fixed Income Securities	\$ 32,451	\$ 30,758	\$ 21,559	\$ 7,720	\$ 92,488	\$ 88,744

The Fund's exposure to credit risk associated with its accounts receivable is the risk that an employer or a cost recovery customer (the "customer") will be unable to pay amounts due to the Fund. The Fund's maximum exposure to credit risk associated with its accounts receivable is \$2,858,000 (2018 – \$2,053,000). Allowances for doubtful accounts are provided for potential losses that have been incurred at the reporting date. The amounts disclosed on the Statement of Financial Position are net of these allowances for doubtful accounts. Accounts receivable are considered for impairment on a case-by-case basis when they are past due or when objective evidence is received that a customer may default. At December 31, 2019, there were no accounts

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receivable that were past due but not impaired. The Board takes into consideration the customer's payment history, their credit worthiness and the current economic environment in which the customer operates to assess impairment. The Board recognizes a bad debt provision when management considers that the expected recovery is less than the carrying amount receivable.

The Board believes that the credit risk of accounts receivable is mitigated by the following:

- i. The employer base is dispersed across various industries, with government comprising a significant concentration. The non-government based employers may be affected by any downturns due to prevailing economic conditions.
- ii. As at December 31, 2019, approximately 94% (2018 – 86%) of accounts receivable were outstanding for less than 90 days. The Board does not require collateral or other security from employers or customers for accounts receivable.
- iii. The Board has the power and remedies to enforce payment owing to the Fund.

Liquidity risk

Liquidity risk is the risk that the Fund is not able to meet its financial obligations as they become due or can do so only at excessive cost. The Fund's operations are financed through a combination of the cash flows from operations and investments. One of management's primary goals is to maintain an optimal level of liquidity through the active management of the assets and liabilities as well as the cash flows.

The Fund has access to the Government of Yukon's overall line of credit facility with the Government's banker. This access provides the Fund with overdraft coverage of \$7,000,000 if needed. As of December 31, the Fund had used nil of the overdraft coverage (\$1,226,000 - 2018). The bank overdraft is payable on demand and is interest bearing based on standard market interest rates for cash deposits.

The Fund's accounts payable and accrued liabilities had a carrying value of \$4,850,000 as at December 31, 2019 (2018 – \$4,767,000) and were all payable within a year.

The Fund's surplus distributions payable had a carrying value of nil as at December 31, 2019 (2018 - \$64,000) (note 14).

Liquidity risk related to the Benefits liability is included in note 12 (f).

Compensation Fund

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Market risk

The Fund is exposed to market risk, which is the risk that the fair value or future cash flows of its investments will fluctuate in the future because of economic conditions. Market risk is managed through diversification between different asset classes and geographic diversification and by limiting the concentration in any single entity to 15% or less of the fair value of the investment fund (note 7).

The table below presents the Fund's investment targets and actual asset mix at fair value:

	Target		Actual	
	Minimum	Maximum	31-Dec-19	31-Dec-18
Equities				
Canadian	0%	25%	17.5%	18.4%
United States	0%	25%	17.4%	17.0%
International	0%	25%	20.8%	18.5%
Fixed Income				
Short-term investments	0%	10%	2.3%	2.4%
Bonds	35%	85%	42.0%	43.7%
			<u>100.0%</u>	<u>100.0%</u>

The table below presents the effect of a material adverse change in the fair value of each of the categories of equities in the Fund's investments portfolio on operating results and equity:

	31-Dec-19		31-Dec-18	
	(\$000's)		(\$000's)	
Percentage decrease in fair value	-10%	-20%	-10%	-20%
Equities				
Canadian	\$ (3,853)	\$ (7,707)	\$ (3,736)	\$ (7,472)
United States	(3,839)	(7,678)	(3,445)	(6,890)
International	(4,575)	(9,151)	(3,749)	(7,498)
Total impact on operating results and equity	<u>\$ (12,267)</u>	<u>\$ (24,536)</u>	<u>\$ (10,930)</u>	<u>\$ (21,860)</u>

Inflation risk

Inflation risk is the risk that a general increase in price level may result in loss of future purchasing power of current monetary assets. The Board manages inflation risk through its investment allocation between equities and fixed income investments.

Interest rate risk

Interest rate risk is the risk that the value of a financial security will fluctuate due to changes in market interest rates. The Fund's investment portfolio is exposed to interest rate risk through its holdings of short and long-term fixed income investments. Interest rate risk is minimized by actively managing the duration of the fixed income investments.

The table below presents the effects of a 50 and 100 basis point ("bp")¹ adverse change in the nominal interest rate on the fair value of the bond portfolio on operating results and equity:

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	31-Dec-19 (\$000's)		31-Dec-18 (\$000's)	
	+50bp	+100bp	+50bp	+100bp
Positive bp change in nominal interest rate				
Bonds	\$ (3,253)	\$ (6,505)	\$ (2,968)	\$ (5,936)
Total impact on operating results and equity	\$ (3,253)	\$ (6,505)	\$ (2,968)	\$ (5,936)

(1) One basis point (bp) equals 1/100 of 1%; 50 bps = 50/100 of 1%, or 0.5%.

In the event the nominal interest rates decrease by 50 and 100 basis points, the impact will be equal and opposite to the above stated values.

The table below presents the remaining terms to maturity at fair value, along with the average effective yields for each maturity, for fixed income investments exposed to inflation and interest rate risk:

	Remaining term to maturity (1)				31-Dec-19 (\$000's)	31-Dec-18 (\$000's)
	<1 year	1 - 5 years	5 - 10 years	> 10 years	Total	Total
Bonds	\$ 3,873	\$ 39,473	\$ 24,542	\$ 24,600	\$ 92,488	\$ 88,744
Average effective yield	1.91%	2.19%	2.40%	2.50%	2.32%	2.88%

(1) Maturity is defined as the earliest a bond can be redeemed without penalty by the bond issuer.

The Fund is also exposed to the risk that interest rate movements may materially impact the value of its benefits liability (note 12(e)).

