



Yukon

**Comptes publics du
gouvernement du Yukon**
2022–2023



YUKON PUBLIC ACCOUNTS
for the year ended March 31, 2023



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Department of Finance

November 22, 2023

The Honourable Adeline Webber
Commissioner of Yukon

I have the honour to submit herewith the Yukon Public Accounts for the fiscal year ended March 31, 2023.



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
Consolidated Financial Statement Discussion and Analysis
for the year ended March 31, 2023

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 further explain information contained in the Consolidated Financial Statements, which are presented in Part Two of the Yukon Public Accounts. This is intended to assist readers in their analysis of the Yukon's fiscal health. To do this effectively, this report presents a highlights summary, assessment of fiscal health, indicators of financial and economic conditions, details section, and a summary of risks and mitigation. The Yukon Public Accounts, produced annually, provides clarity and transparency for Yukoners by comparing the financial results for the 2022–23 fiscal year against the 2022-23 Main Estimates (Budget) and against the previous year's financial results as restated per the adoption of several new accounting standards. The Government is responsible for the accuracy, objectivity, and integrity of this information.

During 2022-23 several new public sector accounting standards were adopted which have had significant impact on the calculation and presentation of these financial statements. Most prominent was PS 3280 Asset Retirement Obligation which introduced a new estimated liability with offsetting increase in related tangible capital assets and decrease in accumulated operating surplus. Another standard PS 3041 Portfolio Investments has introduced the requirement to report certain investments at their fair value. Meanwhile, PS 1201 Financial Statement Presentation and PS 3450 Financial Instruments have led to the introduction of a new statement (Statement of Remeasurement Gains and (Losses)) and numerous new disclosure requirements around the risks related to financial instruments. Specific details can be found in the Notes to the Consolidated Financial Statements in Note 2 Significant accounting policies, Note 3 Adoption of accounting standards, Note 15 Asset retirement obligation liabilities and Note 28 Risk management of financial instruments.

2022-23 Highlight Summary

Financial Results					
(thousands of dollars)	2023		2022 Restated	Change from	
	Budget	Actual	(Note 3) Actual	Budget	2022 Restated Actual
Revenues	1,841,996	1,910,077	1,767,827	68,081	142,250
Expenses ¹	1,774,997	1,787,214	1,715,209	12,217	72,005
Surplus / (Deficit)	66,999	122,863	52,618	55,864	70,245
Accumulated Surplus		2,029,392	1,904,666		124,726
Net Financial Assets		10,743	98,881		(88,138)

¹ Expenses shown net of Recovery of Prior Years' Expenses

The Government is reporting an annual surplus of \$122.9 million on a revenue base of approximately \$1.9 billion.

The \$55.9 million difference between the \$122.9 million surplus and the expected \$67 million surplus presented in the 2022-23 budget is due to higher revenues (\$68.1 million, or 3.7%), offset by higher than anticipated expenses (\$12.2 million, or 0.7%).

Revenues were higher than budgeted largely due to higher than expected transfers from the Government of Canada and higher tax revenue; while funding and service level agreements with other parties and sale of land resulted in less revenue than expected.

Expenses were higher than budgeted, and the functions with the largest increases compared to the 2022-23 budget were general government, health and social services, and natural resources.

The surplus of \$122.9 million is \$70.2 million higher than the \$52.6 million restated surplus in 2021-22. Total revenues compared to the previous year as restated increased by \$142.3 million (8.1%), while total expenses increased by \$72.0 million (4.2%).

The increases in revenue were driven by a \$130.1 million increase in funding from the Government of Canada while just over half (54.9%) of the year-over-year increase in expenses was in the health and social services function.

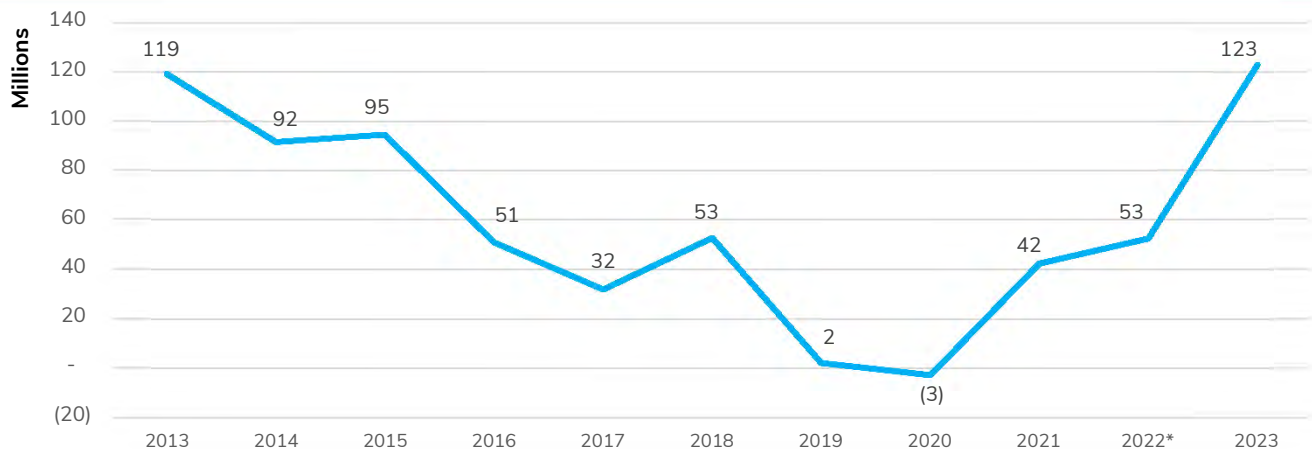
The Government continues to be in a net financial asset position although net financial assets decreased during 2022-23 to a balance of \$10.7 million at March 31, 2023 (\$98.9 million as restated at March 31, 2022).

Highlights

Surplus (Deficit)

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

Surplus (Deficit)

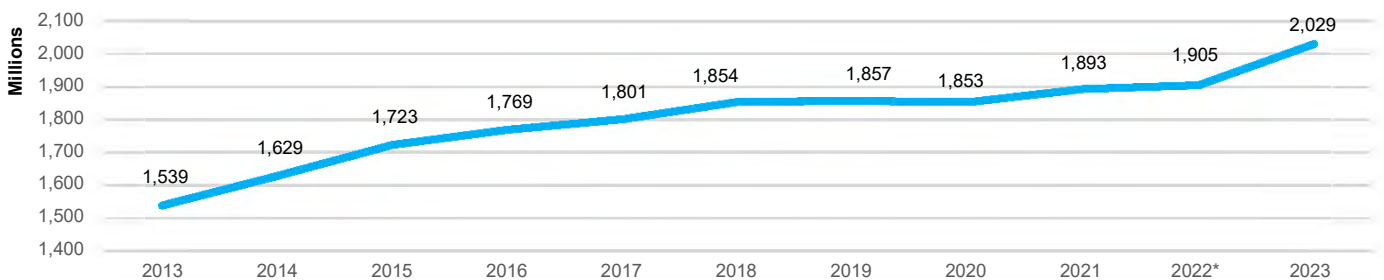


* 2022 restated due to adoption of PS 3280

The surplus of \$122.9 million for the year was \$70.2 million higher than the previous year's restated surplus of \$52.6 million, and \$55.9 million higher than the budgeted surplus of \$67.0 million. A surplus is driven by two factors - revenues and expenses. The Government's revenue is largely made up of the formula financing grant from the Government of Canada and tends to be stable over time. Expenses are a result of direct government spending and transfers to service territorial needs. Compared to 2021-22, the current year increase in surplus is largely due to increased revenues in the form of transfers from the Government of Canada offset to a degree by increased expenses, particularly in the health and social services and general government functions.

Accumulated Surplus

An accumulated surplus represents the government's reported net economic resources. An accumulated surplus is the net of all past surpluses and deficits and is a measure of economic resources to provide future services.



* 2022 restated due to adoption of PS 3280

As of March 31, 2023, the Government is reporting an accumulated surplus of \$2.029 billion which is an increase of \$124.7 million from the previous year's restated accumulated surplus of \$1.905 billion. The increase in accumulated surplus during 2022-23 is due to the current year's annual operating surplus of \$122.9 million, plus the net remeasurement gain of \$1.0 million and the \$0.8 million adjustment on adoption of PS 3041 Portfolio investments (Note 3(b)).

Highlights

The Accumulated Surplus consists of net financial assets and non-financial assets. Net financial assets are the Government's financial assets less liabilities as per the Statement of Financial Position. Non-financial assets are predominately tangible capital assets.

Net Financial Assets

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



* 2022 restated due to adoption of PS 3280

The net financial assets of the Government is calculated as:

- The financial assets consisting of cash and cash equivalents, portfolio investments, due from Government of Canada, accounts receivable, advances to government business enterprises, loans receivable, inventories for resale, retirement benefit assets, and investment in government business enterprises; offset by
- The liabilities consisting of due to Government of Canada, accounts payable and accrued liabilities, unearned revenues, environmental liabilities, asset retirement obligation liabilities, post-employment benefits and compensated absences, retirement benefit liabilities, borrowings, and liabilities for leased tangible capital assets.

The net financial assets originally reported as of March 31, 2022 was \$163.5 million but due to the impact of the retroactive adoption of PS 3280 Asset retirement obligations of \$64.6 million, it is restated as \$98.9 million. The year-over-year decrease of \$88.1 million in 2022-23 is primarily a result of the increase in liabilities driven by accounts payable and accrued liabilities and unearned revenues outstripping the modest net increase in financial assets.

The table below provides more information on the financial assets, liabilities, and the resulting net financial assets for each year in the chart above.

(Thousands)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022*	2023
Financial Assets	646,624	711,245	780,119	731,248	698,324	684,562	720,000	667,475	749,698	828,914	836,603
Liabilities	365,512	365,556	391,031	401,239	424,272	436,931	501,550	495,587	566,953	730,033	825,860
Net Financial Assets	281,112	345,689	389,088	330,009	274,052	247,631	218,450	171,888	182,745	98,881	10,743

* 2022 restated due to adoption of PSAS 3280

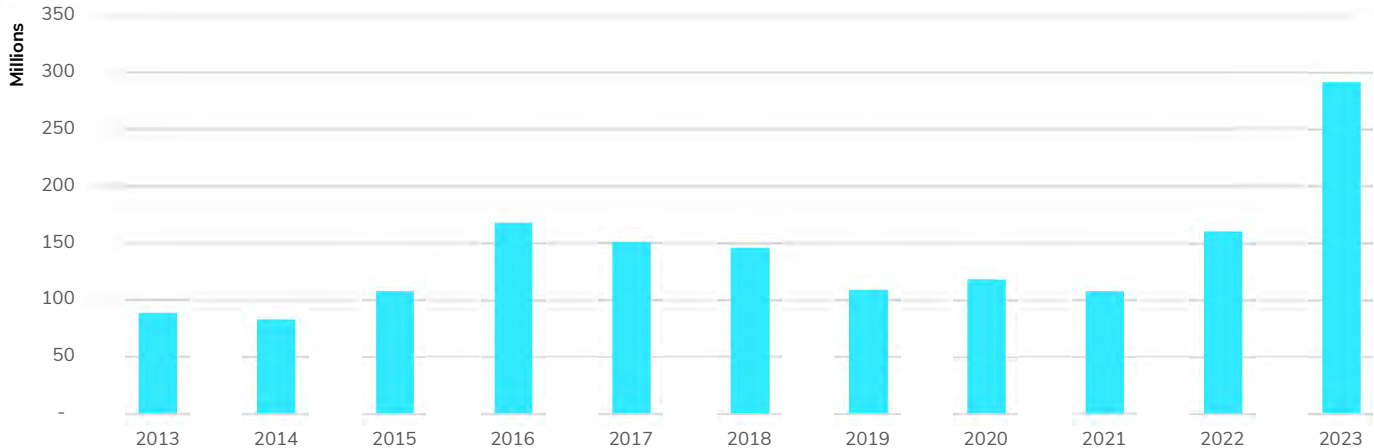
Highlights

Investment in Tangible Capital Assets

The Government invests in government owned capital, also known as tangible capital assets.

The Government's total annual capital spending consists of investments in tangible capital assets and the amounts the Government transfers to third parties (i.e., municipalities, First Nations) for capital purposes.

Investment in Tangible Capital Assets



In 2022-23, the Government recorded tangible capital asset additions of \$291.1 million for the acquisition and development of assets such as buildings and transportation infrastructure, IT assets, equipment and vehicles, compared to \$160.4 million in 2021-22.

Expenditures in 2022-23 on multi-year capital projects included: \$41.7 million on the Whitehorse Airport Runway project, \$20.3 million on the Whistle Bend School project, \$33.2 million on the Dempster Fibre project, \$19.7 million on the Carmacks Bypass project, \$12.4 million on the Old Crow 10 Plex, \$11.7 million on the Old Crow Health Centre, and \$3.5 million on modular trailers at Robert Service School.

Also in 2022-23, the Government's construction work on various road and highways cost over \$39.5 million, while bridge work on the Alaska, Klondike, and Robert Campbell highways cost in excess of \$71.4 million, including \$49.6 million for the Nisutlin Bay Bridge.

Assessment of Fiscal Health

Caution to Reader

Yukon estimated GDP growth rates can experience substantial revisions as additional economic data becomes available. Statistical revisions are carried out regularly in the Canadian System of Macroeconomic Accounts (CSMA) in order to incorporate the most current information from censuses, annual surveys, administrative statistics, public accounts, etc. The most recent benchmark year for which the input-output structure of Yukon's economy is measured is 2019 and therefore it is the most current year for which the contributions of different industries to GDP may be accurately measured. GDP calculations for subsequent years are projections based on the structure of Yukon's economy in 2019 and changes in prices and output volumes in intervening years. Substantial revisions to these estimates can occur if there are major changes to the structure of the economy; for example, the opening or closing of a large mine after the most recent input/output accounts reference year.

StatsCan table 36-10-0222-01 released November 8, 2022 updated GDP history for all jurisdictions from 2011 to 2021; the tables that follow have incorporated these updated figures for Yukon.

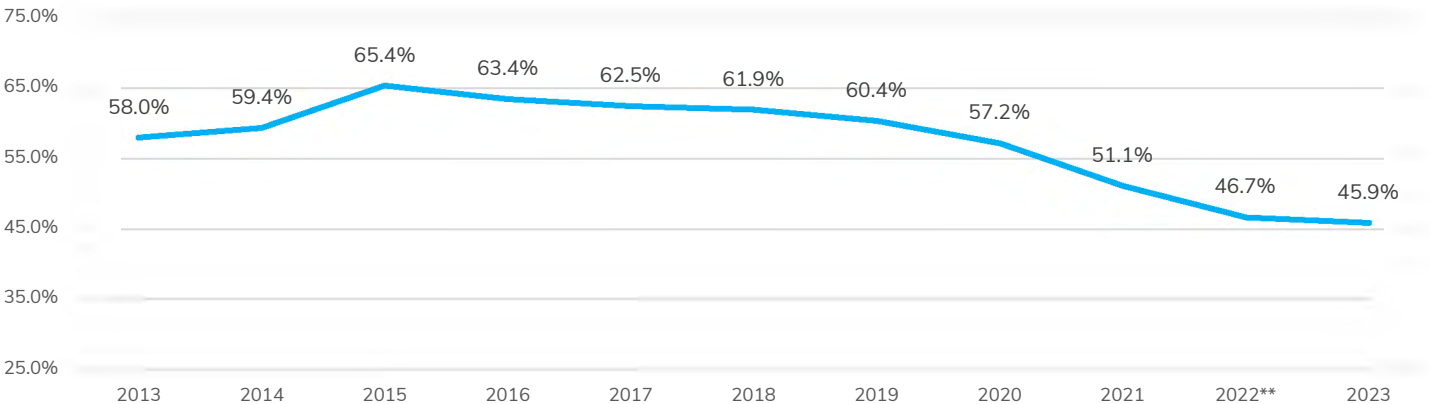
Assessment of Fiscal Health

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 Nominal GDP*

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



* Forecasted Nominal GDP: 2022-\$4,078 million; 2023-\$4,420 million

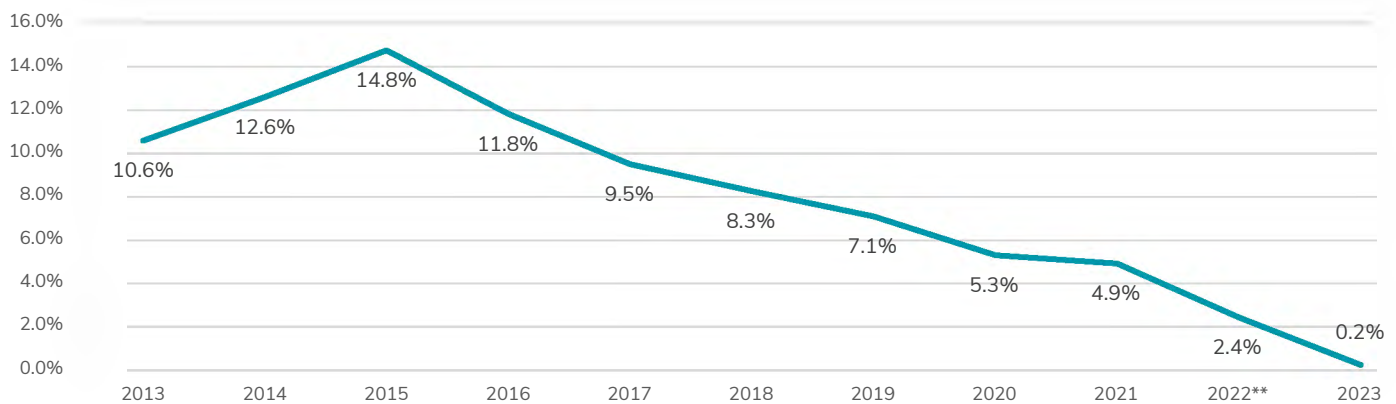
** 2022 restated due to adoption of PS 3280

The accumulated surplus measures the sum of all current and prior years' operating results and remeasurement gains and (losses). Gross Domestic Product (GDP) is a measure of the value of the goods and services produced during a year and is a commonly used measure of the size of the Territory's economy. The trend of this ratio provides an indication of whether the accumulated surplus is growing faster or slower than the economy.

This trend highlights that the accumulated surplus, while still growing as illustrated previously, is declining in relation to the Territory's GDP. This would indicate that the economy is growing faster than the Government's accumulated surplus.

Net Financial Assets to the Territory's Nominal GDP*

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



* Forecasted Nominal GDP: 2022-\$4,078 million; 2023-\$4,420 million

** 2022 restated due to adoption of PS 3280

The net financial assets 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.

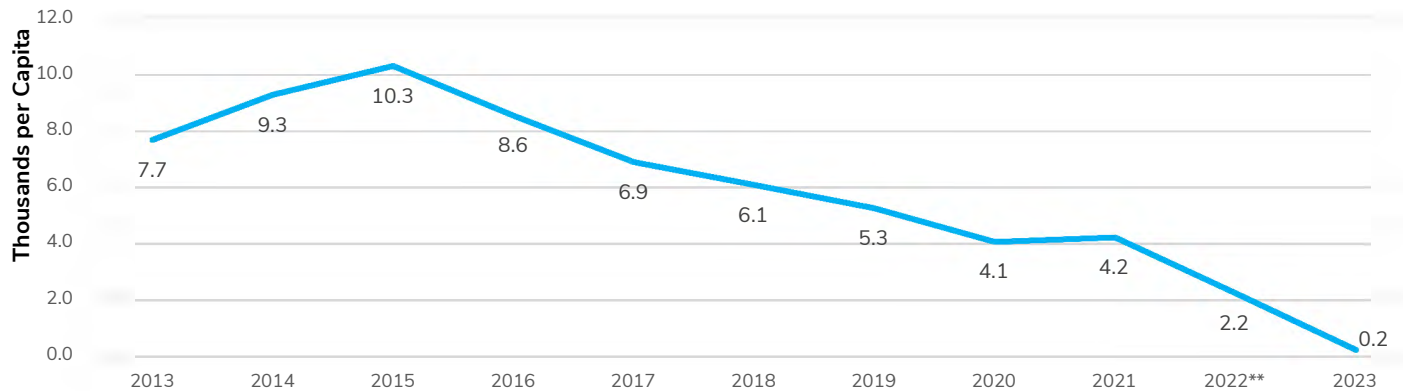
The downward trend implies that the Government continues to consume its resources and that the GDP continues to grow. Should the ratio go negative (as it has in the majority of Canadian jurisdictions) the meaning of the indicator will change and it will become a measure of the portion of the GDP that would be required to return the Government to a positive net financial asset position.

Assessment of Fiscal Health

Sustainability (continued)

Net Financial Assets per Capita*

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



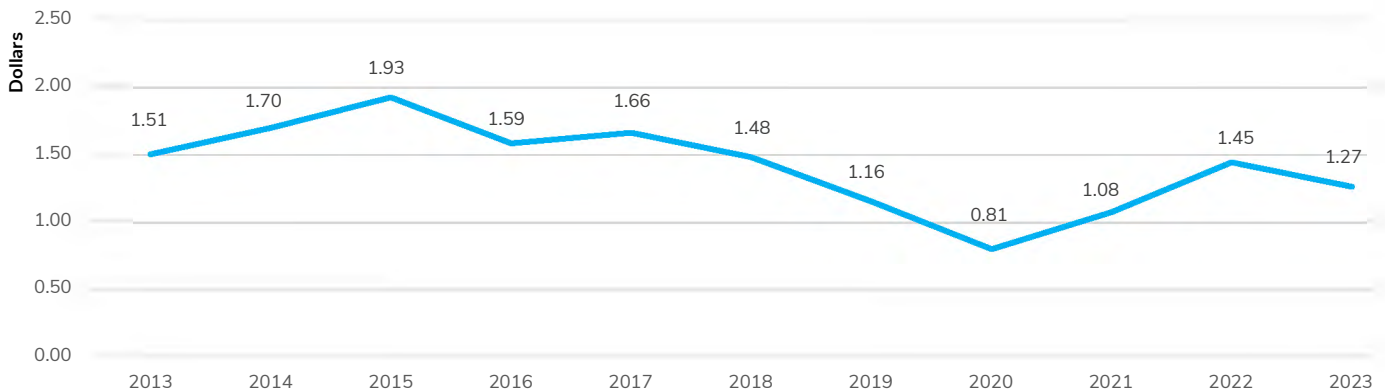
* Forecast 2023 population

** 2022 restated due to adoption of PS 3280

The downward trend of the ratio indicates that the Government's net financial assets available per capita is decreasing as the population continues to grow (as per the chart depicted later).

Liquidity Ratio - Current Assets to Borrowing Limit Total Debt

In this graph, current assets consist of cash and cash equivalents, due from Government of Canada and accounts receivable. The borrowing limit total debt is as defined in Note 19 to the Consolidated Financial Statements using the Yukon Borrowing Limits Regulations which includes debt of all entities of the government.



Liquidity ratio is intended to show the Government's ability to meet its financial obligations. A higher ratio is desirable as it shows that the Government has sufficient financial resources to discharge its long-term obligations without having to use further financing. The 2022-23 ratio indicates that the Government had \$1.27 in current assets for each \$1.00 of total debt.

On March 31, 2023, as per Note 19 to the Consolidated Financial Statements; the government has total debt of \$233.5 million (2022 - \$216.4 million) which is 29.2% (2022 - 27.0%) of the limit allowed.

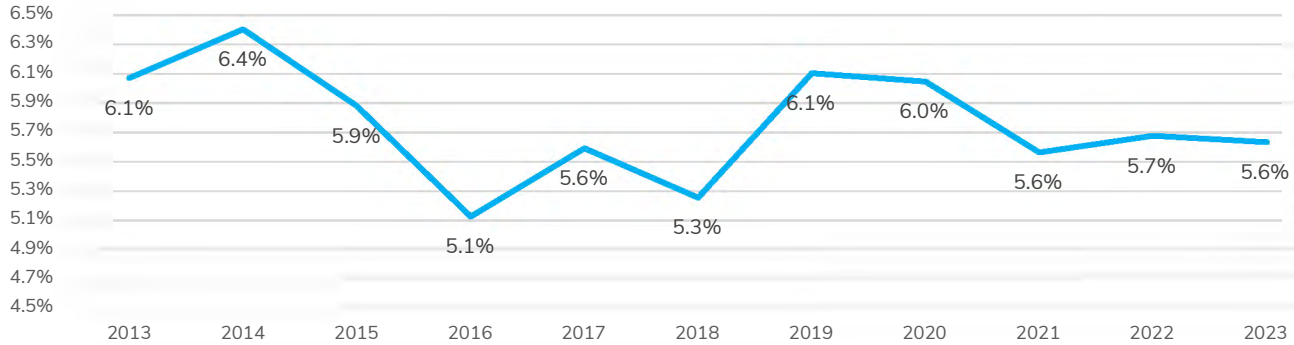
Assessment of Fiscal Health

Flexibility

Flexibility is a measure indicating the room that the Government has to maintain its services by increasing its demands on the economy through changes to fees or taxes.

Own-Source Revenue to the Territory's Nominal GDP*

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



* Forecasted Nominal GDP: 2022-\$4,078 million; 2023-\$4,420 million

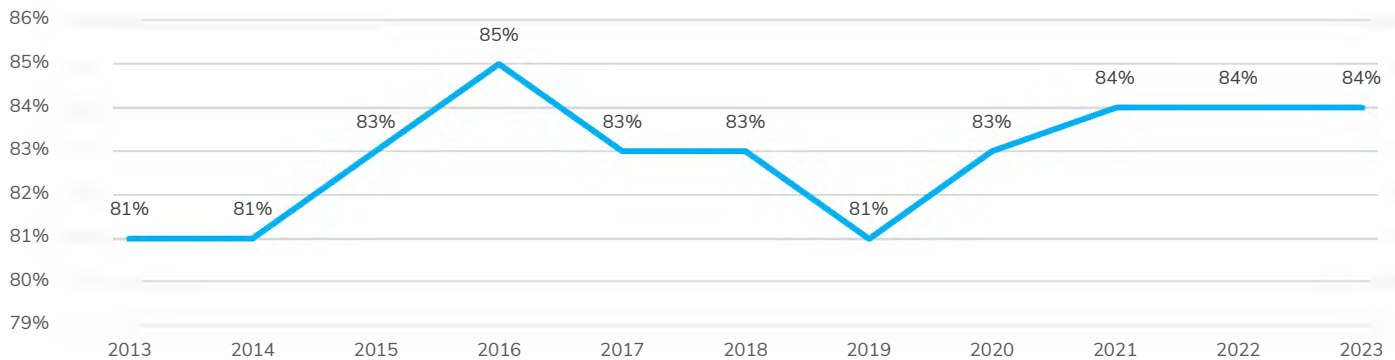
This ratio indicates to what extent the Government is taking economic resources out of the territory's economy through user fees or taxation. This ratio is relatively constant over time, indicating that the Government has not changed its demands on the economy. The ratio is also relatively low compared 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

In this graph, transfers from the Government of Canada include the formula financing grant, other grants such as Canada health, Canada social and cannabis transfers and contributions and service agreements with the Government of Canada.



In 2022-23, the Government again received 84% of its revenue from the Government of Canada which was within the range of 81% to 85% that has occurred over the past decade. This ratio is consistently high, indicating a reliance on the federal government to finance the Government's activities. While the Government has little control over these transfers which poses a risk, it also represents a relatively stable source of revenue from the Government of Canada, a senior level of government.

Indicators of Financial and Economic Conditions

Credit Ratings - July 2023*

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

*Ratings reflect the latest credit ratings as per Government of Nova Scotia Public Accounts 2022-23

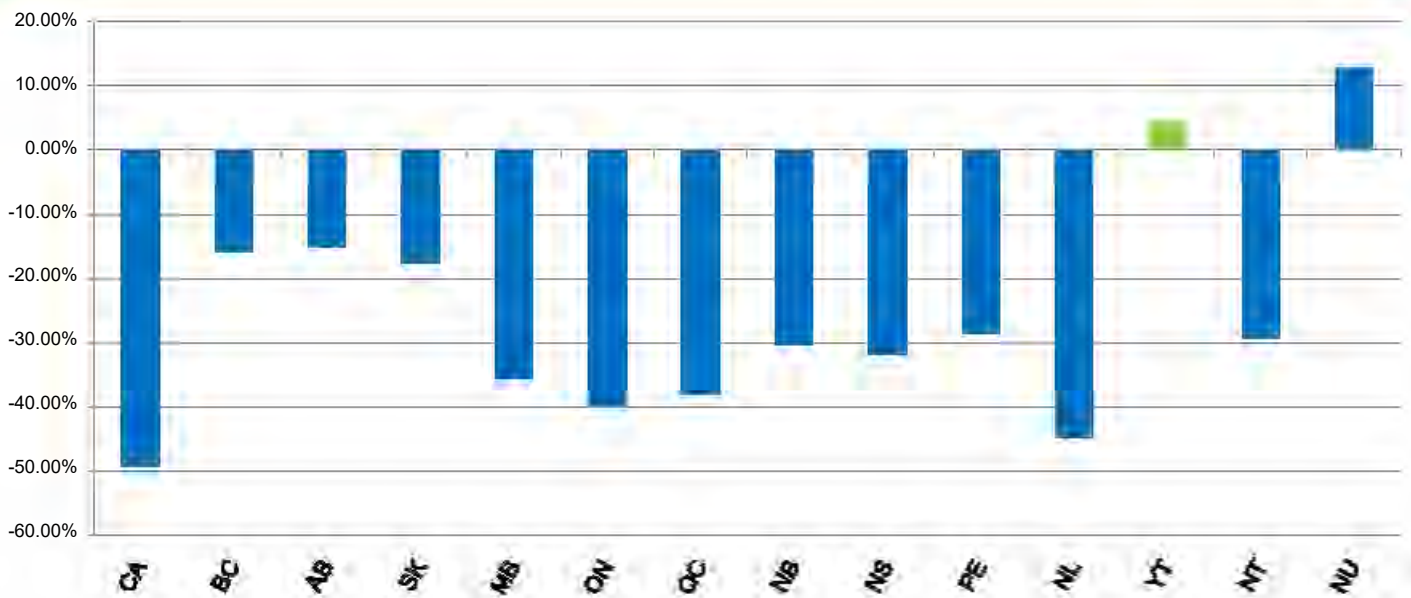
On July 25, 2023, S&P Global Ratings affirmed its 'AA' long-term issue credit rating of Yukon Territory. In its summary, the rating agency states that "an extremely predictable and supportive institutional framework, along with strong direct support from the federal government, continues to underpin Yukon's credit profile." The Rating agency highlighted that the "economy remains tied to mining sector, but rebounding tourism should provide a lift" and also stated "revised capital plan reins in spending, improving after-capital balances."

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 financial assets (net debt) to GDP ratio. Yukon and Nunavut are the only jurisdictions that have a positive ratio. A positive ratio indicates net financial resources available to finance future operations and obligations. A negative ratio indicates that the government must rely on future revenues to discharge existing liabilities.

NOTE: Updated information was not available at time of publication so 2021 data is repeated.

Federal / Provincial / territorial Governments Net Financial Assets (Debt) to GDP Ratio for Calendar Year 2021



Statistics Canada. Table 36-10-0222-01 Gross domestic product, expenditure-based, provincial and territorial, annual (x 1,000,000)

<https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3610022201>

Indicators of Financial and Economic Conditions

Population and Unemployment rate (Calendar Year)

Yukon's population has posted annual gains averaging 2% over 19 consecutive years. In 2023, total population is forecast to reach 44,900.

Yukon's unemployment rate (UR) averaged 4.5% in 2022 which was below the national average of 5.3%; both of which reflected almost a full recovery from the impact of COVID-19 despite the high inflation concerns. As noted in the chart below, since 2013, 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.

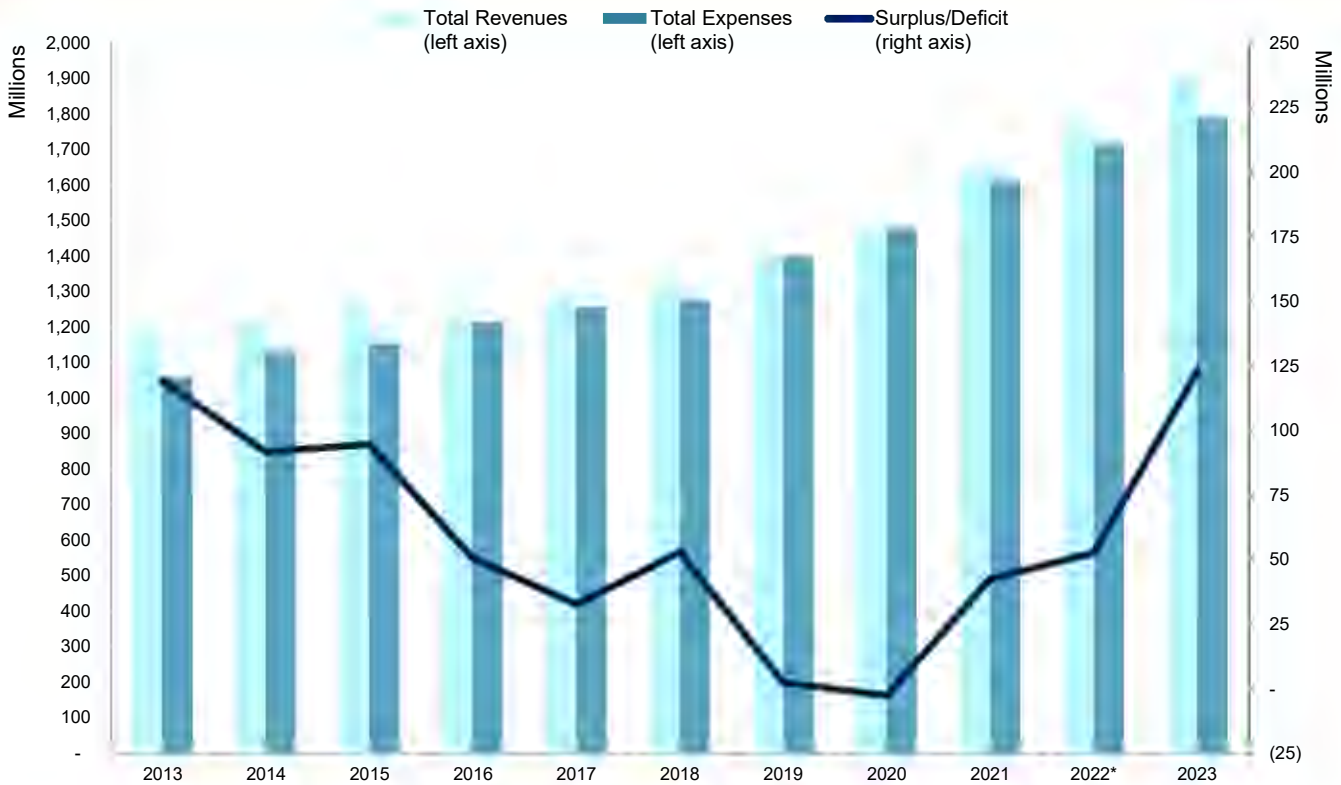
The surplus of \$122.9 million for the year was an increase of \$70.2 million from the previous year's restated surplus of \$52.6 million and \$55.9 million higher than the budgeted surplus of \$67.0 million. Revenues increased by \$142.3 million from the previous year's actual and were \$68.1 million higher than budgeted. Expenses (net of prior years' expense recoveries) of \$1.787 billion for the year were higher than the initially budgeted amount of \$1.775 billion.

Major revenue variances between the current and prior year include a \$95.9 million (44.0%) increase in contributions and service agreements revenues from the Government of Canada, a \$56.5 million (5.1%) increase in the formula financing grant and \$20.5 million (15.8%) increase in income tax revenues. These were offset somewhat by less revenue in the following areas: other grants from the Government of Canada decreased \$22.3 million (15.4%) and income from investments in government business enterprises decreased by \$8.4 million (34.7%) from the previous year.

Expenses increased year-over-year by \$72.0 million (4.2%) with expenditures for health and social services contributing \$39.7 million (54.9%) of the increase. General government and community and transportation also had significant increases compared to prior year expenditures.

The chart below illustrates the trend between revenues and expenses over the last decade.

Revenues and expenses



* 2022 restated due to adoption of PS 3280

Details

Carbon Price Rebate Program

The Parliament of Canada passed the *Greenhouse Gas Pollution Pricing Act* (Canada) in 2018. In response to this, the Yukon Legislature passed the *Yukon Government Carbon Price Rebate Act* (Yukon), which outlines how the government will rebate all amounts received from the Government of Canada for greenhouse gas pollution pricing. The intent of this Act is to ensure that all carbon levy funds received are treated as pass-through funding to Yukoners with no funds being retained by the Government and there being no impact on its surplus (deficit).

The *Yukon Government Carbon Price Rebate Act* (Yukon) created a restricted fund. The purposes of the Carbon Price Rebate Revolving Fund are the payment or crediting, on a revenue neutral basis and in accordance with this Act and the *Income Tax Act*, of amounts, on account of certain amounts that the Government receives from the Government of Canada under the federal Act. During fiscal 2019-20, the first amounts were received from the Government of Canada and shortly thereafter rebates began to be distributed. There were originally four main eligible groups: businesses, individuals, municipal governments, and Yukon First Nation governments until 2022-23 when a fifth was added, mining businesses.

The following is a summary of each year's activity and the status of the revolving fund as of March 31, 2023.

Revolving Fund Balance

(thousands of dollars)

	Cumulative to				
	March 31, 2023	2022-23	2021-22	2020-21	2019-20
Opening Liability	-	18,885	6,919	2,783	-
Carbon amounts received from the Government of Canada					
Business Allocation	31,587	11,687	11,470	6,210	2,220
Mining Business Allocation	747	747	-	-	-
Individuals Allocation	28,948	11,389	10,121	5,479	1,959
Municipal Governments Allocation	1,961	790	675	365	131
First Nations Governments Allocation	1,085	695	224	122	44
Subtotals	<u>64,328</u>	<u>25,308</u>	<u>22,490</u>	<u>12,176</u>	<u>4,354</u>
Rebates distributed to eligible groups					
Business	11,069	6,968	3,003	980	118
Mining Business Allocation	-	-	-	-	-
Individuals	26,058	10,910	6,932	6,807	1,409
Municipal Governments	1,171	675	365	131	-
First Nations Governments	1,085	695	224	122	44
Subtotals	<u>39,383</u>	<u>19,248</u>	<u>10,524</u>	<u>8,040</u>	<u>1,571</u>
Closing Liability	<u>24,945</u>	<u>24,945</u>	<u>18,885</u>	<u>6,919</u>	<u>2,783</u>
Liability by eligible group					
Business Allocation	20,518 *	4,719	8,467	5,230	2,102
Mining Business Allocation	747 **	747	-	-	-
Individuals Allocation	2,890	479	3,189	(1,328)	550
Municipal Governments Allocation	790	115	310	234	131
First Nations Governments Allocation	-	-	-	-	-
Annual Net Activity	<u> </u>	<u>6,060</u>	<u>11,966</u>	<u>4,136</u>	<u>2,783</u>
Total Liability	<u>24,945</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

* Fiscal Policy estimates \$18,719,260 of this amount has been claimed but has not been confirmed by CRA.

** Fiscal Policy estimates \$144,060 of this amount has been claimed but has not been confirmed by CRA.

Details

Impact of COVID-19

The impact of the COVID-19 pandemic was most severe during fiscal 2020-21 and while diminished in fiscal 2021-22, it was still significant, as the Government continued to provide several programs aimed at supporting individuals, businesses, and the economy in general. Some of these programs were ongoing in 2022-23 and will become permanent components of future budgets.

Revenues

In 2022-23, the Government's total revenues increased compared to the previous year by \$142.3 million (8.0%) to \$1.910 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 2022-23, the Government received \$1,174.1 million from the formula financing grant, an increase of \$56.5 million (5.1%) from the previous year. The Canada Health Transfer was \$53.4 million, and the Canada Social Transfer was \$18.0 million. These transfers increased from the previous year by a total of \$5.5 million (8.4%). The Government received \$25.3 million of carbon levies, \$15.0 million for affordable housing in the North and \$7.0 from Public Safety Canada.

In addition, 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 \$95.9 million (44.0%).

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 \$17.5 million (7.6%) to \$249.0 million. This was largely due to a \$20.5 million increase in income taxes and a \$3.9 million increase in investment and interest revenue offset by a \$7.7 million decrease in resource revenue.

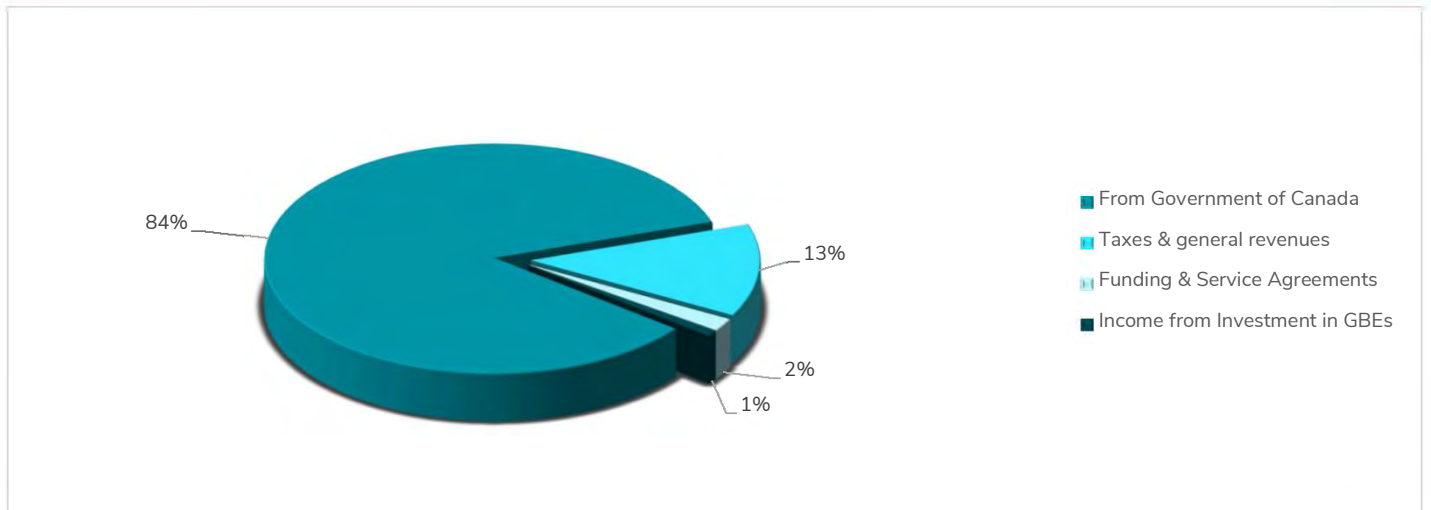
Funding and service agreements with other parties increased from the previous year by \$3.0 million (9.6%) to \$34.4 million.

The income from investment in government business enterprises reported as revenue in the consolidated financial statements represents the surpluses of government corporations that are categorized as government business enterprises ("GBE"). GBEs include the Yukon Liquor Corporation ("YLC") and the Yukon Development Corporation ("YDC"), which includes the Yukon Energy Corporation in its results. Income from YLC was \$7.7 million while the income from YDC was \$8.1 million.

Revenues were higher than budgeted by \$68.1 million. This was primarily due to higher revenues from the Government of Canada and taxes and general revenues, offset by lower revenues from sale of land, resource revenue, funding and service agreements with other parties and income from investment in GBEs.

In 2022-23, the composition between different types of revenue remained consistent with previous years.