Currency risk

Currency risk is the risk that the value of financial assets and financial liabilities denominated in foreign currencies will fluctuate due to changes in their respective exchange rates relative to the Canadian dollar.

The Fund is exposed to exchange rate volatility that is managed by the contracted fund managers. The Board does not undertake long-term hedging strategies for the currency risk of foreign investments. The Fund's most significant exposure is to the US Dollar, Euro, British Pound, Swiss Franc, and the Japanese Yen. At December 31, the Fund held foreign currency denominated holdings, at fair value as follows:

Currency	31-Dec-19 (\$000's)	31-Dec-18 (\$000's)
USDollar	\$ 44,818	\$ 38,574
Euro	\$ 14,613	\$ 13,497
Pound	\$ 7,538	\$ 6,260
Yen	\$ 5,823	\$ 2,874
Swiss Franc	\$ 5,745	\$ 5,316

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The sensitivity analysis below presents the effect of a ten percent appreciation in the Canadian dollar as compared to the US Dollar, Euro, British Pound, Swiss Franc, and the Japanese Yen on operating results and equity:

Currency	31-Dec-19 (\$000's)	31-Dec-18 (\$000's)
USDollar	\$ (4,074)	\$ (3,507)
Euro	\$ (1,328)	\$ (1,227)
Pound	\$ (685)	\$ (569)
Yen	\$ (529)	\$ (261)
Swiss Franc	\$ (522)	\$ (483)

In the event there is a ten percent depreciation in the Canadian dollar, the impact will be equal and opposite to the above stated values.

6. Accounts Receivable

	31-Dec-19 (\$000s)	31-Dec-18 (\$000s)
Assessments		
Assessed and due from employers	\$ 2,220	\$ 2,116
Allowance for doubtful accounts	(67)	(262)
	<u>\$ 2,153</u>	<u>\$ 1,854</u>
Other		
Other receivables and recoveries	\$ 751	\$ 242
Allowance for doubtful accounts	(46)	(43)
	<u>\$ 705</u>	<u>\$ 199</u>
	<u><u>\$ 2,858</u></u>	<u><u>\$ 2,053</u></u>

Included in other receivables and recoveries are amounts due from the Government of Yukon, which are disclosed in note 15.

Reconciliation of allowance for doubtful accounts

The allowance for doubtful accounts is a provision for potential credit losses and amounts are subsequently written off once reasonable collection efforts have been made. The allowance details are as follows:

	31-Dec-19 (\$000's)	31-Dec-18 (\$000's)
Balance, beginning of year	\$ 305	\$ 124
Accounts written off	(118)	(18)
Recoveries and other adjustments	(201)	(57)
Current year provision	127	256
Balance, end of year	<u>\$ 113</u>	<u>\$ 305</u>

Compensation Fund

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7. Investments

The Board of Directors has established an Investment Policy for the management of the investment process, utilizing external investment managers. The investment managers' compliance with this Investment Policy is monitored on a regular basis.

	31-Dec-19	31-Dec-18
	(\$000s)	(\$000s)
	Fair Value	Fair Value
Fixed-term securities		
Federal bonds	\$ 25,548	\$ 24,146
Provincial bonds	20,202	16,637
Corporate bonds	46,738	47,961
	<u>92,488</u>	<u>88,744</u>
Equities		
Canadian	38,533	37,359
United States	38,388	34,451
International	45,755	37,489
	<u>122,676</u>	<u>109,299</u>
Other investments		
Cash on account	162	609
Short-term investments	4,484	3,830
Accrued interest receivable	515	579
	<u>5,161</u>	<u>5,018</u>
Investments, sub-total	220,325	203,061
Management fee accrual	(88)	(78)
	<u>\$ 220,237</u>	<u>\$ 202,983</u>

Net investment income (loss) for the year ended December 31 consisted of the following:

	2019	2018
	(\$000s)	(\$000s)
Interest	\$ 2,746	\$ 2,758
Dividends	3,193	2,770
Realized gains in the year	3,300	11,244
Unrealized gain (loss) in fair value in the year	14,520	(18,555)
Investment management fees	(740)	(707)
	<u>\$ 23,019</u>	<u>\$ (2,490)</u>

Compensation Fund

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Fair Value Hierarchy

The Fund's investments are categorized into the fair value hierarchy based on type, frequency and visibility of pricing, source of pricing and liquidity. There are three levels of classification:

A Level 1 classification reflects public daily market or quote pricing with a good volume level.

A Level 2 classification is used when pricing is:

- a) model or matrix based (using observable inputs and/or market information);
- b) based on closely-related securities;
- c) derived pricing (when no public quote exists); or
- d) from a broker quote on less active markets.

A Level 3 security would have no public pricing and poor to non-existent liquidity.

As at December 31, 2019, the Fund held the following financial instruments measured at fair value:

	Level 1 (\$000s)	Level 2 (\$000s)	Level 3 (\$000s)	Total (\$000s)
Cash and Cash Equivalents	\$ 5,073	\$ -	\$ -	\$ 5,073
Bonds	8,408	84,080	-	92,488
Equities	55,197	-	-	55,197
Pooled Funds	-	67,479	-	67,479
Total Investments	\$ 68,678	\$ 151,559	\$ -	\$ 220,237

As at December 31, 2018, the Fund held the following financial instruments measured at fair value:

	Level 1 (\$000s)	Level 2 (\$000s)	Level 3 (\$000s)	Total (\$000s)
Cash and Cash Equivalents	\$ 4,940	\$ -	\$ -	\$ 4,940
Bonds	8,511	80,233	-	88,744
Equities	50,190	-	-	50,190
Pooled Funds	-	59,109	-	59,109
Total Investments	\$ 63,641	\$ 139,342	\$ -	\$ 202,983

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8. Property and Equipment

	Land (\$000s)	Buildings and Fixtures (\$000s)	Furniture and Equipment (\$000s)	Computer and Equipment (\$000s)	Assets under construction (\$000s)	Total (\$000s)
Cost						
At January 1, 2018	\$ 1,045	\$ 9,984	\$ 1,475	\$ 818	\$ 16	\$ 13,338
Additions	-	76	86	155	700	1,017
Disposals	-	(291)	(53)	(32)	-	(376)
Transfers	-	700	-	-	(700)	-
At December 31, 2018	\$ 1,045	\$ 10,469	\$ 1,508	\$ 941	\$ 16	\$ 13,979
Depreciation and impairment						
At January 1, 2018	\$ -	\$ 2,637	\$ 881	\$ 603	\$ -	\$ 4,121
Depreciation	-	240	130	113	-	483
Disposals	-	(217)	(53)	(32)	-	(302)
Impairment	-	-	-	-	-	-
At December 31, 2018	\$ -	\$ 2,660	\$ 958	\$ 684	\$ -	\$ 4,302
Net book value						
At December 31, 2018	\$ 1,045	\$ 7,809	\$ 550	\$ 257	\$ 16	\$ 9,677
Cost						
At January 1, 2019	\$ 1,045	\$ 10,469	\$ 1,508	\$ 941	\$ 16	\$ 13,979
Additions	-	18	99	102	146	365
Disposals	-	-	(50)	(71)	-	(121)
Transfers	-	-	-	-	-	-
At December 31, 2019	\$ 1,045	\$ 10,487	\$ 1,557	\$ 972	\$ 162	\$ 14,223
Depreciation and impairment						
At January 1, 2019	\$ -	\$ 2,660	\$ 958	\$ 684	\$ -	\$ 4,302
Depreciation	-	237	135	110	-	482
Disposals	-	-	(32)	(71)	-	(103)
Impairment	-	-	-	-	-	-
At December 31, 2019	\$ -	\$ 2,897	\$ 1,061	\$ 723	\$ -	\$ 4,681
Net book value						
At December 31, 2019	\$ 1,045	\$ 7,590	\$ 496	\$ 249	\$ 162	\$ 9,542

During the year ended December 31, 2019 the Board reviewed all capital assets and using judgement determined if any changes in useful life were required. This review resulted in changes to the expected useful life of certain items included in buildings and fixtures. The effect of these changes on depreciation expenses was not significant.

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9. Intangible Assets

	Internal Software Development Costs ⁽¹⁾ (\$000s)	Software Systems Under Development (\$000s)	Software Costs (\$000s)	Total (\$000s)
Cost				
At January 1, 2018	\$ 9,054	\$ 108	\$ 1,003	\$ 10,165
Additions	299	319	44	662
Disposals	-	-	(19)	(19)
Transfer systems to production	-	-	-	-
At December 31, 2018	\$ 9,353	\$ 427	\$ 1,028	\$ 10,808
Amortization and impairment				
At January 1, 2018	\$ 6,369	\$ -	\$ 785	\$ 7,154
Amortization	594	-	70	664
Disposals	-	-	(19)	(19)
Impairment	-	-	-	-
At December 31, 2018	\$ 6,963	\$ -	\$ 836	\$ 7,799
Net book value				
At December 31, 2018	\$ 2,390	\$ 427	\$ 192	\$ 3,009
Cost				
At January 1, 2019	\$ 9,353	\$ 427	\$ 1,028	\$ 10,808
Additions	275	449	129	853
Disposals	(338)	-	(50)	(388)
Transfer systems to production	258	(259)	1	-
At December 31, 2019	\$ 9,548	\$ 617	\$ 1,108	\$ 11,273
Amortization and impairment				
At January 1, 2019	\$ 6,963	\$ -	\$ 836	\$ 7,799
Amortization	636	-	68	704
Disposals	(302)	-	(50)	(352)
Impairment	-	-	-	-
At December 31, 2019	\$ 7,297	\$ -	\$ 854	\$ 8,151
Net book value				
At December 31, 2019	\$ 2,251	\$ 617	\$ 254	\$ 3,122

(1) Included in internal software development costs is the claims management system which has a net book value of \$765,000 (2018 – \$1,021,000) and a remaining amortization period of 3 years.

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System research and analysis costs expensed in 2019 were \$14,000 (2018 – \$103,000).

During the year ended December 31, 2019 the Board reviewed all intangible assets and using judgement determined if any changes in useful life were required. This review resulted in changes to the expected useful life of certain items included in internal software development costs. The effect of these changes was not significant.

10. Accounts Payable and Accrued Liabilities

	31-Dec-19 (\$000s)	31-Dec-18 (\$000s)
Payable		
Assessments refundable	\$ 2,716	\$ 2,012
Other payables and accrued liabilities	<u>2,134</u>	<u>2,755</u>
	<u>\$ 4,850</u>	<u>\$ 4,767</u>

Included in other payables and accrued liabilities are amounts due to the Government of Yukon, which are disclosed in note 15.

11. Government Grants

In 2019, the Fund received \$330,000 for the Mine Safety Program Grant (2018 – \$330,000). This was accounted for as income in the period.

The deferred portion of the government grant as at December 31, 2019 was \$72,000 (2018 – \$109,500) and \$37,500 (2018 – \$36,500) was expensed and released into income during the year.

There are no unfulfilled conditions or contingencies attached to these grants.

Compensation Fund

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12. Benefits Liability

	2019 (\$000s)					Total
	Medical Aid	Compensation	Pension	Annuity	Occupational Disease Provision	
Balance, beginning of year	\$ 27,346	\$ 70,956	\$ 34,321	\$ 9,062	\$ 13,814	\$ 155,499
Add claims costs incurred:						
Current year injuries	5,935	9,119	352	-	-	15,406
Prior years' injuries	443	1,980	2,200	1	-	4,624
Latent occupational disease provision	-	-	-	-	2,756	2,756
	6,378	11,099	2,552	1	2,756	22,786
Less claims payments made:						
Current year injuries	2,566	1,448	-	-	-	4,014
Claims management	385	217	-	-	-	602
Prior years' injuries	3,055	6,169	2,229	(84)	-	11,369
Claims management	458	849	334	-	-	1,641
	6,464	8,683	2,563	(84)	-	17,626
Balance, end of year	\$ 27,260	\$ 73,372	\$ 34,310	\$ 9,147	\$ 16,570	\$ 160,659