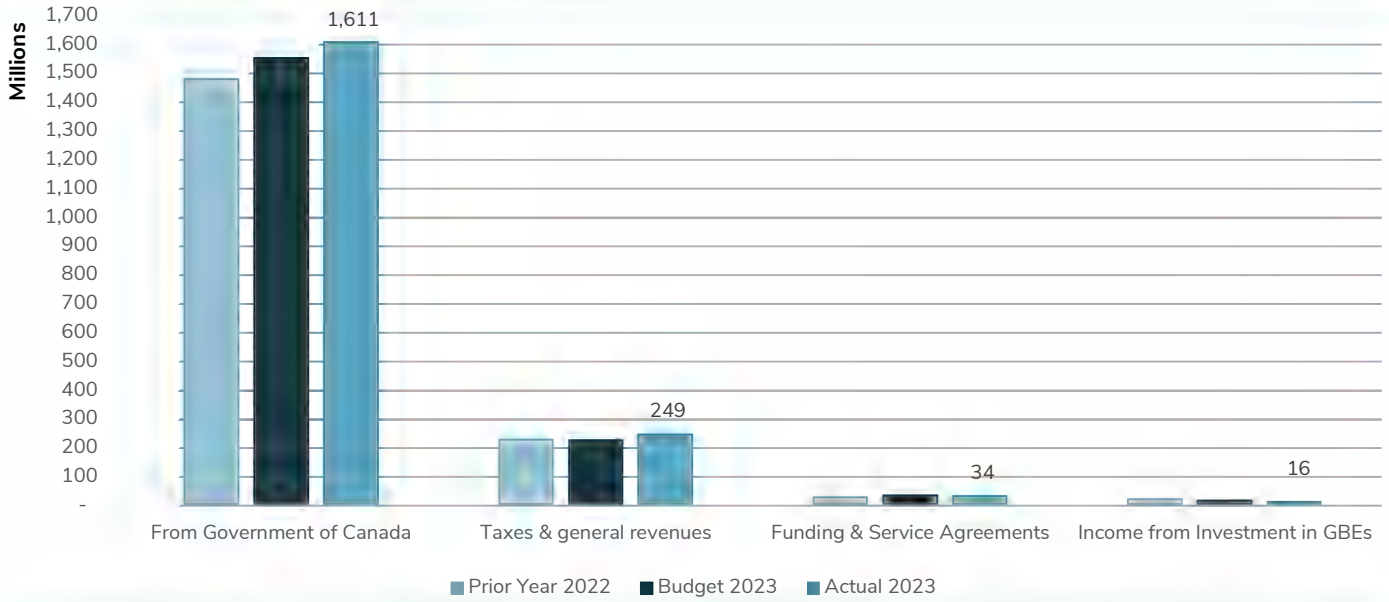
Revenue by source percentages



Details

Revenues continued

Revenue by source - comparison to budget and prior year



Revenue by source five year trend comparison



Details

Expenses

In 2022-23, the Government's expenses increased compared to the restated previous year by \$72.0 million (4.2%) to \$1.787 billion.

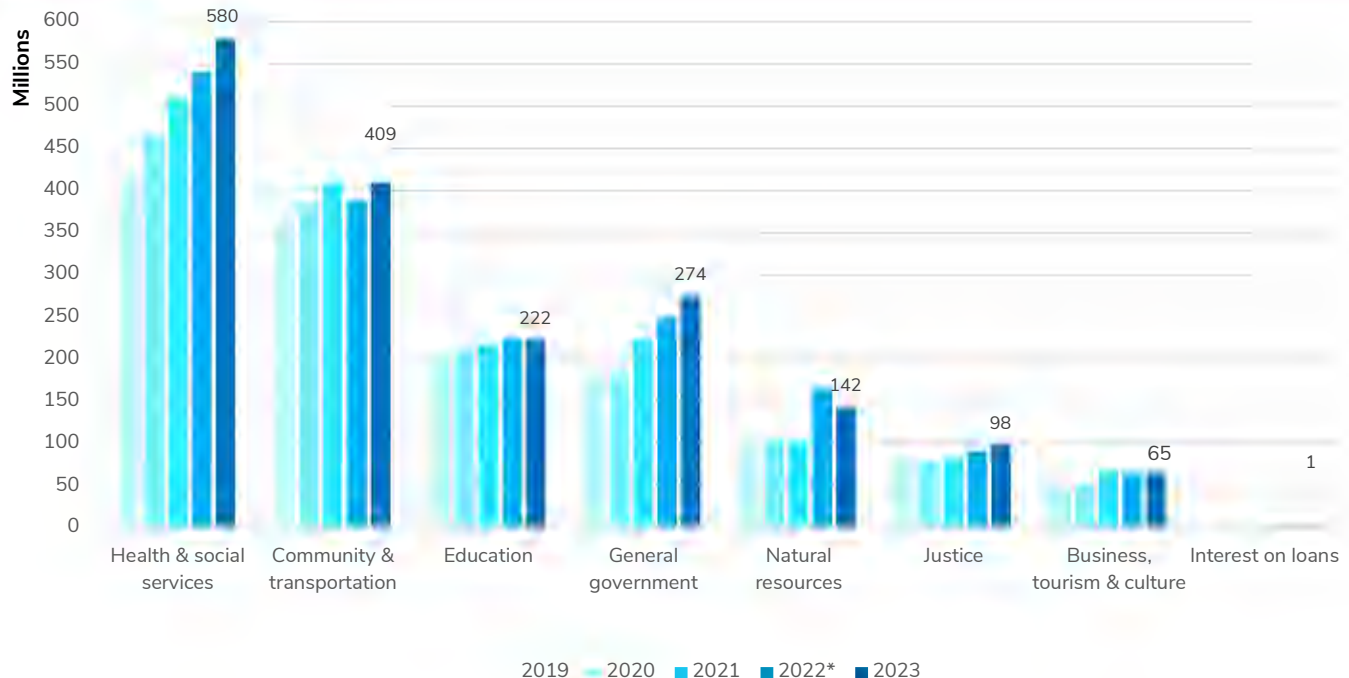
Expenses by function comparison



Five functions had 2022-23 expenses that exceeded the previous year's restated expenses while three had decreases. The largest increase was in the health and social services function, with an increase of \$39.7 million (7.3%), followed by a \$26.3 million (10.6%) increase in general government, a \$22.9 million (5.9%) increase in community and transportation, a \$7.6 million (8.4%) increase in justice and a \$1.0 million (1.6%) increase in business, tourism and culture. Natural resources decreased by \$22.8 million (13.8%) while education decreased \$2.5 million (1.1%) and interest on loans decreased \$0.1 million (7.2%).

Expenses by function five year trend comparison

(thousands of dollars)

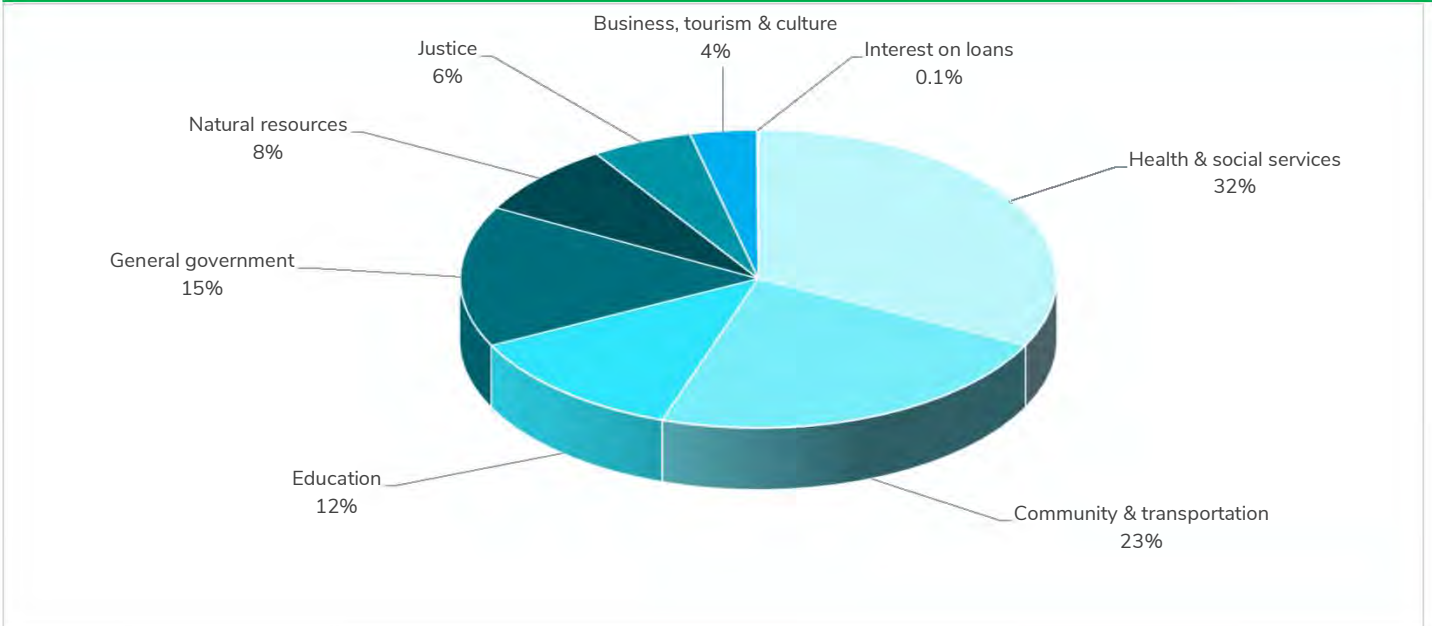


* 2022 restated due to adoption of PS 3280

Details

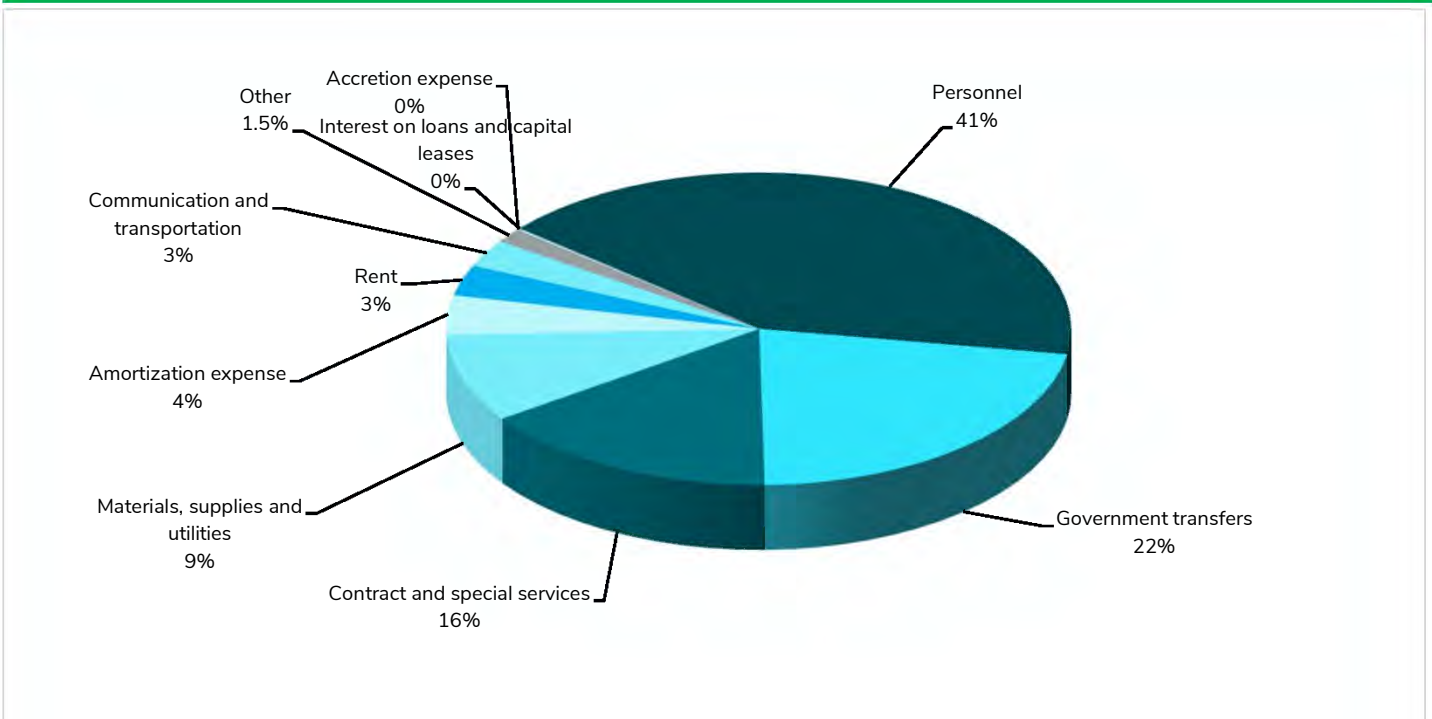
Expenses continued

Expense by function percentages



In 2022-23, the composition of expenses by function remained similar with the previous year, with health and social services and community and transportation representing the largest areas of spending and general government and education representing the next highest level of spending while natural resources, justice and business, tourism and culture retain their positions in the lower areas of expenses. Interest on loans remains at a nominal value.

Expenses by object percentages



As for the type of expenses (as detailed in Note 22 to the Consolidated Financial Statements), the highest increases from the 2021-22 restated expenses were \$40.4 million (11.2%) for government transfer payments, followed by \$26.6 million (3.7%) for personnel costs, \$8.6 million (5.7%) for materials, supplies and utilities, and \$9.6 million (23.6%) for communication and transportation. Decreases were led by contract and special services by \$20.2 million (6.8%) and amortization expense by \$6.7 million (8.4%). The new accretion expense related to the estimated asset retirement obligations had a nominal value of \$1.9 million (2022 - \$1.8 million).

Details

Net Financial Assets and Accumulated Surplus

Adoption of PS 3280 Asset retirement obligations impacted the Government's net financial assets and accumulated surplus as at April 1, 2021 due to modified retroactive implementation (See Note 3(a) to the Consolidated Financial Statements for details).

At March 31, 2023, the Government's financial assets exceeded its liabilities, resulting in net financial assets of \$10.7 million (\$98.9 million restated at March 31, 2022). This important indicator shows that the Government has minimal financial assets on hand to finance future operations.

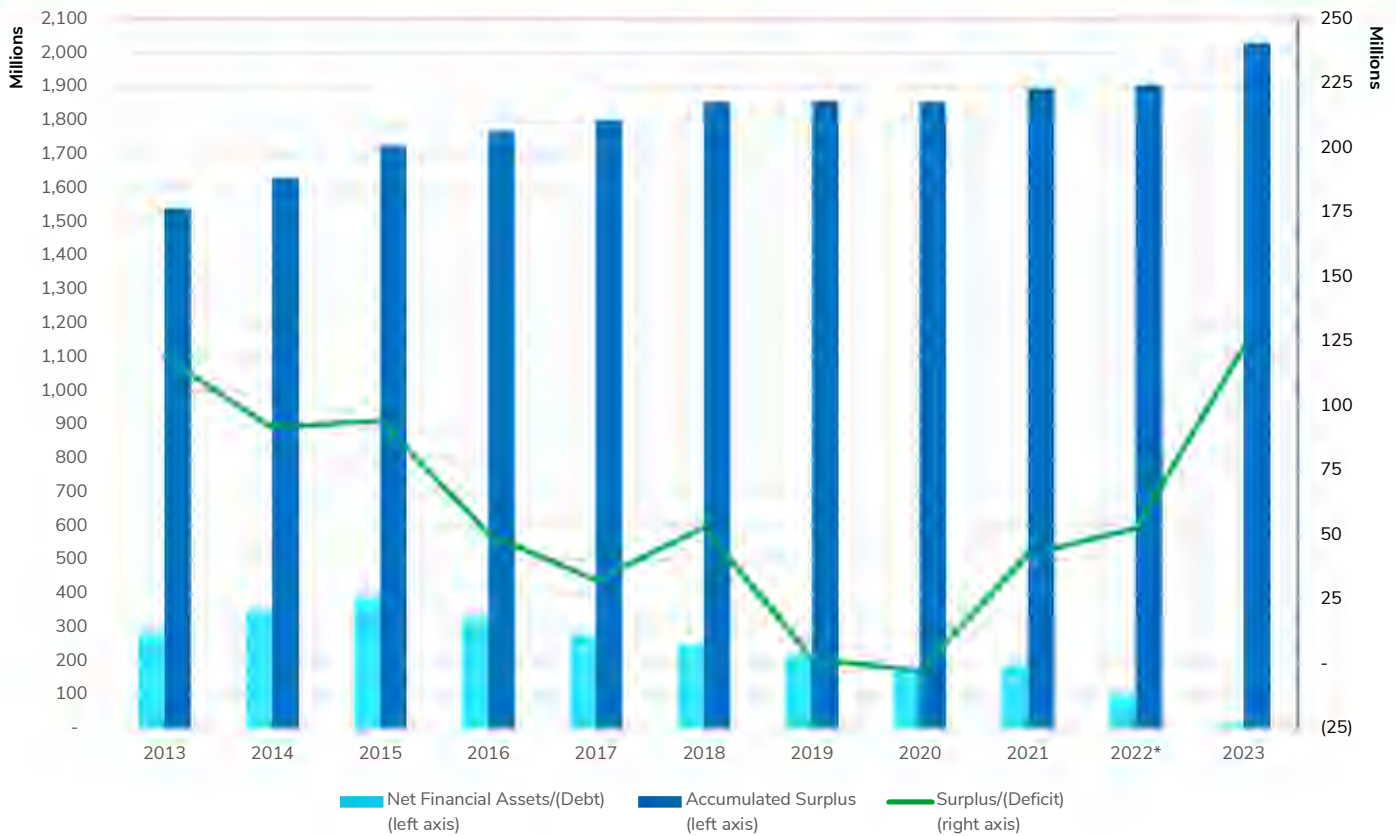
The Government's net financial assets decreased by \$88.1 million in 2022-23. This decrease was due to the increase of \$7.7 million in financial assets offset by the increase in liabilities of \$95.8 million.

The largest changes in financial assets were increases in retirement benefit assets of \$12.3 million, inventories for resale of \$9.9 million and investment in government business enterprises of \$9.1 million with an offsetting decrease of \$9.4 million in loans receivable along with various decreases across the remaining items.

The Government's liabilities increase was largely due to the increase of \$70.5 million in accounts payable and accrued liabilities, \$14.9 million in unearned revenues and \$8.1 million in environmental liabilities.

Accumulated surplus can be calculated as net financial assets plus non-financial assets such as tangible capital assets. The accumulated surplus of the Government at March 31, 2023 was \$2.029 billion (\$1.905 billion restated at March 31, 2022). The \$88.1 million decrease in net financial assets and the \$212.9 million increase in non-financial assets resulted in the \$124.7 million increase in accumulated surplus.

Net Financial Assets, Accumulated Surplus and Surplus (Deficit)



* 2022 restated due to adoption of PS 3280

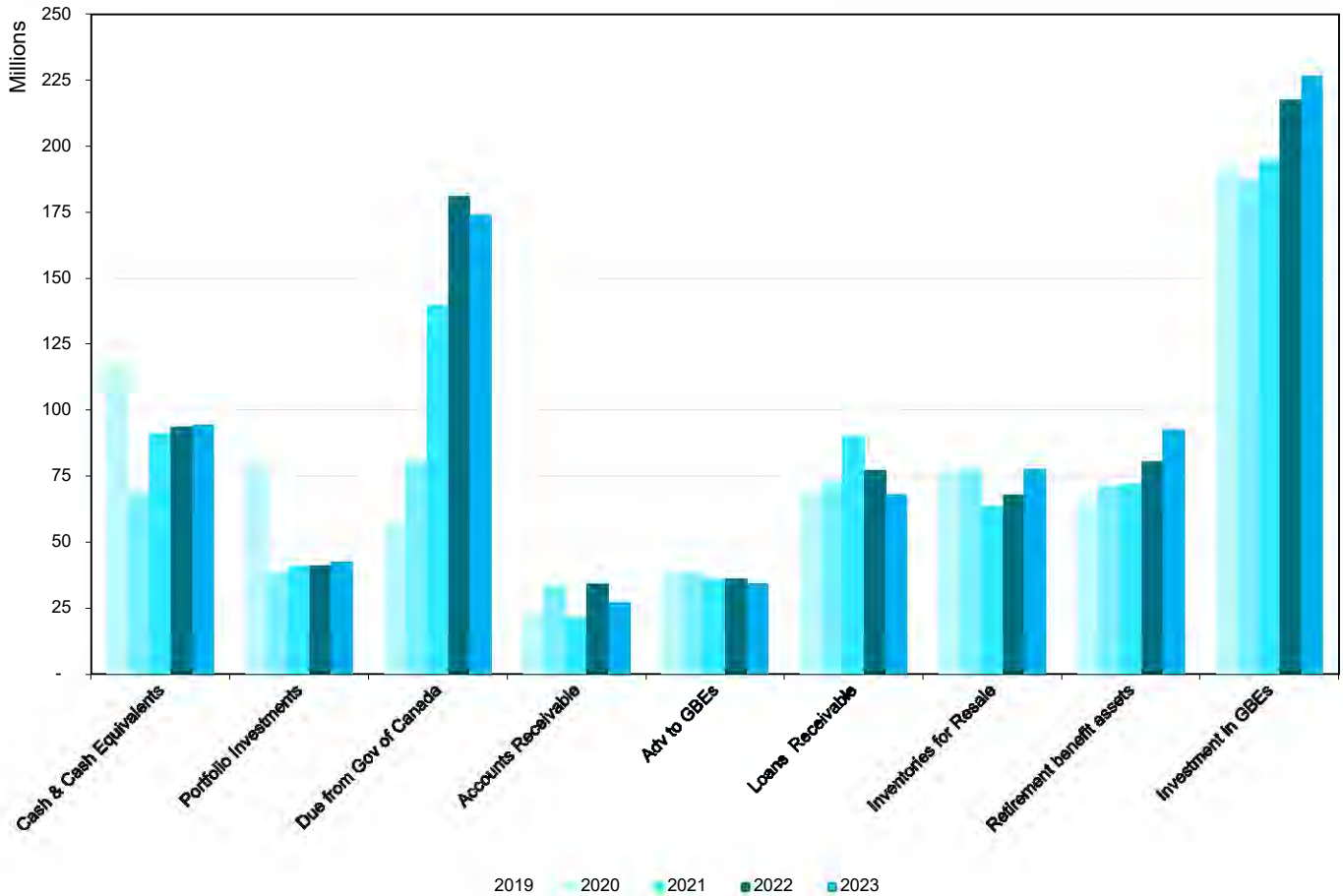
Details

Financial Assets

Financial assets consist of assets available to discharge existing liabilities or to fund future activities. At March 31, 2023, the value of total financial assets was \$836.6 million, which is an increase of \$7.7 million from the previous year. Within financial assets, retirement benefit assets increased by \$12.3 million from the previous year while inventories for resale increased by \$9.9 million, and investment in government business enterprises increased by \$9.1 million. Meanwhile loans receivable decreased by \$9.4 million, due from Government of Canada decreased by \$7.4 million and accounts receivable decreased by \$7.2 million.

In 2022-23, cash and cash equivalents accounted for \$94.4 million, or 11.3% of the total financial assets compared with 2021-22 when they accounted for \$93.5 million or 11.3%.

Financial Assets by type



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, 2023, the Government held \$94.4 million in cash and cash equivalents, which is an increase of \$0.9 million from the previous year.

Temporary investments

Temporary investments are no longer required to be reported separately and are now included below with the amounts reported under Portfolio investments.

Due from Government of Canada

At March 31, 2023, the Government had receivables from the Government of Canada in the amount of \$173.8 million, most of which were outstanding claims on cost-sharing agreements and projects delivered on behalf of the federal government. This was a decrease of \$7.4 million from the prior year.

Accounts receivable

Accounts receivable decreased to \$27.1 million at March 31, 2023 from \$34.3 million at March 31, 2022.

Portfolio investments

Portfolio investments are now reported at fair value as per PS 3041. Temporary investments have been added into this classification. Portfolio investments may include GICs, term deposits, floating rate notes and funds that include bonds and equities.

As at March 31, 2023, the Government held \$42.3 million in portfolio investments compared to \$40.9 million in the previous year reported as temporary investments at fair value of \$4.1 million and portfolio investments at cost of \$36.7 million.

As of March 31, 2023, \$36.2 million of the portfolio investments were specifically designated (\$34.7 million at March 31, 2022) 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 government business enterprises

As of March 31, 2023, the Government has an outstanding balance of \$34.2 million (\$36.2 million at March 31, 2022) on advances made to the government business enterprises.

Loans receivable

The Government has loans receivable of \$67.8 million, of which \$29.3 million, or 43.2%, were Yukon Housing Corporation mortgages receivable, followed by \$19.3 million, or 28.5%, in land sale related loans receivable that are also administered by the Yukon Housing Corporation.

Inventories for resale

Inventories for resale totaled \$77.7 million as of March 31, 2023. This was an increase of \$9.9 million (14.6%) from the previous year. The inventories largely consist of lots being developed by the Government for sale to the public.

Retirement benefit assets

Retirement benefit assets totaling \$92.7 million at March 31, 2023 (\$80.4 million at March 31, 2022) are held in relation to the Government's obligations for future pension benefits for employees of Yukon University and Yukon Hospital Corporation and represent the market value of the investments less the liability of the benefits based on an actuarial valuation.

Details

Financial Assets (continued)

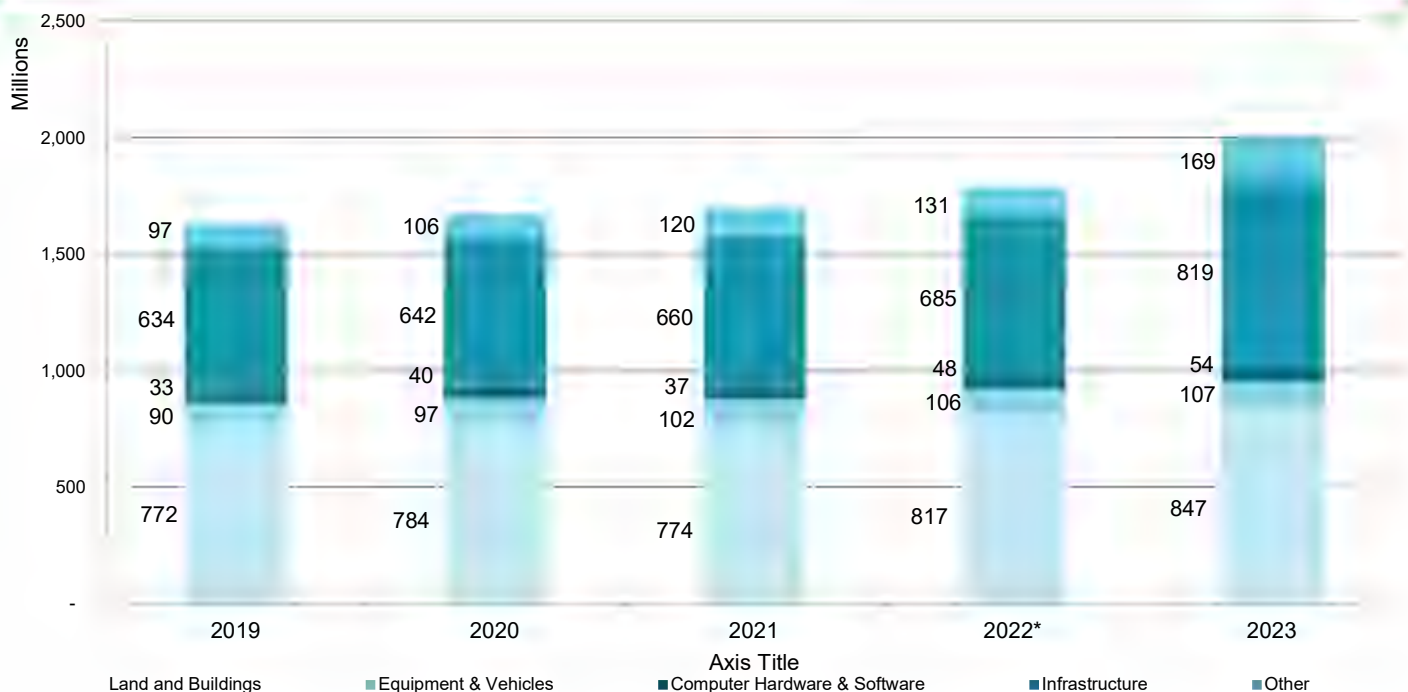
Investment in government business enterprises

Investment in government business enterprises, which are self-sustainable government corporations, represent 100% of the equity of the Yukon Development Corporation ("YDC") and the Yukon Liquor Corporation ("YLC"). YDC had equity of \$224.4 million at March 31, 2023 (2022 - \$215.2 million), and YLC had equity of \$2.1 million at March 31, 2023 (2022 - \$2.2 million). The Yukon Energy Corporation, which supplies and sells power in the Yukon, is the wholly owned subsidiary of YDC.

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



* 2022 restated due to adoption of PS 3280

In 2022-23, the Government made the following investment in tangible capital assets:

Opening balance at April 1, 2022*	\$	1,787	million
Net additions during the year		282	million
Less: Amortization and other adjustments		(73)	million
Balance at March 31, 2023	\$	<u>1,996</u>	million

The Government's \$291.1 million investment was largely spent on infrastructure, buildings, communications technology, computer hardware and software and equipment and vehicles.

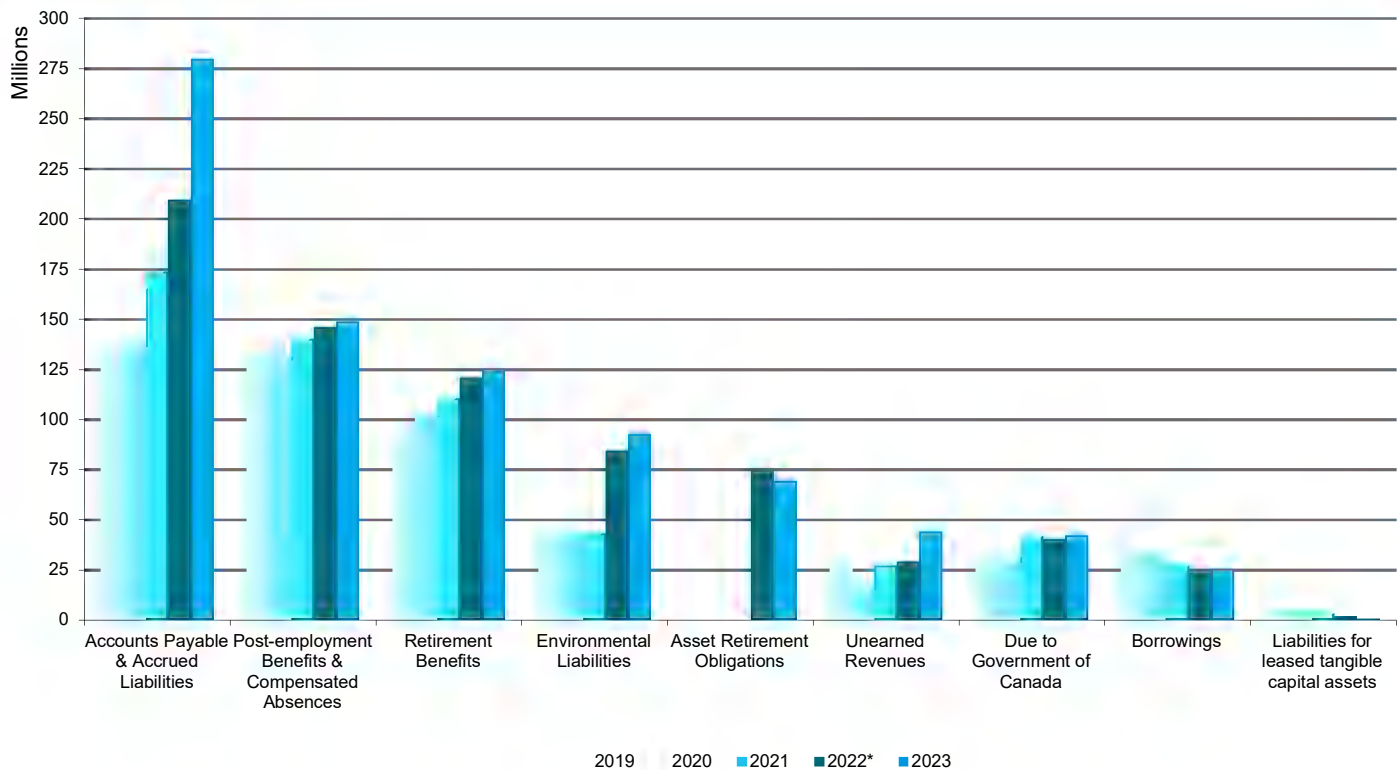
In accordance with the recommendations of the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, the value of transferred Crown land is not reported as a tangible capital asset.

Details

Liabilities

At March 31, 2023, the liabilities of the Government totaled \$825.9 million (\$730.0 million restated at March 31, 2022), which is equivalent to 98.7% of the financial assets of the Government. A five-year comparison of the Government's liabilities by category is illustrated below:

Liabilities



(Note: In 2022-23 the Government adopted PS 3280 Asset retirement obligations which introduced a new estimated liability.)

* 2022 restated due to adoption of PS 3280

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

Due to Government of Canada

Amounts due to the Government of Canada at March 31, 2023 were \$42.2 million (\$40.2 million at March 31, 2022). These amounts consist primarily of funds due under various agreements for Income Taxes and Public Service Pension Plan contributions payable for the month of March 2023.

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are amounts that are generally paid within a year. The balance of \$279.5 million at March 31, 2023 is an increase of 33.7% from the previous year's restated balance of \$209.0 million.

Included in this total is the outstanding balance of the Carbon Price Rebate liability of \$24.9 million (2022 - \$18.9 million).

Details

Liabilities (continued)

Environmental liabilities

At March 31, 2023, the Government has recorded \$92.5 million (\$84.3 million restated at March 31, 2022) as a liability for the estimated costs related to the remediation of environmental contamination for which the Government is responsible and can reasonably estimate the value. Of the liabilities, \$43.3 million (46.8%) is related to the Wolverine mine site, \$14.4 million (15.6%) is for the Wellgreen site, \$13.7 million (14.8%) is for highway maintenance camps and airports and \$10.9 million (11.8%) is for other storage tanks and buildings. Per PS 3280 asset retirement obligations, landfills that the Government is responsible for maintaining have been moved to that estimate.

Asset retirement obligations

New for 2022-23 with the adoption of PS 3280 asset retirement obligations.

At March 31, 2023, the Government has recorded \$69.4 million (\$75.1 million restated at March 31, 2022) as a liability for the estimated costs related to retirement activities that the Government is legally obligated to perform upon the retirement of certain tangible capital assets. Of the liabilities, \$50.7 million (73.1%) is related to the abatement of asbestos and other hazardous materials, \$15.5 million (22.3%) is related to the closure and post-closure costs for the landfills operated by the Government, \$2.6 million (3.7%) is related to the proper removal of fuel tanks and \$0.6 million (0.9%) relates to the remediation of forestry access roads.

Unearned revenues

Unearned revenues of \$44.2 million reported as of March 31, 2023 (\$29.2 million at March 31, 2022) 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, 2023 were \$148.9 million (\$145.8 million at March 31, 2022).

Retirement benefits liabilities

Retirement benefits liabilities totaled \$123.7 million at March 31, 2023 (\$120.7 million at March 31, 2022) 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 \$24.7 million reported as borrowings relates to the Yukon Hospital Corporation's demand term installment loans totaling \$23.6 million (\$22.6 million at March 31, 2022). 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 2022-23 the Yukon Hospital Corporation paid down the existing loans by \$3.8 million but also took on a new \$4.8 million loan for pension solvency payments.

Mortgages and loans payable by the Yukon Housing Corporation (Housing) represent a further \$0.8 million (\$1.3 million at March 31, 2022) of the Government's long term debt. These debts are with the Canada Mortgage and Housing Corporation (CMHC) so are included as due to the Government of Canada amounts in the Consolidated Statement of Financial Position.

In Note 19 to the Consolidated Financial Statements, the Government's 'total debt' as defined in the *Yukon Act* (Canada) includes the Housing debt owed to CMHC along with the borrowings of the consolidated government business enterprises of YDC and YLC as well as capital lease obligations. When all relevant items are taken into account the total debt is \$233.5 million at March 31, 2023 (\$216.4 million at March 31, 2022).

The Government of Canada on September 20, 2020 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

The Government of Yukon's financial results are subject to risks and uncertainties that arise from variables over which the government has limited or no direct control. These risks and uncertainties include:

- Economic factors, including economic growth or decline, commodity prices, private sector investment decisions, inflation, interest rates, population/demographics, and personal income;
- Changes in revenue, 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 and/or extreme outbreaks of disease;
- Natural disasters, such as floods, wildfires, extreme weather events, or other events that may impede the safe delivery of goods and services;
- Geopolitical events causing repercussions on economic or fiscal parameters;
- 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 with third parties;
- Identification of environmental liabilities;
- Changes in pension liability due to external factors such as interest rates or asset market values; and
- Changes in accounting standards.

While the Government of 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. 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 of Yukon 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 all departments and the resulting effect on the fiscal plan. This allows for any necessary supplementary estimates to be prepared, tabled and debated in the Legislative Assembly in order to address unanticipated spending or savings.

Changes to Canadian public sector accounting standards issued by the Public Sector Accounting Board can have an impact on the Government of Yukon's budgets, estimates and actual results; and on how they are presented in the Public Accounts. The Office of the Comptroller reviews proposed changes and provides input to assist the development of processes that reflect sound policy decision-making, transparency and accountability.

Risks and Mitigations

Emerging Issues

New Accounting Standards

The Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada (CPA) is the body responsible for maintaining the Public Sector Accounting Standards (PSAS) that all public sector organizations are required to follow. For further clarity, the Government of Yukon is legislated to follow these reporting standards as per *Yukon Act* (Canada) s33 and *Taxpayer Protection Act* (Yukon) s4(2).

As business practices evolve and modernize, so must accounting practices, hence PSAB is continuously reviewing and updating the PSAS. A number of PSAS came into effect during the 2022-23 fiscal year with varying levels of impact which are summarized below.

PS 3280 - Asset Retirement Obligations (ARO) (effective April 1, 2022)

PS 3280 applies to all tangible capital assets owned or controlled by the Government; it requires that where there is a legal obligation to perform retirement activities for a tangible capital asset these retirement costs must be recognized at the time of acquiring the asset, or as soon as the costs can be estimated.

Work was completed to revise relevant policies, establish estimation and recording procedures, and to quantify the impact on financial position. A new liability for asset retirement obligations was added to the Consolidated Statement of Financial Position at an estimated value as of March 31, 2023 of \$69.4M while the related ARO assets added have a net-book-value of \$6.9M. There is a new non-cash expense called 'accretion' that records the annual change in the estimated value of the ARO liabilities; for 2022-23 that amount was \$1.9M.

PS 3041 - Portfolio Investments (effective April 1, 2022)

PS 3041 replaced existing PSAS 3040 with revised guidance on the accounting for, and presentation and disclosure of, portfolio investments.

The impact of this standard will fluctuate annually as the Government now reports the value of the investments at their fair value, otherwise known as market value. This annual restatement will cause a remeasurement gain or loss depending on the market trend which is outside the Government's control. At March 31, 2023, the remeasurement gain was calculated to be \$599,000. This is a non-cash revenue item as the gain or loss will not be realized until the investments are sold.

PS 3450 - Financial Instruments (effective April 1, 2022)

This PSAS establishes new guidance on the recognition, measurement, presentation and disclosure of financial instruments, including derivatives.

The impact of PS 3450 is predominately visual as it dictates how the financial instruments must be presented and what disclosure must be provided. One requirement was the addition of the Consolidated Statement of Remeasurement Gain and (Losses) which is related to the implementation of PS 3041. There are also several new disclosure notes about risks related to financial instruments.

PS 2601 - Foreign Currency Translation (effective April 1, 2022)

PS 2601 replaces existing PS 2600 with revised guidance on the recognition, presentation and disclosure of transactions that are denominated in a foreign currency.

Due to the low volume of foreign currency transactions, the Government had a negligible impact resulting from the adoption of this new standard which did not merit any new disclosures at this point. Volumes will be monitored to ensure proper disclosure should it be warranted.

PS 1201 - Financial Statement Presentation (effective April 1, 2022)

PS 1201 replaces existing PS 1200 with revised general reporting principles and standards of presentation and disclosure in government financial statements. These changes are required to incorporate the changes stemming from the new PS 3450, PS 3041, and PS 2601.

Similar to PS 3450, this standard mostly affected presentation and disclosure. Most pronounced is the change to the presentation of Accumulated Surplus (Deficit) on the Consolidated Statement of Financial Position which is now disaggregated between accumulated operating surplus and accumulated remeasurement gains and (losses).

Risks and Mitigations

Emerging Issues

New Accounting Standards (continued)

Below are a number of new, or amended, PSAS that the Government will be required to adopt on their effective date.

PS 3400 - Revenue (effective April 1, 2023)

This new PSAS establishes new guidance on the recognition, measurement, presentation and disclosure of revenue.

The Government is assessing the impact resulting from the adoption of this new standard which is anticipated to impact values reported as well as the way values are presented.

PS 3160 - Public Private Partnerships (effective April 1, 2023)

This new PSAS establishes new guidance on the recognition, measurement and disclosure of public private partnership arrangements.

The Government is confirming it does not have any public private partnership arrangements that fall under this new PSAS. If public private partnership arrangements exist or are entered into, the Government must evaluate and report them in accordance with this standard.

PS 1202 - Financial Statement Presentation (effective April 1, 2026)

PSAB approved in June 2023 a new *Conceptual Framework for Financial Reporting in the Public Sector*. PSAB says the ten chapters of the new conceptual framework document provide 'the foundation for principle-based standards' and 'is a coherent set of interrelated objectives and fundamentals leading to consistent standards or application of consistent concepts in the absence of specific standards'. The new Conceptual Framework is effective April 1, 2026, but early adoption of the framework is allowed.

PS 1202 Financial Statement Preparation will replace PS 1201 as the implementation of the New Conceptual Framework will require the introduction of new layouts for the existing financial statements and the introduction of new statements. This new standard for financial presentation will reflect the new Conceptual Framework's changes to a number of components and indicators that will be highlighted in the new presentation. PS 1202 implementation is required to coincide with the adoption of the new Conceptual Framework.

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.



Jessica Schultz
Deputy Minister of Finance

November 20, 2023

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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 2023, and the consolidated statement of operations and accumulated operating surplus, consolidated statement of remeasurement gains and losses, 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 2023, and the consolidated results of its operations, its consolidated remeasurement gains and losses, 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 2022-23 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

Qualified 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, except for the matter of non-compliance described in the *Basis for Qualified Opinion* section of our Report on Compliance with Specified Authorities, 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.

Basis for Qualified Opinion

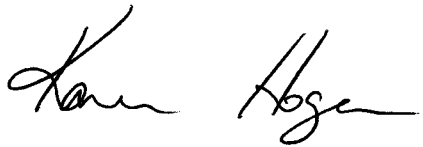
Subsection 8(2) of the *Financial Administration Act* of Yukon requires the Minister to lay the public accounts for the immediately preceding financial year before the Legislative Assembly or distribute them to the members of the Assembly on or before 31 October in each year. The Government of Yukon did not meet its statutory deadline for laying the public accounts before the Legislative Assembly or distributing them to the members of the Assembly for the year ended 31 March 2023.

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 fluid and cursive, with the first name "Karen" and the last name "Hogan" clearly distinguishable.

Karen Hogan, FCPA
Auditor General of Canada

Ottawa, Canada
20 November 2023

GOVERNMENT OF YUKON

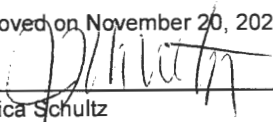
Consolidated Statement of Financial Position
as at March 31, 2023

	2023	2022 Restated (Note 3)
	(thousands of dollars)	
Financial assets		
Cash and cash equivalents (Note 4)	\$ 94,444	\$ 93,513
Temporary investments (Note 5)	-	4,122
Due from Government of Canada (Note 6)	173,802	181,199
Accounts receivable (Note 7)	27,121	34,322
Portfolio investments (Note 8)	42,315	36,748
Advances to government business enterprises (Note 12(b)(c))	34,200	36,200
Loans receivable (Note 10)	67,767	77,167
Inventories for resale (Note 11)	77,715	67,793
Retirement benefit assets (Note 18)	92,744	80,416
Investment in government business enterprises (Note 12(a))	226,495	217,434
	<u>836,603</u>	<u>828,914</u>
Liabilities		
Due to Government of Canada (Note 6)	42,170	40,159
Accounts payable and accrued liabilities (Note 13)	279,533	209,002
Unearned revenues (Note 16)	44,160	29,226
Environmental liabilities (Note 14)	92,452	84,312
Asset retirement obligation liabilities (Note 15)	69,429	75,121
Post-employment benefits and compensated absences (Note 17)	148,877	145,803
Retirement benefit liabilities (Note 18)	123,742	120,737
Borrowings (Note 19)	24,663	23,691
Liabilities for leased tangible capital assets (Note 20)	834	1,982
	<u>825,860</u>	<u>730,033</u>
Net financial assets	<u>10,743</u>	<u>98,881</u>
Non-financial assets		
Tangible capital assets (Note 21)	1,995,882	1,787,431
Inventories of supplies	14,217	10,619
Prepaid expenses	8,550	7,735
	<u>2,018,649</u>	<u>1,805,785</u>
Accumulated surplus	<u>\$ 2,029,392</u>	<u>\$ 1,904,666</u>
Accumulated surplus (deficit) is comprised of:		
Accumulated operating surplus (deficit)	2,024,173	1,904,666
Accumulated remeasurement gains and (losses)	5,219	-
	<u>\$ 2,029,392</u>	<u>\$ 1,904,666</u>

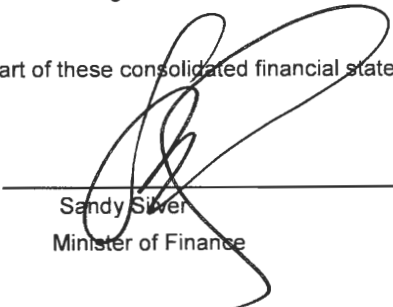
Contingencies, contractual rights and obligations, commitments and guarantees
(Notes 12(d)(e), 14, 18(d)(e), 24, 25, 27, 29, and 30)

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

Approved on November 20, 2023:



Jessica Schultz
Deputy Minister of Finance



Sandy Silver
Minister of Finance

GOVERNMENT OF YUKON

**Consolidated Statement of Operations and Accumulated Operating Surplus
for the year ended March 31, 2023**

	2023		2022 Restated (Note 3)
	Budget (Note 1(b))	Actual	Actual
	(thousands of dollars)		
Revenues (Schedule A)			
From Government of Canada	\$ 1,555,893	\$ 1,610,820	\$ 1,480,702
Taxes and general revenues	229,435	249,005	231,461
Funding and service agreements with other parties	37,271	34,413	31,409
Income from investment in government business enterprises (Note 12(a))	19,397	15,839	24,255
	<u>1,841,996</u>	<u>1,910,077</u>	<u>1,767,827</u>
Expenses (Schedule B)			
Health and social services	563,772	579,736	540,047
Community and transportation	431,996	409,225	386,293
Education	223,695	221,659	224,174
General government	240,190	274,088	247,780
Natural resources	128,514	142,378	165,139
Justice	95,140	97,850	90,250
Business, tourism and culture	90,634	64,804	63,763
Interest on loans	1,056	1,323	1,425
	<u>1,774,997</u>	<u>1,791,063</u>	<u>1,718,871</u>
Recovery of prior years' expenses	-	3,849	3,662
Surplus (deficit) for the year	<u>\$ 66,999</u>	<u>122,863</u>	<u>52,618</u>
Accumulated operating surplus at beginning of year (Note 3(b))		1,904,666	1,844,565
Reclassify accumulated other comprehensive gains (losses) of government business enterprises (Note 3(b))		<u>(3,356)</u>	<u>-</u>
Adjusted accumulated operating surplus at beginning of year (Note 3(b))		1,901,310	1,844,565
Other comprehensive gain (loss) of government business enterprises (Note 12(a))		<u>-</u>	<u>7,483</u>
Accumulated operating surplus at end of year		<u>\$ 2,024,173</u>	<u>\$ 1,904,666</u>

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

GOVERNMENT OF YUKON

**Consolidated Statement of Remeasurement Gains and Losses
for the year ended March 31, 2023**

	2023
	(thousands of dollars)
	<u>Actual</u>
Accumulated remeasurement gains and (losses) at beginning of year (Note 3 (b))	\$ -
Reclassify accumulated other comprehensive gains (losses) of government business enterprises (Note 3(b))	3,356
Adjustment on adoption of PS 3041 Portfolio investments (Note 3(b))	<u>898</u>
Adjusted accumulated remeasurement gains and (losses) at beginning of year	<u>\$ 4,254</u>
Unrealized gains (losses) attributable to:	
Portfolio investments	371
Amounts reclassified to the statement of operations and accumulated operating surplus (deficit):	
Portfolio investments	(670)
Other comprehensive gain (loss) of government business enterprises (Note 12(a))	<u>1,264</u>
Net remeasurement gains and (losses) for the year	<u>965</u>
Accumulated remeasurement gains and (losses) at end of year	<u><u>\$ 5,219</u></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, 2023**

	2023		2022 Restated (Note 3)
	<u>Budget</u> (Note 1(b))	<u>Actual</u>	<u>Actual</u>
	(thousands of dollars)		
Surplus (deficit) for the year	<u>\$ 66,999</u>	<u>\$ 122,863</u>	<u>\$ 52,618</u>
Effect of change in tangible capital assets			
Acquisitions	(253,151)	(291,067)	(160,429)
Amortization of tangible capital assets	81,845	73,137	79,864
Loss (gain) on disposal of tangible capital assets	(2)	734	277
Proceeds on disposal of tangible capital assets	192	-	-
Write-down of tangible capital assets	-	8,746	19
	<u>(171,116)</u>	<u>(208,450)</u>	<u>(80,269)</u>
Effect of change in other non-financial assets			
Acquisition of inventories of supplies	-	(22,307)	(15,584)
Consumption of inventories of supplies	-	18,708	14,925
(Increase) decrease in prepaid expenses	-	(815)	(247)
	<u>-</u>	<u>(4,414)</u>	<u>(906)</u>
Other comprehensive gain (loss) of government business enterprises (Note 12(a))		-	7,483
Net remeasurement gains and (losses)		<u>1,863</u>	<u>-</u>
Increase (decrease) in net financial assets	\$ (104,117)	(88,138)	(21,074)
Net financial assets at beginning of year		<u>98,881</u>	<u>119,955</u>
Net financial assets at end of year		<u>\$ 10,743</u>	<u>\$ 98,881</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, 2023**

	2023	2022 Restated (Note 3)
	(thousands of dollars)	
Operating transactions		
Surplus (deficit) for the year	\$ 122,863	\$ 52,618
Non-cash items included in surplus (deficit) for the year:		
Amortization of tangible capital assets	73,137	79,864
Loans receivable valuation adjustment	46	(335)
Accretion expense	1,874	1,828
Bad debt expense	33	157
Write-down of tangible capital assets	8,746	19
Loss (gain) on sale of land inventory	(15)	68
Loss (gain) on disposal of tangible capital assets	734	277
Contributed tangible capital assets	-	(669)
Surplus of government business enterprises (Note 12(a))	(15,839)	(24,255)
Net change in accounts payable and accrued liabilities balances	57,143	28,671
Net change in other operating asset and liability balances	24,283	8,780
Amounts remitted from government business enterprises	8,237	8,343
Cash provided by (used for) operating transactions	<u>281,242</u>	<u>155,366</u>
Capital transactions		
Acquisition of tangible capital assets	(280,327)	(155,661)
Proceeds on disposal of tangible capital assets	-	-
Cash provided by (used for) capital transactions	<u>(280,327)</u>	<u>(155,661)</u>
Investing transactions		
Net proceeds from (acquisition of) temporary investments	-	(2,503)
Net proceeds from (acquisition of) portfolio investments	(661)	2,656
Repayment of advances to government business enterprises	2,000	-
Repayments of loans receivable	23,795	29,441
Issuance of loans receivable	(6,340)	(9,830)
Investment in land inventory	(17,918)	(12,193)
Cash provided by (used for) investing transactions	<u>876</u>	<u>7,571</u>
Financing transactions		
Proceeds from borrowings	4,867	-
Repayment of borrowings	(4,579)	(3,661)
Repayment of liabilities for leased tangible capital assets	(1,148)	(1,114)
Cash provided by (used for) financing transactions	<u>(860)</u>	<u>(4,775)</u>
Cash and cash equivalents increase (decrease)	931	2,501
Cash and cash equivalents at beginning of year	<u>93,513</u>	<u>91,012</u>
Cash and cash equivalents at end of year (Note 4)	\$ 94,444	\$ 93,513
Interest received in the year	\$ 9,800	\$ 5,451
Interest paid in the year	\$ 1,436	\$ 1,564

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

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2023**

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 Operation & Maintenance and Capital Estimates 2022-23 as approved in the Legislative Assembly in April 2022. These figures do not reflect changes arising from Special Warrants issued or any Supplementary Estimates approved later in the year by the Yukon Legislative Assembly.

(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.

(d) Basis of accounting

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.

2. **Significant accounting policies**

(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 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, 2023**

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. Under the modified equity method, inter-entity revenue and expense transactions and related asset and liability balances are properly not eliminated in these consolidated financial statements.

All accounts of the government reporting entity are consolidated using the financial information for the year ended March 31. As for the organization that uses a fiscal year-end other than March 31, namely the Yukon Development Corporation, the Government uses their unaudited interim financial statements as at March 31.

Trusts administered by the Government on behalf of other parties (Note 23) 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 Hospital Corporation
Yukon Housing Corporation
Yukon University

Authority for operations:

Financial Administration Act
Hospital Act
Housing Corporation Act
Yukon University Act

Modified equity:

Yukon Development Corporation
Yukon Liquor Corporation

Yukon Development Corporation Act
Liquor Act
Cannabis Control and Regulation Act

(b) Specific accounting policies

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, 2023

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.

Portfolio investments include investments such as treasury bills, GICs, term deposits; 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; and mortgage funds, bonds, and equities. Portfolio investments are measured at their fair value.

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. Concessionary loans are recorded at the discounted value of the loan after the grant portion has been expensed.

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

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2023**

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

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

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	Indefinite
Buildings	
Buildings	10-100 years
Leasehold Improvements	Lease term
Portable classroom/housing trailers	10-40 years
Equipment and vehicles	
Heavy equipment	7 - 30 years
Operating equipment	5 - 25 years
Vehicles	5 - 20 years
Computer hardware and software	
Computer hardware	3-7 years
Computer software	3-20 years
Infrastructure	
Transportation infrastructure ¹	5 - 75 years
Forestry access roads	5-10 years
Resource access roads	Life of Mine
Land improvements and fixtures	5 - 50 years
Waste and water systems	

¹ Includes Highways, Surfaces, Bridges and Airport runways.

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2023**

Landfills	25 - 80 years
Sewage and water systems	5 - 50 years
Communications technology	
Mobile radio system infrastructure	5 - 20 years
Network transmission systems	20 - 40 years

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

Other non-financial 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, prepaid lease payments 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 at the present value of the minimum lease payments, excluding the portion relating to executory costs. A corresponding asset is recorded 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.

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.

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements March 31, 2023

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 for Government employees 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 member renders service. Actuarial gains and losses are amortized on a 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 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 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 fair value.

Environmental liabilities

Contaminated sites and other environmental liabilities, which include Type II sites, are accrued 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.

Asset retirement obligation liabilities

An asset retirement obligation is recognized when, as at the financial reporting date, all the following criteria are met:

- (i) There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- (ii) The past transaction or event giving rise to the liability has occurred;
- (iii) It is expected that future economic benefits will be given up; and
- (iv) A reasonable estimate of the amount can be made.

The estimate of the asset retirement obligation includes costs directly attributable to the asset retirement activities. The estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods. The discount rate used reflects the reporting entity's cost of borrowing, associated with the estimated number of years to complete retirement or remediation.

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements March 31, 2023

If the tangible capital asset is in productive use, the estimated obligation is recorded as a liability and increase to the related tangible capital asset. The capitalized asset retirement cost is amortized on the same basis as the related tangible capital asset and recorded in amortization expense in the consolidated statement of operations. If the tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

The liability is adjusted annually for accretion due to the passage of time over the expected term to settlement of the obligation based on the applicable discount rate. Accretion is recorded as an expense in the consolidated statement of operations and accumulated operating surplus.

The carrying value of the liability is reviewed at each financial reporting date. Any changes in the amount or timing of the underlying future cash flows or any other new information impacting the estimate are recognized as a change in estimate in the period the new information is identified and accounted for prospectively. The Government continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

Borrowings

Borrowings include embedded interest rate swap derivatives. These embedded derivatives are not separated from the loan agreements and are not accounted for as standalone derivative instruments because the economic characteristics and risks associated with these embedded derivatives are closely related to those of the loan agreements. Therefore, they are included in the measurement of the borrowings.

Financial Instruments

Financial instruments are contracts that give rise to the financial assets of one entity and financial liabilities or equity instruments of another entity and include cash and cash equivalents, accounts receivable, portfolio investments, loans receivable, accounts payable and accrued liabilities, and borrowings. Financial instruments are measured at fair value or cost/amortized cost. Fair value measurement will apply to portfolio investments in equity instruments that are quoted in an active market. Also, when groups of financial assets and financial liabilities are managed on a fair value basis they may be reported on that basis. Other financial assets and financial liabilities will generally be measured at cost or amortized cost. Until an item is derecognized, gains and losses arising due to fair value remeasurement will be reported in the consolidated statement of remeasurement gains and losses. The following is a list of the Government's financial instruments and their related measurement basis as at March 31, 2023:

Financial Assets:	Measurement Basis
Cash and cash equivalents	Cost
Accounts receivable	Cost
Due from Government of Canada	Cost
Portfolio investments	Fair value
Loans receivable	Amortized cost
Advances to government business enterprises	Amortized cost

Financial Liabilities:	Measurement Basis
Accounts payable and accrued liabilities	Cost
Due to Government of Canada	Cost
Borrowings	Amortized cost

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2023**

Fair Value Measurement

The determination of fair value requires judgment and is based on market information where available and appropriate. Fair value measurements are categorized, based on the nature of the inputs used, into one of three levels within a fair value hierarchy as follows:

Level 1 - Fair value is based on quoted market prices in active markets for identical assets or liabilities.

Level 2 - Fair value is based on observable inputs other than Level 1 prices, such as quoted market prices for similar (but not identical) assets or liabilities in active markets, quoted market prices for identical assets or liabilities in markets that are not active, and other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Fair value is based on non-observable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

For financial instruments measured at cost or amortized cost, transaction costs are a component of the cost of the financial instruments and gains and losses are recognized in the statement of operations. For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenues or expenses. Foreign currency transactions are translated at the exchange rate in effect at the transaction date.

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 financial statements, the Government believes the estimates and assumptions to be reasonable.

Some of the more significant management estimates relate to post-employment and retirement benefits, environmental liabilities, asset retirement obligations, 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 activities are complex and subjective. These estimates require a high degree of management judgment. The degree of measurement uncertainty resulting from the estimation of the provision cannot be reasonably determined.

The provision for asset retirement obligations is subject to a high degree of measurement uncertainty because determining the timing and cost of retirement activities are complex and subjective. These estimates require a high degree of management judgment. The degree of measurement uncertainty resulting from the estimation of the provision cannot be reasonably determined.

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3. Adoption of accounting standards

The following Public Sector Accounting Standards came into effect for fiscal periods beginning on or after April 1, 2022:

PS 1201 replaced existing PS 1200 with revised general reporting principles and standards of presentation and disclosure in government financial statements. These changes are required to incorporate the changes stemming from the new PS 3450, PS 3041, and PS 2601.

PS 3450 established new guidance on the recognition, measurement, presentation, and disclosure of financial instruments, including derivatives.

PS 3041 Portfolio Investments, which replaced PS 3040, was also implemented, and requires the Government to measure equity instruments that are quoted in an active market at fair value. In addition, since the Government implements an investment strategy to manage and evaluate the performance of its entire portfolio investments, all such investments are measured at fair value in accordance with PS 3450. Due to the volatility of market prices, there will be the likelihood that the Government will experience remeasurement gains or losses at the date of reporting each year.

PS 2601 replaced existing PS 2600 with revised guidance on the recognition, presentation and disclosure of transactions that are denominated in a foreign currency and requires foreign exchange amounts to go through the consolidated statement of remeasurement gains and losses. The Government has nominal transactions denominated in US dollars and even fewer transactions in other currencies so there is no impact from the adoption of PS 2601, at this time.

PS 1201, PS 3450, PS3041, and PS 2601 are adopted on a prospective basis, and the effects of the adoption are as described in Note 3(b).

PS 3280 Asset Retirement Obligations (ARO) is a new accounting standard that addresses the reporting of legal obligations associated with the retirement activities of certain tangible capital assets, such as asbestos removal in retired buildings or the closure and post-closure activities for landfill sites by public sector entities. Landfill liabilities under PS 3270 were classified as environmental liabilities on a net present value basis of the total estimated expenditures for closure and post-closure activities and cumulatively recognized as the landfill site's capacity was used. PS 3270 has been repealed and now under PS 3280 landfills are classified as asset retirement obligations and have been restated to reflect their total estimated liability.

PS 3280 was adopted on the modified retroactive basis with restatement. The asset retirement obligation was calculated using assumptions and discount rates that were current at the beginning of this fiscal year. As a result, the total restatement in tangible capital assets and accumulated amortization together with an adjustment to the opening balance of accumulated surplus and to environmental liabilities, was equivalent to the increase in the asset retirement obligation.

- a) The financial impact on the comparative figures as a result of retroactive adoption of accounting standard PS 3280 is as follows:

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	As previously reported	2022 Adjustments made	As restated
	(thousands of dollars)		
Consolidated Statement of Financial Position			
Financial assets	\$ 828,914	\$ -	\$ 828,914
Liabilities	665,437	64,596 ¹	730,033
Net financial assets	<u>163,477</u>	<u>(64,596)</u>	<u>98,881</u>
Non-financial assets	1,792,313	13,472 ²	1,805,785
Accumulated surplus	<u>\$ 1,955,790</u>	<u>\$ (51,124)</u>	<u>\$ 1,904,666</u>
Consolidated Statement of Operations			
Revenues	\$ 1,767,827	\$ -	\$ 1,767,827
Expenses	1,716,392	2,479 ³	1,718,871
Recovery of prior years' expenses	3,662	-	3,662
Annual surplus (deficit)	<u>55,097</u>	<u>(2,479)</u>	<u>52,618</u>
Other comprehensive gain (loss) of government business enterprises	7,483	-	7,483
Accumulated surplus at beginning of year	1,893,210	(48,645) ⁴	1,844,565
Accumulated surplus at end of year	<u>\$ 1,955,790</u>	<u>\$ (51,124)</u>	<u>\$ 1,904,666</u>
Consolidated Statement of Change in Net Financial Assets			
Surplus (deficit) for the year	\$ 55,097	\$ (2,479) ³	\$ 52,618
Effect of change in tangible capital assets	(80,942)	673 ³	(80,269)
Effect of change in other non-financial assets	(906)	-	(906)
Increase (decrease) in net financial assets	<u>(26,751)</u>	<u>(1,806)</u>	<u>(28,557)</u>
Net financial assets at beginning of year	182,745	(62,790) ⁵	119,955
Other comprehensive gain (loss) of government business enterprises	7,483	-	7,483
Net financial assets at end of year	<u>\$ 163,477</u>	<u>\$ (64,596)</u>	<u>\$ 98,881</u>
Consolidated Statement of Cash Flow			
Surplus (deficit) for the year	\$ 55,097	\$ (2,479) ³	\$ 52,618
Amortization of tangible capital assets	79,191	673 ³	79,864
Loans receivable valuation adjustment	(335)	-	(335)
Accretion expense	-	1,828 ³	1,828
Bad debt expense	157	-	157
Write-down of tangible capital assets	19	-	19
Loss (gain) on sale of land inventory	68	-	68
Loss (gain) on disposal of tangible capital assets	277	-	277
Contributed tangible capital assets	(669)	-	(669)
Surplus of government business enterprises	(24,255)	-	(24,255)
Change in non-cash assets and liabilities	37,473	(22) ³	37,451
Amounts remitted from government business enterprises	8,343	-	8,343
Cash provided by (used for) operating transactions	155,366	-	155,366
Cash provided by (used for) capital transactions	(155,661)	-	(155,661)
Cash provided by (used for) investing transactions	7,571	-	7,571
Cash provided by (used for) financing transactions	(4,775)	-	(4,775)
Cash and cash equivalents increase (decrease)	<u>2,501</u>	<u>-</u>	<u>2,501</u>
Cash and cash equivalents at beginning of year	91,012	-	91,012
Cash and cash equivalents at end of year	<u>\$ 93,513</u>	<u>\$ -</u>	<u>\$ 93,513</u>

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Footnotes to the restated financial statements:

¹ Combined result of \$75,121,000 addition of new ARO liabilities (Note 15), \$ 285,000 adjustment related to ARO previously recognized in accounts payable and accrued liabilities in prior years (Note 13), and \$10,240,000 reduction of environmental liabilities to reflect transitioning of landfill sites with legal obligations from PS 3270 to PS 3280 (Note 14)

² Addition of ARO assets, with cost of tangible capital assets and accumulated amortization opening balances restated (Note 21, Schedule C)

³ Additional amortization expenses of \$673,000 (Note 22), accretion expenses of \$1,828,000 (Note 22), and \$22,000 settlement of ARO liabilities (Note 15) with the total impact of \$2,479,000 on expenses and surplus (deficit) of the year

⁴ Impact of the retroactive adoption of PS 3280 on the accumulated surplus

⁵ Impact of the retroactive adoption of PS 3280 on net financial assets at beginning of year

- b) The impact on the current year financial statements presentation as a result of prospective adoption of accounting standards PS 3450, PS 3041, and PS 1201 is as follows:
- i. Consolidated Statement of Financial Position:
- Temporary investments are now classified with portfolio investments and reported at fair value.
 - Portfolio investments are now reported at fair value. 2022 comparative amount is at cost.
 - A section has been added to disaggregate "Accumulated surplus" into "Accumulated operating surplus" and "Accumulated remeasurement gains and (losses)"
- ii. Consolidated Statement of Operations and Accumulated Surplus:
- Renamed to "Consolidated Statement of Operations and Accumulated Operating Surplus".
 - "Other comprehensive gain (loss) of government business enterprises" has been removed, and now reflected on the new "Statement of Remeasurement Gains and Losses".
 - "Accumulated surplus at beginning of year" has been replaced by "Accumulated operating surplus at beginning of year".
 - "Accumulated surplus at end of year" has been replaced by "Accumulated operating surplus at end of year".
- iii. Consolidated Statement of Remeasurement Gains and Losses:
- "Accumulated remeasurement gains and (losses) at the beginning of year" has been adjusted for \$3,356,000, which represents the accumulated other comprehensive income reported previously in the accumulated surplus, and \$898,000, which represents the adjustment on adoption of PS 3041 Portfolio investments.
 - Unrealized gains (losses) attributable to the changes in fair value of portfolio investments are reported separately from the amounts reclassified to the statement of operations and accumulated operating surplus.
 - Other comprehensive gains (losses) of government business enterprises are presented.
 - Net remeasurement gains (losses) for the year are calculated and carried over to the statement of change in net financial assets to explain the extent of the change in the Government's net financial assets resulting from net remeasurement gains and losses in the accounting period.

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- iv. Consolidated Statement of Change in Net Financial Assets:
- New line item “Net remeasurement gains (losses)” has been added to reflect 2023 actual results.
 - The “Other comprehensive gain (loss) of government business enterprises” represents 2022. Effective April 1, 2022, other comprehensive gain (loss) of government business enterprises is reported in the consolidated statement of remeasurement gains and losses.
- v. Notes for Consolidated Financial Statements:
- Notes with new information include Notes 2, 5, 8, 9, and 28.

4. **Cash and cash equivalents**

	<u>2023</u>	<u>2022</u>
	(thousands of dollars)	
Bank balances	\$ 94,378	\$ 89,593
Short-term investments, less than 90 days	-	3,847
Cash on hand	<u>66</u>	<u>73</u>
	<u>\$ 94,444</u>	<u>\$ 93,513</u>

5. **Temporary investments**

	<u>2023</u>	<u>2022</u>
	(thousands of dollars)	
Short-term investments, less than one year	<u>\$ -</u>	<u>\$ 4,122</u>

The temporary investments had a weighted average effective yield during 2022 of 0.19% per annum. Amounts previously reported as temporary investments are included in portfolio investments (Notes 3(b)(i) and 8).

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

	<u>2023</u>	<u>2022</u>
	(thousands of dollars)	
Due from Government of Canada		
Cost-sharing agreements and projects delivered on behalf of the Government of Canada	\$ 145,393	\$ 176,593
GST receivable	17,054	-
Income tax	3,905	4,258
Other	<u>7,450</u>	<u>348</u>
	<u>\$ 173,802</u>	<u>\$ 181,199</u>

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Due to Government of Canada		
Payroll taxes	\$ 13,309	\$ 12,352
Public Service Pension Plan contribution	8,610	7,873
Program funding liable for claw back	3,534	3,798
RCMP	11,304	10,957
Type II mine sites	996	809
CMHC mortgages and loans	791	1,255
Other	3,626	3,115
	<u>\$ 42,170</u>	<u>\$ 40,159</u>

Amounts due from and due to the Government of Canada are payable on demand and are non-interest bearing with the exception of mortgages and loans due to CMHC (Note 19). The carrying amounts, with the exception of mortgages and loans due to CMHC, approximate fair values because of their short term to maturity.

7. **Accounts receivable**

	<u>2023</u>	<u>2022</u>
	(thousands of dollars)	
Taxes, interest, other revenue, and recovery receivables	\$ 28,317	\$ 34,917
Less valuation allowances	<u>(3,775)</u>	<u>(3,465)</u>
	24,542	31,452
Due from government business enterprises that are not fully consolidated	<u>2,579</u>	<u>2,870</u>
	<u>\$ 27,121</u>	<u>\$ 34,322</u>

8. **Portfolio investments**

The classification of investments by level within the valuation hierarchy as of March 31, 2023, is as follows:

	Quoted prices (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	(thousands of dollars)			
Short-term investments	\$ 81	\$ 4,309	\$ -	\$ 4,390
Bonds	-	6,252	-	6,252
Mortgages	-	3,810	-	3,810
Equities	3,759	21,804	-	25,563
Debt securities	<u>2,300</u>	<u>-</u>	<u>-</u>	<u>2,300</u>
Investments at fair value	<u>\$ 6,140</u>	<u>\$ 36,175</u>	<u>\$ -</u>	<u>\$ 42,315</u>

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For 2023, the carrying value of portfolio investments equals fair value. For 2022, the carrying value of the portfolio investments was \$36,748,000 and the fair value was \$37,646,000 (Note 3(b)(i)).

Portfolio investments include designated investments set aside within the Consolidated Revenue Fund (Note 9). The investments are managed by a third party.

9. **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, and portfolio investments as follows:

	<u>2023</u>	<u>2022</u>
	(thousands of dollars)	
Cash and cash equivalents	\$ -	\$ -
Temporary investments (Note 5)	-	4,122
Portfolio investments (Note 8)	<u>36,175</u>	<u>30,597</u>
	<u>\$ 36,175</u>	<u>\$ 34,719</u>

10. **Loans receivable**

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 (2022 – 2029) bearing interest rates ranging from 0% to 7.70% (2022 – 0% to 4.95%), net of allowance for subsidies and valuation of \$181,000 (2022 – \$210,000) and discount in the amount of \$458,000 (2022 – \$491,000) for loans with concessionary terms.

	<u>2023</u>	<u>2022</u>
	(thousands of dollars)	
	\$ 29,319	\$ 31,778

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Agreements for sale of land, due in varying annual amounts over a three, or five, year term to the year 2028 (2022 – 2026) bearing interest at 5.00-7.00% (2022 – 5.00%).	19,270	25,249
Regional Relief and Recovery Fund loans providing assistance to businesses to recover from COVID-19 pandemic, due with forgivable terms, bearing interest rate ranging from 0.00% to 5.00%	2,193	3,160
Local improvement loans, due in varying annual amounts to the year 2040 (2022 – 2040), bearing interest rates ranging from 0.50% to 5.25% (2022 – 0.50% to 5.25%).	9,222	9,073
Debenture loans to municipalities, due in varying annual amounts to the year 2034 (2022 – 2034), bearing interest rates ranging from 2.72% to 6.38% (2022 – 2.72% to 6.38%).	2,051	2,344
Other, net of allowance for doubtful accounts of \$322,000 (2022 – \$322,000).	5,712	5,563
	<hr/>	<hr/>
	<u>\$67,767</u>	<u>\$77,167</u>

The Government received non-cash consideration for sale of land of \$8,351,000 (2022 - \$7,959,000) in the form of loans receivable.

11. **Inventories for resale**

	<u>2023</u>	<u>2022</u>
	(thousands of dollars)	
Land		
Undeveloped land	\$ 603	\$ 603
Land under development	44,638	41,750
Developed land	<hr/> 32,304	<hr/> 25,358
	77,545	67,711
Other	<hr/> 170	<hr/> 82
	<u>\$ 77,715</u>	<u>\$ 67,793</u>

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12. **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 Liquor Corporation has a fiscal year-end of March 31. The Yukon Development Corporation has a fiscal year-end of December 31, but the Government uses their unaudited interim financial statements for the consolidation. The summary financial statements are prepared in accordance with International Financial Reporting Standards.

	Yukon Development Corporation	Yukon Liquor Corporation	2023 Total	2022 Total
	(thousands of dollars)			
Assets				
Current	\$ 44,639	\$ 7,013	\$ 51,652	\$ 42,388
Capital assets	517,564	1,569	519,133	487,541
Regulatory deferral (Note 12(f))	31,137	-	31,137	25,465
Right of use of assets	-	612	612	657
Other	25,825	77	25,902	20,764
	<u>\$ 619,165</u>	<u>\$9,271</u>	<u>\$ 628,436</u>	<u>\$ 576,815</u>
Liabilities				
Current	\$ 27,651	\$ 5,221	\$ 32,872	\$ 27,204
Long-term debt	221,338	-	221,338	206,330
Regulatory deferral (Note 12(f))	22,449	-	22,449	9,025
Contributions in aid of construction	100,851	-	100,851	95,865
Lease liabilities	127	299	426	360
Other	22,395	1,610	24,005	20,597
Equity	<u>224,355</u>	<u>2,140</u>	<u>226,495</u>	<u>217,434</u>
	<u>\$ 619,166</u>	<u>\$ 9,270</u>	<u>\$ 628,436</u>	<u>\$ 576,815</u>
Revenues	\$ 108,948	\$ 19,819 ¹	\$ 128,767	\$ 120,998
Expenses	<u>96,207</u>	<u>12,099</u>	<u>108,306</u>	<u>87,071</u>
Surplus (deficit) before the following:	12,741	7,720	20,461	33,927
Net movement in regulatory deferral (Note 12(f))	<u>(4,622)</u>	<u>-</u>	<u>(4,622)</u>	<u>(9,672)</u>
Surplus (deficit)	<u>\$ 8,119</u>	<u>\$ 7,720</u>	<u>\$ 15,839</u>	<u>\$ 24,255</u>

¹ Yukon Liquor Corporation revenue is shown as net of cost of goods sold of \$30.747 million (2022 - \$29.497 million).

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	Yukon Development Corporation	Yukon Liquor Corporation	2023 Total	2022 Total
	(thousands of dollars)			
Equity, beginning of year	\$ 215,239	\$ 2,195	\$ 217,434	\$ 194,517
Surplus (deficit)	8,119	7,720	15,839	24,255
Other comprehensive gain (loss)	997	267	1,264	7,483
Profit to be remitted to the Government	-	(8,042)	(8,042)	(8,821)
Equity, end of year	<u>\$ 224,355</u>	<u>\$ 2,140</u>	<u>\$ 226,495</u>	<u>\$ 217,434</u>

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

(b) Inter-entity balances and transactions

	Yukon Development Corporation	Yukon Liquor Corporation	2023 Total	2022 Total
	(thousands of dollars)			
Government of Yukon:				
Accounts receivable from	\$ 726	\$ 1,853	\$ 2,579	\$ 2,870
Advance receivable from	34,200	-	34,200	36,200
Accounts payable to	19,223	13	19,236	12,610
Long-term obligations to	85	-	85	85
Revenues from	-	8,042	8,042	8,821
Expenses to	49,889 ¹	-	49,889	36,855

¹ Includes cost of electricity of \$17.406 million (2022 – \$15.343 million) 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

In 2018 the Government advanced \$39,200,000 to the Yukon Development Corporation ("YDC") for the development of the Whitehorse diesel - natural gas conversion project, which was completed by the Yukon Energy Corporation, YDC's wholly owned subsidiary. The term of the loan is to March 31, 2028, and pursuant to the agreement, the loan may be extended for additional five-year terms upon mutual

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consent of the parties. The per annum interest rate was based off the one-year indicative swap rate plus a 0.4% premium increase. The rate of interest effective on March 31, 2023, is 2.82% (2022 – 2.82%). The 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, 2022 from YDC was received in April 2022 and the payment due March 31, 2023 from YDC was received in March 2023.

(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 2022/2023, the Government paid \$2,625,000 (2022 – \$2,625,000) to YDC based on the MOU.

The Government authorized the continuation of the Interim Electrical Rebate program to March 31, 2023. 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 2022/2023, the Government provided \$3,500,000 (2022 – \$3,354,000) to YDC for this purpose. The Government is committed to funding up to \$3,500,000 in the fiscal year 2023/2024.

As at March 31, 2023, 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 \$75,452,000 (2022 – \$24,564,000).

The Yukon Water Board has issued licenses to YEC for the purposes of operating Hydro generation stations in the Yukon. The licenses also indicated the terms and conditions for the operation of these facilities. The current water licenses have the following terms:

Aishihik Generating Station	December 31, 2027
Mayo Generating Station	December 31, 2025
Whitehorse Generating Station	December 31, 2025

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 goods and services. The total commitments as at March 31, 2023 for future years are \$3,052,000 (2022 – \$1,677,000).

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(e) Contingencies

Yukon Development Corporation

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 operating surplus.

13. **Accounts payable and accrued liabilities**

	2023	2022 Restated (Note 3)
	(thousands of dollars)	
Accounts payable	\$ 96,938	\$ 78,745
Accrued liabilities	129,615	99,238
Contractors' holdbacks and security deposits	33,228	17,711
Due to government business enterprises (Note 12(b))	19,236	12,610
Other	516	698
	<u>\$ 279,533</u>	<u>\$ 209,002</u>

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14. **Environmental liabilities**

(a) Contaminated sites and other environmental liabilities

The Government has recorded environmental liabilities for contaminated sites of \$87,724,000 (2022 – \$79,555,000). 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, 2023, the Government was aware of 103 sites (2022 – 105 sites) where the Government is obligated or is likely obligated to incur such costs. During the year remediation work was undertaken at 8 sites.

One of the 103 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, 2023, \$67,000 (2022 – \$106,000) was recorded as the remaining liability for this site, and is part of the \$87,724,000 noted above.

A site known as Wellgreen ceased operations in the 1970's. The Government of Canada approved the tailings dam and resulting pond built at that time as meeting required specifications; however, concerns regarding the level of water in the pond were raised. Initial assessment confirmed that further remediation of the site is required. Negotiations with the previous owner and the Government of Canada are underway to establish final levels of responsibility and liability. Remediation has been estimated at \$14,407,000, which reflects the Government's potential exposure before any potential recoveries from the other parties and has been included in Environmental Liabilities for Contaminated Sites (2022 - \$15,501,000).

The Wolverine mine site was owned and operated by Yukon Zinc Corporation under a license pursuant to the *Quartz Mining Act* (Yukon). After operating for a short period of time, during which the required financial security for potential closure and remediation costs was not provided in full, the company was placed in receivership on September 16, 2019. After several legal rulings and appeals, the court appointed receiver was unsuccessful in finding a viable purchaser of the mine and recommended it be turned over to the government for closure. The Government has included \$43,314,000 as an estimated liability for the remediation of this mine.

(b) 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

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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 Ketz River site 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 Ketz 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 \$4,728,000 (2022 - \$4,757,000) and remediation costs, if any, which are the Government's responsibility, are currently undeterminable. No assets are designated for settling these liabilities.

The following table presents the total estimated amounts of these liabilities as at March 31, 2023.

	2023		2022 Restated (Note 3)	
	Number of sites	Estimated Liability	Number of sites	Estimated Liability
	(thousands of dollars)			
Liabilities for:				
Highway maintenance camps and airports	35	\$ 13,713	35	\$ 11,329
Other storage tanks and buildings	50	10,912	52	9,078
Marwell Tar Pit	1	67	1	106
Wellgreen	1	14,407	1	15,501
Wolverine	1	43,314	1	39,048
Other	15	5,311	15	4,493
	103	87,724	105	79,555
Type II sites	1	4,728	1	4,757
	104	\$ 92,452	106	\$ 84,312

15. **Asset retirement obligation liabilities**

(a) *Asbestos & other hazardous building materials liability*

The Government owns and leases several buildings that are known to have asbestos and other hazardous building materials, which represents a health hazard upon demolition of the building. Per Occupational Health and Safety Legislation, there is a legal obligation to remove the asbestos and other hazardous building materials in a prescribed manner when the building is demolished. The buildings have a remaining estimated useful life ranging from 1 to 72 years. Estimated costs have been

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discounted to their present value using a discount rate range of 2.50% to 3.00% per annum (2022 – 2.50%) applied over the remaining estimated useful lives of the buildings.

(b) *Forestry access roads liability*

The Government recognized asset retirement obligations for its forestry access roads. Asset retirement activities include decommissioning of the roads to restrict future access. The forestry access roads have an estimated remaining useful life ranging from 1-9 years. Estimated costs have been discounted to their present value using a discount rate of 3.00% per annum (2022 – 2.50%) applied over the remaining estimated useful lives of the forestry access roads.

(c) *Fuel tanks liability*

The Government recognized asset retirement obligations for its fuel tanks. Asset retirement activities for the fuel tanks include decommissioning or dismantling the tanks, remediation of contamination from their normal use, and post-retirement monitoring. The fuel tanks have an estimated remaining useful life ranging from 10-21 years. Estimated costs have been discounted to their present value using a discount rate range of 2.50% to 3.00% per annum (2022 – 2.50%) applied over the remaining estimated useful lives of the fuel tanks.

(d) *Landfill liability*

There are 23 active or closed landfill sites that are outside incorporated communities and, therefore, are the responsibility of the Government. These landfill sites are subject to the Environment Act (Yukon) – Solid Waste Regulations which includes requirements for closure and post-closure care of a landfill. In calculation of the liability for these sites, 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 2.50% per annum (2022 – 2.50%) was used for the net present value calculation for active and closed landfill sites.

Changes to the asset retirement obligation liabilities in the year are as follows:

	Asbestos & other hazardous building materials	Forestry access Roads	Fuel Tanks	Landfills	2023	2022 Restated (Note3)
	(thousands of dollars)					
Opening balance, Restated	\$ 54,999	\$ 607	\$ 3,236	\$ 16,279	\$ 75,121	\$ 73,315
Liability incurred	-	12	-	-	12	-
Liability settled	(701)	-	-	-	(701)	(22)
Accretion expense	1,370	15	81	407	1,873	1,828
Changes in estimates	(4,997)	(22)	(690)	(1,167)	(6,876)	-
Closing balance	\$ 50,671	\$ 612	\$ 2,627	\$ 15,519	\$ 69,429	\$ 75,121

The undiscounted amount of estimated future cash flows is \$141,190,000 (2022 - \$136,214,000)

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16. **Unearned revenues**

	<u>2023</u>	<u>2022</u>
	(thousands of dollars)	
Liability portion of government transfers	\$ 23,964	\$ 13,001
Motor vehicle fees for future years	2,976	3,008
Prepaid lease payments	9,200	4,000
Other	<u>8,020</u>	<u>9,217</u>
	<u>\$ 44,160</u>	<u>\$ 29,226</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.

17. **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 as at December 31, 2022. March 31, 2023 amounts are based on an extrapolation of the December 31, 2022 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.

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.

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, 2023 is based on an extrapolation of an actuarial valuation that was performed as at March 31, 2021. The Government has designated a portion of its assets for the purpose of meeting this obligation (Note 9).

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(b) Yukon University

Yukon 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 March 31, 2023.

Yukon 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, 2023 were as follows:

	2023	2022
	(thousands of dollars)	
Post-employment benefits and compensated absences liability		
Government of Yukon employees	\$ 131,560	\$ 128,875
Members of Yukon Legislative Assembly	1,104	917
Yukon Hospital Corporation	2,905	2,868
Yukon Housing Corporation	2,497	2,509
Yukon University	10,811	10,634
(Schedule D)	\$ 148,877	\$ 145,803

18. **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 2022, the Government contributed \$1.02 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 \$191,300 the Government contributed \$5.91 for every dollar contributed by both groups of plan members.

In the calendar year 2023, the Government contributes \$1.02 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 \$196,200 the Government contributes \$5.29 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 \$41,687,000 (2022 – \$42,118,000).

(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 9). It is the Government's policy to fully fund Parts 1 and 2 of this pension plan.

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, 2021. The accrued benefit obligation as at March 31, 2023 is based on an actuarial valuation performed for accounting purposes using the membership data as of March 31, 2021.

(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, 2020.

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(d) Yukon University Employees' Pension Plan

The Yukon University ("the University") Employees' Pension Plan is a contributory defined benefit pension plan. The University'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 University'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 University 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 at March 31, 2023 following Canadian public sector accounting standards. An actuarial valuation for funding purposes was performed as at June 30, 2022, which established Yukon University's required contributions as 69.7% up to December 31, 2022 and 100% from January 1, 2023 (June 30, 2021 – 101.7 %) of employee contributions.

The actuarial valuation for funding purposes as at June 30, 2022 indicates the University had an actuarial surplus of \$29,889,000 (June 30, 2021 – \$20,340,000) at the measurement date on a going-concern basis and a surplus of \$12,830,000 (June 30, 2021 – \$2,207,000) if valued on the basis that the pension plan was to be terminated/wound up as at June 30, 2022. The solvency ratio of the plan was 100% at June 30, 2022 (100% at June 30, 2021).

For any unfunded pension liability, the University 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 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 until December 31, 2023. The maximum amount of letters of credit to which this guarantee applies will be \$22,061,000 (2022 – \$23,007,000).

(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.

An actuarial valuation for funding purposes was performed at December 31, 2022, which established the Corporation's required contribution as 115% (2021 – 112%) of employee contributions. This valuation reported that, as at December 31, 2022, the pension plan had a surplus of \$63,245,000 (2021 – \$50,432,000) on a going concern basis, and a surplus of \$8,785,000 (2021 – deficit of 16,294,000) if valued on the basis that the pension plan was to be terminated/wound up. The solvency ratio of the plan at December 31, 2022 is 105% (93% at December 31, 2021).

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 \$2,463,000 over the 2023 calendar year (2022 - \$3,767,000). The Corporation is permitted to cover up to a specified maximum of 15% of the solvency liability with a conforming letter

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of credit. During the fiscal year, the Corporation entered into letters of credit totaling \$35,128,000 (2022 – \$33,810,000) 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 the 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 was in effect from June 30, 2022 to June 30, 2023 and the maximum amount of letters of credit to which this guarantee applied was \$35,128,000 (2022 - \$35,464,000). In August 2023, this guarantee was renewed to a maximum of \$27,992,000 for the June 30, 2023 to June 30, 2024 period. There is an overlap between the letters of credit time periods and the fiscal years.

An actuarial valuation for accounting purposes was performed as at March 31, 2023 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, 2023 is based on an extrapolation of an actuarial valuation conducted as at December 31, 2022. 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.

Effective April 1, 2020, the eligibility for post-retirement life insurance was amended through changes to Section M, the terms and conditions of employment for managers. Managers appointed to MG3 or higher positions prior to April 1, 2020 retain their eligibility for post-retirement life insurance on retirement. Management employees newly appointed at the MG3 level or higher as of April 1, 2020 are not eligible for post-retirement life insurance.