	2018 (\$000s)					Total
	Medical Aid	Compensation	Pension	Annuity	Occupational Disease Provision	
Balance, beginning of year	\$ 26,953	\$ 70,638	\$ 31,352	\$ 8,781	\$ 13,428	\$ 151,152
Add claims costs incurred:						
Current year injuries	6,566	8,197	1,598	-	-	16,361
Prior years' injuries	818	474	4,065	-	-	5,357
Latent occupational disease provision	-	-	-	-	386	386
	7,384	8,671	5,663	-	386	22,104
Less claims payments made:						
Current year injuries	3,011	1,319	47	-	-	4,377
Claims management	452	198	7	-	-	657
Prior years' injuries	3,068	6,003	2,296	(281)	-	11,086
Claims management	460	833	344	-	-	1,637
	6,991	8,353	2,694	(281)	-	17,757
Balance, end of year	\$ 27,346	\$ 70,956	\$ 34,321	\$ 9,062	\$ 13,814	\$ 155,499

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The following is an actuarial reconciliation of the changes in the benefits liability during the years ended December 31:

	2019	2018
	(\$ 000's)	(\$ 000's)
Balance, beginning of year	<u>\$ 155,499</u>	<u>\$ 151,152</u>
Add:		
Provision for current year's claims	10,790	11,327
Interest allocated	8,028	7,823
Experience (gain) loss	<u>(648)</u>	<u>(2,080)</u>
	18,170	17,070
Deduct:		
Payments for prior years' claims	13,010	12,723
Balance, end of year	<u>\$ 160,659</u>	<u>\$ 155,499</u>

(a) Objectives in managing risks arising from insurance contracts and policies for mitigating those risks

The Board has an objective to control insurance risk, thus reducing the volatility of operating results. In addition, due to the inherent uncertainty of insurance risk, which can lead to significant variability in the loss experience, operating results from the Fund's workers' compensation business are affected by market factors, particularly movements in asset values. Short-term variability is, to some extent, a feature of the workers' compensation business.

Key aspects of processes established to mitigate insurance risks include:

- The maintenance and use of management information systems, which provide data on the risks to which the Fund is exposed to at any point in time;
- Actuarial models, using information from the management information system, are used to monitor claims patterns and calculate assessment premiums. Past experience and statistical methods are used as part of the process; and
- The asset mix of the Fund investments is driven by the nature and term of insurance liabilities. The management of assets and liabilities is closely monitored to attempt to match maturity dates of assets with the expected pattern of claim payments.

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(b) Terms and conditions of the Act

The terms and conditions attaching to the Act affect the level of insurance risk accepted by the Fund. All workers' compensation coverage entered into is subject to substantially the same terms and conditions under the Act.

(c) Concentration of insurance risk

The Fund's exposure to insurance risk is due to workplace injury caused through an event or disaster that occurred during the reporting period, and/or occupational diseases diagnosed during the reporting period. The Fund's benefits liability includes an amount estimated to cover any such occurrences. This figure is reviewed on an annual basis. The Fund's risk is concentrated by industry as some industries have higher claims experience costs than other industries and is mitigated by higher assessments being charged to industries with proven higher experience costs.

(d) Development of claims

There is a possibility that changes may occur in the estimate of the Fund's obligations over time. The tables in part (i) of this note show the estimates of total net and gross claims outstanding for each underwriting year at successive year ends.

(e) Interest rate risk

The Fund is exposed to the risk that interest rate movements may materially impact the value of the benefits liability. The financial impact of changing interest rates on the benefits liability is expected to be offset in the longer term by similar changes in claims inflation.

The discount rate being applied to future claims payments in determining the valuation of the benefits liability is disclosed in part (g) of this note.

The exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets is set out in note 5.

(f) Liquidity risk

The Fund's exposure to liquidity risk is set out in note 5.

The following table estimates the expected amounts and timing of future benefit payments for the provision of outstanding claims. The expected timing of payments from the provision for outstanding claims involves considerable uncertainty. The projections presented below do not include a provision for future administration expenses or latent occupational diseases.

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Expected timing of future payments for outstanding claims:

	2019	2018
Up to 1 year	5%	5%
Over 1 year and up to 5 years	15%	15%
Over 5 years and up to 10 years	19%	19%
Over 10 years	61%	61%
Total	<u>100%</u>	<u>100%</u>

(g) Actuarial assumptions and methods

The key actuarial assumptions used to value the benefits liability are as follows:

	31-Dec-19	31-Dec-18
Discount rate for medical aid benefits - net ^(1,3,4)	0.70%	0.80%
Discount rate for compensation benefits - net ^(2,3,4)	3.15%	3.25%
Discount rate for survivor and other pension benefits - net ^(2,4)	3.15%	3.25%

(1) Net of discount rate attributable to inflation of 4.75% (2018 – 4.75%).

(2) Net of discount rate attributable to inflation of 2.25% (2018 – 2.25%).

(3) The same discount rates are attributable to the applicable components of the occupational disease provision.

(4) The nominal discount rate is 5.50% (2018 – 5.60%).

The benefits liability was determined using accepted actuarial practice in accordance with standards established by the Canadian Institute of Actuaries. The actuarial present value of future benefits reflects management's and the actuary's best estimates of long-term economic and actuarial assumptions.

The overall valuation approach is designed to reflect emerging trends without placing too much emphasis on temporary fluctuations. The factors used in the valuation have been developed on a best estimate basis, without margins for adverse deviations, by taking the Board's historical experience into consideration along with recent trends in that experience. The general philosophy is to avoid reacting too strongly to temporary fluctuations until there is sufficient evidence that a change in assumption is required. By waiting until a clear trend has emerged, this reduces the likelihood of larger liability adjustments than warranted, both positive and negative, and unstable financial results.

The degree to which the valuation reflects trends is partly impacted by formulas intended to place the appropriate amount of weight on observed experience for each recent year and partly impacted by professional judgment based on observation of payment and claiming trends, including discussions with the Board's staff about the underlying factors that might be causing an observed trend.