The accrued benefit liability (asset) for the above retirement benefits as of March 31, 2023 was as follows:

	<u>2023</u>	<u>2022</u>
	(thousands of dollars)	
Accrued benefit asset		
Yukon Hospital Corporation Employees' Pension Plan	\$ (63,126)	\$ (56,073)
Yukon University Employees' Pension Plan	<u>(29,618)</u>	<u>(24,343)</u>
	<u>\$ (92,744)</u>	<u>\$ (80,416)</u>
Accrued benefit liability		
Extended health care retirement benefit	\$ 79,017	\$ 75,792
Legislative Assembly Retirement Allowances Plan	30,560	31,220
Life insurance retirement benefit	4,028	3,809
Territorial Court Judiciary Pension Plan	<u>10,137</u>	<u>9,916</u>
	<u>\$ 123,742</u>	<u>\$ 120,737</u>
Total net benefit liability (Schedule E)	<u>\$ 30,998</u>	<u>\$ 40,321</u>

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19. **Borrowings**

	<u>2023</u>	<u>2022</u>
	(thousands of dollars)	
Yukon Hospital Corporation – loans with a chartered bank. (see below)	\$ 23,612	\$ 22,610
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 \$1,819,000 (2022 – \$2,042,000), repayable in blended monthly payments with maturities up to the year 2028, bearing fixed interest rates ranging from 1.99% to 2.81%.	379	733
Yukon University – non-interest bearing loan repayable on demand within 90 days.	966	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%.	412	522
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 \$0 (2022 – \$30,000).	85	85
	<u>\$ 25,454</u>	<u>\$ 24,946</u>
Less: Amounts included in Due to Canada (Note 6)	<u>(791)</u>	<u>(1,255)</u>
	<u>\$ 24,663</u>	<u>\$ 23,691</u>

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

	(thousands of dollars)
2024	\$ 6,107
2025	5,183
2026	5,398
2027	5,004
2028	3,633
Thereafter	129
	<u>\$ 25,454</u>

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Yukon Hospital Corporation – loans with a chartered bank

	<u>2023</u>	<u>2022</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.	\$ 6,524	\$ 8,062
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.	6,100	7,300
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.	6,192	7,248
Demand term installment loan with the CIBC with interest calculated at a fixed rate of 5.30% per annum for the Pension solvency and Letter of Credit interest. Blended payments of \$93,000 due monthly with the final payment due on February 28, 2028.	4,796	-
	<u>\$ 23,612</u>	<u>22,610</u>

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Borrowing Limit

The *Yukon Borrowing Limits 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.

An Order in Council (P.C. 2020-0663) came into force on September 20, 2020. These regulations pursuant to subsection 23(2) of the *Yukon Act* (Canada) provided authority to the Government and its entities to borrow in aggregate to a maximum of \$800 million.

	<u>2023</u>	<u>2022</u>
	(thousands of dollars)	
Authorized borrowing limit	\$ 800,000	\$ 800,000
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>88,383</u>	<u>73,423</u>
	<u>188,383</u>	<u>173,423</u>
Fully consolidated entities		
Yukon Hospital Corporation, bank loans	23,612	22,610
Yukon Housing Corporation, mortgages payable	379	733
Yukon University, loan payable	966	996
Yukon Housing Corporation, loans payable	<u>412</u>	<u>522</u>
	<u>25,369</u>	<u>24,861</u>
Accrued interest payable	2,165	1,886
Credit facilities used	16,729	14,222
Liabilities for leased tangible capital assets	<u>834</u>	<u>1,982</u>
Total debt	<u>233,480</u>	<u>216,374</u>
Available borrowing capacity	<u>\$ 566,520</u>	<u>\$ 583,626</u>

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

	2023	2022
	(thousands of dollars)	
Building lease obligation payable monthly until the year 2023, with imputed interest rate of 3.7%.	\$ -	\$ 686
Building lease obligation payable monthly until the year 2024, with imputed interest rate of 3.7%.	558	814
Building lease obligation payable monthly until the year 2025, with imputed interest rate of 3.3%.	276	482
	\$ 834	\$ 1,982

Interest expense related to liabilities for leased tangible capital assets for the year was \$110,000 (2022 – \$135,000) at an imputed average interest rate of 3.6% (2022 – 3.6%).

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

	(thousands of dollars)	
2024	\$ 725	
2025	536	
	1,261	
Total minimum lease payments	1,261	
Less: amount representing executory costs	(270)	
amount representing rental of land	(126)	
amount representing interest	(31)	
	\$ 834	

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21. **Tangible capital assets**

	2023	2022 Restated (Note 3)
	<u>Net Book Value</u>	<u>Net Book Value</u>
	(thousands of dollars)	
Land	\$ 19,950	\$ 19,950
Buildings	826,854	797,903
Equipment and vehicles	107,187	104,685
Computer hardware and software	53,963	48,488
Infrastructure	818,503	685,209
Land improvements and fixtures	53,082	53,771
Waste and water systems	58,123	52,262
Communications technology	<u>58,220</u>	<u>25,163</u>
(Schedule C)	<u>\$ 1,995,882</u>	<u>\$ 1,787,431</u>

During 2022-23 the Government revised the estimated useful lives of tangible capital assets. The changes in estimate are applied on a prospective basis and resulted in a reduction in annual amortization. The most significant impact was for buildings of \$6,213,000.

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 \$990,000 (2022 – \$991,000). The cost and accumulated amortization of leased capital assets that are included in the schedule of tangible capital assets are as follows:

	2023	2022
	(thousands of dollars)	
Buildings (cost)	\$ 9,907	\$ 9,907
Operating equipment (cost)	<u>-</u>	<u>-</u>
	9,907	9,907
Less accumulated amortization	<u>(9,255)</u>	<u>(8,265)</u>
	<u>\$ 652</u>	<u>\$ 1,642</u>

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22. **Expenses by object**

	2023	2022 Restated (Note 3)
	(thousands of dollars)	
Personnel	\$ 743,185	\$ 716,623
Government transfers	401,245	360,808
Contract and special services	277,739	297,957
Materials, supplies and utilities	158,513	149,915
Amortization expenses	73,137	79,863
Accretion expenses	1,874	1,806
Communication and transportation	50,438	40,803
Rent	56,846	56,965
Interest on long-term debt and capital lease obligations	1,323	1,560
Other	26,763	12,571
	\$ 1,791,063	\$ 1,718,871

23. **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, 2023, 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, 2023, except for the Compensation Fund (Yukon) which is at December 31, 2022.

	2023	2022
	(thousands of dollars)	
Compensation Fund (Yukon)	\$ 246,720	\$ 268,362
Canada Community Building Fund	124,155	125,730
Lottery Commission	10,852	9,359
Crime Prevention and Victim Services	7,430	7,225
Forest Sector trust	6,309	6,084
Extended health and dental plan trust funds	3,844	5,957
Supreme Court trust	630	1,251
Public Guardian trust	1,754	1,458
Other	6,711	3,985
	\$ 408,405	\$ 429,411

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24. **Contractual rights**

The Government has entered into agreements to receive, or has contractual rights for, the following receipts subsequent to March 31, 2023:

	<u>Expiry Date</u>	<u>2024</u>	<u>2025 – 2032</u>	<u>Total</u>
		(thousands of dollars)		
Contribution and Service Agreements				
Infrastructure Canada	2031	\$ 107,079	\$ 447,625	\$ 554,704
Transport Canada	2029	16,977	136,542	153,519
Canada Mortgage and Housing Corporation	2030	8,331	33,976	42,307
Early Learning and Childcare Agreement	2026	13,262	23,069	36,331
Environment and Natural Resources	2024	13,552	-	13,552
Innovation, Science and Economic Development	2024	9,044	-	9,044
Employment and Social Development	2028	2,767	8,664	11,431
Student Financial Assistance	2026	509	2,036	2,545
RCMP: Mobile Radio Network	2025	1,975	412	2,387
Justice Canada	2027	1,643	6,571	8,214
Canadian Heritage	2025	6,232	5,750	11,982
Indigenous Services Canada	2032	25,700	205,600	231,300
Other	2027	14,296	11,311	25,607
		<u>\$ 221,367</u>	<u>\$ 881,556</u>	<u>\$ 1,102,923</u>

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
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25. **Contractual obligations**

The Government has entered into agreements for, or is contractually obligated for, the following payments subsequent to March 31, 2023:

	Expiry Date	2024	2025 – 2045	Total
		(thousands of dollars)		
RCMP policing agreement	2032	\$ 36,525	\$ 292,201	\$ 328,726
Capital projects				
- in progress at March 31, 2023	2031	312,991	94,086	407,077
Building/office space leases	2033	14,894	22,289	37,183
Northwestel Inc. mobile radio network system	2025	3,291	687	3,978
Yukon Hospital Corporation – medical equipment maintenance	2029	5,216	10,766	15,982
Alkan Air Ltd. medical evacuation -contract	2026	1,500	23,425	24,925
Conair Group Inc. air tanker -services (turbine engines)	2024	2,462	-	2,462
Air Spray (1967) Ltd. Air tanker services	2024	2,396	-	2,396
Information Services Corporation	2040	185	3,240	3,425
Miscellaneous operational commitments	2045	67,433	31,298	98,731
		<u>\$ 446,893</u>	<u>\$ 477,992</u>	<u>\$ 924,885</u>

26. **Overexpenditure**

Over-expenditure 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”. During the year, no (2022 – no) departments exceeded their votes.

The *Appropriation Acts* (Yukon) state that the Government is not to expend grant payments except in accordance with the Act. During the year, one (2022 – one) department exceeded the authorized amounts as follows:

	(thousands of dollars)
Health and Social Services	
- Social assistance - region	\$ 129
- Yukon senior’s income supplements	\$ 219

Section 3 of the *Hospital Standards (Yukon Hospital Corporation) Regulation* states that property or money that is supplied to the Yukon Hospital Corporation by the Government must be used for the purpose for which it was supplied and in accordance with the conditions on which it was supplied. During the year, Yukon Hospital Corporation used \$7,300,000 for operational purposes even though it was supplied by the Government solely for the purpose of a capital project.

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
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27. Guarantees

At March 31, 2023, the Yukon Development Corporation had long-term debt of \$221,000,000 (2022 – \$206,000,000) (Note 12(a)) and a credit facility of up to \$72,500,000 (2022 - \$50,500,000). While the Government has not issued guarantees for 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 12(d), it is expected that no significant costs will be incurred by the Government with respect to any guarantees and debts.

28. Risk management of financial instruments

The Government, collectively through its public sector entities and government business enterprises, has exposure to the following risks related to its financial instruments: credit risk, liquidity risk, interest rate risk, foreign exchange rate risk, and other price risk. The Government employs various risk management strategies and operates within fixed risk exposure limits to ensure exposure to risk is managed in a prudent and cost-effective manner.

The concentration of risk arises from financial instruments that have similar characteristics and are affected similarly by changes in economic or other conditions.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Government is primarily exposed to credit risk on its cash and cash equivalents, accounts receivable, loans receivable, and investments. The Government's carrying amounts for these financial assets best represent its maximum exposure to credit risk.

For cash and cash equivalents, and portfolio investments, the Government manages this risk by dealing solely with reputable financial institutions, and through an investment policy that limits investments to high credit quality as well as maintains asset allocation and portfolio diversification.

For accounts receivable, the Government reviews balances and aging information to determine if a valuation allowance is necessary, and initiates collection actions.

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

	2023	2022
	(thousands of dollars)	
Carrying value	\$ 27,121	\$ 34,322
Allowance for doubtful accounts	\$ 3,775	\$ 3,465
Accounts receivable % less than 30 days	78 %	81 %
Accounts receivable % over 90 days	19 %	16 %

To manage the credit risk on mortgages and loans receivable, the Government actively monitors loan payments and works with borrowers to develop payment plans to resolve outstanding arrears issues. The maximum exposure of the mortgages and loans receivable to credit risk is \$67,767,000 (2022 - \$77,167,000). As at March 31, 2023, approximately 97% (2022 – 97%) of loans receivable were current or less than 30 days past due, whereas 3% (2022 – 3%) were over 30 days past due.

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
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Liquidity risk is the risk that the Government will encounter difficulty in meeting obligations associated with financial liabilities. The Government is exposed to liquidity risk on its accounts payable and accrued liabilities, due to Government of Canada, and borrowings.

The Government manages its overall liquidity risk by managing cash resources which is achieved by monitoring actual and forecasted cash flows from operating, investing, and financing activities. The Government manages this risk on its borrowings by distributing debt maturities over many years (Note 19).

The carrying amounts of accounts payable and accrued liabilities, as well as due to Government of Canada, as reported on the consolidated statement of financial position will be settled in the next fiscal year.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate unfavourably with changes in market interest rates.

The Government is exposed to interest rate risk through its investment holdings in interest-bearing, or fixed-income assets. The Government manages this risk on its investments by setting asset mix guidelines that limit the extent to which interest rates impact the market value of the Government's portfolio investments, which may include 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. Based on year-end short-term investment balances, a one per cent increase (decrease) in the bank's prime lending rate could increase (decrease) interest income by approximately \$43,000 (2022 - \$41,000).

The Government manages this risk on its debt by issuing securities at predominantly fixed rates of interest rather than at floating rates of interest. To reduce its exposure to interest rate risk, the Government, through its government reporting entities, uses interest rate contracts, including interest rate swap agreements, to manage the fixed and floating interest rate mix on its debt portfolio. The Government has interest rate swaps on a value of debt of \$23,612,000 (2022 - \$22,610,000). At March 31, 2023, 100 per cent (2022 – 100 per cent) of the Government's gross debt effectively carried a rate of interest that was fixed for greater than a one-year period. As such, fluctuations in market interest rates would not impact future cash flows and the operations of the Government.

Foreign exchange rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate unfavourably with a change in the value of the Canadian dollar relative to other currencies. The Government is not exposed to any significant foreign exchange risk because instruments held in foreign currency are not considered significant.

Other Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market. The Government is exposed to other price risk through its portfolio investments; and manages these risks through maximum proportions of equities in its investment portfolio and through concentration limits on investments in any one issuer, as outlined in the investment policies and procedures.

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2023**

The Government is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments for trading purposes. Overall, the other price risk is not considered significant.

29. **Land claims**

Between February 1995 and March 31, 2023, 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 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.

30. **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, 2023, the amounts claimed, excluding the claim from Northern Cross (Yukon) Ltd., which is described below, is \$32,288,000 (2022 - \$22,820,000). No provision for these claims has been made as it is unlikely or indeterminable that a liability has been incurred as at the date of the financial statements. Furthermore, an estimate of extent cannot be made as at the date of the financial statements.

On April 4, 2017, Northern Cross (Yukon) Ltd. ("Northern Cross") filed a Statement of Claim in the Supreme Court of Yukon against the Government 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 value, identified as being in the area through a resource evaluation. On April 12, 2017, Northern Cross changed its name to Chance Oil and Gas Limited. No provision for this claim has been made as it is undeterminable that any liability exists at the date of the financial statements.

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 has legal liability and property insurance with a \$2,000,000 deductible. In 2023, the Government paid \$841,000 (2022 - \$317,000) for liability claims such as bodily injury, property damage and automobile liability. The Government had unpaid claims against the fund in the amount of \$3,747,000 as at March 31, 2023 (2022 -

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
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\$3,215,000). This amount is reported as part of the Government's accrued liabilities. The fund balance at March 31, 2023 was \$2,613,000 (2022 – \$3,420,000).

In addition to the environmental liabilities discussed in Note 14, 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.

31. **Subsequent Events**

Minto Mine

On May 13, 2023, Minto Metals Corporation (Minto) ceased operations at its mine located on Selkirk First Nation settlement land. The Government has subsequently monitored and maintained the integrity of the water treatment facilities at the mine. A receiver in bankruptcy has been appointed. Given the complex legal issues associated, the Government is unable to determine the impacts on the Government.

Ratification of YEU Collective Agreement

In June 2023, the Government of Yukon and Yukon Employee Union ratified a new collective agreement retroactive to January 1, 2022. Management has determined that the portion of anticipated retro-payments that are relevant to the fiscal periods ending prior to March 31, 2023, is \$26,100,000. Management has included an accrual for this amount in accrued liabilities (Note 13) and in personnel expenses (Note 22).

The Government of Yukon issued a Special Warrant on September 21, 2023, to increase the appropriations for several departments prior to the retro-payments being issued. The Special Warrant became part of the 2022-23 Supplementary Estimates #3 debated during the 2023 Fall Session and assented on October 10, 2023.

32. **Comparative figures**

Certain comparative figures for 2022 have been reclassified to conform with the 2023 presentation.

GOVERNMENT OF YUKON

Schedule A

**Consolidated Schedule of Revenues by Source
for the year ended March 31, 2023**

	2023		2022
	Budget	Actual	Actual
	(thousands of dollars)		
From Government of Canada			
Formula Financing Grant	\$ 1,174,144	\$ 1,174,144	\$ 1,117,650
Other grants	70,259	122,910	145,210
Contributions and service agreements	311,490	313,766	217,842
	<u>1,555,893</u>	<u>1,610,820</u>	<u>1,480,702</u>
Taxes and general revenues			
Income taxes	114,374	150,298	129,788
Other taxes			
Tobacco tax	13,262	11,612	12,894
Fuel oil tax	9,660	8,863	8,729
Liquor tax	5,313	5,106	5,018
General property tax	6,795	5,806	5,670
Insurance premium tax	8,073	8,902	7,438
Grant in lieu of property tax	246	240	241
Licences, permits and fees	30,578	30,498	29,892
Sale of land	19,150	8,351	7,959
Investment and interest revenue	5,726	9,047	5,122
Hospital revenues	6,500	2,130	2,666
Resource revenue - mineral, oil and gas and forestry	6,255	2,362	10,093
Aviation operations	1,345	1,573	290
Income from portfolio investments	1,500	980	576
Fines	508	531	480
Other revenues	150	2,706	4,605
	<u>229,435</u>	<u>249,005</u>	<u>231,461</u>
Funding and service agreements with other parties	<u>37,271</u>	<u>34,413</u>	<u>31,409</u>
Income (loss) from investment in government business enterprises			
Yukon Liquor Corporation	9,397	7,720	8,265
Yukon Development Corporation	10,000	8,119	15,990
	<u>19,397</u>	<u>15,839</u>	<u>24,255</u>
	<u>\$ 1,841,996</u>	<u>\$ 1,910,077</u>	<u>\$ 1,767,827</u>

GOVERNMENT OF YUKON

Schedule B

**Consolidated Schedule of Operations by Function
for the year ended March 31, 2023**

	Health and Social Services		Community and Transportation		Education		General Government ¹		Natural Resources	
	2023	2022 Restated (Note 3)	2023	2022 Restated (Note 3)	2023	2022 Restated (Note 3)	2023	2022 Restated (Note 3)	2023	2022 Restated (Note 3)
(thousands of dollars)										
Revenues										
From Government of Canada	\$ 45,317	\$ 62,106	\$ 183,541	\$ 121,637	\$ 18,748	\$ 22,272	\$ 1,326,306	\$ 1,228,195	\$ 19,954	\$ 40,158
Taxes and general revenues	16,554	14,332	39,941	38,233	5,359	5,970	191,848	167,264	6,042	13,057
Funding and service agreements	8,954	11,553	7,113	7,455	15,937	10,210	1,784	1,670	343	263
Income (loss) from investments in government business enterprises		-	8,119	15,990	-	-	7,720	8,265	-	-
	<u>70,825</u>	<u>87,991</u>	<u>238,714</u>	<u>183,315</u>	<u>40,044</u>	<u>38,452</u>	<u>1,527,658</u>	<u>1,405,394</u>	<u>26,339</u>	<u>53,478</u>
Expenses (Note 22)										
Personnel	244,146	227,266	87,654	86,366	156,400	155,955	134,974	133,314	60,846	57,315
Contracts, materials and other	176,063	169,117	133,345	128,535	39,729	33,060	114,725	86,320	57,126	92,502
Government transfers	111,763	98,835	147,885	126,791	49,878	51,128	36,728	41,354	21,013	12,017
Amortization expenses	15,473	16,827	38,610	42,909	7,373	8,908	7,427	5,952	1,446	1,245
Interest on long-term debt and capital lease obligations	1,273	1,358	50	67	-	-	-	135	-	-
	<u>548,718</u>	<u>513,403</u>	<u>407,544</u>	<u>384,668</u>	<u>253,380</u>	<u>249,051</u>	<u>293,854</u>	<u>267,075</u>	<u>140,431</u>	<u>163,079</u>
Recovery of prior years' expenses	839	3,040	614	19	390	136	1,243	114	168	192
Surplus (deficit) for the year	\$ (477,054)	\$ (422,372)	\$ (168,216)	\$ (201,334)	\$ (212,946)	\$ (210,463)	\$ 1,235,047	\$ 1,138,433	\$ (113,924)	\$ (109,409)

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

Schedule B, continued

**Consolidated Schedule of Operations by Function
for the year ended March 31, 2023**

	Justice		Business, Tourism and Culture		Adjustments ²		Total	
	2023	2022 Restated (Note 3)	2023	2022 Restated (Note 3)	2023	2022 Restated	2023	2022 Restated (Note 3)
(thousands of dollars)								
Revenues								
From Government of Canada	\$ 7,372	\$ 6,127	\$ 9,582	\$ 207	\$ -	\$ -	\$ 1,610,820	\$ 1,480,702
Taxes and general revenues	1,228	1,387	73	34	(12,040)	(8,816)	249,005	231,461
Funding and service agreements	746	819	469	452	(933)	(1,013)	34,413	31,409
Income (loss) from investments in government business enterprises	-	-	-	-	-	-	15,839	24,255
	<u>9,346</u>	<u>8,333</u>	<u>10,124</u>	<u>693</u>	<u>(12,973)</u>	<u>(9,829)</u>	<u>1,910,077</u>	<u>1,767,827</u>
Expenses (Note 22)								
Personnel	39,422	37,938	19,743	18,469	-	-	743,185	716,623
Contracts, materials and other	47,127	41,387	12,728	11,226	(8,670)	(2,130)	572,173	560,017
Government transfers	7,737	6,406	30,544	31,976	(4,303)	(7,699)	401,245	360,808
Amortization expenses	1,986	2,900	822	1,122	-	-	73,137	79,863
Interest on long-term debt and capital lease obligations	-	-	-	-	-	-	1,323	1,560
	<u>96,272</u>	<u>88,631</u>	<u>63,837</u>	<u>62,793</u>	<u>(12,973)</u>	<u>(9,829)</u>	<u>1,791,063</u>	<u>1,718,871</u>
Recovery of prior years' expenses	146	34	449	127	-	-	3,849	3,662
Surplus (deficit) for the year	<u>\$ (86,780)</u>	<u>\$ (80,264)</u>	<u>\$ (53,264)</u>	<u>\$ (61,973)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 122,863</u>	<u>\$ 52,618</u>

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

**Consolidated Schedule of Tangible Capital Assets
for the year ended March 31, 2023**

	Land	Buildings	Equipment & Vehicles	Computer Hardware & Software	Infrastructure	Land Improvements & Fixtures	Waste & Water Systems	Communications Technology ^(D)	2023 Total	2022 Restated (Note 3)
(thousands of dollars)										
Cost of tangible capital assets, opening as restated and reclassified (see reconciliation below)	\$ 19,950	\$ 1,321,522	\$ 229,618	\$ 119,305	\$ 1,169,331	\$ 67,821	\$ 74,112	\$ 29,974	\$ 3,031,633	\$ 2,878,795
Acquisitions	-	63,325	16,580	12,922	153,007	3,091	8,553	33,589	291,067	160,429
Write-downs	-	(6,654)	(390)	-	(113)	-	(1,588)	-	(8,745)	(19)
Disposals	-	(3,791)	(3,114)	(930)	-	-	-	-	(7,835)	(7,572)
Cost of tangible assets, closing	19,950	1,374,402	242,694	131,297	1,322,225	70,912	81,077	63,563	3,306,120	3,031,633
Accumulated amortization, opening as restated and reclassified (see reconciliation below)	-	523,654	124,957	70,758	484,122	14,050	21,850	4,811	1,244,202	1,171,634
Amortization expense	-	26,241	14,433	7,447	19,600	3,780	1,104	532	73,137	79,863
Disposals	-	(3,573)	(2,598)	(930)	-	-	-	-	(7,101)	(7,295)
Accumulated amortization, closing	-	546,322	136,792	77,275	503,722	17,830	22,954	5,343	1,310,238	1,244,202
Net book value (Note 21)	\$ 19,950	\$ 828,080	\$ 105,902	\$ 54,022	\$ 818,503	\$ 53,082	\$ 58,123	\$ 58,220	\$ 1,995,882	\$ 1,787,431
Work-in-progress ^(a)	\$ -	\$ 84,778	\$ 4,928	\$ 27,116	\$ 230,899	\$ 13,208	\$ 13,443	\$ 54,630	\$ 429,002	\$ 207,889
Asset Retirement Obligations ^(a)	\$ -	\$ 4,571	\$ 200	\$ -	\$ 428	\$ -	\$ 1,725	\$ -	\$ 6,924	\$ 13,472

**Consolidated Schedule of Tangible Capital Assets
for the year ended March 31, 2023**

The reconciliation of 2022 restatement and reclassification impacts is as follows:

	Land	Buildings	Equipment & Vehicles	Computer Hardware & Software	Infrastructure	Land Improvements & Fixtures	Waste & Water Systems	Communications Technology ^(b)	Total
	(thousands of dollars)								
Cost, as at March 31, 2022, as previously reported	\$ 19,950	\$ 1,275,094	\$ 229,833	\$ 139,385	\$ 1,168,747	\$ 67,821	\$ 69,312	\$ 30,051	\$ 3,000,193
Reclassifications ^(c)									
Dempster Fibre Line	-	-	-	(19,896)	-	-	-	19,896	-
Housing Trailers	-	11,516	(2,150)	-	-	-	-	(9,366)	-
Portable Classrooms	-	10,607	-	-	-	-	-	(10,607)	-
Fleet Vehicle Assets	-	-	184	(184)	-	-	-	-	-
Adoption of PS 3280 Asset retirement obligations (Note 3(a))	-	24,305	1,751	-	584	-	4,800	-	31,440
Cost, as at March 31, 2022, as restated and reclassified	19,950	1,321,522	229,618	119,305	1,169,331	67,821	74,112	29,974	3,031,633
Accumulated amortization, as at March 31, 2022, as previously reported	-	502,816	124,617	70,884	484,033	14,050	19,459	10,375	1,226,234
Reclassifications ^(c)									
Dempster Fibre Line	-	-	-	-	-	-	-	-	-
Housing Trailers	-	3,349	(889)	-	-	-	-	(2,460)	-
Portable Classrooms	-	3,104	-	-	-	-	-	(3,104)	-
Fleet Vehicle Assets	-	-	126	(126)	-	-	-	-	-
Adoption of PS 3280 Asset retirement obligations (Note 3(a))	-	14,385	1,103	-	89	-	2,391	-	17,968
Accumulated amortization, at March 31, 2022, as restated and reclassified	-	523,654	124,957	70,758	484,122	14,050	21,850	4,811	1,244,202
Net book value, March 31, 2022, as previously reported	19,950	772,278	105,216	68,501	684,714	53,771	49,853	19,676	1,773,959
Change in net book value, for restatement and reclassification	-	25,590	(555)	(19,954)	495	-	2,409	5,487	13,472
Net book value, April 1, 2022	\$ 19,950	\$ 797,868	\$ 104,661	\$ 48,547	\$ 685,209	\$ 53,771	\$ 52,262	\$ 25,163	\$ 1,787,431

^(a)Included in net book value.

^(b)Due to reclassification of assets between categories, the category "other" is now named "communications technology".

^(c)The Government reclassified assets within the tangible capital asset categories to best reflect changes in the composition of the Government's tangible capital assets.

GOVERNMENT OF YUKON

Schedule D

**Consolidated Schedule of Post-employment Benefits and Compensated Absences
for the year ended March 31, 2023**

	Government of Yukon Employees	Members of Yukon Legislative Assembly	Yukon Hospital Corporation	Yukon Housing Corporation	Yukon University	2023 Total	2022 Total
(thousands of dollars)							
Accrued benefit obligation							
Obligation at beginning of year	\$ 124,919	\$ 881		\$ 2,181	\$ 7,543	\$ 135,524	\$ 137,785
Current service costs	12,840	145		208	769	13,962	15,081
Plan amendment	-	-				-	-
Interest cost on benefit obligation	5,271	51		92	235	5,649	4,642
Actuarial loss (gain)	(14,333)	(13)		(320)	(157)	(14,823)	(7,453)
Past service cost	-	-		-	-	-	-
Benefits paid	(15,271)	-		(277)	(669)	(16,217)	(14,531)
Accrued benefit obligation at end of year	113,426	1,064		1,884	7,721	124,095	135,524
Unrecognized net actuarial gain (loss)	17,508	40		613	(1,105)	17,056	2,633
Accrued benefit liability	130,934	1,104		2,497	6,616	141,151	138,157
Liabilities that are not included in actuarial valuation	626	-	2,905	-	4,195	7,726	7,646
Post-employment benefits and compensated absences (Note 17)	131,560	1,104	2,905	2,497	10,811	148,877	145,803
Net benefit cost							
Current service cost	12,840	145		208	769	13,962	15,081
Interest cost on benefit obligation	5,271	51		92	235	5,649	4,642
Past service costs	-	-		(18)	-	(18)	73
Amortization of net actuarial loss (gain)	(206)	(9)		(17)	(157)	(389)	383
Plan amendment	-	-				-	-
Net cost for the year	\$ 17,905	\$ 187		\$ 265	\$ 847	\$ 19,204	\$ 20,179

GOVERNMENT OF YUKON

**Consolidated Schedule of Post-employment Benefits and Compensated Absences
for the year ended March 31, 2023**

Schedule D
Continued

	Government of Yukon Employees	Members of Yukon Legislative Assembly	Yukon Hospital Corporation	Yukon Housing Corporation	Yukon University
2022-23 Key Assumptions					
Discount rate on benefit costs	4.00%	5.30%	N/A	4.00%	3.80%
Discount rate on accrued benefit obligation at end of year	4.80%	6.00%	N/A	4.80%	4.80%
Rate of compensation increase	see below ¹	2.50%	N/A	see below ¹	see below ²
Amortization period (expected average remaining service life)	13.0 years	3.0 years	N/A	11.8 years	10.0 years

¹Based on the annual rates from the Public Service Pension Plan ("PSPP") March 31, 2020 valuation report.

²Group 1: 3.00% and Group 2: 3.40%

2021-22 Key Assumptions					
Discount rate on benefit costs	3.20%	3.70%	N/A	3.20%	2.75%
Discount rate on accrued benefit obligation at end of year	4.00%	5.30%	N/A	4.00%	3.80%
Rate of compensation increase	see below ¹	2.50%	N/A	see below ¹	3.40%
Amortization period (expected average remaining service life)	12.5 years	3.0 years	N/A	11.6 years	10.0 years

¹Based on the annual rates from the Public Service Pension Plan ("PSPP") March 31, 2017 valuation report.

GOVERNMENT OF YUKON

Schedule E

**Consolidated Schedule of Retirement Benefits
for the year ended March 31, 2023**

	Extended Health Care Retirement Benefit	Legislative Assembly Retirement Allowances Plan	Life Insurance Retirement Benefit	Territorial Court Judiciary Pension Plan	Yukon Hospital Corporation Employees' Pension Plan	Yukon University Employees' Pension Plan	2023 Total	2022 Total
(thousands of dollars)								
Pension and retirement plan assets are valued at fair value.								
Accrued benefit obligation								
Obligation at beginning of year	\$ 65,048	\$ 35,201	\$ 4,265	\$ 13,582	\$ 114,689	\$ 95,140	\$ 327,925	\$ 350,804
Current service costs	2,502	1,675	65	560	5,623	4,558	14,983	16,462
Transfers in/service buyback	-	-	-	-	-	-	-	-
Plan amendment	-	-	-	-	-	-	-	-
Interest cost on benefit obligation	2,671	1,867	172	691	6,807	5,411	17,619	16,616
Actuarial loss (gain)	(13,636)	(2,941)	(795)	(1,046)	(7,179)	(5,797)	(31,394)	(38,540)
Benefits paid	(1,510)	(1,593)	(119)	(543)	(8,093)	(5,993)	(17,851)	(16,943)
Administration expenses	-	-	-	-	-	(637)	(637)	(474)
Accrued benefit obligation at end of year	55,075	34,209	3,588	13,244	111,847	92,682	310,645	327,925
Plan assets - valued at fair value								
Value at beginning of year	-	10,544	-	4,733	172,523	141,261	329,061	316,271
Actual return on plan assets	-	320	-	32	(813)	(946)	(1,407)	14,976
Employer contributions	1,510	560	119	418	7,564	2,247	12,418	9,107
Member contributions	-	177	-	85	2,773	2,094	5,129	5,243
Transfers in/service buyback	-	-	-	-	-	-	-	-
Benefits paid	(1,510)	(339)	(119)	(543)	(8,093)	(5,993)	(16,597)	(15,724)
Actual plan expenses	-	-	-	-	(348)	(637)	(985)	(812)
Value at end of year	-	11,262	-	4,725	173,606	138,026	327,619	329,061
Funded status - plan deficit (surplus)	55,075	22,946	3,588	8,519	(61,759)	(45,344)	(16,975)	(1,137)
Unrecognized net actuarial gain (loss)	23,942	7,614	440	1,618	(1,367)	15,726	47,973	41,458
Accrued benefit liability (asset) (Note 18)	\$ 79,017	\$ 30,560	\$ 4,028	\$ 10,137	\$ (63,126)	\$ (29,618)	\$ 30,998	\$ 40,321
Net benefit cost								
Current service cost	\$ 2,502	\$ 1,675	\$ 65	\$ 560	\$ 5,978	\$ 4,558	\$ 15,338	\$ 16,836
Less: Member contributions	-	(177)	-	(85)	(2,773)	(2,094)	(5,129)	(5,243)
Interest cost on benefit obligation	2,671	1,867	172	691	(3,601)	5,411	7,211	16,616
Expected return on plan assets	-	(569)	-	(236)	-	(8,057)	(8,862)	(17,654)
Amortization of net actuarial loss (gain)	(439)	(1,639)	100	(291)	907	(2,847)	(4,209)	1,663
Net cost for the year	\$ 4,734	\$ 1,157	\$ 337	\$ 639	\$ 511	\$ (3,029)	\$ 4,349	\$ 12,218

GOVERNMENT OF YUKON

Schedule E
Continued

**Consolidated Schedule of Retirement Benefits
for the year ended March 31, 2023**

	Extended Health Care Retirement Benefit	Legislative Assembly Retirement Allowances Plan	Life Insurance Retirement Benefit	Territorial Court Judiciary Pension Plan	Yukon Hospital Corporation Employees' Pension Plan	Yukon University Employees' Pension Plan
2022-23 Key Assumptions						
Expected long term rate of return on assets at beginning of year	N/A	5.30%	N/A	5.00%	6.00%	6.15%
Discount rate on benefit costs	4.80%	6.00%	4.80%	5.70%	6.00%	6.15%
Discount rate on accrued benefit obligation at end of year	4.80%	6.00%	4.80%	5.70%	6.00%	6.15%
Inflation rate at end of year	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Rate of compensation increase	see below ²	2.50%	see below ²	3.00%	2.50%	see below ⁴
Health care cost trend rate	see below ³	N/A	N/A	N/A	N/A	N/A
Amortization period (expected average remaining service life)	13 years	4.0 years	9.5 years	1.4 years	9.2 years	10.0 years

¹ Includes \$357,000 for provision of administrative expenses.

² Based on the annual rates from the Public Service Pension Plan ("PSPP") March 31, 2020 valuation report.

³ 5.9% per annum for 2023-2024, decreasing linearly to 4.9% in 2029, and following the McMaster Model to an ultimate trend rate of 4.0% in 2040.

⁴ Group 1: 3.00% and Group 2: 3.40%

2021-22 Key Assumptions						
Expected long term rate of return on assets at beginning of year	N/A	3.70%	N/A	3.80%	6.00%	5.75%
Discount rate on benefit costs	3.20%	3.70%	3.20%	3.80%	6.00%	5.75%
Discount rate on accrued benefit obligation at end of year	4.00%	5.30%	4.00%	5.00%	6.00%	5.75%
Inflation rate at end of year	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Rate of compensation increase	see below ²	2.50%	see below ²	3.00%	2.50%	3.40%
Health care cost trend rate	see below ³	N/A	N/A	N/A	N/A	N/A
Amortization period (expected average remaining service life)	12.5 years	3.0 years	9.3 years	2.7 years	9.0 years	10.0 years

¹ Includes \$357,000 for provision of administrative expenses.

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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PART THREE
NON-CONSOLIDATED FINANCIAL STATEMENTS
AND OTHER INFORMATION

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SECTION I
GOVERNMENT OF YUKON
FINANCIAL STATEMENTS
(unaudited)

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GOVERNMENT OF YUKON

**Non-Consolidated Statement of Financial Position
as at March 31, 2023**

	2023	2022 Restated (Note 3)
	(thousands of dollars)	
Financial assets		
Cash and cash equivalents (Note 4)	\$65,431	\$ 72,771
Temporary investments (Note 5)	-	4,122
Due from Government of Canada (Note 6)	173,124	176,146
Accounts receivable (Note 7)	23,746	30,905
Portfolio investments (Note 8)	36,175	30,597
Advances to Territorial corporations (Note 10)	60,374	68,101
Loans receivable (Note 11)	41,511	48,452
Land inventory (Note 12)	77,545	67,711
	<u>477,906</u>	<u>498,805</u>
Liabilities		
Due to Government of Canada (Note 6)	41,262	38,687
Accounts payable and accrued liabilities (Note 13)	258,134	197,465
Unearned revenues (Note 14)	30,193	17,623
Environmental liabilities (Note 15)	91,873	84,128
Asset retirement obligation liabilities (Note 16)	58,193	63,468
Post-employment benefits and compensated absences (Note 17)	132,664	129,792
Retirement benefits (Note 18)	123,742	120,737
Liabilities for leased tangible capital assets (Note 19)	835	1,982
	<u>736,895</u>	<u>653,882</u>
Net financial assets (debt)	<u>(258,989)</u>	<u>(155,077)</u>
Non-financial assets		
Tangible capital assets (Note 20)	1,708,618	1,502,933
Inventories of supplies	10,097	6,667
Prepaid expenses	3,257	2,868
	<u>1,721,972</u>	<u>1,512,468</u>
Accumulated surplus	<u>\$ 1,462,983</u>	<u>\$ 1,357,391</u>
Accumulated surplus (deficit) is comprised of:		
Accumulated operating surplus	1,462,384	1,357,391
Accumulated remeasurement gains and (losses)	599	-
	<u>\$ 1,462,983</u>	<u>\$ 1,357,391</u>

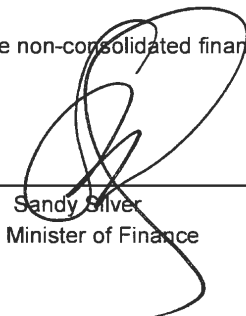
Contingencies, contractual rights and obligations, commitments and guarantees
(Notes 15, 16, 23, 24, 27, 29, and 30)

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

Approved on November 20, 2023:



Jessica Schultz
Deputy Minister of Finance



Sandy Silver
Minister of Finance

GOVERNMENT OF YUKON

**Non-Consolidated Statement of Operations and Accumulated Operating Surplus
for the year ended March 31, 2023**

	2023		2022 Restated (Note 3)
	Main Estimates (Note 1(b))	Actual	Actual
	(thousands of dollars)		
Revenues (Schedule A)			
From Government of Canada			
Formula financing grant	\$ 1,174,144	\$ 1,174,144	\$ 1,117,650
Contributions and service agreements	298,282	305,132	205,541
Other grants	70,259	122,910	145,210
Taxes and general revenues	215,803	241,188	222,359
Funding and service agreements	22,603	18,240	21,222
	<u>1,781,091</u>	<u>1,861,614</u>	<u>1,711,982</u>
Expenses (Note 21 and Schedule B)	<u>1,741,570</u>	<u>1,760,470</u>	<u>1,708,830</u>
Recovery of prior years' expenses	<u>-</u>	<u>3,849</u>	<u>3,662</u>
Surplus (deficit) for the year	\$ 39,521	\$ 104,993	\$ 6,814
Accumulated operating surplus at beginning of year (Note 3)		1,357,391	1,350,577
Accumulated operating surplus at end of year		<u>\$ 1,462,384</u>	<u>\$ 1,357,391</u>

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

GOVERNMENT OF YUKON

**Non-Consolidated Statement of Remeasurement Gains and Losses
for the year ended March 31, 2023**

	2023
	(thousands of dollars)
	<u>Actual</u>
Accumulated remeasurement gains and (losses) at beginning of year (Note 3(b))	\$ -
Adjustment on adoption of PS 3041 Portfolio investments (Note 3(b))	<u>898</u>
Adjusted accumulated remeasurement gains and (losses) at beginning of year	\$ <u>898</u>
Unrealized gains (losses) attributable to:	
Portfolio investments	371
Amounts reclassified to the statement of operations and accumulated surplus (deficit):	
Portfolio investments	(670)
	<u> </u>
Net remeasurement gains and (losses) for the year	<u>(299)</u>
	<u> </u>
Accumulated remeasurement gains and (losses) at end of year	<u><u>\$ 599</u></u>

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

GOVERNMENT OF YUKON

**Non-Consolidated Statement of Change in Net Financial Assets (Debt)
for the year ended March 31, 2023**

	2023		2022 Restated (Note 3)
	Main Estimates (Note 1(b))	Actual	Actual
	(thousands of dollars)		
Surplus (deficit) for the year	\$ 39,521	\$ 104,993	\$ 6,814
Effect of change in tangible capital assets			
Acquisitions	(216,647)	(272,535)	(140,303)
Amortization of tangible capital assets	66,025	58,203	65,625
Loss (gain) on disposal of tangible capital assets	(2)	512	155
Proceeds on disposal of tangible capital assets	192	-	-
Write-down of tangible capital assets	-	8,135	3
	<u>(150,432)</u>	<u>(205,685)</u>	<u>(74,520)</u>
Effect of change in other non-financial assets			
Acquisition of inventories of supplies	-	(12,522)	(8,117)
Consumption of inventories of supplies	-	9,093	7,937
Decrease (increase) in prepaid expenses	-	(390)	(15)
	<u>-</u>	<u>(3,819)</u>	<u>(195)</u>
Net remeasurement gains (losses)		599	-
Increase (decrease) in net financial assets (debt)	\$ (110,911)	(103,912)	(67,901)
Net financial assets (debt) at beginning of year		(155,077)	(87,176)
Net financial assets (debt) at end of year		<u>\$ (258,989)</u>	<u>\$ (155,077)</u>

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

GOVERNMENT OF YUKON

**Non-Consolidated Statement of Cash Flow
for the year ended March 31, 2023**

	2023	2022 Restated (Note 3)
	(thousands of dollars)	
Operating transactions		
Surplus (deficit) for the year	\$ 104,993	\$ 6,814
Non-cash items included in surplus (deficit) for the year:		
Amortization of tangible capital assets	58,203	79,453
Loans receivable valuation adjustment	108	35
Accretion expense	1,587	1,548
Write-down of tangible capital assets	8,135	3
Loss (gain) on sale of land inventory	(15)	68
Loss (gain) on disposal of tangible capital assets	512	155
Net change in accounts payable and accrued liabilities balances	48,392	33,328
Net change in other operating asset and liability balances	28,082	(3,487)
Cash provided by (used for) operating transactions	<u>249,997</u>	<u>117,917</u>
Capital transactions		
Acquisition of tangible capital assets	<u>(260,258)</u>	<u>(128,185)</u>
Cash provided by (used for) capital transactions	<u>(260,258)</u>	<u>(128,185)</u>
Investing transactions		
Net proceeds from (acquisition of) temporary investments	-	(3,322)
Net proceeds from (acquisition of) portfolio investments	(672)	3,992
Repayment of advances from Territorial corporations	2,250	500
Advances to Territorial corporations	5,476	16,091
Repayment of loans receivable	17,088	21,032
Issuance of loans receivable	(2,155)	(5,833)
Investment in land inventory	<u>(17,918)</u>	<u>(12,193)</u>
Cash provided by (used for) investing transactions	<u>4,069</u>	<u>20,267</u>
Financing transactions		
Repayment of liabilities for leased tangible capital assets	<u>(1,148)</u>	<u>(1,114)</u>
Cash provided by (used for) financing transactions	<u>(1,148)</u>	<u>(1,114)</u>
Cash and cash equivalents increase (decrease)	(7,340)	8,885
Cash and cash equivalents at beginning of year	<u>72,771</u>	<u>63,886</u>
Cash and cash equivalents at end of year (Note 4)	<u>\$ 65,431</u>	<u>\$ 72,771</u>
Interest received in the year	\$ 7,588	\$ 3,793
Interest paid in the year	\$ 110	\$ 135

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

GOVERNMENT OF YUKON

**Notes to Non-Consolidated Financial Statements
March 31, 2023**

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 April 2022. These figures do not reflect changes arising from Special Warrants issued or any Supplementary Estimates approved later in the year by the Yukon Legislative Assembly. Certain schedules provide comparisons to Revised Estimates which incorporate these changes.

(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.

(d) Basis of accounting

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 Non-Consolidated Financial Statements March 31, 2023

2. Significant accounting policies

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 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.

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.

GOVERNMENT OF YUKON

**Notes to Non-Consolidated Financial Statements
March 31, 2023**

Portfolio investments include investments such as treasury bills, GICs, term deposits; 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; bonds and equities. Portfolio investments are measured at their fair value.

Loan receivables 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

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

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. As per PS3280, certain tangible capital assets that have legal obligations requiring specific retirement activities create a future asset retirement liability that is offset at inception by capitalizing the estimated future cost and amortizing it over the life of the tangible capital asset.

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 are generally amortized on a straight-line basis over their estimated useful life of the asset as follows:

<u>Asset category</u>	<u>Threshold</u>	<u>Estimated useful life</u>
Land	Nil	Indefinite
Buildings		
Buildings	\$ 50,000	50-100 years
Leasehold Improvements	\$ 50,000	Lease term
Portable classroom/housing trailers	\$ 50,000	10-40 years
Equipment and vehicles		
Heavy equipment	\$ 10,000	7 - 30 years
Operating equipment	\$ 10,000	5 - 25 years

GOVERNMENT OF YUKON

**Notes to Non-Consolidated Financial Statements
March 31, 2023**

Vehicles	\$ 10,000	6 - 20 years
Computer hardware and software		
Computer hardware	\$ 10,000	3-7 years
Computer software	\$ 100,000	3-20 years
Infrastructure		
Transportation infrastructure ¹	\$ 50,000	5 - 75 years
Forestry access roads	\$ 50,000	5-10 years
Resource access roads	\$ 50,000	Life of Mine
Land improvements and fixtures	\$ 50,000	5 - 50 years
Waste and water systems		
Landfills	Nil	25 - 80 years
Sewage and water systems	\$ 50,000	5 - 50 years
Communications technology		
Mobile radio system infrastructure	\$ 100,000	5 - 20 years
Network transmission systems	\$ 100,000	20 - 40 years

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

Other non-financial 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.

Prepaid expenses consist primarily of licences, permits or operating leases with a life longer than the fiscal year and are expensed over the life of the underlying agreements.

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 at the present value of the minimum lease payments, excluding the portion relating to executory costs. A corresponding asset is recorded 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

¹ Includes Highways, Surfaces, Bridges and Airport runways

GOVERNMENT OF YUKON

Notes to Non-Consolidated Financial Statements March 31, 2023

quantifiable, an estimated liability is accrued. If the likelihood is not determinable or the amount cannot be reasonably estimated, the contingency is disclosed.

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.

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 for Government employees 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 member renders 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 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 fair market value.

Environmental liabilities

Contaminated sites and other environmental liabilities, which include abandoned mines and Type II sites, are accrued 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.

GOVERNMENT OF YUKON

Notes to Non-Consolidated Financial Statements March 31, 2023

Asset retirement obligation liabilities

An asset retirement obligation is recognized when, as at the financial reporting date, all the following criteria are met:

- (i) There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- (ii) The past transaction or event giving rise to the liability has occurred;
- (iii) It is expected that future economic benefits will be given up; and
- (iv) A reasonable estimate of the amount can be made.

The estimate of the asset retirement obligation includes costs directly attributable to the asset retirement activities. The estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods. The discount rate used reflects the Government of Yukon's cost of borrowing, associated with the estimated number of years to complete the retirement or remediation.

If the tangible capital asset is in productive use, the estimated obligation is recorded as a liability and increase to the related tangible capital asset. The capitalized asset retirement cost is amortized on the same basis as the related tangible capital asset and recorded in amortization expense in the non-consolidated statement of operations. If the tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

The liability is adjusted annually for accretion due to the passage of time over the expected term to settlement of the obligation based on the applicable discount rate. Accretion is recorded as an expense in the non-consolidated statement of operations and accumulated operating surplus.

The carrying value of the liability is reviewed at each financial reporting date. Any changes in the amount or timing of the underlying future cash flows or any other new information impacting the estimate are recognized as a change in estimate in the period the new information is identified and accounted for prospectively. The Government continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

Other

Financial Instruments

Financial instruments are contracts that give rise to the financial assets of one entity and financial liabilities or equity instruments of another entity and include cash and cash equivalents, accounts receivable, portfolio investments, loans receivable, accounts payable and accrued liabilities. Financial instruments are measured at fair value or cost/amortized cost. Fair value measurement will apply to portfolio investments in equity instruments that are quoted in an active market. Also, when groups of financial assets and financial liabilities are managed on a fair value basis they may be reported on that basis. Other financial assets and financial liabilities will generally be measured at cost or amortized cost. Until an item is derecognized, gains and losses arising due to fair value remeasurement will be reported in the non-consolidated statement of remeasurement gains and losses. The following is a list of the Government's financial instruments and their related measurement basis as at March 31, 2023:

Financial Assets:	Measurement Basis
Cash and cash equivalents	Cost
Accounts receivable	Cost
Due from Government of Canada	Cost
Portfolio investments	Fair value

GOVERNMENT OF YUKON

**Notes to Non-Consolidated Financial Statements
March 31, 2023**

Loans receivable	Amortized cost
Advances to territorial corporations	Amortized cost

Financial Liabilities:	Measurement Basis
Accounts payable and accrued liabilities	Cost
Due to Government of Canada	Cost

Fair Value Measurement

The determination of fair value requires judgment and is based on market information where available and appropriate. Fair value measurements are categorized, based on the nature of the inputs used, into one of three levels within a fair value hierarchy as follows:

Level 1 - Fair value is based on quoted market prices in active markets for identical assets or liabilities.

Level 2 - Fair value is based on observable inputs other than Level 1 prices, such as quoted market prices for similar (but not identical) assets or liabilities in active markets, quoted market prices for identical assets or liabilities in markets that are not active, and other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Fair value is based on non-observable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

For financial instruments measured at cost or amortized cost, transaction costs are a component of the cost of the financial instruments and gains and losses are recognized in the statement of operations. For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenues or expenses. Foreign currency transactions are translated at the exchange rate in effect at the transaction date.

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.

Some of the more significant management estimates relate to post-employment and retirement benefits, environmental liabilities, asset retirement obligations, 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 activities are complex and subjective. The estimates require a high degree of management judgement. The degree of measurement uncertainty resulting from the estimation of the provision cannot be reasonably determined.

The provision for asset retirement obligations is subject to a high degree of measurement uncertainty because determining the timing and cost of retirement activities are complex and subjective. The estimates require a high degree of management judgement. The degree of measurement uncertainty resulting from the estimation of the provision cannot be reasonably determined.

GOVERNMENT OF YUKON

**Notes to Non-Consolidated Financial Statements
March 31, 2023**

3. **Adoption of new / amended Public Sector Accounting Standards**

The following Public Sector Accounting Standards came into effect for fiscal periods beginning on or after April 1, 2022:

PS 1201 replaced existing PS 1200 with revised general reporting principles and standards of presentation and disclosure in government financial statements. These changes are required to incorporate the changes stemming from the new PS 3450, PS 3041, and PS 2601.

PS 3450 established new guidance on the recognition, measurement, presentation, and disclosure of financial instruments, including derivatives.

PS 3041 Portfolio Investments, which replaced PS 3040, was also implemented, and requires the Government to measure equity instruments that are quoted in an active market at fair value. In addition, since the Government implements an investment strategy to manage and evaluate the performance of its entire portfolio investments, all such investments are measured at fair value in accordance with PS 3450. Due to the volatility of market prices, there will be the likelihood that the Government will experience remeasurement gains or losses at the date of reporting each year.

PS 2601 replaced existing PS 2600 with revised guidance on the recognition, presentation and disclosure of transactions that are denominated in a foreign currency and requires foreign exchange amounts to go through the non-consolidated statement of remeasurement gains and losses. The Government has nominal transactions denominated in US dollars and even fewer transactions in other currencies so there is no impact from the adoption of PS 2601, at this time.

PS 1201, PS 3450, PS3041, and PS 2601 are adopted on a prospective basis, and the effects of the adoption are as described in Note 3(b).

PS 3280 Asset Retirement Obligations (ARO) is a new accounting standard that addresses the reporting of legal obligations associated with the retirement activities of certain tangible capital assets, such as asbestos removal in retired buildings or the closure and post-closure activities for landfill sites by public sector entities. Landfill liabilities under PS 3270 were classified as environmental liabilities on a net present value basis of the total estimated expenditures for closure and post-closure activities and cumulatively recognized as the landfill site's capacity was used. PS 3270 has been repealed and now under PS 3280 landfills are classified as asset retirement obligations and have been restated to reflect their total estimated liability.

PS 3280 was adopted on the modified retroactive basis with restatement. The asset retirement obligation was calculated using assumptions and discount rates that were current at the beginning of this fiscal year. As a result, the total restatement in tangible capital assets and accumulated amortization together with an adjustment to the opening balance of accumulated surplus and to environmental liabilities, was equivalent to the increase in the asset retirement obligation.

- a) The financial impact on the comparative figures as a result of retroactive adoption of accounting standard PS 3280 is as follows:

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Notes to Non-Consolidated Financial Statements
March 31, 2023

	As previously reported	2022 Adjustments made	As restated
(thousands of dollars)			
Non-Consolidated Statement of Financial Position			
Financial assets	\$ 498,805	\$ -	\$ 498,805
Liabilities	600,654	53,228 ¹	653,882
Net financial assets	<u>(101,849)</u>	<u>(53,228)</u>	<u>(155,077)</u>
Non-financial assets	1,500,890	11,578 ²	1,512,468
Accumulated surplus	<u>\$ 1,399,041</u>	<u>\$ (41,650)</u>	<u>\$ 1,357,391</u>
Non-Consolidated Statement of Operations			
Revenues	\$ 1,711,982	\$ -	\$ 1,711,982
Expenses	1,706,742	2,088 ³	1,708,830
Recovery of prior years' expenses	3,662	-	3,662
Surplus (deficit) for the year	<u>8,902</u>	<u>(2,088)</u>	<u>6,814</u>
Accumulated surplus at beginning of year	1,390,139	(39,562) ⁴	1,350,577
Accumulated surplus at end of year	<u>\$ 1,399,041</u>	<u>\$ (41,650)</u>	<u>\$ 1,357,391</u>
Non-Consolidated Statement of Change in Net Financial Assets (Debt)			
Surplus (deficit) for the year	\$ 8,902	\$ (2,088) ³	\$ 6,814
Effect of change in tangible capital assets	(62,942)	540 ³	(62,402)
Effect of change in other non-financial assets	(195)	-	(195)
Increase (decrease) in net financial assets	<u>(54,235)</u>	<u>(1,548)</u>	<u>(55,783)</u>
Net financial assets (debt) at beginning of year	(47,614)	(51,680) ⁵	(99,294)
Net financial assets (debt) at end of year	<u>\$ (101,849)</u>	<u>\$ (53,228)</u>	<u>\$ (155,077)</u>
Non-Consolidated Statement of Cash Flow			
Surplus (deficit) for the year	\$ 8,902	\$ (2,088) ³	\$ 6,814
Amortization of tangible capital assets	65,085	540 ³	65,625
Loans receivable valuation adjustment	35	-	35
Accretion expense	-	1,548 ³	1,548
Write-down of tangible capital assets	3	-	3
Loss (gain) on sale of land inventory	68	-	68
Loss (gain) on disposal of tangible capital assets	155	-	155
Change in non-cash assets and liabilities	<u>43,669</u>	<u>-</u>	<u>43,669</u>
Cash provided by (used for) operating transactions	117,917	-	117,917
Cash provided by (used for) capital transactions	(128,185)	-	(128,185)
Cash provided by (used for) investing transactions	20,267	-	20,267
Cash provided by (used for) financing transactions	<u>(1,114)</u>	<u>-</u>	<u>(1,114)</u>
Cash and cash equivalents increase (decrease)	8,885	-	8,885
Cash and cash equivalents at beginning of year	63,886	-	63,886
Cash and cash equivalents at end of year	<u>\$ 72,771</u>	<u>\$ -</u>	<u>\$ 72,771</u>

¹ Combined result of \$63,468,000 addition of new ARO liabilities (Note 16) and \$10,240,000 reduction of environmental liabilities to reflect transitioning of landfill sites with legal obligations from PS 3270 to PS 3280 (Note 15)

² Addition of ARO assets, with cost of tangible capital assets and accumulated amortization opening balances restated (Note 20, Schedule C)

³ Additional amortization expenses of \$540,000 (Note 21) and accretion expenses of \$1,548,000 (Note 21) with the total impact of \$2,088,000 on expenses and surplus (deficit) of the year

⁴ Impact of the retroactive adoption of PS 3280 on the accumulated surplus

GOVERNMENT OF YUKON

Notes to Non-Consolidated Financial Statements
March 31, 2023

⁵ Impact of the retroactive adoption of PS 3280 on the net financial assets (debt) at beginning of year

- b) The impact on the current year financial statements presentation as a result of prospective adoption of accounting standards PS 3450, PS 3041, and PS 1201 is as follows:
- i. Non-Consolidated Statement of Financial Position:
 - Temporary investments are now classified with portfolio investments and reported at fair value.
 - Portfolio investments are now reported at fair value. 2022 comparative amount is at cost.
 - A section has been added to disaggregate "Accumulated surplus" into "Accumulated operating surplus" and "Accumulated remeasurement gains and (losses)".
 - ii. Non-Consolidated Statement of Operations and Accumulated Surplus:
 - Renamed to "Non-Consolidated Statement of Operations and Accumulated Operating Surplus".
 - "Accumulated surplus at beginning of year" has been replaced by "Accumulated operating surplus at beginning of year".
 - "Accumulated surplus at end of year" has been replaced by "Accumulated operating surplus at end of year".
 - iii. Non-Consolidated Statement of Remeasurement Gains and Losses:
 - "Accumulated remeasurement gains and (losses) at the beginning of year" has been adjusted for \$898,000, which represents the adjustment on adoption of PS 3041 Portfolio investments.
 - Unrealized gains (losses) attributable to the changes in fair value of portfolio Investments are reported separately from the amounts reclassified to the statement of operations and accumulated operating surplus.
 - Net remeasurement gains (losses) for the year are calculated and carried over to the statement of change in net financial assets to explain the extent of the change in the Government's net financial assets resulting from net remeasurement gains and losses in the accounting period.
 - iv. Non-Consolidated Statement of Change in Net Financial Assets:
 - New line item "Net remeasurement gains (losses)" has been added to reflect 2023 actual results.
 - v. Notes for Non-Consolidated Financial Statements:
 - Notes with new information include Notes 2, 5, 8, 9, and 28.

GOVERNMENT OF YUKON

Notes to Non-Consolidated Financial Statements
March 31, 2023

4. **Cash and cash equivalents**

	<u>2023</u>	<u>2022</u>
	(thousands of dollars)	
Bank balances	\$ 65,379	\$ 72,712
Cash on hand	<u>52</u>	<u>59</u>
	<u>\$ 65,431</u>	<u>\$ 72,771</u>

5. **Temporary investments**

	<u>2023</u>	<u>2022</u>
	(thousands of dollars)	
Short-term investments	<u>-</u>	<u>4,122</u>
	<u>\$ -</u>	<u>\$ 4,122</u>

The temporary investments had a weighted average effective yield during 2022 of 0.19% per annum. Amounts previously reported as temporary investments are included in portfolio investments (Notes 3(b)(i) and 8).

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

	<u>2023</u>	<u>2022</u>
	(thousands of dollars)	
Due from Government of Canada		
Cost-sharing agreements and projects delivered on behalf of the Government of Canada	\$ 145,162	\$ 171,885
GST Receivable	17,054	-
Income tax	3,905	4,258
Other	<u>7,003</u>	<u>3</u>
	<u>\$ 173,124</u>	<u>\$ 176,146</u>
Due to Government of Canada		
Payroll taxes	\$ 13,309	\$ 12,352
RCMP	11,304	10,957
Public Service Pension Plan contribution	8,610	7,873
Program funding liable for claw back	3,534	3,798
Other	3,509	2,898
Type II mine sites	<u>996</u>	<u>809</u>
	<u>\$ 41,262</u>	<u>\$ 38,687</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.

GOVERNMENT OF YUKON

Notes to Non-Consolidated Financial Statements
March 31, 2023

7. **Accounts receivable**

	<u>2023</u>	<u>2022</u>
	(thousands of dollars)	
Taxes, interest and other revenue receivables	\$ 21,021	\$ 26,986
Less valuation allowances	<u>(2,518)</u>	<u>(2,099)</u>
	18,503	24,887
Due from Territorial corporations	<u>5,242</u>	<u>6,018</u>
	<u>\$ 23,745</u>	<u>\$ 30,905</u>

8. **Portfolio investments**

The classification of investments by level within the valuation hierarchy as of March 31, 2023, is as follows:

	Quoted prices (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	(thousands of dollars)			
Short-term investments	\$ -	\$ 4,309	\$ -	\$ 4,309
Bonds	-	6,252	-	6,252
Mortgages	-	3,810	-	3,810
Equities	<u>-</u>	<u>21,804</u>	<u>-</u>	<u>21,804</u>
Investments at fair value	<u>\$ -</u>	<u>\$ 36,175</u>	<u>\$ -</u>	<u>\$ 36,175</u>

For 2023, the carrying value of portfolio investments equals fair value. For 2022, the carrying value of the portfolio investments was \$30,597,000 and the fair value was \$31,495,000 (Note 3(b)(i)).

Portfolio investments include designated investments set aside within the Consolidated Revenue Fund (Note 9). The investments are managed by a third party.

GOVERNMENT OF YUKON

Notes to Non-Consolidated Financial Statements
March 31, 2023

9. **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, and portfolio investments as follows:

	<u>2023</u>	<u>2022</u>
	(thousands of dollars)	
Cash and cash equivalents	\$ -	\$ -
Temporary investments (Note 5)	-	4,122
Portfolio investments (Note 8)	<u>36,175</u>	<u>30,597</u>
	<u>\$ 36,175</u>	<u>\$ 34,719</u>

10. **Advances to Territorial corporations**

	<u>2023</u>	<u>2022</u>
	(thousands of dollars)	
Yukon Development Corporation		
Infrastructure loan	\$ 34,200	\$ 36,200
Yukon Housing Corporation		
Working capital advances	<u>26,174</u>	<u>31,901</u>
	<u>\$ 60,374</u>	<u>\$ 68,101</u>

In 2018 the Government advanced \$39,200,000 to the Yukon Development Corporation (“YDC”) for the development of the Whitehorse diesel – natural gas conversion project, which was completed by the Yukon Energy Corporation, YDC’s wholly owned subsidiary. The term of the loan is to March 31, 2028, and pursuant to the agreement, the loan may be extended for additional five-year terms upon mutual consent of the parties. The per annum interest rate was based off the one-year indicative swap rate plus a 0.4% premium increase. The rate of interest effective on March 31, 2023, is 2.82% (2022 – 2.82%). The 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, 2022 from YDC was received in April 2022 and the payment due March 31, 2023 from YDC was received in March 2023.

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

GOVERNMENT OF YUKON

Notes to Non-Consolidated Financial Statements
March 31, 2023

11. Loans receivable

	<u>2023</u>	<u>2022</u>
	(thousands of dollars)	
Agreements for sale of land, due in varying annual amounts over a three- or five-year term to the year 2028 (2023 – 2026), bearing interest at 5.00-7.00% (2022 – 5.00%).	\$ 19,073	\$ 24,610
Local improvement loans, due in varying annual amounts to the year 2040 (2022 – 2040), bearing interest rates ranging from 0.50% to 5.25% (2022 – 0.50% to 5.25%).	9,222	9,073
Domestic well loans, due in varying annual amounts to the year 2037 (2022 – 2037), bearing interest rates ranging from 0.50% to 4.50% (2022 – 0.50% to 4.50%).	5,764	5,615
Regional Relief and Recovery Fund loans providing assistance to businesses to recover from COVID-19 pandemic, due with forgivable terms, bearing interest rate ranging from 0.00% to 5.00%	2,193	3,160
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	3,063
Debenture loans to municipalities, due in varying annual amounts to the year 2034 (2022 – 2034), bearing interest rates ranging from 2.72% to 6.38% (2022 – 2.72% to 6.38%).	2,051	2,344
Due from Yukon Housing Corporation for lands agreements, due in periodic instalments to the year 2025 (2022 – 2025), bearing interest at 0.00% (2022 – 0.00%).	197	639
Energy infrastructure development loan due in periodic instalments bearing interest at 6.40% (2022 – 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% (2022 – 0.00% to 5.20%).	65	65
Less valuation allowances	<u>(322)</u>	<u>(322)</u>
	<u>\$ 41,511</u>	<u>\$ 48,452</u>

12. Land inventory

	<u>2023</u>	<u>2022</u>
	(thousands of dollars)	
Undeveloped land	\$ 603	\$ 603
Land under development	44,638	41,750
Developed land	<u>32,304</u>	<u>25,358</u>
	<u>\$ 77,545</u>	<u>\$ 67,711</u>

GOVERNMENT OF YUKON

Notes to Non-Consolidated Financial Statements
March 31, 2023

13. **Accounts payable and accrued liabilities**

	2023	2022
	(thousands of dollars)	
Accounts payable	\$ 76,076	\$ 60,466
Accrued liabilities	122,967	90,877
Contractors' holdbacks and security deposits	32,072	15,680
Due to Territorial corporations	27,019	30,442
	\$ 258,134	\$ 197,465

The accrued liabilities include the Yukon Government Carbon Price Rebate liability which represents the net of the dollar amounts received from the Government of Canada less the dollar amounts disbursed to the eligible groups as of March 31. The balance of the liability as of March 31, 2023 is \$6,081,221 (2022 - \$18,884,605).

14. **Unearned revenues**

	2023	2022
	(thousands of dollars)	
Liability portion of government transfers	\$ 17,500	\$ 9,947
Motor vehicle fees for future years	2,976	3,008
Prepaid lease payments	9,200	4,000
Other	517	668
	\$ 30,193	\$ 17,623

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.

15. **Environmental liabilities**

(a) Contaminated sites and other environmental liabilities

The Government has recorded environmental liabilities of \$87,146,000 (2022 - \$79,371,000). 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.

GOVERNMENT OF YUKON

Notes to Non-Consolidated Financial Statements March 31, 2023

As at March 31, 2023, the Government was aware of 102 sites (2022 – 101 sites) where the Government is obligated or is likely obligated to incur such costs. Phase I Environmental Site Assessments (ESA) have been undertaken on 91 of the 102 sites. During the year, remediation work was undertaken at 8 sites.

One of the 102 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, 2023, \$67,000 (2022 - \$106,000) was recorded as a liability for this site, which is part of the \$87,146,000 noted above.

A site known as Wellgreen ceased operations in the 1970's. The Government of Canada approved the tailings dam and resulting pond built at that time as meeting required specifications; however, concerns regarding the level of water in the pond were raised. Initial assessment confirmed that further remediation of the site is required. Negotiations with the previous owner and the Government of Canada are underway to establish final levels of responsibility and liability. Remediation has been estimated at \$14,407,000, which reflects the Government's potential exposure before any potential recoveries from the other parties and has been included in Environmental Liabilities for Contaminated Sites (2022 - \$15,501,000).

The Wolverine mine site was owned and operated by Yukon Zinc Corporation under a license pursuant to the Quartz Mining Act (Yukon). After operating for a short period of time, during which the required financial security for potential closure and remediation costs was not provided in full, the company was placed in receivership on September 16, 2019. After several legal rulings and appeals, the court appointed receiver was unsuccessful in finding a viable purchaser of the mine and recommended it be turned over to the government for closure. The Government has included \$43,314,000 as an estimated liability for the remediation of this mine.

(b) 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 Ketz River site 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 Ketz 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 \$4,728,000 (2022 - \$4,757,000) 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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**Notes to Non-Consolidated Financial Statements
March 31, 2023**

The following table presents the total estimated amounts of these liabilities as at March 31, 2023.

	2023		2022 Restated (Note 3)	
	Number of sites	Estimated Liability	Number of sites	Estimated Liability
	(thousands of dollars)			
Liabilities for:				
Highway maintenance camps and airports	35	\$13,713	35	\$11,329
Other storage tanks and buildings	49	10,334	48	8,894
Marwell Tar Pit	1	67	1	106
Wellgreen	1	14,407	1	15,501
Wolverine	1	43,314	1	39,048
Other	15	5,311	15	4,493
	102	87,146	101	79,371
Type II sites	1	4,728	1	4,757
	103	\$ 91,874	102	\$ 84,128

16. **Asset retirement obligation liabilities**

(a) *Asbestos & other hazardous building materials liability*

The Government owns and leases several buildings that are known to have asbestos and other hazardous building materials, which represents a health hazard upon demolition of the building. Per Occupational Health and Safety Legislation, there is a legal obligation to remove the asbestos and other hazardous building materials in a prescribed manner when the building is demolished. The buildings have a remaining estimated useful life ranging from 1 to 72 years. Estimated costs have been discounted to their present value using a discount rate of 3.00% per annum (2022 – 2.50%) applied over the remaining estimated useful lives of the buildings.

(b) *Forestry access roads liability*

The Government recognized asset retirement obligations for its forestry access roads. Asset retirement activities include decommissioning of the roads to restrict future access. The forestry access roads have an estimated remaining useful life ranging from 1-9 years. Estimated costs have been discounted to their present value using a discount rate of 3.00% per annum (2022 – 2.50%) applied over the remaining estimated useful lives of the forestry access roads.

(c) *Fuel tanks liability*

The Government recognized asset retirement obligations for its fuel tanks. Asset retirement activities for the fuel tanks include decommissioning or dismantling the tanks, remediation of contamination from their normal use, and post-retirement monitoring. The fuel tanks have an estimated remaining useful life ranging from 10-21 years. Estimated costs have been discounted to their present value using a discount rate of 3.00% per annum (2022 – 2.50%) applied over the remaining estimated useful lives of the fuel tanks.

(d) *Landfill liability*

There are 23 active or closed landfill sites that are outside incorporated communities and, therefore, are the responsibility of the Government. These landfill sites are subject to the Environment Act (Yukon) – Solid Waste Regulations which includes requirements for closure and post-closure care of a landfill. In calculation of the liability for these sites, 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,

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25 years is used as an estimated length of time needed for post-closure care. A discount rate of 2.50% per annum (2022 – 2.50%) was used for the net present value calculation for active and closed landfill sites.

Changes to the asset retirement obligations in the year are as follows:

	Asbestos& other hazardous building materials	Forestry access Roads	Fuel Tanks	Landfills	2023	2022 Restated (Note3)
			(thousands of dollars)			
Opening balance, Restated	\$ 43,574	\$ 607	\$ 3,008	\$ 16,279	\$ 63,468	\$ 61,920
Liability incurred	-	12	-	-	12	-
Liability settled	(552)	-	-	-	(552)	-
Accretion expense	1,089	15	75	407	1,586	1,548
Changes in estimates	(4,442)	(22)	(690)	(1,167)	(6,321)	-
Closing balance	<u>\$ 39,669</u>	<u>\$ 612</u>	<u>\$ 2,393</u>	<u>\$ 15,519</u>	<u>\$ 58,193</u>	<u>\$ 63,468</u>

The undiscounted amount of estimated future cash flows is \$125,107,000 (2022 - \$119,982,000).

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

	2023	2022
	(thousands of dollars)	
Severance benefits	\$ 58,336	\$ 66,854
Sick leave obligation	22,628	28,906
Vacation leave obligation	27,779	27,679
Accrued benefit obligation	108,743	123,439
Unamortized net actuarial gain (loss)	21,406	4,021
Post-employment benefits accrued liability	130,149	127,459
Compensated absences	2,515	2,332
	<u>\$ 132,664</u>	<u>\$ 129,792</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.

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The accrued benefit obligation at March 31, 2023 is based on an actuarial valuation conducted as at December 31, 2022. In projecting the accrued obligation for these benefits as at March 31, 2023, the Government assumed a discount rate of 4.80% and general salary increases of 2.0% per annum. The net actuarial gain or loss is amortized over the expected average remaining service life of the active employees of 13 years.

Expenses related to post-employment benefits for the year ended March 31, 2023 were \$17,506,000 (2022 - \$18,014,000). Benefits paid by the Government from the post-employment benefits liability during the year amounted to \$15,004,000 (2022 - \$13,429,000). 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.

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 amendments do not materially affect the results. 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.

(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 years served by the member. At March 31, 2023, the severance benefit obligation for this benefit was \$1,104,000 (2022 - \$917,000). The book value of the assets designated by the Government to meet this obligation was \$979,000 at March 31, 2023 (2022 - \$768,000), which included in the value disclosed in Note 9. The accrued benefit liability at March 31, 2023 is based on an extrapolation of an actuarial valuation that was performed as at December 31, 2022.

18. **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).

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Since the above changes, there are two groups paying different rates of contributions to the plan. The Government contributes \$1.02 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 2023, for the portion of the employee's salary above \$196,200, the Government contributes \$5.29 for every dollar contributed by both groups of plan members. In the calendar year 2022, for the portion of the employee's salary above \$191,300 the Government contributed \$5.91 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 \$41,104,000 (2022 - \$41,478,000).

(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 9). It is the Government's policy to fully fund Parts 1 and 2 of this pension plan.

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 as of March 31, 2021, was performed December 31, 2021. The accrued benefit obligation as at March 31, 2023 is based on an actuarial valuation performed for accounting purposes using the membership data as of March 31, 2021.

(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, 2020.

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(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, 2023 is based on an extrapolation of an actuarial valuation conducted as at December 31, 2022. 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, were not impacted by the change.

Effective April 1, 2020, the eligibility for post-retirement life insurance was amended through changes to Section M, the terms and conditions of employment for managers. Managers appointed to MG3 or higher positions prior to April 1, 2020, retain their eligibility for post-retirement life insurance on retirement. Management employees newly appointed at the MG3 level or higher as of April 1, 2020, are not eligible for post-retirement life insurance.

The accrued benefit liability for the above retirement benefits as of March 31, 2023, was as follows:

	<u>2023</u>	<u>2022</u>
	(thousands of dollars)	
Accrued benefit liability		
Extended health care retirement benefit	\$ 79,017	\$ 75,793
Legislative Assembly Retirement Allowances Plan	30,560	31,217
Life insurance retirement benefit	4,028	3,811
Territorial Court Judiciary Pension Plan	<u>10,137</u>	<u>9,916</u>
 (Schedule D)	 <u>\$ 123,742</u>	 <u>\$ 120,737</u>

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

	<u>2023</u>	<u>2022</u>
	(thousands of dollars)	
Building lease obligation payable monthly until the year 2023, with imputed interest rate of 3.7%.	\$ -	\$ 686
Building lease obligation payable monthly until the year 2024, with imputed interest rate of 3.7%.	558	814
Building lease obligation payable monthly until the year 2025, with imputed interest rate of 3.3%.	<u>276</u>	<u>482</u>
	<u>\$ 834</u>	<u>\$ 1,982</u>

Interest expense related to liabilities for leased tangible capital assets for the year was \$110,000 (2022 - \$135,000) at an imputed average interest rate of 3.6% (2022 - 3.6%).

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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)
2024	725
2025	<u>536</u>
 Total minimum lease payments	 1,261
 Less: amount representing executory costs	 (270)
amount representing rental of land	(126)
amount representing interest	<u>(31)</u>
	<u><u>\$ 834</u></u>

20. **Tangible capital assets**

	2023	2022 Restated (Note 3)
	<u>Net Book Value</u>	<u>Net Book Value</u>
	(thousands of dollars)	
Land	\$ 13,010	\$ 13,010
Buildings	584,235	550,858
Equipment and vehicles	87,684	89,447
Computer hardware and software	36,410	33,998
Transportation infrastructure	818,503	685,209
Land improvements and fixtures	52,433	52,986
Sewage and water systems	58,123	52,262
Communications technology	<u>58,220</u>	<u>25,163</u>
 (Schedule C)	 <u><u>\$ 1,708,618</u></u>	 <u><u>\$ 1,502,933</u></u>

During 2022-23 the Government revised the estimated useful lives of tangible capital assets. The changes in estimate are applied on a prospective basis and resulted in a reduction in annual amortization. The most significant impact was for buildings of \$6,213,000.

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 \$990,000 (2022 - \$991,000). The cost and accumulated amortization of leased capital assets that are included in the schedule of tangible capital assets are as follows:

	2023	2022
	(thousands of dollars)	
Buildings (cost)	\$ 9,907	\$ 9,907
Operating equipment (cost)	<u>9,907</u>	<u>-</u>
	<u>9,907</u>	<u>9,907</u>
 Less accumulated amortization	 <u>(9,255)</u>	 <u>(8,265)</u>
	<u><u>\$ 652</u></u>	<u><u>\$ 1,642</u></u>

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No interest was capitalized during the year.

21. **Expenses by object**

	2023	2022 Restated (Note 3)
	(thousands of dollars)	
Personnel	\$ 642,121	\$ 620,246
Government transfers	551,171	519,590
Contract and special services	258,877	281,595
Materials, supplies and utilities	128,867	123,136
Amortization expenses	58,203	65,625
Rent	59,327	58,028
Communication and transportation	43,409	35,252
Accretion expense	1,587	1,548
Other	16,908	3,810
	<u>\$ 1,760,470</u>	<u>\$ 1,708,830</u>

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, 2023, 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, 2023, except for the Compensation Fund (Yukon) which is at December 31, 2022.

	2023	2022
	(thousands of dollars)	
Compensation Fund (Yukon)	\$ 246,720	\$ 268,362
Canada Community Building Funds	124,155	125,730
Lottery Commission	10,852	9,359
Crime Prevention and Victim Services	7,430	7,225
Forest Sector Trust	6,309	6,084
Extended health and dental plan trust funds	3,844	5,957
Supreme Court trust	630	1,251
Public Guardian trust	1,754	1,458
Other	6,711	3,985
	<u>\$ 408,405</u>	<u>\$ 429,411</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, 2023:

	Expiry Date	2024	2025 – 2032	Total
(thousands of dollars)				
Contribution and Service Agreements				
Infrastructure Canada	2032	\$ 107,079	\$ 447,625	\$ 554,704
Transport Canada	2029	16,977	136,542	153,519
Early Learning and Childcare Agreement	2026	13,262	23,069	36,331
Environment and Natural Resources Canada	2024	13,552	-	13,552
Innovation, Science and Economic Development	2024	9,044	-	9,044
Employment and Social Development	2028	2,767	8,664	11,431
Student Financial Assistance	2026	509	2,036	2,545
RCMP: Mobile Radio Network	2025	1,975	412	2,387
Canadian Heritage	2025	6,232	5,750	11,982
Justice Canada	2027	1,643	6,571	8,214
Indigenous Services Canada	2032	25,700	205,600	231,300
Other	2025	5,800	-	5,800
		<u>\$ 204,540</u>	<u>\$ 836,269</u>	<u>\$ 1,040,809</u>

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24. **Contractual obligations**

The Government has entered into agreements for, or is contractually obligated for, the following payments subsequent to March 31, 2023:

	Expiry Date	2024	2025 – 2040	Total
		(thousands of dollars)		
RCMP policing agreement	2032	\$ 36,525	\$ 292,201	\$ 328,726
Capital projects				
- in progress at March 31, 2022	2031	318,202	94,086	412,288
Yukon Hospital Corporation	2023	93,637	-	93,637
Building/office space leases	2033	16,248	26,844	43,092
Northwestel Inc. mobile radio network system	2025	3,291	687	3,978
Alkan Air Ltd. medical evacuation contract	2026	1,500	23,425	24,925
Yukon Housing Corp, Yukon low carbon	2024	4,659	-	4,659
Conair Group Inc. air tanker services (turbine engines)	2024	2,462	-	2,462
Air Spray (1967) Ltd. air tanker services	2023	2,396	-	2,396
Information Services Corporation	2040	185	3,240	3,425
Student Transportation	2024	3,707	660	4,367
Wolverine Mine	2027	4,998	7,703	12,701
Sustainable Resource Energy	2024	11,684	-	11,684
Yukon Liquor Corporation	2024	2,141	-	2,141
Yukon Development Corporation	2024	5,556	-	5,556
Miscellaneous operational commitments	2028	27,827	19,514	47,341
		\$ 535,018	\$ 468,360	\$ 1,003,380

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25. **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 2022/2023, the Government paid \$2,625,000 (2022 - \$2,625,000) to YDC based on the MOU.

26. **Overexpenditure**

Over-expenditure 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”. During the year, no (2022 – no) departments exceeded their votes.

The *Appropriation Acts* (Yukon) state that the Government is not to expend grant payments except in accordance with the Act. During the year, one (2022 – one) department exceeded the authorized amounts as follows:

	(thousands of dollars)
Health and Social Services	
- Social assistance - region	\$ 129
- Yukon senior’s income supplements	\$ 219

27. **Guarantees**

The Government has guaranteed repayment of loans payable by the Yukon Housing Corporation of \$791,000 (2022 - \$1,255,000). 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, 2023, the Yukon Development Corporation had long-term debt of \$221,000,000 (2022 - \$206,000,000) and a credit facility of up to \$72,500,000. While the Government has not issued guarantees for these instruments, as the Yukon Development Corporation is an agent of the Government, lenders may have recourse to the Government.

In March 2023, the Government issued a letter of credit providing guarantee to the bank in relation to the Yukon University Employee’s Pension Plan’s solvency deficit. This guarantee was in effect until December 31, 2023. The maximum amount of letters of credit to which the guarantee applies will be \$22,250,000 (2022 - \$21,357,000).

In July 2022, 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, 2022 to June 30, 2023. The maximum amount of letters of credit to which the guarantee applied was \$35,128,000 (2022 - \$35,464,000).

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 2023 is 3.95%. The initial term of the loan is 15 years, due on December 11, 2034, with either party having the ability to terminate the loan with notice.

28. Risk Management of Financial Instruments

The Government, through its public sector entities, has exposure to the following risks related to its financial instruments: credit risk, liquidity risk, interest rate risk, foreign exchange rate risk, and other price risk. The Government employs various risk management strategies and operates within fixed risk exposure limits to ensure exposure to risk is managed in a prudent and cost-effective manner.

The concentration of risk arises from financial instruments that have similar characteristics and are affected similarly by changes in economic or other conditions.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Government is primarily exposed to credit risk on its cash and cash equivalents, accounts receivable, loans receivable, and investments. The Government's carrying amounts for these financial assets best represent its maximum exposure to credit risk.

For cash and cash equivalents, and portfolio investments, the Government manages this risk by dealing solely with reputable financial institutions, and through an investment policy that limits investments to high credit quality as well as maintains asset allocation and portfolio diversification.

For accounts receivable, the Government reviews balances and aging information to determine if a valuation allowance is necessary, and initiates collection actions.

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

	2023	2022
	(thousands of dollars)	
Carrying value	\$ 23,746	\$ 30,905
Allowance for doubtful accounts	\$ 2,518	\$ 2,099
Accounts receivable % less than 30 days	83 %	81 %
Accounts receivable % over 90 days	15 %	17 %

To manage the credit risk on loans receivable, the Government actively monitors loan payments and works with borrowers to develop payment plans to resolve outstanding arrears issues. The maximum exposure of the loans receivable to credit risk is \$41,510,000 (2022 - \$48,452,000). As at March 31, 2023, approximately 98% (2022 – 99%) of loans receivable were current, whereas 2% (2022 – 1%) were past due.

Liquidity risk is the risk that the Government will encounter difficulty in meeting obligations associated with financial liabilities. The Government is exposed to liquidity risk on its accounts payable and accrued liabilities, and due to Government of Canada.

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The Government manages its overall liquidity risk by managing cash resources which is achieved by monitoring actual and forecasted cash flows from operating, investing, and financing activities.

The carrying amounts of accounts payable and accrued liabilities, as well as due to Government of Canada, as reported on the non-consolidated statement of financial position will be settled in the next fiscal year.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate unfavorably with changes in market interest rates.

The Government is exposed to interest rate risk through its investment holdings in interest-bearing, or fixed-income assets. The Government manages this risk on its investments by setting asset mix guidelines that limit the extent to which interest rates impact the market value of the Government's portfolio investments, which may include 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. Based on year-end short-term investment balances, a one per cent increase (decrease) in the bank's prime lending rate could increase (decrease) interest income by approximately \$43,000 (2022 - \$41,000).

Foreign exchange rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate unfavorably with a change in the value of the Canadian dollar relative to other currencies. The Government is not exposed to any significant foreign exchange risk because instruments held in foreign currency are not considered significant.

Other Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market. The Government is exposed to other price risk through its portfolio investments; and manages these risks through maximum proportions of equities in its investment portfolio and through concentration limits on investments in any one issuer, as outlined in the investment policies and procedures.

The Government is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments for trading purposes. The other price risk is not considered significant.

29. Land claims

Between February 1995 and March 31, 2023, 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

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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.

30. **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, 2023, the amounts claimed, excluding the claim from Northern Cross (Yukon) Ltd., which is described below, is \$32,288,000 (2022 - \$22,820,000). No provision for these claims has been made as it is unlikely or indeterminable that a liability has been incurred as at the date of the financial statements. Furthermore, an estimate of extent cannot be made as at the date of the financial statements.

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. On April 12, 2017, Northern Cross changed its name to Chance Oil and Gas Limited. No provision for this claim has been made as it is undeterminable that liability has been incurred at the date of the financial statements.

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 has legal liability and property insurance with a \$2,000,000 deductible. In 2023, the Government paid \$841,000 (2022 – \$317,000) for liability claims such as bodily injury, property damage and automobile liability. The Government had unpaid claims against the fund in the amount of \$3,747,000 as at March 31, 2023 (2022 – \$3,215,000). This amount is reported as part of the Government's accrued liabilities. The fund balance at March 31, 2023 was \$2,613,000 (2022 – \$3,420,000).

In addition to the environmental liabilities discussed in Note 15, 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.

31. **Subsequent Events**

Minto Mine

On May 13, 2023, Minto Metals Corporation (Minto) ceased operations at its mine located on Selkirk First Nation settlement land. The Government has subsequently monitored and maintained the integrity of the water treatment facilities at the mine. A receiver in bankruptcy has been appointed. Given the complex legal issues associated, the Government is unable to determine the impacts on the Government.

GOVERNMENT OF YUKON

**Notes to Non-Consolidated Financial Statements
March 31, 2023**

Ratification of YEU Collective Agreement

In June 2023, the Government of Yukon and Yukon Employee Union ratified a new collective agreement retroactive to January 1, 2022. Management has determined that the portion of anticipated retro-payments that are relevant to the fiscal periods ending prior to March 31, 2023, is \$26,100,000. Management has included an accrual for this amount in accrued liabilities (Note 13) and in personnel expenses (Note 21).

The Government of Yukon issued a Special Warrant on September 21, 2023, to increase the appropriations for several departments prior to the retro-payments being issued. The Special Warrant became part of the 2022-23 Supplementary Estimates #3 debated during the 2023 Fall Session and assented on October 10, 2023.

32. **Comparative figures**

Certain comparative figures for 2022 have been reclassified to conform with the 2023 presentation.