The Medical Aid liability represents the present value of expected future benefit payments for medical services in respect of all claims arising from injuries that occurred on or before December

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31, 2019. Medical services include hospital and physician services, prescription drugs, travel expenses, and other eligible medical services under the Act.

The Short Term Compensation liability represents the present value of expected future short-term loss of earnings payments in the first seven years of a claim for injuries that occurred on or before December 31, 2019. The Short Term Compensation liability is included in the Compensation liability category for financial reporting purposes.

The Medical Aid and Short Term Compensation liabilities are calculated using the loss development method also known as the "claims run-off" approach. In this method, historical paid claims data are summarized by injury year and payment year in order to observe the relationships between payments at different durations for each injury year. Historical factors, at each duration, are developed from prior injury years and are applied to injury years that are not yet fully mature in order to estimate the future timing and amount of remaining benefit payments. A provision with respect to the ten percent annuity contribution required on loss of earnings benefits paid beyond 24 months is included in the Short Term Compensation liability.

The Long Term Compensation liability represents the present value of expected future long-term loss of earnings payments for injury years 2013 and prior, including future inflationary adjustments, for individuals still in receipt of a long-term loss of earnings award at December 31, 2019. The Long Term Compensation liability is calculated on a seriatim, or individual basis using the discounted cash flow method. Loss of earnings benefits are indexed annually in the month following the anniversary of the date of when the injured worker's loss of earnings began. Mortality rates are used to determine the future life expectancy of individuals in receipt of a long-term loss of earnings award. A provision with respect to the ten percent annuity contribution required on loss of earnings benefits paid beyond 24 months is included in the Long Term Compensation liability. The Long Term Compensation is included in the Compensation liability for financial reporting purposes.

The Pension liability represents the present value of expected future pension payments, including future inflationary adjustments, to individuals who have been approved for a pension or survivor award at December 31, 2019. The Pension liability is calculated on a seriatim basis using the discounted cash flow method. Pension benefits are indexed annually on January 1st of each year. Mortality rates are used to determine the future life expectancy of individuals in receipt of a pension award.

The Future Long Term Compensation liability represents the present value of future long-term loss of earnings awards that have not yet reached long-term status as of December 31, 2019. These future awards are in respect of all claims arising from injuries which occurred on or before December 31, 2019. The estimated number and timing of these future awards has been developed based on the historical emergence of claims. In addition, the expected cost of each claim has been developed based on actual long-term awards approved prior to December 31, 2019. A provision with respect to the ten percent annuity contribution required on future loss of earnings benefits paid beyond 24 months following injury is included in the Future Long Term Compensation liability. The Future Long Term Compensation liability is included in the Compensation liability category for financial reporting purposes.

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The Occupational Disease provision represents a portion of the present value of the expected future cost of claims that have not yet been filed but are expected to manifest themselves in the future as a result of cumulative exposure to a causative agent in the workplace (i.e. long latency cases). Only a portion of the total provision is held based on the accumulated exposure up to the valuation date relative to total exposure before an occupational disease manifests itself.

Occupational diseases differ from occupational injuries in that there can be a considerable time lag between the exposure, the manifestation of the disease and the identification of the ensuing disability as a workers' compensation claim. Furthermore, while the circumstances of an injury usually make it clear whether it is work related or not, the link between an occupational disease and the workplace may be difficult to establish.

The discount rate is used to calculate the present value of expected future payments.

The administration rate represents the present value of the expected future costs required to provide administrative services for the continuation of claims management and maintenance of existing claims. The administration rate applied at December 31, 2019 is 15% (15% for December 31, 2018), and is applied to all liability components with the exception of the Annuity liability.

As these assumptions may change over time to reflect underlying economic or legislated conditions, it is possible that such changes could cause a material change to the actuarial present value of future benefit payments.

The significant changes in the benefits liability for experience gains or losses as at December 31 were:

	Increase (decrease) in benefits liability	
	2019	2018
	(\$000s)	(\$000s)
Change in runoff factors	\$ (880)	\$ 10
Update of first year inflation	(210)	89
Other changes in actuarial assumptions	3,321	1,289
	<u>\$ 2,231</u>	<u>\$ 1,388</u>
Favourable claims experience during year	(3,275)	(4,241)
	<u>\$ (1,044)</u>	<u>\$ (2,853)</u>
Actual versus expected claims paid on prior years' injuries	396	773
	<u>\$ (648)</u>	<u>\$ (2,080)</u>

(h) Liability sensitivity

The most significant assumption in the determination of the benefits liability is the net discount rate. The net discount rate is the assumed rate of return in excess of the assumed inflation rate. A reduction in the net discount rate would increase the actuarial present value of the benefits

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liability resulting in an increase in claims expense and benefits liability. An increase in the discount rate would decrease the actuarial present value, resulting in a decrease in claims expense and benefits liability.

Medical benefits represent approximately 19% (2018 – 19%) of the benefits liability. A change in the assumed excess medical inflation rate (above the assumed inflation rate) and the net discount rate would result in a change in claims expense and the benefits liability as follows:

	31-Dec-19		31-Dec-18	
	(\$000s)		(\$000s)	
Percentage change in assumed rates	+1%	-1%	+1%	-1%
Increase (decrease) in claims expense and benefits liability from change in net discount rate	\$ (13,269)	\$ 14,874	\$ (12,522)	\$ 14,785
Increase (decrease) in claims expense and benefits liability from change in excess medical inflation rate	3,512	(2,970)	3,491	(2,898)

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(i) Claims Development

The following table shows the development of claims cost estimates for the nine most recent injury years:

Estimate of Ultimate Claim	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total (\$000s)
	(\$000s)	(\$000s)	(\$000s)	(\$000s)	(\$000s)	(\$000s)	(\$000s)	(\$000s)	(\$000s)	(\$000s)	
Payments											
At end of accident year	26,001	28,402	24,192	24,513	24,789	19,067	18,600	21,347	25,921	21,877	
One year later	23,288	26,111	25,187	20,973	25,327	19,126	25,298	21,507	26,159		
Two years later	23,006	25,087	22,366	20,821	25,644	20,206	25,960	21,396			
Three years later	21,645	21,837	22,418	20,327	25,866	17,997	25,536				
Four years later	17,971	20,488	22,386	20,675	29,726	17,221					
Five years later	16,857	20,024	23,706	18,187	30,928						
Six years later	14,205	21,596	20,158	16,250							
Seven years later	14,410	19,390	19,654								
Eight years later	14,491	19,214									
Nine years later	14,158										
Cumulative Payments											
At end of accident year	3,182	3,721	4,433	3,438	3,757	3,801	3,879	4,129	4,094	3,821	
One year later	4,787	5,618	7,404	5,113	6,590	6,081	6,673	6,654	6,662		
Two years later	5,394	6,222	8,277	5,910	7,890	6,773	7,856	7,717			
Three years later	5,635	6,648	8,999	6,394	9,018	7,225	8,478				
Four years later	5,833	6,910	9,540	6,719	9,870	7,590					
Five years later	6,085	7,211	10,073	6,840	10,623						
Six years later	6,318	7,450	10,359	7,055							
Seven years later	6,462	7,721	10,685								
Eight years later	6,545	7,988									
Nine years later	6,654										
Estimate of Future Payments	7,504	11,226	8,969	9,195	20,305	9,631	17,058	13,679	19,497	18,056	135,120
2009 and prior claims											104,481
Effect of Discounting											(112,363)
Effect of Admin Expenses											16,851
Occupational Disease											16,570
Balance Sheet Liability											160,659

During the year ended December 31, 2019, the investigations unit continued to monitor ongoing investigations. The outcome of the investigations is not determinable at this time and therefore, the potential future effect of these claims is not reflected in the benefits liability.

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13. Employee Benefits

	31-Dec-19 (\$000s)	31-Dec-18 (\$000s)
Short-term employee benefits	\$ 583	\$ 474
Other long-term employee benefits (a)	1,081	992
Post-employment benefits (b)	1,743	1,571
	<u>\$ 3,407</u>	<u>\$ 3,037</u>

Short-term benefits included in the above amounts are expected to be paid within the next twelve months.

(a) Other Long-term Employee Benefits

Long service vacation leave is an additional five days of vacation leave available to employees who have completed five years of continuous service with the Board and on each five year anniversary date thereafter.

Employees receive six days of special leave credits for each year of service up to a maximum of 30 days. Unused special leave is not payable upon termination or retirement.

Unused sick leave credits accumulate and are carried forward to a maximum of 180 days. A retiring employee may convert up to one third as pre-retirement leave.

The balance in the liability accrual for accumulating sick and special leave benefits and long service vacation for the year was:

	31-Dec-19 (\$000s)	31-Dec-18 (\$000s)
Long service vacation benefits	\$ 50	\$ 66
Accumulating sick and special leave benefits	1,031	926
Total	<u>\$ 1,081</u>	<u>\$ 992</u>

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The movement in the accrual for other long-term benefits for the year was:

	2019 (\$000s)	2018 (\$000s)
Benefits, beginning of the year	\$ 992	\$ 883
Current service cost	76	65
Payments made during the year	(135)	(92)
Interest cost	33	26
Other changes	60	72
Actuarial loss	55	38
Benefits, end of the year	<u>\$ 1,081</u>	<u>\$ 992</u>

Actuarial loss remeasurements:

	2019 (\$000s)	2018 (\$000s)
Effect of changes in financial assumptions	\$ 33	\$ 36
Effect of changes in demographic assumptions	22	2
Remeasurements loss in profit or loss	<u>\$ 55</u>	<u>\$ 38</u>

(b) Post-employment Benefits

(i) Retirement and Severance Benefit

Retirement or severance benefits are available to employees who have completed five years of service with the Board. Retirement benefits are one week of pay for each year of service. Severance benefits are half a week of pay for each year of service to a maximum of twenty-eight weeks.

Management employees have a graded retirement and severance benefits per service year arrangement with no maximum payout limit. From January 1, 2020, going forward, there will be no further accruals related to severance payable on resignation or retirement. Severance entitlements accrued up to December 31, 2019, will remain payable upon resignation or retirement.

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The movement in the accrual for retirement and severance benefits for the year was:

	2019 (\$000s)	2018 (\$000s)
Benefits, beginning of the year	\$ 1,571	\$ 1,407
Current service cost	105	92
Payments made during the year	(55)	(121)
Interest cost	58	45
Other changes	73	86
Actuarial (gain) loss	(9)	62
Benefits, end of the year	<u>\$ 1,743</u>	<u>\$ 1,571</u>

Actuarial (gain) loss remeasurements:

	2019 (\$000s)	2018 (\$000s)
Effect of changes in financial assumptions	\$ 64	\$ 57
Effect of changes in demographic assumptions	(27)	5
Effect of changes in the management benefits plan	(46)	-
Remeasurements (gain) loss in other comprehensive income	<u>\$ (9)</u>	<u>\$ 62</u>

The plan is not pre-funded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation. The risk of default is low as the Fund is in a strong financial position.

The key assumptions used to calculate the retirement and severance benefit are the discount rate and the wage inflation rate. The discount rate of 2.80% (2018 – 3.50%) is selected by reference to a spot curve at the valuation date of high-quality corporate and provincial debt instruments with cash flows that match the timing and amount of the expected benefit payments. The annual rate of general escalation in wages is 1.75% for 2020 and 2021, and 2.0% for 2022 and beyond based on negotiated wage increases (2018 – 2.2% in 2019 onwards) based on management's best estimate.

The expected Fund contributions for retirement and severance for the next year are \$281,000 (2019 – \$251,000). The weighted average duration of the retirement and severance benefit is 6.5 years (2018 – 6.7 years).

(ii) Retirement and Severance Benefit Risks and Sensitivity

The retirement and severance benefit is indirectly exposed to measurement risk from assumptions based on economic factors and uncertainty of future economic conditions, such as discount rates affected by volatile bond markets and inflation risk due to payment timing uncertainty. Demographic factors such as workforce average age and earnings levels, attrition and

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retirement rates affect current and future benefit costs due to the amount and timing of expected payments.