GOVERNMENT OF YUKON

Schedule A

**Schedule of Revenues
for the year ended March 31, 2023**

	2023		2022
	Main Estimates (Note 1(b))	Actual	Actual
	(thousands of dollars)		
From Government of Canada			
Formula Financing grant	\$ 1,174,144	\$ 1,174,144	\$ 1,117,650
Contributions and service agreements	298,282	305,132	205,541
Other grants	70,259	122,910	145,210
	<u>1,542,685</u>	<u>1,602,186</u>	<u>1,468,401</u>
Taxes and general revenues			
Income taxes	114,374	150,298	129,788
Other taxes			
Tobacco tax	13,262	11,612	12,894
Fuel oil tax	9,660	8,863	8,729
General property tax	6,795	6,545	6,399
Liquor tax	5,313	5,106	5,018
Insurance premium tax	8,073	8,902	7,438
Grant in lieu of property tax	246	240	241
Sale of land	19,150	8,351	7,959
Licences, permits and fees	17,578	20,483	19,173
Yukon Liquor Corporation			
Liquor profit	9,397	7,670	8,317
Cannabis profit		372	504
Investment and interest revenue	3,726	6,835	3,582
Resource revenue - mineral, oil and gas and forestry	6,255	2,362	10,093
Income from portfolio investments	-	980	576
Aviation operations	1,345	1,573	290
Fines	508	531	480
Restricted funds	-	260	720
Other revenues	121	205	158
	<u>215,803</u>	<u>241,188</u>	<u>222,359</u>
Funding and service agreements with other parties	22,603	18,240	21,222
	<u>\$ 1,781,091</u>	<u>\$ 1,861,614</u>	<u>\$ 1,711,982</u>

GOVERNMENT OF YUKON

Schedule B

**Schedule of Expenses
for year ended March 31, 2023**

	2023	Actual 2023					2022	
	Main Estimates (Note 1(b))	Personnel	Government Transfers	Other	Amortization Expenses	Accretion Expenses	Total (Note 21)	Actual (Restated Note 3)
		(thousands of dollars)						
Health and Social Services	\$ 516,013	\$ 179,894	\$ 210,257	\$ 134,182	\$ 6,291	\$ 88	\$ 530,712	\$ 508,298
Highways and Public Works	286,780	85,472	3,665	168,115	30,455	417	288,123	272,163
Community Services	210,754	41,485	107,884	49,951	5,076	433	204,829	193,555
Education	248,689	126,146	82,743	25,872	6,184	534	241,478	237,480
Justice	92,910	39,422	7,737	46,965	1,986	49	96,160	88,511
Energy, Mines and Resources	82,448	32,319	17,173	34,046	693	22	84,254	66,619
Environment	46,845	28,528	3,840	23,044	753	14	56,178	96,461
Public Service Commission	59,011	51,666	0	4,056	296	-	56,018	56,900
Tourism and Culture	35,880	12,091	11,430	10,777	822	30	35,150	38,937
Executive Council Office	25,534	15,046	7,598	5,931	2	-	28,577	24,481
Economic Development	27,829	7,652	19,115	1,935	-	-	28,701	23,854
Finance	13,977	9,325	2,455	1,624	166	-	13,570	14,090
Yukon Housing Corporation (Transfer Payment)	43,413	-	18,883	-	-	-	18,883	23,840
Yukon Legislative Assembly	8,791	5,546	-	2,194	-	-	7,740	10,216
Yukon Development Corporation (Transfer Payment)	30,173	-	29,993	-	-	-	29,993	19,302
French Language Services Directorate	6,855	4,382	893	1,414	-	-	6,689	6,493
Women and Gender Equity Directorate	3,680	998	1,932	257	-	-	3,187	3,112
Office of the Ombudsman	1,581	1,023	-	461	11	-	1,494	1,537
Child and Youth Advocate Office	827	654	-	165	-	-	819	764
Elections Office	817	438	-	291	-	-	729	1,249
Restricted Funds	1,023	35	25,573	-3,892	5,470	-	27,185	20,968
Adjustments	-2,260	-	-	-	-	-	-	-
	<u>\$ 1,741,570</u>	<u>\$ 642,121</u>	<u>\$ 551,171</u>	<u>\$ 507,388</u>	<u>\$ 58,203</u>	<u>\$ 1,587</u>	<u>\$ 1,760,470</u>	<u>\$ 1,708,830</u>

GOVERNMENT OF YUKON

Schedule C

**Schedule of Tangible Capital Assets
for year ended March 31, 2023**

	Land	Buildings	Equipment & Vehicles	Computer Hardware & Software	Infrastructure	Land Improvements & Fixtures	Waste & Water Systems	Communications Technology	2023 Total	2022 Total Restated (Note 3)
(thousands of dollars)										
Cost of tangible capital assets, opening	\$ 13,010	\$ 933,438	\$ 191,575	\$ 95,469	\$ 1,169,331	\$ 66,341	\$ 74,112	\$ 29,974	\$ 2,573,250	\$ 2,451,283
Acquisitions	-	55,389	10,531	8,375	153,007	3,091	8,553	33,589	272,535	128,185
Write-downs	-	(6,044)	(390)	-	(113)	-	(1,588)	-	(8,135)	(3)
Disposals	-	(3,347)	(2,893)	(243)	-	-	-	-	(6,483)	(6,215)
Cost of tangible capital assets, closing	13,010	979,436	198,823	103,601	1,322,225	69,432	81,077	63,563	2,831,167	2,573,250
Accumulated amortization, opening	-	382,580	102,128	61,471	484,122	13,355	21,850	4,811	1,070,317	1,010,752
Amortization expense	-	15,968	11,392	5,963	19,600	3,644	1,104	532	58,203	65,625
Disposals	-	(3,347)	(2,381)	(243)	-	-	-	-	(5,971)	(6,060)
Accumulated amortization, closing	-	395,201	111,139	67,191	503,722	16,999	22,954	5,343	1,122,549	1,070,317
Net book value as at March 31, 2023 (Note 20)	\$ 13,010	\$ 584,235	\$ 87,684	\$ 36,410	\$ 818,503	\$ 52,433	\$ 58,123	\$ 58,220	\$ 1,708,618	\$ 1,502,933
Work-in-progress ^(a)	\$ -	\$ 75,572	\$ 2,881	\$ 14,674	\$ 230,899	\$ 13,208	\$ 13,443	\$ 54,630	\$ 405,307	\$ 176,340
Asset Retirement Obligations ^(a)	\$ -	\$ 3,365	\$ 200	\$ -	\$ 428	\$ -	\$ 1,725	\$ -	\$ 5,718	\$ 11,578

^(a) Included in net book value.

**Consolidated Schedule of Tangible Capital Assets
for the year ended March 31, 2023**

The reconciliation of 2022 restatement and reclassification impacts is as follows:

	Land	Buildings	Equipment & Vehicles	Computer Hardware & Software	Infrastructure	Land Improvements & Fixtures	Waste & Water Systems	Communications Technology ^(b)	Total
(thousands of dollars)									
Cost, as at March 31, 2022, as previously reported	\$ 13,010	\$ 894,486	\$ 189,640	\$ 115,549	\$ 1,168,747	\$ 66,341	\$ 69,312	\$ 30,051	\$ 2,547,136
Reclassifications ^(c)									
Dempster Fibre Line	-	-	-	(19,896)	-	-	-	19,896	-
Housing Trailers	-	9,366	-	-	-	-	-	(9,366)	-
Portable Classrooms	-	10,607	-	-	-	-	-	(10,607)	-
Fleet Vehicle Assets	-	-	184	(184)	-	-	-	-	-
Adoption of PS 3280 Asset retirement obligations (Note 3(a))	-	18,979	1,751	-	584	-	4,800	-	26,114
Cost, as at March 31, 2022, as restated and reclassified	13,010	933,438	191,575	95,469	1,169,331	66,341	74,112	29,974	2,573,250
Accumulated amortization, as at March 31, 2022, as previously reported	-	366,063	100,899	61,597	484,033	13,355	19,459	10,375	1,055,781
Reclassifications ^(c)									
Dempster Fibre Line	-	-	-	-	-	-	-	-	-
Housing Trailers	-	2,460	-	-	-	-	-	(2,460)	-
Portable Classrooms	-	3,104	-	-	-	-	-	(3,104)	-
Fleet Vehicle Assets	-	-	126	(126)	-	-	-	-	-
Adoption of PS 3280 Asset retirement obligations (Note 3(a))	-	10,953	1,103	-	89	-	2,391	-	14,536
Accumulated amortization, at March 31, 2022, as restated and reclassified	-	382,580	102,128	61,471	484,122	13,355	21,850	4,811	1,070,317
Net book value, March 31, 2022, as previously reported	13,010	528,423	88,741	53,952	684,714	52,986	49,853	19,676	1,491,355
Change in net book value, for restatement and reclassification	-	22,435	706	(19,954)	495	-	2,409	5,487	11,578
Net book value, April 1, 2022	\$ 13,010	\$ 550,858	\$ 89,447	\$ 33,998	\$ 685,209	\$ 52,986	\$ 52,262	\$ 25,163	\$ 1,502,933

^(a)Included in net book value.

^(b)Due to reclassification of assets between categories, the category "other" is now named "communications technology".

^(c)The Government reclassified assets within the tangible capital asset categories to best reflect changes in the composition of the Government's tangible capital assets.

GOVERNMENT OF YUKON

Schedule D

**Schedule of Retirement Benefits
for year ended March 31, 2023**

	Extended Health Care Retirement Benefit	Legislative Assembly Retirement Allowances Plan	Life Insurance Retirement Benefit	Territorial Court Judiciary Pension Plan	2023 Total	2022 Total
(thousands of dollars)						
Pension and retirement plan assets are valued at fair market value.						
Accrued benefit obligation						
Obligation at beginning of year	\$ 65,048	\$ 35,201	\$ 4,265	\$ 13,582	\$ 118,096	\$ 145,650
Current service costs	2,502	1,675	65	560	4,802	6,293
Plan amendment	-	-	-	-	-	-
Interest cost on benefit obligation	2,671	1,867	172	691	5,401	5,072
Actuarial (gain) loss	(13,636)	(2,941)	(795)	(1,046)	(18,418)	(34,979)
Benefits paid	(1,510)	(1,593)	(119)	(543)	(3,765)	(3,940)
Accrued benefit obligation at end of year	55,075	34,209	3,588	13,244	106,116	118,096
Plan assets						
Value at beginning of year	-	10,544	-	4,733	15,277	14,400
Actual return on plan assets	-	320	-	32	352	702
Government contributions	1,510	560	119	418	2,607	2,662
Member contributions	-	177	-	85	262	234
Benefits paid	(1,510)	(339)	(119)	(543)	(2,511)	(2,721)
Value at end of year	-	11,262	-	4,725	15,987	15,277
Funded status - plan deficit	55,075	22,946	3,588	8,519	90,128	102,820
Unrecognized net actuarial gain (loss)	23,942	7,614	440	1,618	33,614	17,917
Accrued benefit liability (Note 16)	79,017	30,560	4,028	10,137	123,742	120,737
Net benefit cost						
Current service costs	2,502	1,675	65	560	4,802	6,293
Less: Member contributions	-	(177)	-	(85)	(262)	(234)
Interest cost on benefit obligation	2,671	1,867	172	691	5,401	5,072
Expected return on plan assets	-	(569)	-	(236)	(805)	(541)
Amortization of net actuarial (gain) loss	(439)	(1,639)	100	(291)	(2,269)	3,729
Net cost for the year	\$ 4,734	\$ 1,157	\$ 337	\$ 639	\$ 6,867	\$ 14,319

GOVERNMENT OF YUKON

Schedule D
Continued

**Schedule of Retirement Benefits
for the year ended March 31, 2023**

	Extended Health Care Retirement Benefit	Legislative Assembly Retirement Allowances Plan	Life Insurance Retirement Benefit	Territorial Court Judiciary Pension Plan
Key Assumptions				
Expected long-term rate of return on assets at beginning of year	N/A	5.30%	N/A	5.00%
Discount rate on benefit costs	4.80%	6.00%	4.80%	5.70%
Discount rate on accrued benefit obligation at end of year	4.80%	6.00%	4.80%	5.70%
Inflation rate at end of year	2.00%	2.00%	2.00%	2.00%
Rate of compensation increase	see below 1	2.50%	see below 1	3.00%
Health care cost trend rate	see below 2	N/A	N/A	N/A
Amortization period (expected average remaining service life)	13 years	4 years	9.5 Years	1.4 years

¹ Based on the annual rates from the Public Service Pension Plan ("PSPP") March 31, 2020 valuation report.

² 5.9% per annum for 2023-2024, 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

**Non-Consolidated Comparative Schedule of Revenues
for the year ended March 31, 2023**

	2023	2022	Increase (Decrease)
From Government of Canada			
Formula Financing grant	\$ 1,174,144,087	\$ 1,117,650,109	\$ 56,493,978
Other grants			
Canada health transfer	53,355,000	48,478,000	4,877,000
COVID-19 pandemic	3,273,355	31,099,824	(27,826,469)
Public Safety Canada	7,000,000	-	7,000,000
Climate Change Priorities	-	25,000,000	(25,000,000)
Carbon amounts received	25,307,976	22,489,954	2,818,022
Canada social transfer	18,021,000	17,394,000	627,000
Affordable housing in the North	15,000,000	-	15,000,000
Cannabis transfer	952,639	747,578	205,061
	<u>122,909,970</u>	<u>145,209,356</u>	<u>(22,299,386)</u>
Contributions and service agreements			
Investing in Canada infrastructure program	63,924,175	55,713,094	8,211,081
National trade corridors fund	48,248,896	24,766,853	23,482,043
Small Communities Fund	53,134,869	24,106,993	29,027,876
Continuing care facilities	10,010,933	9,620,843	390,090
Child welfare	10,694,064	9,048,645	1,645,419
Employment and Social Development Canada			
- skills and labour market development	8,561,803	8,989,422	(427,619)
Canadian Heritage			
- French language programs	8,623,452	8,298,717	324,735
Type II mine sites	6,276,221	6,662,122	(385,901)
Early learning and childcare	11,609,502	6,234,228	5,375,274
Target 1	1,399,966	-	1,399,966
Connect to innovate fund	11,414,890	5,841,405	5,573,485
Territorial health investment fund	4,975,994	4,740,250	235,744
Assisted Living	3,642,322	3,999,776	(357,454)
Land claims implementation	3,445,583	3,844,232	(398,649)
Environment and climate change Canada	6,155,530	3,380,887	2,774,643
Yukon Resource Gateway	14,834,217	2,689,801	12,144,416
Proof of vaccination fund	3,395,022	-	3,395,022
RCMP - mobile radio system	2,485,076	2,479,838	5,238
Travel recoveries - First Nations benefits	2,239,968	2,135,375	104,593
Arrest processing unit	1,968,959	1,967,400	1,559
Health Canada	1,416,180	1,944,676	(528,496)
In Kind TCA Contribution	517,567	-	517,567
Youth criminal justice	1,642,865	1,642,865	-
Inuvialuit Final Agreement	1,898,445	1,549,797	348,648
Public Health Authority of Canada	-	1,500,000	(1,500,000)
Gas tax fund	2,772,532	1,260,699	1,511,833
Legal Aid	1,356,000	1,116,000	240,000
Community recreation and active living	910,919	1,048,146	(137,227)
Canadian Air Transport Security Authority	-	447,793	(447,793)
Marwell Tar Pit remediation	-	31,048	(31,048)
Clean water wastewater fund	948,118	(709,387)	1,657,505
Other funding and service agreements	16,627,776	11,189,340	5,438,436
	<u>305,131,843</u>	<u>205,540,858</u>	<u>99,590,985</u>

GOVERNMENT OF YUKON

Schedule 1

**Non-Consolidated Comparative Schedule of Revenues
for the year ended March 31, 2023**

	2023	2022	Increase (Decrease)
Taxation			
Income taxes	\$ 150,298,117	\$ 129,787,475	\$ 20,510,642
Tobacco tax	11,611,968	12,894,018	(1,282,050)
Fuel oil tax	8,862,642	8,729,102	133,540
Insurance premium tax	8,902,010	7,437,893	1,464,117
General property tax	6,545,228	6,398,541	146,687
Liquor tax	5,105,558	5,017,867	87,691
Grants-in-lieu of property tax	239,704	241,188	(1,484)
	<u>191,565,227</u>	<u>170,506,084</u>	<u>21,059,143</u>
Licenses, Permits and Fees			
Business and professional	6,582,283	6,417,247	165,036
Motor vehicle	5,904,186	5,490,307	413,879
Continuing care facilities	3,525,530	3,453,810	71,720
Building safety	1,062,853	1,032,723	30,130
Land titles	585,503	718,776	(133,273)
Hunting, fishing and outfitting	766,630	646,588	120,042
Land use	436,052	441,222	(5,170)
Campground permits	941,845	342,536	599,309
Other	678,547	630,241	48,306
	<u>20,483,429</u>	<u>19,173,450</u>	<u>1,309,979</u>
Investment and Interest Revenue			
Banking and investment	4,342,427	1,494,194	2,848,233
Land sale agreements	1,104,465	1,410,264	(305,799)
Income from portfolio investments	979,772	575,625	404,147
Interest on advances to Territorial corporations	992,640	368,602	624,038
Local improvement loans	156,520	166,406	(9,886)
Debenture loans	76,737	86,496	(9,759)
Preferred dividend tax credit	96,538	48,214	48,324
Delinquent accounts	65,472	8,013	57,459
	<u>7,814,571</u>	<u>4,157,814</u>	<u>3,656,757</u>
Fines			
Territorial Court	523,953	477,169	46,784
Library fines	7,207	3,159	4,048
	<u>531,160</u>	<u>480,328</u>	<u>50,832</u>

**Non-Consolidated Comparative Schedule of Revenues
for the year ended March 31, 2023**

	2023	2022	Increase (Decrease)
Other			
Resource revenue - mineral, oil and gas and forestry	\$ 2,362,148	\$ 10,092,457	\$ (7,730,309)
Yukon Liquor Corporation			
- liquor profit	7,669,582	8,317,056	(647,474)
- cannabis profit	372,232	503,684	(131,452)
Sale of land	8,351,148	7,959,332	391,816
Restricted funds	260,288	720,292	(460,004)
Aviation operations	1,573,271	290,344	1,282,927
Other	204,754	157,778	46,976
	<u>20,793,423</u>	<u>28,040,943</u>	<u>(7,247,520)</u>
Funding and service agreements with other parties			
Third-party health care costs	7,502,840	7,461,173	41,667
Canada Health Infoway - system development	(18,495)	2,083,393	(2,101,888)
Airports	1,842,247	1,853,003	(10,756)
Fire management	335,728	1,147,290	(811,562)
Continuing and other health care recoveries from clients	520,670	848,381	(327,711)
Water and sewer	672,548	764,421	(91,873)
Restricted funds	58,601	94,595	(35,994)
Other	7,325,959	6,970,072	355,887
	<u>18,240,098</u>	<u>21,222,328</u>	<u>(2,982,230)</u>
	<u>\$ 1,861,613,808</u>	<u>\$ 1,711,981,270</u>	<u>\$ 149,632,538</u>

GOVERNMENT OF YUKON

Schedule 2

**Non-Consolidated Schedule of Revenues by Department
for the year ended March 31, 2023**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Yukon Legislative Assembly					
<u>Taxes and General Revenues</u>					
Income from portfolio investment	\$ 1,396,000	\$ -	\$ 1,396,000	\$ 979,772	\$ (416,228)
Executive Council Office					
<u>From Canada</u>					
Operation and Maintenance					
<i>Assessment Act</i> implementation					
Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC)					
-Boards and Committees - CIRNAC	3,884,000	-	3,884,000	3,445,583	(438,417)
-Land claims implementation - CIRNAC	349,000	28,000	377,000	354,846	(22,154)
-Office of the Commissioner - CIRNAC	15,000	-	15,000	20,000	5,000
COVID-19 Response					
- Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC)	500,000.00	270,000	770,000	683,209	(86,791)
	4,748,000	298,000	5,046,000	4,503,638	(542,362)
<u>Taxes and General Revenues</u>					
Water license fees	25,000	15,000	40,000	40,942	942
Total revenues	4,773,000	313,000	5,086,000	4,544,581	(541,419)

GOVERNMENT OF YUKON

Schedule 2

**Non-Consolidated Schedule of Revenues by Department
for the year ended March 31, 2023**

	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	\$ 222,000	\$ -	\$ 222,000	\$ -	\$ (222,000)
Public Safety Canada					
- Disaster Funding Assistance Agreement re: 21-22 flood relief		\$ -	\$ -	\$ 7,000,000	\$ 7,000,000
Covid-19 response					
- Emergency Support Fund for Cultural, and Sport Organizations	-	-	-	-	-
- Safe Restart Program	-	-	-	-	-
- Northern Support Phase 2	-	-	-	-	-
National Defense - public safety broadband network	-	-	-	79,456	79,456
Sport	353,000	-	353,000	353,025	25
Community recreation/active living	791,000	-	791,000	910,919	119,919
Transit Relief Funding		377,000	377,000	377,000	-
Author readings	16,000	-	16,000	7,765	(8,235)
Fire Management	-	700,000	700,000	700,000	-
NRCAN	-	-	-	556,421	556,421
Capital					
Flood / Erosion Control	-	-	-	30,000	30,000
Gas tax fund	2,500,000	-	2,500,000	2,772,532	272,532
Small Communities Fund	10,716,000	(1,442,000)	9,274,000	8,819,779	(454,221)
Clean Water Wastewater fund	-	-	-	-	-
Investing in Canada infrastructure program (Protective services)	300,000	-	300,000	441,851	141,851
Investing in Canada infrastructure program (Community development)	36,963,000	(3,488,000)	33,475,000	34,973,563	1,498,563
Community, Water, Sewer and Solid Waste	230,000	-	230,000	133,988	(96,012)
	52,091,000	(3,853,000)	48,238,000	57,156,299	8,918,299

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**Non-Consolidated Schedule of Revenues by Department
for the year ended March 31, 2023**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Community Services					
<u>Taxes and General Revenues</u>					
Building safety licenses and fees	\$ 500,000	\$ -	\$ 500,000	\$ 1,062,853	\$ 562,853
Library fines	8,000	-	8,000	7,207	(793)
Photocopier fees	2,000	-	2,000	-	(2,000)
Sale of land	18,950,000	1,670,000	20,620,000	7,895,960	(12,724,040)
Interest on local improvement	200,000	-	200,000	156,520	(43,480)
General property tax	6,795,000	-	6,795,000	6,545,228	(249,772)
Grant-in-lieu of property tax	246,000	-	246,000	239,704	(6,296)
Professional/consumer licensing	662,000	-	662,000	716,438	54,438
Business/corporate licensing	4,032,000	-	4,032,000	5,865,845	1,833,845
Employment standards	6,000	-	6,000	7,396	1,396
Community, Water, Sewer and Solid Waste Projects	213,000	-	213,000	163,641	(49,359)
	31,614,000	1,670,000	33,284,000	22,660,792	(10,623,208)
<u>Third-Party Recoveries</u>					
Operation and Maintenance					
Shared services	55,000	-	55,000	-	(55,000)
Fire Management	-	-	-	335,728	335,728
Emergency medical services	75,000	-	75,000	64,797	(10,203)
Community recreation/active living	60,000	-	60,000	84,600	24,600
Sport	959,000	-	959,000	605,017	(353,983)
Public library	15,000	-	15,000	-	(15,000)
Water and sewer services	981,000	-	981,000	672,548	(308,452)
Mosquito control	46,000	-	46,000	52,445	6,445
Community assessments	791,000	-	791,000	829,609	38,609
Capital					
Rural electrification and well program	-	-	-	300,851	300,851
	2,982,000	-	2,982,000	2,945,595	(36,405)
Total revenues	86,687,000	(2,183,000)	84,504,000	82,762,686	(1,741,314)

GOVERNMENT OF YUKON

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**Non-Consolidated Schedule of Revenues by Department
for the year ended March 31, 2023**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Economic Development					
<u>Taxes and General Revenues</u>					
Trade School Registration Fees	\$ 1,000	\$ -	\$ 1,000	\$ -	\$ (1,000)
Venture Loan Guarantees	-	-	-	1,950	1,950
<u>From Canada</u>					
Operation and Maintenance					
Canada-Yukon business service centre	100,000	-	100,000	100,000	-
Labour Market Development Agreement	4,801,000	919,146	5,720,146	5,610,949	(109,197)
Workforce Development Agreement	2,767,000	184,854	2,951,854	2,950,854	(1,000)
Yukon business development program	-	741,000	741,000	740,033	(967)
	<u>7,668,000</u>	<u>1,845,000</u>	<u>9,513,000</u>	<u>9,401,836</u>	<u>(111,164)</u>
Total revenues	7,669,000	1,845,000	9,514,000	9,403,786	(110,214)
Education					
<u>From Canada</u>					
Operation and Maintenance					
Canadian Heritage - French language programs	2,583,000	-	2,583,000	2,873,452	290,452
Student financial assistance					
- Canada student loan	509,000	-	509,000	513,420	4,420
Early learning and child care	9,278,000	-	9,278,000	11,506,118	2,228,118
Federal COVID-19 Funding					
- Safe return to class	457,000	-	457,000	457,000	-
Capital					
Investing in Canada Infrastructure program	3,656,000	930,000	4,586,000	3,294,538	(1,291,462)
Early Learning and Child Care	515,000	-	515,000	103,384.00	(411,616)
	<u>16,998,000</u>	<u>930,000</u>	<u>17,928,000</u>	<u>18,747,912</u>	<u>819,912</u>

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**Non-Consolidated Schedule of Revenues by Department
for the year ended March 31, 2023**

	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	-	(10,000)
Apprenticeship and certification	1,000	-	1,000	1,414	414
	<u>16,000</u>	<u>-</u>	<u>16,000</u>	<u>1,414</u>	<u>(14,586)</u>
<u>Third-Party Recoveries</u>					
Operation and Maintenance					
Victoria Gold Yukon Student Encouragement Society	250,000	-	250,000	209,335	(40,665)
Student accommodation	80,000	-	80,000	44,100	(35,900)
Staff accommodation rental	40,000	-	40,000	28,968	(11,032)
Stikine students	264,000	-	264,000	337,500	73,500
Facility lease	-	-	-	24,097	24,097
Yukon Association of Education Professionals - Teachers on call	80,000	-	80,000	9,352	(70,648)
Council of Ministers of Education of Canada agreement - Monitors	350,000	-	350,000	137,458	(212,542)
Capital					
School-based information technology	88,000	-	88,000	75,110	(12,890)
	<u>1,152,000</u>	<u>-</u>	<u>1,152,000</u>	<u>865,920</u>	<u>(286,080)</u>
Total revenues	18,166,000	930,000	19,096,000	19,615,246	519,246

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**Non-Consolidated Schedule of Revenues by Department
for the year ended March 31, 2023**

	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	\$ 144,000	\$ 910,000	\$ 918,160	\$ 8,160
- Rent	3,000	-	3,000	3,000	-
- Canadian Food Inspection Agency	2,000	-	2,000	1,500	(500)
- Regional collaborative partnership	17,000	-	17,000	17,319	319
Canadian Northern Economic Development Agency					
- Agriculture Projects	-	74,000	74,000	59,850	(14,150)
Natural Resources Canada					
- Clean energy for rural and remote communities	-	130,000	130,000	176,799	46,799
- Energy Efficiency - Greener Homes Initiative	-	194,000	194,000	90,737	(103,263)
- Climate change adaptation	-	-	-	(11,626)	(11,626)
- Zero emission vehicle infrastructure program	670,000	(520,000)	150,000	87,369	(62,631)
- Cold climate study	6,000	-	6,000	6,000	-
- Emerging renewable power program	955,000	-	955,000	955,000	-
- Geological Survey of Canada	-	120,000	120,000	117,946	(2,054.00)
Environment and Climate Change Canada					
- Low carbon economy	5,335,000	2,927,000	8,262,000	5,384,024	(2,877,976)
Canadian Forest Services - National Forest Initiative	-	144,000	144,000	121,399	(22,601)
Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC)					
- Type II mine sites	11,908,000	(3,811,000)	8,097,000	6,276,221	(1,820,779)
Fish Habitat Management System	-	60,000	60,000	60,000	-
	19,662,000	(538,000)	19,124,000	14,263,698	(4,860,302)

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**Non-Consolidated Schedule of Revenues by Department
for the year ended March 31, 2023**

	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	\$ 1,000,000	\$ 1,150,000	\$ 1,104,465	\$ (45,535)
- Land sales fees	20,000	-	20,000	45,618	25,618
- Land leases	189,000	-	189,000	225,560	36,560
- Land use fees	21,000	-	21,000	3,256	(17,744)
- Quarrying royalties and leases	80,000	-	80,000	123,149	43,149
- Sale of land	200,000	-	200,000	251,500	51,500
Land planning					
- Application fees	7,000	-	7,000	6,500	(500)
Forest management					
- Application fees	3,000	-	3,000	1,414	(1,586)
- Timber royalty	20,000	-	20,000	33,722	13,722
- Development fee	10,000	-	10,000	27,312	17,312
- Road charge	15,000	-	15,000	23,055	8,055
Agriculture					
- Agricultural land application and grazing lease fees	5,000	-	5,000	6,969	1,969
- Sale of land	-	-	-	203,688	203,688
Geological and Petroleum Resources					
- Beaufort offshore	-	-	-	-	-
- rentals and administration	65,000	-	65,000	-	(65,000)
Mineral resources					
- Coal leases, permits and royalties	22,000	-	22,000	11,008	(10,992)
- Placer mining fees	385,000	-	385,000	366,347	(18,653)
- Quartz mining fees and leases	5,735,000	-	5,735,000	1,899,290	(3,835,710)
- Quarrying Royalties and leases	-	9,800,000	9,800,000	-	(9,800,000)
- Maps, publications and charts	5,000	-	5,000	1,328	(3,672)
	<u>6,932,000</u>	<u>10,800,000</u>	<u>17,732,000</u>	<u>4,334,181</u>	<u>(13,397,819)</u>

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**Non-Consolidated Schedule of Revenues by Department
for the year ended March 31, 2023**

	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 estate - clean up	-	-	-	-	-
Agriculture conference	3,000	-	3,000	3,192	192
	13,000	-	13,000	3,192	(9,808)
Total revenues	26,607,000	10,262,000	36,869,000	18,601,071	(18,267,929)

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**Non-Consolidated Schedule of Revenues by Department
for the year ended March 31, 2023**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Environment					
<u>From Canada</u>					
Operation and Maintenance					
Inuvialuit Final Agreement	\$ 1,560,000	\$ 381,000	\$ 1,941,000	\$ 1,898,445	\$ (42,555)
Climate change preparedness in the North	296,000	20,000	316,000	308,120	(7,880)
Environmental sustainability - miscellaneous partnerships	48,000	-	48,000	-	(48,000)
Environmental occurrences notification agreement	6,000	-	6,000	6,245	245
Marwell tar pit remediation	-	-	-	-	-
Parks Canada	15,000	-	15,000	-	(15,000)
Habitat stewardship program	100,000	-	100,000	121,500	21,500
Environment and climate change Canada	226,000	432,000	658,000	771,506	113,506
- Target 1	-	-	-	1,399,966	1,399,966
- Miscellaneous	-	99,000	99,000	573,100	474,100
CIRNAC - Our Clean Future	-	-	-	-	-
Polar Knowledge	65,000	-	65,000	86,950	21,950
Natural Resources Canada	-	150,000	150,000	84,947	(65,053)
Miscellaneous	-	-	-	7,000	7,000
Capital					
Inuvialuit Final Agreement	-	-	-	-	-
Investing in Canada infrastructure program	1,163,000	(101,000)	1,062,000	432,796	(629,204)
	<u>3,479,000</u>	<u>981,000</u>	<u>4,460,000</u>	<u>5,690,574</u>	<u>1,230,574</u>
<u>Taxes and General Revenues</u>					
Campground permits	532,000	-	532,000	941,845	409,845
Wilderness tourism licensing	8,000	-	8,000	10,000	2,000
Hunting licenses and seals	465,000	-	465,000	489,042	24,042
Trapping and fur licenses	6,000	-	6,000	5,937	(63)
Fishing licenses	200,000	-	200,000	244,366	44,366
Outfitting fees	10,000	-	10,000	17,285	7,285
	<u>1,221,000</u>	<u>-</u>	<u>1,221,000</u>	<u>1,708,475</u>	<u>487,475</u>

GOVERNMENT OF YUKON

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**Non-Consolidated Schedule of Revenues by Department
for the year ended March 31, 2023**

	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	1,480	(8,520)
Environmental sustainability - miscellaneous partnerships	48,000	-	48,000	55,470	7,470
Compulsory inspections - Province of British Columbia	2,000	-	2,000	2,500	500
Conservation Action Team	2,000	-	2,000	2,400	400
Polar Knowledge - Government of Northwest Territories	-	-	-	(30,000)	(30,000)
United States Geological Survey	-	-	-	91,974	91,974
Standards and approvals - technical review	45,000	-	45,000	11,400	(33,600)
NatureServe Canada					
- Yukon conservation data	34,000	-	34,000	28,154	(5,846)
Trapper education workshop	26,000	-	26,000	14,200	(11,800)
Klondike Plateau Bear Project	-	-	-	161,926	161,926
	177,000	-	177,000	339,504	162,504
Total revenues	4,877,000	981,000	5,858,000	7,738,554	1,880,554

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**Non-Consolidated Schedule of Revenues by Department
for the year ended March 31, 2023**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Finance					
<u>From Canada</u>					
Formula Financing grant	\$ 1,174,144,000	\$ -	\$ 1,174,144,000	\$ 1,174,144,087	\$ 87
Canada health transfer	51,364,000	1,991,000	53,355,000	53,355,000	-
Canada social transfer	18,109,000	(88,000)	18,021,000	18,021,000	-
Cannabis transfer	786,000	54,000	840,000	952,639	112,639
Affordable Housing in the North		15,000,000	15,000,000	15,000,000	-
	1,244,403,000	16,957,000	1,261,360,000	1,261,472,726	112,726
<u>Taxes and General Revenues</u>					
Personal income tax	89,948,000	10,728,000	100,676,000	107,391,344	6,715,344
Corporate income tax	24,426,000	7,531,000	31,957,000	42,906,773	10,949,773
Fuel oil tax	9,660,000	(921,000)	8,739,000	8,862,642	123,642
Insurance premium tax	8,073,000	145,000	8,218,000	8,902,010	684,010
Tobacco tax	13,262,000	72,000	13,334,000	11,611,968	(1,722,032)
Banking and investment	990,000	-	990,000	4,342,427	3,352,427
Interest on advance to Territorial Corporation	905,000	-	905,000	992,640	87,640
Interest on accounts receivable	5,000	-	5,000	51,169	46,169
Miscellaneous revenue	50,000	-	50,000	53,764	3,764
Preferred dividend tax	-	-	-	96,538	96,538
Exchange Rate Gain or Loss	-	-	-	49,619	49,619
Delinquent Charge Tax	-	-	-	14,303	14,303
	147,319,000	17,555,000	164,874,000	185,275,197	20,401,197

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**Non-Consolidated Schedule of Revenues by Department
for the year ended March 31, 2023**

	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	35,024	(14,976)
Yukon Bureau of Statistics - recoverable services	-	-	-	51,957	51,957
Banking, Investments and Debt Services	-	-	-	-	-
	62,000	-	62,000	86,981	24,981
Total revenues	1,391,784,000	34,512,000	1,426,296,000	1,446,834,904	20,538,904
French Language Services Directorate					
<u>From Canada</u>					
Operation and maintenance					
Canadian heritage	5,750,000	-	5,750,000	5,750,000	-
<u>Third-Party Recoveries</u>					
Ministerial conference on the canadian francophonie					
Societe sante en francais inc.	-	-	-	-	-
	50,000	-	50,000	38,814	(11,186)
	50,000	-	50,000	38,814	(11,186)
Total revenues	5,800,000	-	5,800,000	5,788,814	(11,186)

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	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Health and Social Services					
<u>From Canada</u>					
Operation and Maintenance					
COVID-19 Response					
- Canada's COVID-19 immunization plan	\$ 1,000,000	\$ -	\$ 1,000,000	\$ 1,000,000	\$ -
- Self isolation	-	1,000,000	1,000,000	1,104,546	104,546
- Personal Protective Equipment & rapid tests - In-kind contribution	-	-	-	-	-
Territorial health investment fund	10,700,000	(2,435,000)	8,265,000	4,975,994	(3,289,006)
- Prior year adjustment	-	-	-	28,600	28,600
Proof of vaccination fund	-	-	-	3,395,022	3,395,022
Child welfare	12,654,000	-	12,654,000	10,694,064	(1,959,936)
Federal child benefit	280,000	-	280,000	223,585	(56,415)
Transition homes	1,157,000	-	1,157,000	840,418	(316,582)
Youth criminal justice	881,000	-	881,000	1,342,865	461,865
Social assistance	509,000	-	509,000	519,467	10,467
Health Canada					
- Mental health	752,000	-	752,000	674,890	(77,110)
- Home care	1,030,000	(360,000)	670,000	674,890	4,890
- Official languages health program	66,000	-	66,000	66,400	400
Assisted living	3,800,000	-	3,800,000	3,642,322	(157,678)
Mental wellness and substance use - youth criminal justice	300,000	-	300,000	300,000	-
Travel recoveries - first nations benefits	2,000,000	-	2,000,000	2,239,968	239,968
Hearing assessments and aids	61,000	-	61,000	47,281	(13,719)
Congenital anomalies surveillance	-	-	-	-	-
Chronic disease surveillance	112,000	-	112,000	86,545	(25,455)
Canadian partnership against cancer	100,000	-	100,000	98,878	(1,122)
Opioid treatment	117,000	-	117,000	116,898	(102)

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	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Health and Social Services					
<u>From Canada (continued)</u>					
Continuing care facilities	\$ 9,450,000	\$ -	\$ 9,450,000	\$ 10,010,933	\$ 560,933
Crisis hotline	-	-	-	75,000	75,000
Substance use and addictions program (SUAP)	55,000	10,000	65,000	117,203	52,203
Clean water wastewater fund	-	1,900,000	1,900,000	948,118	(951,882)
Congenital anomalies surveillance	-	85,000	85,000	82,500	(2,500)
In kind TCA contribution	-	-	-	517,567	517,567
Capital					
Investing in canada infrastructure program	10,800,000	(10,800,000)	-	-	-
Data fund - safe restart agreement	986,000	-	986,000	986,477	477
	<u>56,810,000</u>	<u>(10,600,000)</u>	<u>46,210,000</u>	<u>44,810,431</u>	<u>(1,399,569)</u>
<u>Taxes and General Revenues</u>					
Registration and fees	36,000	-	36,000	45,650	9,650
Environmental health - inspection/permits	10,000	-	10,000	12,865	2,865
Continuing care facilities	4,246,000	(500,000)	3,746,000	3,525,530	(220,470)
	<u>4,292,000</u>	<u>(500,000)</u>	<u>3,792,000</u>	<u>3,584,045</u>	<u>(207,955)</u>
<u>Third-Party Recoveries</u>					
Operation and Maintenance					
Yukon first nations cancer care	-	270,000	270,000	264,771	(5,229)
Social supports					
- Client recovery	50,000	-	50,000	52,062	2,062
- Social assistance	80,000	-	80,000	107,813	27,813
Third-party health care costs	8,641,000	-	8,641,000	7,502,840	(1,138,160)
Hearing assessments and aids	587,000	-	587,000	540,910	(46,090)
Rental recovery	74,000	-	74,000	31,208	(42,792)
Community health					
- Yukon immunization program	50,000	-	50,000	43,285	(6,715)
Community nursing					
- Patient services	167,000	-	167,000	157,835	(9,165)
- Drugs and vaccines	10,000	-	10,000	404	(9,596)
- Rent/utility recoveries	116,000	-	116,000	87,549	(28,451)
- Lower post recovery	15,000	-	15,000	15,789	789

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**Non-Consolidated Schedule of Revenues by Department
for the year ended March 31, 2023**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Health and Social Services					
<u>Third-Party Recoveries (continued)</u>					
Continuing care facilities					
- McDonald lodge food services	\$ 120,000	\$ -	\$ 120,000	\$ 132,612	\$ 12,612
- Continuing care non-federal recoveries	-	-	-	35,738	35,738
Capital					
Canada health infoway					
- 1Health (Meditech)	-	-	-	(18,495)	(18,495)
	9,910,000	270,000	10,180,000	8,954,321	(1,225,679)
Total revenues	71,012,000	(10,830,000)	60,182,000	57,348,797	(2,833,203)

GOVERNMENT OF YUKON

Schedule 2

**Non-Consolidated Schedule of Revenues by Department
for the year ended March 31, 2023**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Highways and Public Works					
<u>From Canada</u>					
Operation and Maintenance					
Mobile radio system					
- RCMP	\$ 2,396,000	\$ -	\$ 2,396,000	\$ 2,485,076	\$ 89,076
- Other federal agencies	69,000	-	69,000	27,604	(41,396)
Transportation - recoverable services	49,000	-	49,000	42,995	(6,005)
National safety code agreement	153,000	-	153,000	152,567	(433)
Motor vehicles	15,000	-	15,000	15,000	-
Airports	60,000	-	60,000	60,000	-
Leases/facility management agreements	32,000	-	32,000	32,888	888
Recoverable Services	125,000	-	125,000	137,973	12,973
Capital					
Small Communities fund	13,393,000	-	13,393,000	44,315,090	30,922,090
Yukon Resource Gateway project	8,100,000	8,887,000	16,987,000	14,834,217	(2,152,783)
National Trade Corridors Fund	43,321,000	23,519,000	66,840,000	48,248,896	(18,591,104)
Canadian Air Transport Security Authority	-	-	-	-	-
Airports Capital Assistance Program	14,299,000	-	14,299,000	135,133	(14,163,867)
Connect to Innovate fund	11,986,000	(1,898,000)	10,088,000	11,414,890	1,326,890
Mobile radio system	93,000	-	93,000	-	(93,000)
Investing in Canada infrastructure program	9,474,000	(1,897,000)	7,577,000	12,140,496	4,563,496
Natural Resources Canada	-	-	-	72,897	72,897
Parks Canada	-	-	-	-	-
	103,565,000	28,611,000	132,176,000	134,115,722	1,939,722

GOVERNMENT OF YUKON

Schedule 2

**Non-Consolidated Schedule of Revenues by Department
for the year ended March 31, 2023**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Highways & Public Works					
<u>Taxes and General Revenues</u>					
Queen's Printer subscriptions	\$ -	\$ -	\$ -	\$ 3,737	\$ 3,737
Sale of government surplus equipment	46,000	-	46,000	89,974	43,974
Access to Information and Protection of Privacy	10,000	-	10,000	3,347	(6,653)
Highway information signs/permits	11,000	-	11,000	225	(10,775)
Quarry permits	-	-	-	13,000	13,000
Aviation operations	1,345,000	-	1,345,000	1,573,271	228,271
National safety code - fees/materials	26,000	-	26,000	27,307	1,307
Weigh station fees	158,000	-	158,000	190,638	32,638
Private vehicle registration/permits	1,705,000	-	1,705,000	2,005,516	300,516
Commercial vehicle registration/permits	3,102,000	-	3,102,000	3,217,404	115,404
Driver licenses/fees	513,000	-	513,000	681,266	168,266
Land use fees	12,000	-	12,000	12,000	-
	6,928,000	-	6,928,000	7,817,684	889,684
<u>Third-Party Recoveries</u>					
Operation and Maintenance					
Deposit forfeitures					
Travel agent processing	5,000	-	5,000	6,279	1,279
Industry conference and reverse tradeshow	12,000	-	12,000	2,000	(10,000)
Information and communications technology service agreements	697,000	-	697,000	753,293	56,293
Transportation - recoverable services	342,000	-	342,000	256,782	(85,218)
Airports	1,905,000	-	1,905,000	1,842,247	(62,753)
Leases/facility management agreements	379,000	-	379,000	496,122	117,122
Capital					
Dempster Fibre Project	3,500,000	(3,500,000)	-	-	-
Electric Thermal Storage	-	-	-	30,000	30,000
Quarry Permit	-	-	-	34,500	34,500
	6,840,000	(3,500,000)	3,340,000	3,421,224	81,224
Total revenues	117,333,000	25,111,000	142,444,000	145,354,630	2,910,630

GOVERNMENT OF YUKON

Schedule 2

**Non-Consolidated Schedule of Revenues by Department
for the year ended March 31, 2023**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Justice					
<u>From Canada</u>					
Operation and Maintenance					
Court Services - French language training	\$ 15,000	\$ -	\$ 15,000	\$ 3,765	\$ (11,235)
Legal Services					
- Administration of Justice Agreements	469,000	-	469,000	-	(469,000)
- Legal aid	1,116,000	240,000	1,356,000	1,356,000	-
- Indigenous courtworker program	308,000	175,000	483,000	483,000	-
- Yukon Public Legal Education Association	163,000	-	163,000	163,000	-
- Community safety officer (CSO) Recovery	-	427,000	427,000	373,790	(53,210)
Regulatory Services - Family justice activities	208,000	-	208,000	202,422	(5,578)
- Family Mediation Services	-	-	-	11,996	11,996
Community Justice and Public Safety					
- Cannabis and impaired driving	432,000	-	432,000	411,558	(20,442)
- Exchange of service agreement	30,000	-	30,000	23,583	(6,417)
- Drug treatment court funding	100,000	250,000	350,000	321,401	(28,599)
- Family information liaison unit	285,000	-	285,000	285,000	-
- Community safety officer (CSO) Recovery	416,000	(416,000)	-	-	-
- Arrest processing unit	1,913,000	-	1,913,000	1,968,959	55,959
- Guns and Gang Violence Action Fund	773,000	77,000	850,000	867,008	17,008
- Federal Victims Fund	665,000	172,000	837,000	665,448	(171,552)
- Justice Partnerships and Innovation Program	150,000	64,000	214,000	154,320	(59,680)
- Indigenous courtworker program	-	77,000	77,000	65,443	(11,557)
- Women and Gender Equality Canada	-	125,000	125,000	7,654	(117,346)
Capital					
Federal Victims Fund	60,000	-	60,000	7,998	(52,002)
	<u>7,103,000</u>	<u>1,191,000</u>	<u>8,294,000</u>	<u>7,372,344</u>	<u>(921,656)</u>
<u>Taxes and General Revenues</u>					
Court fees	500,000	-	500,000	523,953	23,952.62
Sheriff's Office	58,000	-	58,000	55,714	(2,286.00)
Public guardian and trustee fees	35,000	-	35,000	62,769	27,768.68
Land titles fees	600,000	-	600,000	585,503	(14,497.00)
	<u>1,193,000</u>	<u>-</u>	<u>1,193,000</u>	<u>1,227,938</u>	<u>34,938</u>