A change in the key assumptions used to calculate these benefits would result in a change in the obligation and benefit expense as follows:

	31-Dec-19 (\$000s)		31-Dec-18 (\$000s)	
	+1%	-1%	+1%	-1%
Percentage change in assumed rates				
Discount rate	\$ (117)	\$ 132	\$ (97)	\$ 107
Wage Inflation rate	\$ 132	\$ (119)	\$ 108	\$ (99)

The above sensitivity analysis is based on a change in an assumption while keeping all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. The same method of calculation has been applied to the sensitivity analysis as to the calculation of the retirement and severance benefit obligation, the projected unit credit method, and did not change compared to the prior year.

(iii) Public Service Pension Plan

Substantially all of the employees of the Board are covered by the Public Service Pension Plan (the "Plan"), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Fund. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution.

The employer contribution rates effective for the year were as follows:

	2019		2018	
	Up to Maximum	Above Maximum	Up to Maximum	Above Maximum
Contribution rate for the year				
For employees eligible before January 1, 2013	1.01	3.79	1.01	3.20
For employees eligible after January 1, 2013	1.00	3.79	1.00	3.20
Maximum salary limit	\$ 169,300	No limit	\$ 164,700	No limit

The Government of Canada holds a statutory obligation for the payment of benefits relating to the Plan. Pension benefits generally accrue up to a maximum period of 35 years at an annual rate of two percent of pensionable service times the average of the best five consecutive years of earnings. The benefits are coordinated with Canada/Québec Pension Plan benefits and they are indexed to inflation. For employees joining the plan after January 1, 2013, the normal retirement age has been raised from age 60 to age 65.

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Contributions made to the Public Service Pension Plan by the Fund and the employees for the year were as follows:

	2019	2018
	(\$000s)	(\$000s)
Employees' contributions	\$ 741	\$ 708
Fund contributions	\$ 747	\$ 721

The expected contributions to the Plan for the next year are \$723,000 (2019 – \$691,000) employee contributions and \$741,000 (2019 – \$704,000) Fund contributions.

(c) Benefit Expense

Benefit expense recognized in salaries and benefits within administration expenses in the Statement of Operations and Comprehensive Income for other long-term employee benefits and post-employment benefits was \$1,207,000 in 2019 (2018 - \$1,145,000).

14. Capital Management, Surplus Distributions and Reserves

(a) Capital Management

The *Workers' Compensation Act* establishes that one of the purposes of the Act is to maintain a solvent Compensation Fund managed in the interest of workers and employers. To ensure that the Fund is able to meet its financial obligations, premiums charged to employers over time must be sufficient to cover current and future costs of all claims incurred by injured workers. These assessment revenues, combined with investment returns from the Fund's assets, are designed to provide the foundation for the Fund to meet all current and future obligations for injured workers.

The Board of Directors considers that capital is the net difference between assets and liabilities. There have been no changes in the objectives and definition of capital from the previous period. The Fund does not have any external capital requirements. The reserves are established to protect the fully funded position of the Fund and to stabilize the effect of fluctuations in the employer assessment rates and investment returns. At the end of the fiscal year, once the benefits liability is determined, the net difference between the Fund's assets and liabilities is allocated to reserves.

The Board of Directors uses the Funding Ratio (Assets/Liabilities) to manage capital. At December 31, 2019, the Funding Ratio was 141% (2018 – 132%). Management's funding target ratio is between 121% and 129%, which ensures that the Fund remains fully funded plus sustains the Adverse Events and Stabilization Reserves' target funding levels. The Fund is considered fully funded when there are sufficient funds for the payment of all present and future compensation, and other liabilities, including the cost of administration.

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(b) Surplus Distributions

In 2019, no surplus distribution was issued. (2018 - \$5,031,000)

Reconciliation of funding policy surplus distributions:

	31-Dec-19	31-Dec-18
	(\$000s)	(\$000s)
Current year surplus distributions released	\$ -	\$ 4,963
Current year surplus distributions withheld	-	68
	-	5,031
Prior year surplus distribution adjustments	(18)	(25)
Current year surplus distribution adjustment	-	(4)
Funding policy surplus distributions (recoveries)	<u>\$ (18)</u>	<u>\$ 5,002</u>

In 2019, an amount of \$18,000 was recovered relating to the 2018 approved surplus distribution (In 2018 – \$4,963,000 was paid out). Distributions paid are conditional upon employers being compliant with the *Workers' Compensation Act* and *Occupational Health and Safety Act*. At December 31, 2019, nil (2018 - \$68,000) in surplus distributions were withheld due to non-compliance by employers.

Reconciliation of surplus distributions payable:

	31-Dec-19	31-Dec-18
	(\$000s)	(\$000s)
Surplus distributions payable, beginning of year	\$ 64	\$ 215
Amounts paid for prior year surplus distributions	(46)	(190)
Prior year surplus distribution adjustments	(18)	(25)
Current year surplus distributions withheld	-	68
Current year surplus distribution adjustment	-	(4)
Surplus distributions payable, end of year	<u>\$ -</u>	<u>\$ 64</u>

(c) Reserves

Under the current Funding Policy, two reserves are established as follows:

(i) Stabilization Reserve

The Stabilization Reserve is to protect the fully funded position of the Fund and to stabilize the effect of fluctuations on employer assessment rates. The target level for this reserve is equal to ten percent of the benefits liability. In 2019 the benefits liability was \$160,659,000 (2018 – \$155,499,000). The target was \$16,066,000 as at December 31, 2019 (2018 – \$15,550,000). The operating range for this reserve is determined as the target level balance plus or minus three and

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a half percent of the benefits liability. At December 31, 2019, the Stabilization Reserve has a balance of \$43,596,000 (2018 – \$29,026,000).

This reserve is considered to have a surplus when its balance exceeds the top of the operating range and a deficit if the reserve balance is below its target level. The funding policy requires that any deficiency or surplus at the end of a fiscal year be amortized over a period not exceeding ten years from the year in which the deficiency or surplus arose.

A rebate in 2019 was included in the assessment rates as required by the Funding Policy based on the 2018 funded position.

(ii) Adverse Events Reserve

The Adverse Events Reserve is to provide funding for infrequent, unexpected adverse claims experience and catastrophic events to protect employers from the sudden impact of the costs of these types of events. The target level for this reserve is \$24,980,000 (2018 – \$24,247,000), which has been set at 100 times the maximum wage rate plus ten percent of the benefits liability and is calculated annually upon completion of the actuarial valuation of the benefits liability. Costs related to catastrophic and adverse events and latent occupational diseases are charged to this reserve, resulting in a charge of nil for 2019 (2018 – nil). This reserve is limited to its target level. Funds in excess of the target level are transferred to the Stabilization Reserve, with nil funds transferred in 2019 (2018 – nil). At December 31, 2019, the Adverse Events Reserve has a balance of \$24,980,000 (2018 – \$24,247,000).

Transfers cannot be made from this reserve to any other temporary fund or reserve if the transfer will reduce this reserve below its target level.

15. Related Party Transactions

(a) Government of Yukon

The Board is a territorial entity with delegated powers on behalf of the Government of Yukon (the "Government"), and is related to all Government departments, agencies and Government corporations.

During 2019, the Compensation Fund paid the Government \$254,000 (2018 – \$209,000) for computer, office supplies, payroll processing, recruitment, and vehicle services. The Fund also reimbursed the Government for payroll costs of \$9,989,000 (2018 – \$9,208,000).

Reimbursements for claims costs received from the Government were \$303,000 in 2019 (2018 – \$327,000) (note 4(b)).

The Board enters into transactions with the Government and entities related to the Government in the normal course of business and the transactions are recorded at fair value.

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Revenues and recoveries from the Government for the year ended December 31, 2019 totalled \$7,250,000 (2018 – \$6,956,000), including the Mine Safety Program Grant (note 11).

During 2019, the Board issued nil (2018 – \$1,253,000) surplus distribution to the Government.

Included in the Fund's accounts receivable and accounts payable as of December 31, 2019 are amounts owing to and from the Government of Yukon as follows:

	31-Dec-19	31-Dec-18
	(\$000s)	(\$000s)
Due to the Government of Yukon	\$ (1,274)	\$ (1,897)
Due from the Government of Yukon	698	389
Net amount due	<u>\$ (576)</u>	<u>\$ (1,508)</u>

The Workers' Advocate Office operates independently from the Board and assists workers or dependants of workers in respect of claims for compensation. The approved budget of the Workers' Advocate shall be paid out of the compensation fund. In 2019, the Fund reimbursed the Government \$409,000 (2018 – \$496,000) for the Workers' Advocate Office expenses.

(b) Key Management Personnel

The remuneration of key management personnel, which includes the members of the Board of Directors and the senior management team, recognized as an expense during the period was:

	2019	2018
	(\$000s)	(\$000s)
Short-term employee compensation and benefits	\$ 1,253	\$ 1,226
Other long-term employee benefits	20	15
Post employment benefits	186	182
Total remuneration	<u>\$ 1,459</u>	<u>\$ 1,423</u>

Contributions made to the Public Service Pension Plan by the Fund for key management personnel was \$134,000 (2018 – \$121,000) and are included in post employment benefits.

As at reporting date, there were no business relationships, outstanding amounts or transactions other than compensation, between the Fund and its key management personnel.

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16. Commitments

As of December 31, 2019, the Fund had entered into the following contractual commitments for the next five years:

	Contribution agreements	Computer systems support	Professional services	Building maintenance	Other	Total
	(\$000s)	(\$000s)	(\$000s)	(\$000s)	(\$000s)	(\$000s)
2020	\$ 741	\$ 45	\$ 613	\$ 47	\$ 36	\$ 1,482
2021	581	45	333	33	6	998
2022	593	45	-	-	-	638
2023	-	45	-	-	-	45
2024	-	-	-	-	-	-
	<u>\$ 1,915</u>	<u>\$ 180</u>	<u>\$ 946</u>	<u>\$ 80</u>	<u>\$ 42</u>	<u>\$ 3,163</u>

17. Administration Expenses

	2019	2018
	(\$000s)	(\$000s)
Salaries and benefits	\$ 9,741	\$ 9,090
Consulting and professional	1,890	1,131
Amortization - intangible assets	704	664
Statutory funding obligations	552	631
Computer systems	543	446
Depreciation - property and equipment	482	483
Buildings	419	397
General administration	429	590
Communications	235	220
Automobile and travel	222	212
Staffing and recruitment	166	148
Board expenses	82	100
Printing and publications	71	85
Supplies and stationery	46	43
Furniture and equipment	17	42
System development analysis expense	14	103
	<u>\$ 15,613</u>	<u>\$ 14,385</u>
Less: claims administration expense transferred to claims expenses (note 12)	(2,243)	(2,294)
	<u>\$ 13,370</u>	<u>\$ 12,091</u>

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18. Contingencies

Due to the nature of the Board's operations, various legal matters are pending. In the opinion of management, these matters will not have a material effect on the Fund's financial position or results of operations.

19. Subsequent Events

Due to the COVID-19 pandemic, there was a steep sell off in global markets in early 2020. The fair value of the Fund's investment balance was significantly impacted. A decrease in the Fund's investment balance has an adverse impact on the funding ratio.

The Government of Yukon announced on March 16, 2020 its economic stimulus package that is designed to support local workers and businesses impacted by COVID-19. As part of the Government of Yukon's stimulus package, the Board is offering two types of relief to businesses experiencing serious adverse financial impacts from COVID-19:

1. The opportunity to revise 2020 annual payroll estimates.
2. The opportunity to defer 2020 assessment premiums without penalty or interest charges to a date that is business appropriate.

As of April 21, 2020, the duration and extent of the COVID-19 impact is uncertain. The Board is unable to estimate the impact that the virus and related stimulus efforts will have on its funded position going forward.

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