GOVERNMENT OF YUKON

Schedule 2

**Non-Consolidated Schedule of Revenues by Department
for the year ended March 31, 2023**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Justice					
<u>Third-Party Recoveries</u>					
Operation and Maintenance					
Public Utilities Board hearings	\$ 100,000	\$ 385,000	\$ 485,000	\$ 330,416	\$ (154,584)
Worker advocate	405,000	-	405,000	363,316	(41,684)
Outreach worker - Province of British Columbia	44,000	-	44,000	45,900	1,900
Capital					
WAO - Multi-Functional Machine	-	7,000	7,000	5,970	(1,030)
	549,000	392,000	941,000	745,602	(195,398)
Total revenues	8,845,000	1,583,000	10,428,000	9,345,884	(1,082,116)
Public Service Commission					
<u>From Canada</u>					
Operation and Maintenance					
Health, Safety and Well-Being	5,000	-	5,000	150	(4,850)
	5,000	-	5,000	150	(4,850)
<u>Third-Party Recoveries</u>					
Operation and Maintenance					
Human resource business partners	234,000	-	234,000	234,270	270
Human resource shared services	77,000	-	77,000	77,070	70
Organizational development	5,000	-	5,000	-	(5,000)
Health, safety and well-being	5,000	-	5,000	-	(5,000)
Workers compensation payments	-	-	-	-	-
	321,000	-	321,000	311,340	(9,660)
Total revenues	326,000	-	326,000	311,490	(14,510)

GOVERNMENT OF YUKON

Schedule 2

**Non-Consolidated Schedule of Revenues by Department
for the year ended March 31, 2023**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Tourism and Culture					
<u>From Canada</u>					
Operation and Maintenance					
Arctic Arts Summit	\$ -	\$ 80,000	\$ 80,000	\$ 80,000	\$ -
Canada Council for the Arts	-	98,000	98,000	100,000	2,000
	-	178,000	178,000	180,000	2,000
<u>Taxes and General Revenues</u>					
Yukon Beringia Interpretive Centre	70,000	-	70,000	64,689	(5,311)
Archives - reproduction fees	6,000	-	6,000	6,332	332
	76,000	-	76,000	71,021	(4,979)
<u>Third-Party Recoveries</u>					
Operation and Maintenance					
Yukon Lottery Commission	467,000	-	467,000	469,004	2,004
Arctic Arts Summit	80,000	(80,000)	-	-	-
	547,000	(80,000)	467,000	469,004	2,004
Total revenues	623,000	98,000	721,000	720,025	(975)
Women and Gender Equity Directorate					
<u>From Canada</u>					
Operation and Maintenance					
Women and Gender Equality Canada	347,000	-	347,000	347,000	-
Women and Gender Equality Canada - Sally and Sisters	143,000	17,000	160,000	160,000	-
Women and Gender Equality Canada-Gender based violence funding	125,000	(125,000)	-	-	-
Total revenues	615,000	(108,000)	507,000	507,000	-

GOVERNMENT OF YUKON

Schedule 2

**Non-Consolidated Schedule of Revenues by Department
for the year ended March 31, 2023**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Yukon Development Corporation					
<u>From Canada</u>					
Capital					
Investing in Canada Infrastructure Program	\$ 7,788,000	\$ 5,000,000	\$ 12,788,000	\$ 6,779,258	\$ (6,008,742)
Arctic Energy fund	12,000,000	(5,000,000)	7,000,000	5,861,673	(1,138,327)
Total revenues	19,788,000	-	19,788,000	12,640,931	(7,147,069)
Yukon Liquor Corporation					
<u>Taxes and General Revenues</u>					
Corporate net income					
- Liquor profit	9,397,000	(1,935,000)	7,462,000	7,669,582	207,582
- Cannabis profit	-	-	-	372,232	372,232
Liquor tax	5,313,000	(242,000)	5,071,000	5,105,558	34,558
Total revenues	14,710,000	(2,177,000)	12,533,000	13,147,372	614,372
Interest					
<u>Taxes and General Revenues</u>					
Interest	80,000	-	80,000	76,737	(3,263)

GOVERNMENT OF YUKON

Schedule 2

**Non-Consolidated Schedule of Revenues by Department
for the year ended March 31, 2023**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Restricted Funds					
<u>From Canada</u>					
Carbon amounts received	\$ -	\$ -	\$ -	\$ 25,307,976	\$ 25,307,976
Canada Region Relief and Recovery	-	-	-	264,663	264,663
Total revenues	-	-	-	25,572,638	25,572,638
<u>Taxes and General Revenues</u>					
Gain on sale of tangible capital assets	-	-	-	(232,951)	(232,951)
Other revenue	-	-	-	493,239	493,239
	-	-	-	260,288	260,288
<u>Third-Party Recoveries</u>					
Operation and Maintenance Restricted funds	-	-	-	58,601	58,601
Total revenues	-	-	-	25,891,527	25,891,527
Totals					
From Canada	1,542,685,000	35,892,000	1,578,577,000	1,602,185,900	23,608,900
<u>Taxes and General Revenues</u>	215,803,000	27,363,000	243,166,000	241,187,810	(1,978,190)
<u>Third-Party Recoveries</u>	22,603,000	(2,918,000)	19,685,000	18,240,098	(1,444,902)
Total revenues	\$ 1,781,091,000	\$ 60,337,000	\$ 1,841,428,000	\$ 1,861,613,807	\$ 20,185,807

GOVERNMENT OF YUKON

Schedule 3

**Non-Consolidated Comparative Schedule of Expenses
for the year ended March 31, 2023**

	2022-23	2021-22	Increase (Decrease)
Yukon Legislative Assembly			
Operation and Maintenance			
Legislative Services	\$ 3,973,129	\$ 3,660,059	\$ 313,070
Legislative Assembly Office	1,333,790	1,108,601	225,189
Retirement Allowances and Death Benefits	1,620,690	239,598	1,381,092
Hansard	627,827	615,768	12,059
Conflicts Commission	159,212	66,057	93,155
	<u>7,714,648</u>	<u>5,690,083</u>	<u>2,024,565</u>
Capital			
Legislative Assembly Office	25,505	37,690	(12,185)
Retirement Allowances	-	4,487,806	(4,487,806)
Total Expenses	<u>7,740,153</u>	<u>10,215,579</u>	<u>(2,475,426)</u>
Elections Office			
Operation and Maintenance			
Elections	727,313	1,244,206	(516,893)
Capital			
Elections	1,581	4,914	(3,333)
Total expenses	<u>728,894</u>	<u>1,249,120</u>	<u>(520,226)</u>
Office of the Ombudsman			
Operation and Maintenance			
Office of the Ombudsman	1,481,826	1,520,632	(38,806)
Capital			
Office of the Ombudsman	1,718	4,669	(2,951)
Amortization Expense	10,664	11,997	(1,333)
Total Expenses	<u>1,494,208</u>	<u>1,537,298</u>	<u>(43,090)</u>

GOVERNMENT OF YUKON

Schedule 3

**Non-Consolidated Comparative Schedule of Expenses
for the year ended March 31, 2023**

	2022-23	2021-22	Increase (Decrease)
Child and Youth Advocate Office			
Operation and Maintenance			
Child and Youth Advocate Office	\$ 818,561	\$ 763,576	\$ 54,985
Capital			
Child and Youth Advocate Office	575	626	(51)
Total Expenses	819,136	764,202	54,934
Executive Council Office			
Operation and Maintenance			
Strategic Corporate Services	4,574,752	4,355,455	219,297
Aboriginal Relations	11,668,561	8,866,956	2,801,605
Corporate Programs and Intergovernmental Relations	7,075,277	6,732,659	342,618
Government Internal Audit Services	496,921	612,592	(115,671)
Office of the Commissioner	289,988	258,202	31,786
Cabinet Offices	3,837,317	3,290,793	546,524
COVID-19 Response	632,144	349,448	282,696
	28,574,960	24,466,105	4,108,855
Capital			
Corporate Services	-	6,534	(6,534)
Amortization Expense	1,999	8,060	(6,061)
Total Expenses	28,576,959	24,480,699	4,096,260

**Non-Consolidated Comparative Schedule of Expenses
for the year ended March 31, 2023**

	2022-23	2021-22	Increase (Decrease)
Community Services			
Operation and Maintenance			
COVID-19 Response	\$ -	\$ 1,828,344	\$ (1,828,344)
Corporate Services	6,246,447	5,706,715	539,732
Protective Services	57,969,933	47,743,153	10,226,780
Community Development	50,670,200	47,562,153	3,108,047
Corporate Policy and Consumer Affairs	13,396,238	13,148,212	248,026
	<u>128,282,817</u>	<u>115,988,577</u>	<u>12,294,240</u>
Capital			
COVID-19 Response	-	23,371	(23,371)
Corporate Services	8,999	-	8,999
Protective Services	3,842,820	1,796,857	2,045,963
Community Development	90,789,380	81,903,820	8,885,560
Corporate Policy and Consumer Affairs	2,155,353	2,368,508	(213,156)
Corporate policy and consumer affairs			-
	<u>96,796,551</u>	<u>86,092,556</u>	<u>10,703,995</u>
Less: Acquisition of tangible capital assets	(14,132,895)	(9,484,122)	(4,648,773)
Land development costs transferred to land inventory	(17,848,460)	(12,080,628)	(5,767,832)
Local improvement costs transferred to loans receivable	(1,853,833)	(2,196,212)	342,379
	<u>62,961,363</u>	<u>62,331,594</u>	<u>629,769</u>
Cost of Land Sold	7,880,789	7,886,829	(6,040)
Amortization Expense	5,076,142	6,743,127	(1,666,985)
Bad Debts Expense	194,952	182,265	12,687
ARO Accretion Expense	433,083	422,520	10,563
Total Expenses	<u>204,829,146</u>	<u>193,554,912</u>	<u>11,274,234</u>

**Non-Consolidated Comparative Schedule of Expenses
for the year ended March 31, 2023**

	2022-23	2021-22	Increase (Decrease)
Economic Development			
Operation and Maintenance			
COVID-19 Response	\$ 2,217,282	\$ 8,378,427	\$ (6,161,145)
Corporate Services	3,200,346	3,185,156	15,190
Operations	23,015,184	11,686,966	11,328,218
	<u>28,432,812</u>	<u>23,250,549</u>	<u>5,182,263</u>
Capital			
Corporate services	34,885	44,880	(9,995)
Operations	233,725	558,714	(324,989)
	<u>268,610</u>	<u>603,594</u>	<u>(334,984)</u>
Total Expenses	<u>28,701,422</u>	<u>23,854,143</u>	<u>4,847,279</u>
Education			
Operation and Maintenance			
COVID-19 Response	363,440	3,906,911	(3,543,471)
Education Support Services	5,906,126	4,822,223	1,083,903
Schools and Student Services	129,774,554	123,637,820	6,136,734
Policy and Partnerships	55,135,672	56,350,459	(1,214,787)
Yukon University	28,913,316	27,668,052	1,245,264
First Nations initiatives	6,221,879	7,053,706	(831,827)
	<u>226,314,987</u>	<u>223,439,171</u>	<u>2,875,816</u>
Capital			
Education Support Services	-	298,398	(298,398)
Schools and student Services	34,019,767	12,516,412	21,503,355
Yukon University	200,000	500,000	(300,000)
Policy and Partnerships	103,834	-	103,834
	<u>34,323,601</u>	<u>13,314,810</u>	<u>21,008,791</u>
Less acquisition of tangible capital assets	<u>(25,878,166)</u>	<u>(7,725,015)</u>	<u>(18,153,151)</u>
	<u>8,445,435</u>	<u>5,589,795</u>	<u>2,855,640</u>
ARO Accretion Expense	533,635	520,620	13,015
Amortization Expense	6,183,836	7,930,072	(1,746,236)
	<u>6,717,471</u>	<u>8,450,692</u>	<u>(1,733,221)</u>
Write-down of tangible capital assets	-	-	-
Total Expenses	<u>241,477,893</u>	<u>237,479,658</u>	<u>3,998,235</u>

**Non-Consolidated Comparative Schedule of Expenses
for the year ended March 31, 2023**

	2022-23	2021-22	Increase (Decrease)
Energy, Mines and Resources			
Operation and Maintenance			
COVID-19 Response	\$ -	\$ -	\$ -
Corporate Services	15,442,281	3,318,543	12,123,738
Sustainable Resources	29,896,178	11,248,494	18,647,684
Energy, Corporate Policy and Communications	-	10,341,369	(10,341,369)
Oil and Gas and Mineral Resources	33,659,582	33,347,752	311,830
Strategic Initiatives	28,814	-	28,814
Compliance Monitoring & Inspections	-	7,526,374	(7,526,374)
	<u>79,026,855</u>	<u>65,782,532</u>	<u>13,244,323</u>
Capital			
Corporate services	1,216,947	885,468	331,479
Sustainable resources	269,333	240,706	28,627
	<u>1,486,280</u>	<u>1,126,174</u>	<u>360,106</u>
Less: Acquisition of tangible capital assets	(1,345,583)	(935,340)	(410,243)
Land development costs transferred to land inventory	(69,904)	(112,305)	42,401
	<u>70,793</u>	<u>78,529</u>	<u>(7,736)</u>
Cost of Land Sold	203,694	139,958	63,736
ARO Accretion Expense	22,456	21,625	831
Amortization Expense	693,262	642,173	51,089
	<u>715,718</u>	<u>663,798</u>	<u>51,920</u>
Environmental liabilities (net)	4,236,746	(45,154)	4,281,900
Total Expenses	<u>84,253,806</u>	<u>66,619,663</u>	<u>17,634,143</u>

GOVERNMENT OF YUKON

Schedule 3

**Non-Consolidated Comparative Schedule of Expenses
for the year ended March 31, 2023**

	2022-23	2021-22	Increase (Decrease)
Environment			
Operation and Maintenance			
COVID-19 Response	\$ -	\$ -	\$ -
Corporate Services	14,941,108	12,325,804	2,615,304
Environmental Sustainability	31,447,557	28,707,501	2,740,056
Environmental Liabilities & Remediation	3,577,272	2,473,379	1,103,893
	<u>49,965,938</u>	<u>43,506,684</u>	<u>6,459,254</u>
Capital			
Corporate Services	1,270,415	369,974	900,441
Environmental Sustainability	2,420,173	1,311,476	1,108,697
	<u>3,690,587</u>	<u>1,681,450</u>	<u>2,009,137</u>
Less acquisition of tangible capital assets	<u>(1,754,418)</u>	<u>(870,263)</u>	<u>(884,155)</u>
	<u>1,936,169</u>	<u>811,187</u>	<u>1,124,982</u>
ARO Accretion Expense	13,776	-	13,776
Amortization Expense	752,552	597,744	154,808
	<u>766,328</u>	<u>597,744</u>	<u>168,584</u>
Write-down of tangible capital assets	-	-	-
Environmental liabilities (net)	<u>3,509,105</u>	<u>51,525,734</u>	<u>(48,016,629)</u>
Total Expenses	<u>56,177,540</u>	<u>96,441,349</u>	<u>(40,263,809)</u>

GOVERNMENT OF YUKON

Schedule 3

**Non-Consolidated Comparative Schedule of Expenses
for the year ended March 31, 2023**

	2022-23	2021-22	Increase (Decrease)
Finance			
Operation and Maintenance			
Corporate Services	\$ 1,195,745	\$ 1,098,218	\$ 97,527
Financial Operations and Revenue Services	3,947,331	4,238,502	(291,171)
Economics, Fiscal Policy and Statistics	2,629,960	2,560,201	69,759
Management Board Secretariat	2,142,760	2,018,934	123,826
Office of the Comptroller	1,147,791	1,011,934	135,857
Workers' Compensation Supplementary Benefits	226,935	223,369	3,566
COVID-19 Response	-	1,523	(1,523)
	<u>11,290,522</u>	<u>11,152,681</u>	<u>137,841</u>
Capital			
Corporate services	31,335	31,839	(504)
Less acquisition of tangible capital assets	-	-	-
	<u>31,335</u>	<u>31,839</u>	<u>(504)</u>
Amortization Expense	<u>166,983</u>	<u>99,984</u>	<u>66,999</u>
Bad debt expense	<u>219,697</u>	<u>712,785</u>	<u>(493,088)</u>
Transfers through the tax system	<u>1,861,359</u>	<u>2,092,421</u>	<u>(231,062)</u>
Total Expenses	<u>13,569,896</u>	<u>14,089,710</u>	<u>(519,814)</u>

GOVERNMENT OF YUKON

Schedule 3

**Non-Consolidated Comparative Schedule of Expenses
for the year ended March 31, 2023**

	2022-23	2021-22	Increase (Decrease)
French Language Services Directorate			
Operation and Maintenance			
French Language Services	\$ 6,689,470	\$ 6,493,244	\$ 196,226
Health and Social Services			
Operation and Maintenance			
Innovation, Quality and Performance	7,578,991	0	7,578,991
COVID-19 response	9,901,565	36,641,871	(26,740,306)
Corporate Services	23,003,948	21,047,742	1,956,206
Insured health and social services	235,963,732	233,685,626	2,278,106
Community and primary care	59,732,168	31,444,101	28,288,067
Continuing Care	90,353,930	79,663,155	10,690,775
Yukon Hospital Services	88,778,000	85,761,100	3,016,900
	515,312,334	488,243,595	27,068,739
Less pension costs transferred to loans receivable	-	-	-
	515,312,334	488,243,595	27,068,739
Capital			
Corporate Services	3,651,635	3,515,090	136,545
Family and Children's Services	71,532	105,079	(33,547)
Social Supports	-	60,827	(60,827)
Community and Program Support	1,579,835	-	1,579,835
Mental Wellness and Substance Use Services	-	22,995	(22,995)
Health Services	65,025	554,555	(489,530)
Continuing Care	557,901	509,592	48,309
Yukon Hospital Services	4,800,000	7,700,000	(2,900,000)
COVID-19 Response	839,000	-	839,000
	11,564,928	12,468,138	(903,210)
Less acquisition of tangible capital assets	(2,544,123)	(252,092)	(2,292,031)
	9,020,805	12,216,046	(3,195,241)
ARO Accretion Expense	87,707	85,567	2,140
Amortization Expense	6,290,906	7,753,602	(1,462,696)
	6,378,613	7,839,169	(1,460,556)
Write-down/Disposal of tangible capital assets	-	-	-
Total Expenses	530,711,752	508,298,810	22,410,802

GOVERNMENT OF YUKON

Schedule 3

**Non-Consolidated Comparative Schedule of Expenses
for the year ended March 31, 2023**

	2022-23	2021-22	Increase (Decrease)
Highways and Public Works			
Operation and maintenance			
COVID-19 Response	\$ -	\$ 9,218,179	\$ (9,218,179)
Corporate Services	15,121,818	15,186,231	(64,413)
Information and Communications Technology	25,652,988	24,133,014	1,519,974
Transportation	74,847,081	69,820,540	5,026,541
Property Management	48,673,356	47,145,001	1,528,355
Program Specific	-	-	-
Capital Planning	1,051,671	-	1,051,671
Central Stores write off	(10,629)	54,526	(65,155)
	<u>165,336,285</u>	<u>165,557,491</u>	<u>(221,206)</u>
Less lease payments for leased tangible capital assets transferred to liabilities	<u>(1,148,003)</u>	<u>(1,112,948)</u>	<u>(35,055)</u>
	<u>164,188,282</u>	<u>164,444,543</u>	<u>(256,261)</u>
Capital			
Pandemic	-	-	-
Information and communications technology	15,888,336	12,962,828	2,925,508
Transportation	191,153,228	106,407,607	84,745,621
Property management	65,481,606	54,639,970	10,841,636
Capital Planning	40,362,636	-	40,362,636
	<u>312,885,806</u>	<u>174,010,405</u>	<u>138,875,401</u>
Less acquisition of tangible capital assets	<u>(219,857,237)</u>	<u>(99,340,938)</u>	<u>(120,516,299)</u>
	<u>93,028,569</u>	<u>74,669,467</u>	<u>18,359,102</u>
ARO Accretion Expense	416,790	449,426	(32,636)
Amortization Expense	30,454,775	32,557,925	(2,103,150)
	<u>30,871,565</u>	<u>33,007,351</u>	<u>(2,135,786)</u>
Write-down/disposal loss of tangible capital assets	<u>26,837</u>	<u>-</u>	<u>26,837</u>
Rental expense recognized from prepaid expenses	<u>8,067</u>	<u>98,783</u>	<u>(90,716)</u>
Total Expenses	<u>288,123,320</u>	<u>272,220,144</u>	<u>15,903,176</u>

GOVERNMENT OF YUKON

Schedule 3

**Non-Consolidated Comparative Schedule of Expenses
for the year ended March 31, 2023**

	2022-23	2021-22	Increase (Decrease)
Justice			
Operation and Maintenance			
Management Services	\$ 5,402,307	\$ 4,729,205	\$ 673,102
Court Services	7,504,445	8,205,019	(700,574)
Legal Services	12,561,772	11,036,345	1,525,427
Regulatory Services	4,732,189	4,830,051	(97,862)
Community Justice and Public Safety	59,782,381	52,848,940	6,933,441
Human Rights	727,547	765,344	(37,797)
COVID-19 Response	28,284	722,503	(694,219)
	<u>90,738,925</u>	<u>83,137,407</u>	<u>7,601,518</u>
Capital			
Management Services	584,742	178,829	405,913
Court Services	78,338	70,347	7,991
Community Justice and Public Safety	3,347,208	2,328,771	1,018,437
	<u>4,010,288</u>	<u>2,577,947</u>	<u>1,432,341</u>
Less acquisition of tangible capital assets	<u>(624,675)</u>	<u>(153,146)</u>	<u>(471,529)</u>
	<u>3,385,613</u>	<u>2,424,801</u>	<u>960,812</u>
ARO Accretion Expense	49,431	48,226	1,205
Amortization Expense	1,985,539	2,899,923	(914,384)
	<u>2,034,970</u>	<u>2,948,148</u>	<u>(913,178)</u>
Allowance for RCMP settlement retro	-	-	-
Total Expenses	<u>96,159,508</u>	<u>88,510,356</u>	<u>7,649,152</u>
Public Service Commission			
Operation and Maintenance			
Corporate Services	2,797,470	2,505,150	292,320
Human Resource Service Centre	8,057,984	7,663,312	394,672
People and Culture	6,466,763	5,740,317	726,446
Employee Relations	5,584,164	5,498,554	85,610
Corporate Funds	32,757,984	35,202,881	(2,444,897)
	<u>55,664,365</u>	<u>56,610,214</u>	<u>(945,849)</u>

**Non-Consolidated Comparative Schedule of Expenses
for the year ended March 31, 2023**

	2022-23	2021-22	Increase (Decrease)
Public Service Commission (continued)			
Capital			
Corporate Services	\$ 53,484	\$ 10,781	\$ 42,703
People and Culture	974	-	974
Employee Relations	3,180	-	3,180
	<u>57,638</u>	<u>10,781</u>	<u>46,857</u>
Less acquisition of tangible capital assets	<u>-</u>	<u>-</u>	<u>-</u>
	<u>57,638</u>	<u>10,781</u>	<u>46,857</u>
Amortization Expense	<u>295,697</u>	<u>265,270</u>	<u>30,427</u>
Write-down/disposal loss of tangible capital assets	<u>-</u>	<u>14,164</u>	<u>(14,164)</u>
Total Expenses	<u>56,017,700</u>	<u>56,900,429</u>	<u>(882,729)</u>
Tourism and Culture			
Operation and Maintenance			
COVID-19 Response	1,543,917	8,022,693	(6,478,776)
Corporate Services	2,735,054	2,703,628	31,426
Cultural Services	14,973,149	13,755,051	1,218,098
Tourism	13,180,633	12,095,796	1,084,837
	<u>32,432,753</u>	<u>36,577,168</u>	<u>(4,144,415)</u>
Capital			
Corporate services	52,204	6,002	46,202
Cultural services	1,805,568	1,046,336	759,232
Tourism	896,124	746,807	149,317
	<u>2,753,896</u>	<u>1,799,145</u>	<u>954,751</u>
Less acquisition of tangible capital assets	<u>(888,764)</u>	<u>(590,181)</u>	<u>(298,583)</u>
	<u>1,865,132</u>	<u>1,208,964</u>	<u>656,168</u>
ARO Accretion Expense	30,095	-	30,095
Amortization Expense	821,892	1,112,941	(291,049)
	<u>851,987</u>	<u>1,112,941</u>	<u>(260,954)</u>
Write-down of tangible capital assets	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenses	<u>35,149,872</u>	<u>38,899,073</u>	<u>(3,749,201)</u>

**Non-Consolidated Comparative Schedule of Expenses
for the year ended March 31, 2023**

	2022-23	2021-22	Increase (Decrease)
Women and Gender Equity Directorate			
Operation and Maintenance			
COVID-19 Response	\$ -	\$ -	\$ -
Policy and Program Development	3,187,471	3,111,785	75,686
	<u>3,187,471</u>	<u>3,111,785</u>	<u>75,686</u>
Capital			
COVID-19 response	-	-	-
Policy and program development	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenses	<u>3,187,471</u>	<u>3,111,785</u>	<u>75,686</u>
Yukon Development Corporation (Transfer Payment)			
Operation and Maintenance			
Inflation Relief Rebate	7,597,000	-	7,597,000
Interim Electrical Rebate	3,500,000	3,354,106	145,894
Mayo B Rate Payer Support	2,625,000	2,625,000	-
	<u>13,722,000</u>	<u>5,979,106</u>	<u>7,742,894</u>
Capital			
Innovative Renewable Energy Initiative	2,491,955	1,707,067	784,888
Arctic Energy Fund	7,000,000	4,904,978	2,095,022
Investing in Canada Infrastructure Program	6,779,257	6,710,567	68,690
Atlin Hydro Expansion Project	-	-	-
	<u>16,271,212</u>	<u>13,322,612</u>	<u>2,948,600</u>
Total Expenses	<u>29,993,212</u>	<u>19,301,718</u>	<u>10,691,494</u>

GOVERNMENT OF YUKON

Schedule 3

**Non-Consolidated Comparative Schedule of Expenses
for the year ended March 31, 2023**

	2022-23	2021-22	Increase (Decrease)
Yukon Housing Corporation (Transfer Payment)			
Operation and Maintenance			
Gross expenditures	\$ 21,187,640	\$ 19,847,106	\$ 1,340,534
Less: Rental revenues	(9,165,488)	(9,034,534)	(130,954)
Recoveries	(3,906,646)	(4,344,221)	437,575
	<u>8,115,506</u>	<u>6,468,351</u>	<u>1,647,155</u>
Capital			
Gross expenditures	22,078,474	36,250,730	(14,172,256)
Less: Recoveries	(7,168,838)	(14,881,343)	7,712,505
Loan expenditures	(4,141,653)	(3,997,270)	(144,383)
	<u>10,767,983</u>	<u>17,372,117</u>	<u>(6,604,134)</u>
Total Expenses	<u>18,883,489</u>	<u>23,840,468</u>	<u>(4,956,979)</u>
Restricted Funds			
Net expenditures	21,715,205	15,965,086	5,750,119
Amortization Expense	5,469,741	5,002,361	467,380
Total Expenses	<u>27,184,946</u>	<u>20,967,447</u>	<u>6,217,499</u>

GOVERNMENT OF YUKON

Schedule 3

**Non-Consolidated Comparative Schedule of Expenses
for the year ended March 31, 2023**

	2022-23	2021-22	Increase (Decrease)
Totals			
Operation and Maintenance	\$ 1,453,830,348	\$ 1,368,983,157	\$ 84,847,191
Capital	494,938,095	324,466,001	170,472,094
	1,948,768,443	1,693,449,158	255,319,285
Less: Acquisition of tangible capital assets	(267,025,861)	(119,351,097)	(147,674,764)
Land development costs transferred to land inventory	(17,918,364)	(12,192,933)	(5,725,431)
Loan advances transferred to loans receivable	(1,853,833)	(2,196,212)	342,379
Lease payments for leased tangible capital assets transferred to liabilities	(1,148,003)	(1,112,948)	(35,055)
	1,660,822,382	1,558,595,968	102,226,414
Cost of land sold	8,084,483	8,026,787	57,696
ARO Accretion Expense	1,586,973	1,547,983	38,990
Amortization Expense	58,203,988	65,625,178	(7,421,190)
Other expenses not appropriated	31,771,967	75,033,890	(43,261,923)
	\$ 1,760,469,793	\$ 1,708,829,806	\$ 51,639,987

GOVERNMENT OF YUKON

Schedule 4

**Non-Consolidated Schedule of Expenses by Department
for the year ended March 31, 2023**

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Yukon Legislative Assembly						
Operation and maintenance						
Legislative services	\$ 4,144,000	\$ -	\$ -	\$ 4,144,000	\$ 3,973,129	\$ 170,871
Legislative Assembly Office	1,199,000	-	-	1,199,000	1,333,790	(134,790)
Retirement Allowances and Death Benefits	2,741,000	-	-	2,741,000	1,620,690	1,120,310
Hansard	618,000	-	-	618,000	627,827	(9,827)
Conflicts Commission	59,000	-	-	59,000	159,212	(100,212)
	8,761,000	-	-	8,761,000	7,714,648	1,046,352
Capital						
Legislative Assembly Office	30,000	-	-	30,000	25,505	4,495
Pension Benefits	-	-	-	-	-	-
Total expenses	8,791,000	-	-	8,791,000	7,740,153	1,050,847
Elections Office						
Operation and Maintenance						
Chief Electoral Office	707,000	-	-	707,000	583,654	123,346
Elections Administration	-	-	-	-	36,339	(36,339)
Elections Educations Act	105,000	-	-	105,000	103,517	1,483
Electoral District Boundaries Commission	-	-	-	-	3,803	(3,803)
	812,000	-	-	812,000	727,313	84,687
Capital						
Office Furniture and Equipment	5,000	-	-	5,000	1,581	3,419
Total expenses	817,000	-	-	817,000	728,894	88,106

GOVERNMENT OF YUKON

Schedule 4

**Non-Consolidated Schedule of Expenses by Department
for the year ended March 31, 2023**

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Office of the Ombudsman						
Operation and maintenance						
Office of the Ombudsman	\$ 1,352,000	\$ -	\$ -	\$ 1,352,000	\$ 1,285,883	\$ 66,117
Information & Privacy Commissioner	161,000	-	-	161,000	151,247	9,753
Public Interest Disclosure Commissioner	53,000	-	-	53,000	44,697	8,303
	1,566,000	-	-	1,566,000	1,481,826	84,174
Capital						
Office of the Ombudsman	3,000	-	-	3,000	1,718	1,282
Amortization expense	12,000	-	-	12,000	10,664	1,336
Total expenses	1,581,000	-	-	1,581,000	1,494,208	86,792
Child and Youth Advocate Office						
Operation and maintenance						
Child and Youth Advocate Office	826,000	-	-	826,000	818,561	7,439
Capital						
Child and Youth Advocate Office	1,000	-	-	1,000	575	425
Less acquisition of tangible capital assets	-	-	-	-	-	-
	1,000	-	-	1,000	575	425
Amortization expense	-	-	-	-	-	-
Total expenses	827,000	-	-	827,000	819,136	7,864

GOVERNMENT OF YUKON

Schedule 4

**Non-Consolidated Schedule of Expenses by Department
for the year ended March 31, 2023**

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Executive Council Office						
Operation and maintenance						
Strategic corporate services	\$ 4,137,000	\$ 86,919	\$ -	\$ 4,223,919	\$ 4,574,752	\$ (350,833)
Aboriginal relations	9,752,000	2,240,126	-	11,992,126	11,668,561	323,565
Corporate programs and intergovernmental relations	6,787,000	444,177	-	7,231,177	7,075,276	155,901
Government internal audit services	613,000	-	-	613,000	496,921	116,079
Office of the Commissioner	304,000	6,594	-	310,594	289,988	20,606
Cabinet Offices	3,434,000	184	-	3,434,184	3,837,317	(403,133)
COVID-19 Response	500,000	270,000	-	770,000	632,144	137,856
	25,527,000	3,048,000	-	28,575,000	28,574,959	41
Capital						
Strategic corporate services	-	-	-	-	-	-
Amortization expense	7,000	-	-	7,000	1,999	5,001
Total expenses	25,534,000	3,048,000	-	28,582,000	28,576,958	5,042

GOVERNMENT OF YUKON

Schedule 4

**Non-Consolidated Schedule of Expenses by Department
for the year ended March 31, 2023**

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Community Services						
Operation and maintenance						
Corporate services	\$ 5,914,000	\$ -	\$ -	\$ 5,914,000	\$ 6,246,447	\$ (332,447)
Protective services	38,982,000	20,452,000	-	59,434,000	57,969,933	1,464,067
Community development	48,973,000	2,188,000	-	51,161,000	50,670,200	490,800
Corporate policy and consumer affairs	-	-	-	-	-	-
Regulatory and Consumer Services	13,154,000	-	-	13,154,000	13,396,238	(242,238)
	107,023,000	22,640,000	-	129,663,000	128,282,818	1,380,182
Capital						
Corporate services	-	-	-	-	8,999	(8,999)
Protective services	3,366,000	-	-	3,366,000	3,842,820	(476,820)
Community development	110,294,000	(10,136,000)	-	100,158,000	90,789,379	9,368,621
Regulatory and Consumer Services	3,055,000	-	-	3,055,000	2,155,353	899,648
Corporate policy and consumer affairs	-	-	-	-	-	-
	116,715,000	(10,136,000)	-	106,579,000	96,796,551	9,782,449
Less: Acquisition of tangible capital assets	(8,597,000)	100,000	-	(8,497,000)	(14,132,895)	5,635,895
Land development costs transferred to land inventory	(26,857,000)	3,425,000	-	(23,432,000)	(17,848,460)	(5,583,540)
Local improvement costs transferred to loans receivable	(2,985,000)	-	-	(2,985,000)	(1,853,833)	(1,131,167)
	78,276,000	(6,611,000)	-	71,665,000	62,961,363	8,703,637
Cost of land sold	18,950,000	1,670,000	-	20,620,000	7,880,789	12,739,211
Amortization expense	6,489,000	101,000	-	6,590,000	5,076,142	1,513,858

GOVERNMENT OF YUKON

Schedule 4

**Non-Consolidated Schedule of Expenses by Department
for the year ended March 31, 2023**

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Community Services						
Bad Debts Expense	\$ 16,000	\$ -	\$ -	\$ 16,000	\$ 194,952	\$ (178,952)
ARO Accretion Expense	-	497,000	-	497,000	433,083	63,917
Total expenses	210,754,000	18,297,000	-	229,051,000	204,829,145	24,221,855
Economic Development						
Operation and maintenance						
COVID-19 Response	2,630,000	-	-	2,630,000	2,217,282	412,718
Corporate services	4,023,000	-	-	4,023,000	3,200,346	822,654
Operations	20,068,000	2,095,000	-	22,163,000	23,015,184	(852,184)
	26,721,000	2,095,000	-	28,816,000	28,432,812	383,188
Capital						
Corporate services	40,000	-	-	40,000	34,885	5,115
Operations	1,066,000	-	-	1,066,000	233,725	832,275
	1,106,000	-	-	1,106,000	268,610	837,390
Less: Acquisition of tangible capital assets	-	-	-	-	-	-
Amortization expense	2,000	(2,000)	-	-	-	-
Total expenses	27,829,000	2,093,000	-	29,922,000	28,701,422	1,220,578

GOVERNMENT OF YUKON

Schedule 4

**Non-Consolidated Schedule of Expenses by Department
for the year ended March 31, 2023**

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Education						
Operation and maintenance						
COVID-19 response	\$ 457,000	\$ -	\$ -	\$ 457,000	\$ 363,440	\$ 93,560
Education support services	5,429,000	329,000	-	5,758,000	5,906,126	(148,126)
Schools and student services	131,392,000	453,000	-	131,845,000	129,774,554	2,070,446
Policy and partnerships	59,576,000	99,000	-	59,675,000	55,135,672	4,539,328
Yukon University	28,913,000	-	-	28,913,000	28,913,316	(316)
First Nations initiatives	8,771,000	(881,000)	-	7,890,000	6,221,879	1,668,121
	234,538,000	-	-	234,538,000	226,314,987	8,223,013
Capital						
Education support services	-	-	-	-	-	-
Schools and student services	36,819,000	514,000	-	37,333,000	34,019,767	3,313,233
Policy and partnerships	515,000	-	-	515,000	103,834	411,166
Yukon University	200,000	-	-	200,000	200,000	-
	37,534,000	514,000	-	38,048,000	34,323,601	3,724,399
Less acquisition of tangible capital assets	(31,455,000)	(137,000)	-	(31,592,000)	(25,878,166)	(5,713,834)
ARO Accretion Expense		516,000	-	516,000	533,635	(17,635)
Amortization expense	8,072,000	179,000	-	8,251,000	6,183,836	2,067,164
	8,072,000	695,000	-	8,767,000	6,717,471	2,049,529
Write-down/disposal of tangible capital assets	-	-	-	-	-	-
Total expenses	248,689,000	1,072,000	-	249,761,000	241,477,893	8,283,107

GOVERNMENT OF YUKON

Schedule 4

**Non-Consolidated Schedule of Expenses by Department
for the year ended March 31, 2023**

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Energy, Mines and Resources						
Operation and maintenance						
Corporate services	\$ 15,806,000	\$ -	\$ -	\$ 15,806,000	\$ 15,442,281	\$ 363,719
Sustainable resources	27,036,000	3,698,000	-	30,734,000	29,896,178	837,822
Energy, corporate policy and communications	-	-	-	-	-	-
Mineral Resources and Geoscience Services	39,140,000	(2,011,000)	-	37,129,000	33,659,581	3,469,419
Strategic Initiatives	-	-	-	-	28,814	(28,814)
Client services and partnerships	-	-	-	-	-	-
	81,982,000	1,687,000	-	83,669,000	79,026,855	4,642,145
Capital						
Corporate services	510,000	575,000	-	1,085,000	1,216,947	(131,947)
Sustainable resources	437,000	-	-	437,000	269,333	167,667
	947,000	575,000	-	1,522,000	1,486,280	35,720
Less: Acquisition of tangible capital assets	(602,000)	(575,000)	-	(1,177,000)	(1,345,583)	168,583
Land development costs transferred to land inventory	(250,000)	-	-	(250,000)	(69,904)	(180,096)
	95,000	-	-	95,000	70,793	24,207
Cost of land sold	-	-	-	-	203,694	(203,694)
ARO Accretion Expense		22,000	-	22,000	22,456	(456)
Amortization Expense	621,000	63,000	-	684,000	693,262	(9,262)
	621,000	85,000	-	706,000	715,718	(9,718)
Environmental liabilities (net)	(250,000)	-	-	(250,000)	4,236,746	(4,486,746)
Total expenses	82,448,000	1,772,000	-	84,220,000	84,253,806	(33,806)

GOVERNMENT OF YUKON

Schedule 4

**Non-Consolidated Schedule of Expenses by Department
for the year ended March 31, 2023**

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Environment						
Operation and maintenance						
Corporate services	\$ 12,611,000	\$ 774,940	\$ -	\$ 13,385,940	\$ 14,941,108	(1,555,168)
Environmental sustainability	28,072,000	1,281,210	-	29,353,210	31,447,557	(2,094,347)
Environmental liabilities and remediation	7,201,000	25,800	-	7,226,800	3,577,272	3,649,528
	47,884,000	2,081,950	-	49,965,950	49,965,937	13
Capital						
Corporate services	788,000	-	-	788,000	1,270,415	(482,415)
Environmental sustainability	3,196,000	(135,000)	-	3,061,000	2,420,173	640,827
	3,984,000	(135,000)	-	3,849,000	3,690,587	158,413
Less acquisition of tangible capital assets	(1,522,000)	-	-	(1,522,000)	(1,754,418)	232,418
	2,462,000	(135,000)	-	2,327,000	1,936,169	390,831
ARO Accretion Expense	-	13,000	-	13,000	13,776	(776)
Amortization Expense	680,000	5,000	-	685,000	752,553	(67,553)
	680,000	18,000	-	698,000	766,329	(68,329)
Write-down/disposal loss of tangible capital assets	-	-	-	-	-	-
Environmental liabilities (net)	(4,181,000)	-	-	(4,181,000)	3,509,105	(7,690,105)
Total expenses	46,845,000	1,964,950	-	48,809,950	56,177,540	(7,367,590)

GOVERNMENT OF YUKON

Schedule 4

**Non-Consolidated Schedule of Expenses by Department
for the year ended March 31, 2023**

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Finance						
Operation and maintenance						
Corporate services	\$ 1,152,000	\$ -	\$ -	\$ 1,152,000	\$ 1,195,745	\$ (43,745)
COVID-19 response	-	-	-	-	-	-
Financial operations and revenue services	4,242,000	-	-	4,242,000	3,947,331	294,669
Economics, fiscal policy and statistics	2,796,000	-	-	2,796,000	2,629,960	166,040
Management board secretariat	2,183,000	-	-	2,183,000	2,142,760	40,240
Office of the Comptroller	1,116,000	-	-	1,116,000	1,147,791	(31,791)
Workers' compensation supplementary benefits	275,000	-	-	275,000	226,935	48,065
	11,764,000	-	-	11,764,000	11,290,522	473,478
Capital						
Corporate services	32,000	-	-	32,000	31,335	665
Less acquisition of tangible capital assets	-	-	-	-	-	-
	32,000	-	-	32,000	31,335	665
Amortization expense	111,000	-	-	111,000	166,983	(55,983)
Bad debts expense	48,000	-	-	48,000	219,697	(171,697)
Transfers through the tax system	2,022,000	23,000	-	2,045,000	1,861,359	183,641
Total expenses	13,977,000	23,000	-	14,000,000	13,569,895	430,105

GOVERNMENT OF YUKON

Schedule 4

**Non-Consolidated Schedule of Expenses by Department
for the year ended March 31, 2023**

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
French Language Services Directorate						
Operation and maintenance						
French language services	\$ 6,855,000	\$ -	\$ -	\$ 6,855,000	\$ 6,689,470	\$ 165,530
Health and Social Services						
Operation and maintenance						
Innovation, Quality and Performance	6,984,000	2,109,288	-	9,093,288	7,578,991	1,514,297
COVID-19 Response	11,632,000	-	-	11,632,000	9,901,565	1,730,435
Corporate services	23,605,000	439,140	-	24,044,140	23,003,948	1,040,192
Insured health and social services	220,405,000	11,592,429	-	231,997,429	235,963,732	(3,966,303)
Community and primary care	55,972,000	3,475,539	-	59,447,539	59,732,168	(284,629)
Continuing care	86,500,000	3,632,079	-	90,132,079	90,353,930	(221,851)
Yukon hospital services	88,295,000	671,000	-	88,966,000	88,778,000	188,000
	493,393,000	21,919,475	-	515,312,475	515,312,334	141

GOVERNMENT OF YUKON

Schedule 4

**Non-Consolidated Schedule of Expenses by Department
for the year ended March 31, 2023**

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Health and Social Services						
Capital						
Corporate services	\$ 1,447,000	\$ 3,542,000	\$ -	\$ 4,989,000	\$ 3,651,635	\$ 1,337,365
Insured health and social services	115,000	-	-	115,000	136,557	(21,557)
Community and program support	1,805,000	967,000	-	2,772,000	1,579,835	1,192,165
Continuing care	739,000	-	-	739,000	557,901	181,099
Yukon hospital services	11,800,000	(7,000,000)	-	4,800,000	4,800,000	-
COVID-19 Response	986,000	-	-	986,000	839,000	147,000
	16,892,000	(2,491,000)	-	14,401,000	11,564,928	2,836,072
Less acquisition of tangible capital assets	(1,982,000)	315,000	-	(1,667,000)	(2,544,123)	877,123
	14,910,000	(2,176,000)	-	12,734,000	9,020,805	3,713,195
ARO Accretion Expense	-	79,000	-	79,000	87,707	(8,707)
Amortization expense	7,710,000	32,000	-	7,742,000	6,290,906	1,451,095
	7,710,000	111,000	-	7,821,000	6,378,612	1,442,388
Write-down of tangible capital assets	-	-	-	-	-	-
Total expenses	516,013,000	19,854,475	-	535,867,475	530,711,751	5,155,724

GOVERNMENT OF YUKON

Schedule 4

**Non-Consolidated Schedule of Expenses by Department
for the year ended March 31, 2023**

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Highways and Public Works						
Operation and maintenance						
Corporate services	\$ 15,360,000	\$ 367,796	\$ -	\$ 15,727,796	\$ 15,121,818	\$ 605,978
Information and communications technology	25,413,000	422,440	-	25,835,440	25,652,988	182,452
Transportation	66,832,000	4,631,441	-	71,463,441	74,847,081	(3,383,640)
Property management	47,584,000	1,124,508	-	48,708,508	48,673,356	35,152
Capital Planning	3,595,000	6,100	-	3,601,100	1,051,671	2,549,429
Central Stores WriteOff	-	-	-	-	(10,629)	10,629
	158,784,000	6,552,285	-	165,336,285	165,336,285	-
Less lease payments for leased tangible capital assets transferred to liabilities	(1,148,000)	-	-	(1,148,000)	(1,148,003)	3
	157,636,000	6,552,285	-	164,188,285	164,188,282	3
Capital						
Information and communications technology	15,875,000	(80,000)	-	15,795,000	15,888,336	(93,336)
Transportation	154,837,000	36,871,000	-	191,708,000	191,153,228	554,772
Property management	70,725,000	(5,000,000)	-	65,725,000	65,481,606	243,394
Capital Planning	35,933,000	5,690,000	-	41,623,000	40,362,636	1,260,364
	277,370,000	37,481,000	-	314,851,000	312,885,806	1,965,194
Less acquisition of tangible capital assets	(180,976,000)	(41,478,000)	-	(222,454,000)	(219,857,237)	(2,596,763)
	96,394,000	(3,997,000)	-	92,397,000	93,028,569	(631,569)
ARO Accretion Expense	-	423,000	-	423,000	416,790	6,210
Amortization Expense	32,651,000	141,000	-	32,792,000	30,454,775	2,337,225
	32,651,000	564,000	-	33,215,000	30,871,565	2,343,435
Write-down/disposal loss of tangible capital assets	-	-	-	-	26,837	(26,837)
Rental expense recognized from prepaid expenses	99,000	-	-	99,000	8,067	90,933
Total expenses	286,780,000	3,119,285	-	289,899,285	288,123,320	1,775,965

GOVERNMENT OF YUKON

Schedule 4

**Non-Consolidated Schedule of Expenses by Department
for the year ended March 31, 2023**

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Justice						
Operation and maintenance						
Corporate services	\$ 5,101,000	\$ 296,413	\$ -	\$ 5,397,413	\$ 5,402,307	\$ (4,894)
Court services	8,389,000	84,947	-	8,473,947	7,504,445	969,502
Legal services	10,930,000	1,489,180	-	12,419,180	12,561,772	(142,592)
Regulatory services	4,746,000	438,320	-	5,184,320	4,732,189	452,131
Community justice and public safety	56,436,000	2,072,065	-	58,508,065	59,782,380	(1,274,315)
Human rights	756,000	-	-	756,000	727,547	28,453
COVID-19 Response	-	-	-	-	28,284	(28,284)
	86,358,000	4,380,925	-	90,738,925	90,738,924	1
Capital						
Corporate services	470,000	192,000	-	662,000	584,742	77,258
Court services	80,000	-	-	80,000	78,338	1,662
Community justice and public safety	3,519,000	-	-	3,519,000	3,347,208	171,792
	4,069,000	192,000	-	4,261,000	4,010,288	250,712
Less acquisition of tangible capital assets	(565,000)	(185,000)	-	(750,000)	(624,675)	(125,325)
	3,504,000	7,000	-	3,511,000	3,385,613	125,387
ARO Accretion Expense	-	30,000	-	30,000	49,431	(19,431)
Amortization expense	3,048,000	8,000	-	3,056,000	1,985,539	1,070,461
	3,048,000	38,000	-	3,086,000	2,034,970	1,051,030
Total expenses	92,910,000	4,425,925	-	97,335,925	96,159,507	1,176,418

GOVERNMENT OF YUKON

Schedule 4

**Non-Consolidated Schedule of Expenses by Department
for the year ended March 31, 2023**

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Public Service Commission						
Operation and maintenance						
Corporate services	\$ 2,429,000	\$ 65,762	\$ -	\$ 2,494,762	\$ 2,797,470	\$ (302,708)
Human resource service centre	8,188,000	240,665	-	8,428,665	8,057,984	370,681
People and culture	6,442,000	112,188	-	6,554,188	6,466,763	87,425
Employee relations	5,368,000	72,155	-	5,440,155	5,584,164	(144,009)
Corporate funds	36,267,000	(3,520,405)	-	32,746,595	32,757,984	(11,389)
	58,694,000	(3,029,635)	-	55,664,365	55,664,365	(0)
Capital						
Corporate services	50,000	-	-	50,000	53,484	(3,484)
People and culture	8,000	-	-	8,000	974	7,026
Employee relations	10,000	-	-	10,000	3,180	6,820
	68,000	-	-	68,000	57,638	10,362
Less acquisition of tangible capital assets	(30,000)	-	-	(30,000)	-	(30,000)
	38,000	-	-	38,000	57,638	(19,638)
Amortization expense	279,000	-	-	279,000	295,697	(16,697)
Write-down/disposal loss of tangible capital assets	-	-	-	-	-	-
Total expenses	59,011,000	(3,029,635)	-	55,981,365	56,017,700	(36,335)

GOVERNMENT OF YUKON

Schedule 4

**Non-Consolidated Schedule of Expenses by Department
for the year ended March 31, 2023**

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Tourism and Culture						
Operation and maintenance						
COVID-19 response	\$ 2,230,000	\$ -	\$ -	\$ 2,230,000	\$ 1,543,917	\$ 686,083
Corporate services	2,778,000	-	-	2,778,000	2,735,054	42,946
Cultural services	14,725,000	506,000	-	15,231,000	14,973,149	257,851
Tourism	12,777,000	-	-	12,777,000	13,180,633	(403,633)
	32,510,000	506,000	-	33,016,000	32,432,753	583,247
Capital						
Corporate services	10,000	-	-	10,000	52,204	(42,204)
Cultural services	2,975,000	(500,000)	-	2,475,000	1,805,568	669,432
Tourism	675,000	-	-	675,000	896,124	(221,124)
	3,660,000	(500,000)	-	3,160,000	2,753,896	406,104
Less acquisition of tangible capital assets	(1,400,000)	300,000	-	(1,100,000)	(888,764)	(211,236)
	2,260,000	(200,000)	-	2,060,000	1,865,132	194,868
ARO Accretion Expense		34,000	-	34,000	30,095	3,905
Amortization Expense	1,110,000	10,000	-	1,120,000	821,892	298,108
	1,110,000	44,000	-	1,154,000	851,987	302,013
Write-down of tangible capital assets	-	-	-	-	-	-
Total expenses	35,880,000	350,000	-	36,230,000	35,149,872	1,080,128

GOVERNMENT OF YUKON

Schedule 4

**Non-Consolidated Schedule of Expenses by Department
for the year ended March 31, 2023**

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Women and Gender Equity Directorate						
Operation and maintenance						
Policy and program development	\$ 3,680,000	\$ (125,000)	\$ -	\$ 3,555,000	\$ 3,187,471	\$ 367,529
Total expenses	3,680,000	(125,000)	-	3,555,000	3,187,471	367,529
Yukon Development Corporation (Transfer Payment)						
Operation and maintenance						
Inflation relief rebate	-	7,597,000	-	7,597,000	7,597,000	-
Interim electrical rebate	3,500,000	-	-	3,500,000	3,500,000	-
Mayo B rate payer support	2,625,000	-	-	2,625,000	2,625,000	-
	6,125,000	7,597,000	-	13,722,000	13,722,000	-
Capital						
Innovative renewable energy initiative	2,500,000	-	-	2,500,000	2,491,955	8,045
Arctic energy fund	12,000,000	(5,000,000)	-	7,000,000	7,000,000	-
Investing in Canada infrastructure program	7,788,000	5,000,000	-	12,788,000	6,779,257	6,008,743
Atlin hydro expansion project	15,000,000	(12,500,000)	-	2,500,000	-	2,500,000
	37,288,000	(12,500,000)	-	24,788,000	16,271,212	8,516,788
Total expenses	43,413,000	(4,903,000)	-	38,510,000	29,993,212	8,516,788

GOVERNMENT OF YUKON

Schedule 4

**Non-Consolidated Schedule of Expenses by Department
for the year ended March 31, 2023**

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Yukon Housing Corporation (Transfer Payment)						
Operation and maintenance						
Gross expenditures	\$ 20,219,000	\$ 1,226,000	\$ -	\$ 21,445,000	\$ 21,187,640	\$ 257,360
Less: Rental revenues	(8,561,000)	(57,000)	-	(8,618,000)	(9,165,488)	547,488
Recoveries	(4,032,000)	-	-	(4,032,000)	(3,906,645)	(125,355)
	7,626,000	1,169,000	-	8,795,000	8,115,507	679,493
Capital						
Gross expenditures	46,773,000	(13,000,000)	-	33,773,000	22,078,474	11,694,526
Less: Recoveries	(12,446,000)	2,875,000	-	(9,571,000)	(7,168,838)	(2,402,162)
Loan expenditures	(11,780,000)	5,000,000	-	(6,780,000)	(4,141,653)	(2,638,347)
	22,547,000	(5,125,000)	-	17,422,000	10,767,983	6,654,017
Total expenses	30,173,000	(3,956,000)	-	26,217,000	18,883,490	7,333,510

GOVERNMENT OF YUKON

Schedule 4

**Non-Consolidated Schedule of Expenses by Department
for the year ended March 31, 2023**

	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						
Net expenditures	(4,210,000)	(252,000)	-	(4,462,000)	21,715,205	(26,177,205)
Amortization expense	5,233,000	-	-	5,233,000	5,469,741	(236,741)
Total expenses	1,023,000	(252,000)	-	771,000	27,184,946	(26,413,946)

GOVERNMENT OF YUKON

Schedule 4

**Non-Consolidated Schedule of Expenses by Department
for the year ended March 31, 2023**

	Appropriation			Revised Estimates	Actual	Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers			
Totals						
Operation and maintenance	\$ 1,406,429,000	\$ 70,522,000	\$ -	\$ 1,476,951,000	\$ 1,453,830,346	\$ 23,120,654
Capital	522,251,000	7,875,000	-	530,126,000	494,938,095	35,187,905
Less: Acquisition of tangible capital assets	(227,129,000)	(41,660,000)	-	(268,789,000)	(267,025,861)	(1,763,139)
Land development costs transferred to land held for sale	(27,107,000)	3,425,000	-	(23,682,000)	(17,918,364)	(5,763,636)
Loan advances transferred to loans receivable	(7,985,000)	-	-	(7,985,000)	(1,853,833)	(6,131,167)
Lease payments for leased tangible capital assets transferred to liabilities	(1,148,000)	-	-	(1,148,000)	(1,148,003)	3
Cost of land sold	18,950,000	1,670,000	-	20,620,000	8,084,483	12,535,517
Amortization expenses	66,025,000	537,000	-	66,562,000	58,203,987	8,358,013
ARO Accretion expenses	-	1,614,000	-	1,614,000	1,586,973	27,027
Pension Benefits	-	-	-	-	-	-
Other expenses not appropriated	(6,456,000)	(229,000)	-	(6,685,000)	31,771,967	(38,456,967)
Adjustments	(2,260,000)	27,513,000	-	25,253,000	-	25,253,000
	\$ 1,741,570,000	\$ 71,267,000	\$ -	\$ 1,812,837,000	\$ 1,760,469,789	\$ 52,367,211

GOVERNMENT OF YUKON

Schedule 5

**Non-Consolidated Schedule of Recoveries of Prior Years' Expenses
for the year ended March 31, 2023**

Department	Over Accruals	Other Recoveries	Total
Health and Social Services	\$ 393,725	\$ 445,046	\$ 838,771
Energy, Mines and Resources	153,588	-	153,588
Education	33,845	356,538	390,384
Tourism and Culture	149,492	112,433	261,925
Economic Development	185,940	1,000	186,940
Highways and Public Works	48,388	803,571	851,959
Justice	76,541	69,557	146,099
Public Service Commission	-	13,796	13,796
Executive Council Office	183,013	-	183,013
Community Services	31,277	582,661	613,938
Finance	190,847	652	191,499
Environment	-	14,124	14,124
Legislative Assembly	-	-	-
Elections	-	(121)	(121)
Office of the Ombudsman	3,000	-	3,000
	\$ 1,449,657	\$ 2,399,257	\$ 3,848,914

GOVERNMENT OF YUKON

Schedule 6

**Non-Consolidated Schedule of Restricted Funds
for the year ended March 31, 2023**

	Recycling Fund	Youth Investment Fund	Health Investment Fund	External Professional Development Fund	Conservation Fund	Road and Airport Equipment Reserve Fund	Queen's Printer Revolving Fund	Vehicle Fleet Revolving Fund	Wildland Fire Suppression Revolving Fund
							CLOSED		CLOSED
Revenues									
Appropriation	\$ 175,000	\$ 102,000	\$ 50,000	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ -
Operating	5,779,629	-	-	-	17,902	16,606,092	-	5,709,272	-
	<u>5,954,629</u>	<u>102,000</u>	<u>50,000</u>	<u>25,000</u>	<u>17,902</u>	<u>16,606,092</u>	<u>-</u>	<u>5,709,272</u>	<u>-</u>
Expenses									
Operating	6,800,967	124,135	-	-	-	12,943,714	-	3,944,091	-
Amortization	-	-	-	-	-	3,780,319	-	1,689,422	-
	<u>6,800,967</u>	<u>124,135</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,724,033</u>	<u>-</u>	<u>5,633,513</u>	<u>-</u>
Net profit (loss) for the year	(846,338)	(22,135)	50,000	25,000	17,902	(117,941)	-	75,759	-
<i>Adjustments for the Financial Administration Act requirements</i>									
Acquisition of capital assets	-	-	-	-	-	(54,827)	-	(2,462,463)	-
Amortization of capital assets	-	-	-	-	-	3,780,319	-	1,689,422	-
(Gain)Loss on sale of capital ass	-	-	-	-	-	190,160	-	42,791	-
Proceeds on sale of capital assets	-	-	-	-	-	237,956	-	-	-
Adjustments as per fund limits	-	-	-	-	-	-	-	-	-
Balance at beginning of year	<u>2,458,468</u>	<u>81,726</u>	<u>251,373</u>	<u>109,325</u>	<u>167,551</u>	<u>6,128,197</u>	<u>-</u>	<u>8,000,000</u>	<u>-</u>
Balance at end of year	<u>\$ 1,612,130</u>	<u>\$ 59,591</u>	<u>\$ 301,373</u>	<u>\$ 134,325</u>	<u>\$ 185,453</u>	<u>\$ 10,163,864</u>	<u>\$ -</u>	<u>\$ 7,345,510</u>	<u>\$ -</u>

**Non-Consolidated Schedule of Restricted Funds
for the year ended March 31, 2023**

	Recycling Fund	Youth Investment Fund	Health Investment Fund	External Professional Development Fund	Conservation Fund	Road and Airport Equipment Reserve Fund	Queen's Printer Revolving Fund	Vehicle Fleet Revolving Fund	Wildland Fire Suppression 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	\$ 379,300	\$ -	\$ -	\$ -	\$ -	\$ 174,577	\$ -	\$ 14,561	\$ -
Tangible capital assets	-	-	-	-	-	36,941,392	-	7,113,559	-
	<u>379,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,115,969</u>	<u>-</u>	<u>7,128,120</u>	<u>-</u>
Liabilities									
Accounts payable and accrued liabilities	<u>72,535</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>404,012</u>	<u>-</u>	<u>329,762</u>	<u>-</u>
Accumulated surplus (deficit) of the Funds that are included in the Government's accumulated surplus are as follows:									
Accumulated surplus (deficit)	<u>\$ 1,612,130</u>	<u>\$ 59,591</u>	<u>\$ 301,373</u>	<u>\$ 134,325</u>	<u>\$ 185,453</u>	<u>\$ 47,094,429</u>	<u>\$ -</u>	<u>\$ 11,950,111</u>	<u>\$ -</u>

GOVERNMENT OF YUKON

Schedule 6

**Non-Consolidated Schedule of Restricted Funds
for the year ended March 31, 2023**

	Risk Management Revolving Fund	Assurance Fund	Yukon Historic Resources Fund	Corrections Revolving Fund	Elijah Smith Forest Renewal Fund	Carbon Rebate Revolving Fund	Region Relief and Recovery Revolving Fund	2023 Total	2022 Total
Revenues									
Appropriation	\$ 2,271,000	\$ -	\$ 16,000	\$ -	\$ -	\$ -	\$ -	\$ 2,639,000	\$ 4,356,468
Operating	58,601	374,598	-	90,755	9,984	25,307,976	264,663	54,219,471	51,038,538
	<u>2,329,601</u>	<u>374,598</u>	<u>16,000</u>	<u>90,755</u>	<u>9,984</u>	<u>25,307,976</u>	<u>264,663</u>	<u>56,858,471</u>	<u>55,395,006</u>
Expenses									
Operating	3,182,508	-	2,000	112,095	-	25,307,976	264,663	52,682,149	48,020,249
Amortization	-	-	-	-	-	-	-	5,469,741	5,002,361
	<u>3,182,508</u>	<u>-</u>	<u>2,000</u>	<u>112,095</u>	<u>-</u>	<u>25,307,976</u>	<u>264,663</u>	<u>58,151,890</u>	<u>53,022,610</u>
Net profit (loss) for the year	(852,907)	374,598	14,000	(21,340)	9,984	-	-	(1,293,419)	2,372,396
<i>Adjustments for the Financial Administration Act requirements</i>									
Acquisition of capital assets	-	-	-	-	-	-	-	(2,517,290)	(8,831,700)
Amortization of capital assets	-	-	-	-	-	-	-	5,469,741	5,002,361
Gain on sale of capital assets	-	-	-	-	-	-	-	232,951	(238,015)
Proceeds on sale of capital assets	-	-	-	-	-	-	-	237,956	393,378
Adjustments as per fund limits	-	-	-	-	-	-	-	-	(541,250)
Balance at beginning of year	3,420,192	6,203,438	1,215,173	109,061	269,907	-	-	28,414,411	30,257,241
Balance at end of year	<u>\$ 2,567,285</u>	<u>\$ 6,578,036</u>	<u>\$ 1,229,173</u>	<u>\$ 87,721</u>	<u>\$ 279,891</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,544,351</u>	<u>\$ 28,414,411</u>

GOVERNMENT OF YUKON

Schedule 6

**Non-Consolidated Schedule of Restricted Funds
for the year ended March 31, 2023**

	Risk Management Revolving Fund	Assurance Fund	Yukon Historic Resources Fund	Corrections Revolving Fund	Elijah Smith Forest Renewal Fund	Carbon Rebate Revolving Fund	Region Relief and Recovery Revolving Fund	2023 Total	2022 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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,192,552	\$ 2,760,991	\$ 3,743,878
Tangible capital assets	-	-	-	-	-	-	-	44,054,951	47,482,865
	-	-	-	-	-	-	2,192,552	46,815,941	51,226,743
Liabilities									
Accounts payable and accrued liabilities	3,746,506	-	-	-	-	24,944,542	3,533,672	33,031,029	27,697,194
Accumulated surplus (deficit) of the Funds that are included in the Government's accumulated surplus are as follows:									
Accumulated surplus (deficit)	\$ 2,567,285	\$ 6,578,036	\$ 1,229,173	\$ 87,721	\$ 279,891	\$ -	\$ -	\$ 72,079,517	\$ 71,541,791

GOVERNMENT OF YUKON

Schedule 7

**Non-Consolidated Schedule of Inventories of Supplies
for the year ended March 31, 2023**

	Garage Parts and Fuel Inventory Fund	Central Stores Fund	Highway Materials Fund	Fire Management Fuel & Retardant Inventory	2023 Total	2022 Total
Opening inventory	\$ 2,726,523	\$ 22,171	\$ 2,347,842	\$ 1,570,459	\$ 6,666,995	\$ 6,486,607
Add purchases	4,224,058	3,105	6,541,275	1,753,736	12,522,174	8,116,976
	6,950,582	25,276	8,889,117	3,324,195	19,189,169	14,603,584
Less: Consumption	3,780,819	44,741	4,238,025	1,048,365	9,111,951	7,882,322
Inventory adjustments	-	(19,465)	-	-	(19,465)	54,266
Closing inventory	\$ 3,169,763	\$ -	\$ 4,651,092	\$ 2,275,830	\$ 10,096,684	\$ 6,666,995

GOVERNMENT OF YUKON

Schedule 8

**Non-Consolidated Schedule of Legislated Grants
for the year ended March 31, 2023**

	Main Estimates	Revised Estimates	Actual	Under (Over) Estimates
Community Services				
Comprehensive municipal grants	\$ 21,126,000	\$ 21,126,000	\$ 21,125,925	\$ 75
Community Recreation Assistance Grants	818,000	818,000	817,861	139
In-lieu of property taxes	10,296,000	10,296,000	9,857,651	438,349
Home owner grants	4,270,000	4,270,000	4,195,752	74,248
	36,510,000	36,510,000	35,997,189	512,811
Education				
Post secondary student grants	5,034,000	5,034,000	4,874,626	159,374
Child care subsidies	551,000	551,000	416,566	134,434
Student transportation	116,000	116,000	97,471	18,529
Student accommodation (boarding subsidy)	30,000	30,000	28,212	1,788
	5,731,000	5,731,000	5,416,875	314,125
Finance				
Workers' compensation supplementary benefits	275,000	275,000	226,935	48,065
	275,000	275,000	226,935	48,065
Health and Social Services				
Social assistance - Whitehorse	18,194,000	17,419,000	17,394,373	24,627
Social assistance - region	3,068,000	3,198,000	3,196,931	1,069
Medical travel subsidies	2,950,000	4,200,000	3,807,442	392,558
Yukon seniors' income supplement	1,963,000	2,463,000	2,461,527	1,473
Pioneer utility grant	1,946,000	2,601,000	2,481,039	119,961
Adoption subsidies	180,000	180,000	20,183	159,817
	28,301,000	30,061,000	29,361,495	699,505
Total appropriated	70,817,000	72,577,000	71,002,494	1,574,506

GOVERNMENT OF YUKON

Schedule 8

**Non-Consolidated Schedule of Legislated Grants
for the year ended March 31, 2023**

	Main Estimates	Revised Estimates	Actual	Under (Over) Estimates
Finance				
Yukon child benefit	\$ 1,450,000	\$ 1,411,000	\$ 1,212,117	\$ 198,883
Research and development tax credit	507,000	580,000	598,757	(18,757)
Children's fitness tax credit	65,000	54,000	50,485	3,515
Total transfers through the tax system	2,022,000	2,045,000	1,861,359	183,641
	\$ 72,839,000	\$ 74,622,000	\$ 72,863,853	\$ 1,758,147

**Non-Consolidated Schedule of Other Government Transfers
for the year ended March 31, 2023**

	Main Estimates	Revised Estimates		Actual
Executive Council Office				
<u>Other transfer payments</u>				
Strategic Corporate Services				
Aboriginal relations				
Implementation initiatives - board and councils	\$ 3,883,561	\$ 3,883,561		\$ 3,445,583
- Yukon Land Use Planning Commission			720,271	
- Yukon Fish and Wildlife Management Board			635,918	
- Dawson Planning Commission			238,000	
- Yukon Heritage Resources Board			243,532	
- Teslin Renewable Resources Council			177,865	
- Dawson District Renewable Resources Council			173,769	
- Mayo District Renewable Resources Council			173,769	
- Alsek Renewable Resources Council			166,163	
- Carcross/Tagish Renewable Resources Council			166,163	
- Carmacks Renewable Resources Council			166,163	
- Dän Keyi Renewable Resources Council			166,163	
- Laberge Renewable Resources Council			166,163	
- Selkirk Renewable Resources Council			166,163	
- Yukon Geographical Place Names Board			85,481	
Various First Nations Other	1,050,000	50,000	13,500	13,500
Council for Yukon First Nations	200,000	443,000	1,002,300	1,002,300
Carcross Tagish First Nation	595,000	595,000	-	-
Mental Health initiatives	-	400,000	386,517	386,517
- various youth groups				
Youth strategy initiatives	1,536,950	1,536,950		1,672,040
- Bringing Youth Towards Equality Society			314,000	
- Boys and Girls Club of Yukon			307,000	
- Youth of Today Society			332,150	
- Heart of Riverdale Community Centre			288,000	
- Youth Investment Fund			102,000	
- Association franco-yukonnaise			33,500	
- various youth groups			295,390	
Intergovernmental Relations				350,000
- Canadian Red Cross		25,000	25,000	
- Rideau Hall Foundation - Arctic Inspiration Prize	100,000	100,000	100,000	
- University of Alberta	100,000	100,000	100,000	
- Yukon University	100,000	100,000	100,000	
- various transfer payments	-	-	25,000	
Strategic Corporate Services				91,380
- BYTE - Climate Change	102,000	102,000	91,380	
Office of the Commissioner				
- Commissioner's Entertainment Allowance	5,000	5,000		4,600
COVID-19 Response	500,000	770,000		632,144
Various transfer payments less than \$10,000				-
Total other government transfers	8,172,511	8,110,511		7,598,065

GOVERNMENT OF YUKON

Schedule 9

**Non-Consolidated Schedule of Other Government Transfers
for the year ended March 31, 2023**

	Main Estimates	Revised Estimates	Actual
Community Services			
<u>Funding programs</u>			
COVID-19 Response			
- Emergency Support Fund for Sport Organizations	\$ -	\$ -	\$ -
Transit fund under community development	-	754,000	754,000
Recycling Fund	-	-	-
Sport	3,033,000	3,033,000	3,244,849
Community recreation/active living	1,480,000	1,480,000	1,608,559
Fire management - FireSmart	850,000	850,000	815,904
	<u>5,363,000</u>	<u>6,117,000</u>	<u>6,423,312</u>
<u>Other transfer payments</u>			
Small Communities fund	7,622,000	7,622,000	18,343,950
Investing in Canada infrastructure program	11,417,000	6,767,000	40,258,687
Clean Water Wastewater fund	-	-	29,283
Community library boards	399,000	399,000	406,051
- Watson Lake Library Board			63,576
- Dawson City Library Board			56,599
- Carcross Library Board			35,058
- Haines Junction Library Board			60,628
- Carmacks Library Board			29,823
- Teslin Library Board			34,183
- Mayo Library Board			26,315
- Faro Library Board			17,455
- Beaver Creek Library Board			14,470
- Tagish Library Board			26,907
- Ross River Library Board			12,528
- Old Crow Library Board			10,619
- Pelly Crossing Library Board			17,890
Municipal ground water monitoring	290,000	290,000	62,208
- Town of Watson Lake			14,224
- Village of Carmacks			15,111
- Village of Mayo			14,350
- Various recipients			18,523
Solid waste - landfill agreements	60,000	60,000	182,000
- Vuntut Gwitchin First Nation			57,000
- City of Dawson			75,000
- Town of Watson Lake			50,000
Association of Yukon Communities	100,000	100,000	100,000

**Non-Consolidated Schedule of Other Government Transfers
for the year ended March 31, 2023**

	Main Estimates	Revised Estimates	Actual
Community Services			
<u>Other transfer payments (continued)</u>			
Community/Local Advisory Council - operation and maintenance	\$ 72,000	\$ 72,000	\$ 78,465
- Hamlet of Mount Lorne			15,693
- Marsh Lake Local Advisory Council			15,693
- South Klondike Local Advisory Council			15,693
- Tagish Area Advisory Committee			15,693
- Hamlet of Ibex Valley			15,693
Volunteer Benevoles Yukon Society	67,000	67,000	67,000
Emergency medical services			
- Volunteer Ambulance Services Society	110,000	110,000	49,732
- volunteer awards fund			7,205
- volunteer education			16,888
- volunteer community allowances			25,639
Emergency Management Organization			1,465,559
- emergency measures preparation	-	-	1,465,559
Recreation/Community Centres - Various	125,000	125,000	
-Selkirk First Nation	-	-	33,218
-Tagish Community Association	-	-	19,546
-Lorne Mountain Community Association	-	-	25,380
-Liard First Nation	-	-	20,000
Fire management			
- Research & Beat the Heat Training Camp	70,000	70,000	164,768
- Various First Nations	-	700,000	649,530
- Emergency Management Assistance Program (EMAP)	-	-	10,000
- YG led fuel management and fire mitigation projects			12,000
Land Development - Residential - Rural			
- Champagne Aishihik First Nations	-	-	2,057,386
- Whistle Bend Phase 4	-	-	-
Gas tax fund	1,262,000	1,262,000	98,695
Whitehorse Escarpment Slides Response	-	-	1,253,526
Various transfer payments less than \$10,000	-	-	76,282
	<u>21,594,000</u>	<u>17,644,000</u>	<u>65,463,266</u>
Total other government transfers	26,957,000	23,761,000	71,886,578

**Non-Consolidated Schedule of Other Government Transfers
for the year ended March 31, 2023**

	Main Estimates	Revised Estimates	Actual
Economic Development			
<u>Funding programs</u>			
Community development fund	\$ 2,950,000	\$ 2,950,000	\$ 2,914,798
Economic Development Fund	1,960,000	1,960,000	1,856,268
Film & Sound incentive programs	1,210,000	1,460,000	2,070,825
Labour market development agreement	2,842,000	3,761,000	2,654,319
Workforce development agreement	976,000	1,161,000	2,679,983
Skills for success		741,000	-
Foundational skills	876,000	876,000	1,025,379
Community training fund	677,000	677,000	532,240
	<u>11,491,000</u>	<u>13,586,000</u>	<u>13,733,812</u>
<u>Other transfer payments</u>			
COVID-19 Response			
COVID-19 Additional Supports	1,759,000	1,059,000	234,182
Yukon Business Relief Program	-	-	2,396
Tourism Non-Accommodation Hospitality Sector Supplement	-	700,000	733,331
Paid Sick Leave Rebate	750,000	750,000	951,586
Yukon Emergency Relief Program	-	-	12,550
Labour market development	-	-	100,567
Business and industry development	114,000	114,000	-
Municipality of Skagway	-	-	651,730
- Marine service platform 30% & 60% design work			354,011
- Marine service platform 90% to 100% final design			<u>297,719</u>
Yukon University			
- Innovation and Entrepreneurship	835,000	835,000	835,000
- Yukon Innovation Prize	105,000	105,000	-
Yukon Gold Mining Alliance	397,000	397,000	300,000
- Yukon exploration & mining investment attraction			<u>300,000</u>
Yukonconstruct Society			
- Operational Funding	250,000	250,000	266,655
- Startup bootcamp	-	-	250,000
- Collision conference			6,655
Canada-Yukon Business Service Center	100,000	100,000	-
- Hall of innovators - Awards gala			<u>10,000</u>
837946 Yukon Inc.	-	-	-
- Fuel Wood Equipment			<u>-</u>
City of Whitehorse - Pop up patio Program			111,075
Technology and telecommunications projects	180,000	180,000	48,000
Yukon Information Technology Industry Society (YITIS)	125,000	125,000	252,179
- operational support			123,500
- Canada digital adoption program support			64,951
- Collision conference attendance			19,800
- AI learning and business accelerator			<u>43,929</u>
Yukon First Nations Chamber of Commerce	125,000	125,000	122,500
- operational support			<u>122,500</u>
Whitehorse Chamber of Commerce			216,604
- operational support	120,000	120,000	186,604
- Yuwin jobsearch website			<u>30,000</u>
Council of Yukon First Nations	-	-	-
- building capacity to collaborate			<u>-</u>
Yukon Chamber of Commerce, The	75,000	75,000	137,500
- operational support			137,500
- program support			-

**Non-Consolidated Schedule of Other Government Transfers
for the year ended March 31, 2023**

	Main Estimates	Revised Estimates	Actual
Economic Development			
<u>Other transfer payments (continued)</u>			
Creative Lab North Society	\$ -	-	\$ -
- Operational Funding			-
- Robotics and Coding in Carmacks			-
MusicYukon	95,000	95,000	93,000
- operational support			93,000
Screen Production Yukon Association	65,000	65,000	65,000
- operational support			65,000
Dana Naye Ventures	35,000	35,000	25,553
- Micro Loan Program			25,553
Regional economic development	50,000	50,000	136,302
Village of Teslin			
- mentor Project Manager			25,000
Mount Logan Expeditions Inc.			
- Ecolodge renovations			50,000
536180 Yukon Inc. O/A Alpine Bakery			
- Leasehold improvements			50,000
536228 Yukon Inc.			
- Greg McHale's Wild Yukon 2023 Trade Show Attendance			11,302
Media development	23,000	23,000	
Yukon Film Society	-	-	65,062
- Wages for operation of Yukon theatre			47,562
- Yukon theatre revitalization project			17,500
Various transfer payments less than \$10,000	-	-	20,177
	5,203,000	5,203,000	5,380,949
Total other government transfers	16,694,000	18,789,000	19,114,761
Education			
<u>Funding programs</u>			
Labour market development agreement	1,500,000	1,500,000	2,156,530
Workforce development agreement	1,350,000	1,350,000	476,697
COVID-19 Workforce development agreement	-	-	-
Universal Child Care	27,346,000	27,346,000	24,247,706
Community training fund	713,000	713,000	180,807
Student training and employment program	366,000	366,000	342,558
Yukon summer program	114,000	114,000	71,475
	31,389,000	31,389,000	27,475,773

GOVERNMENT OF YUKON

Schedule 9

**Non-Consolidated Schedule of Other Government Transfers
for the year ended March 31, 2023**

	Main Estimates	Revised Estimates	Actual
Education			
<u>Other transfer payments</u>			
Yukon University			
- Operational Funding	\$ 25,061,000	\$ 25,061,000	\$ 25,061,536
- Yukon Research Centre	1,386,000	1,386,000	1,386,000
- Centre for Northern Innovation in Mining	1,200,000	1,200,000	1,200,000
- Licensed Practical Nurse Program	741,000	741,000	740,780
- Northern Institute of Social Justice	450,000	450,000	450,000
- Youth Exploring Trades	75,000	75,000	75,000
- Transition Signage	100,000	100,000	100,000
- Furniture and Equipment Upgrade	100,000	100,000	100,000
- Special payments for education related event/student activity			170,000
- Early Childhood Development Certificates	-	-	648,029
Yukon First Nation School Board			
- Operations and Maintenance	-	530,000	2,149,132
- Capital Repairs	-	113,000	113,042
Commission scolaire francophone du Yukon			
- Operations and Maintenance	1,718,000	1,718,000	1,399,729
- Capital Repairs	19,000	19,000	18,788
- School-based Information Technology		230,000	160,000
Council of Yukon First Nations			
- Native Language Program	1,135,000	1,135,000	1,314,125
Yukon First Nations Education Directorate			
- Education Initiative	735,000	735,000	735,000
First Nation Education Agreements			
Special Payments for Education-related events/student activities	1,510,000	1,510,000	1,311,398
- Yukon Wildlife Preserve Operating Society	270,000	250,000	-
- Yukon Food for Learning Association			213,696
- Yukon Arts Society			26,951
- Heart of Riverdale			26,493
- Big Brothers & Big Sisters of Yukon			26,227
- Liard First Nation			20,000
- Youth of Today Society			19,500
- FH Collins Senior Secondary School Trust			14,932
- Friends of Mount Sima Society			14,000
- various recipients			13,500
			10,600
			41,493
Remuneration school councils/committees			
- Jack Hulland School Council	257,000	257,000	343,854
- Association of Yukon School Councils Boards & Committees			99,936
- Catholic Education Association of Yukon			85,000
- various recipients			28,731
			130,187
Tutor program			
- Learning Disabilities Association of Yukon	150,000	150,000	82,985
- Skookum Jim Friendship Centre			69,582
- various recipients			22,017
			(8,614)
Post-secondary student scholarships			
- Lester B. Pearson College	119,000	119,000	118,000
- University of Saskatchewan			68,000
			50,000
Education related organizations			
- Council of Ministers of Education, Canada	360,000	360,000	48,713
- various recipients			-
			-

**Non-Consolidated Schedule of Other Government Transfers
for the year ended March 31, 2023**

	Main Estimates	Revised Estimates	Actual
Education			
<u>Other transfer payments (continued)</u>			
Whole child project	\$ 141,000	\$ 141,000	\$ 28,194
- Elijah Smith Elementary School Trust			\$ 19,340
- various recipients			8,854
Yukon Asset Construction Agreement	-	200,000	200,000
- Kluane Lake First Nation			
Attendance initiative	280,000	300,000	251,201
- Gadzoosdaa Student Residence Trust			26,000
- Holy Family Elementary School Council			25,000
- FH Collins Senior Secondary School Trust			23,155
- Elijah Smith Elementary School Trust			22,607
- Robert Service School Trust			20,000
- JV Clark School Trust			19,250
- Jack Hulland School Council			13,000
- Eliza Van Bibber School Trust			12,960
- Individual Learning Centre Trust			11,844
- Takhini Elementary School Trust			11,466
- Selkirk Elementary School Council			10,012
- various recipients			55,907
French second language support	49,000	49,000	132,780
- FH Collins Senior Secondary School Trust			28,873
- Whitehorse Elementary School Trust			21,361
- Robert Service School Trust			21,181
- various recipients			61,365
First Nations Elder Program	44,000	44,000	55,000
- Teslin Tlingit Council			30,000
- Champagne and Aishihik First Nations			15,000
- Tr'ondëk Hwëch'in			10,000
School Cultural Activities	97,000	97,000	95,335
- Northern Cultural Expressions Society			42,083
- Tr'ondëk Hwëch'in			45,502
- various recipients			7,750
Apprenticeship initiatives	58,000	58,000	38,121
- Receiver General for Canada			30,981
- various recipients			7,140
Early Learning & Child Care	9,865,000	9,865,000	5,273,253
Child Development Centre			5,376,713
Early Learning & Child Care Bursaries	-	-	54,458
Association franco-yukonnaise	300,000	300,000	405,000
Various recipients	-	-	-
Quality Initiatives			-
Inclusive Programming			-
First Nation - Special Payments for Education-related Events/Student Activities			-
	46,220,000	47,293,000	49,849,862
Total other government transfers	77,609,000	78,682,000	77,325,635

**Non-Consolidated Schedule of Other Government Transfers
for the year ended March 31, 2023**

	Main Estimates	Revised Estimates	Actual
Energy, Mines and Resources			
<u>Funding programs</u>			
Low Carbon Economy Leadership Fund	\$ 3,360,000	\$ 6,287,000	\$ 5,077,475
Rebate Programs	6,036,000	5,896,000	5,789,370
Yukon Mineral Exploration Program	1,400,000	1,400,000	1,237,387
Agriculture - Canadian Agricultural Partnership	875,000	1,115,000	810,035
	<hr/>		
	11,671,000	14,698,000	12,914,267
	<hr/>		
<u>Other transfer payments</u>			
Mining memorandum of understanding			1,473,820
- various First Nations	1,395,000	1,464,277	-
- various recipients	-	9,543	1,473,820
Geological survey work	235,000	235,000	416,626
- Boise State University			55,292
- Laurentian University			32,064
- University of Victoria			32,131
- University of Alberta			36,350
- Institut National de la Recherche Scientifique			55,004
- Carleton University			35,160
- University of Calgary			120,489
- Simon Fraser University			50,136
Type II mine site reclamation	300,000	300,000	167,451
Energy - cost shared projects			
- various recipients	203,000	203,000	128,000
- Kluane First Nations		841,000	841,000
Yukon Chamber of Mines	100,000	120,000	120,000
Klondike Placer Miners' Association	120,000	120,000	151,000
Yukon Agricultural Association - operational funding	90,000	90,000	140,000
Yukon Wood Products Association	40,000	40,000	150,000
Canadian Council of Forest Ministers	6,000	6,000	15,000
Agriculture related - non CAP funding	-	-	19,763
Yukon Science Institute (Yukon-Stikine Regional Science Fair Society)	6,000	6,000	-
Oil and Gas First Nation Working Group	50,000	70,000	70,000
Various Yukon First Nations	-	200,000	44,031
Nacho Nyak Dun First Nation - ATAC	-	-	-
Successor resource legislation working group			
- various First Nations	70,000	70,000	70,000
Oil and gas and mineral resources - regulatory costs			
- various recipients	35,000	35,000	290,000
Carcross Tagish First Nation			-
Liard First Nation			130,000
Elk Fencing Program	500,000	115,000	27,500
Forest management plans assistance			-
- various recipients	9,000	9,000	-
Forestry management research projects	9,000	9,000	4,187
Forest Management - Forest Engineering	-	-	500
	<hr/>		
	3,168,000	3,942,820	4,258,878
	<hr/>		
Total other government transfers	14,839,000	18,640,820	17,173,145

**Non-Consolidated Schedule of Other Government Transfers
for the year ended March 31, 2023**

	Main Estimates	Revised Estimates	Actual
Environment			
<u>Other transfer payments</u>			
Environment and Climate Change Canada			
- Environmental Sustainability	\$ 825,000	\$ 825,000	\$ 699,614
- Carcross Tagish First Nation	-	-	12,000
- Capital	252,000	252,000	255,138
Yukon Wildlife Preserve Operating Society			
- Operational Costs	747,000	747,000	736,573
- Nacho Nyak Dun First Nations	-	-	60,925
- Yukon Land Use Planning	-	-	50,000
- Swan Haven	17,000	17,000	17,000
Yukon University			
- Climate Change Research	100,000	100,000	115,492
Humane Society Yukon	110,000	110,000	271,240
Humane Society Dawson	25,000	25,000	25,300
Yukon Energy Corporation - Whitehorse Fish Hatchery	100,000	100,000	170,000
Yukon Fish and Game Association	60,000	60,000	78,000
Porcupine Caribou Management Board	75,000	75,000	75,000
Yukon Conservation Society	50,000	50,000	50,000
Inuvialuit Final Agreement			
- Wildlife Management Advisory Council	489,000	502,000	502,000
Vuntut Gwitchin First Nation			
- Porcupine caribou herd protection	50,000	50,000	-
Centre for Human-Wildlife Conflict Solutions	40,000	40,000	30,000
Yukon Invasive Species Funding	-	-	40,000
University of Toronto	-	-	-
University of Saskatchewan	10,000	10,000	-
Yukon Trappers' Association	35,000	35,000	30,000
Animal Protection Program - various Recipients	35,000	35,000	25,500
Livestock Veterinary Services - various Recipients	6,000	6,000	1,490
Fish and Wildlife Cooperative Research Projects - various Recipients	18,000	18,000	-
Climate Change - Various Recipients			5,600
Polar Muskox Projects	46,000	46,000	75,638
Environmental Awareness Fund - various Recipients	30,000	30,000	998
Community Water Monitoring Project - various Recipients	24,000	24,000	26,923
Ducks Unlimited	18,000	18,000	18,000
Canadian Wildlife Health Cooperative	14,000	14,000	-
Memorial University - Wood Bison	-	72,500	33,750
University of Alberta	-	-	15,000
Yukon University	-	-	25,000
Government of Northwest Territories	-	-	145,000
Government of Canada - Environment & Climate Change	-	-	77,886
Village of Haines Junction			163,437
Various transfer payments less than \$10,000	17,000	17,000	7,321
Total other government transfers	3,193,000	3,278,500	3,839,824
Finance			
<u>Other transfer payments</u>			
Financial Operations and Revenue Services			
- Rural Community banking	450,000	450,000	366,934
Total other government transfers	450,000	450,000	366,934

**Non-Consolidated Schedule of Other Government Transfers
for the year ended March 31, 2023**

	Main Estimates	Revised Estimates	Actual
French Language Services Directorate			
<u>Other transfer payments</u>			
Yukon Hospital Corporation	\$ -	\$ -	\$ 349,024
Les Essentielles	-	-	300,000
Association franco-yukonnaise	175,000	175,000	
- French Language Training			125,000
- Health Projects	-	-	38,814
- Yukon Francophonie Day	-	-	5,000
Yukon Human Rights Commission	-	-	-
Quebec - Yukon Intergovernmental Cooperation Program	50,000	50,000	38,961
- Association franco-yukonnaise			25,745
- Commission Scolaire			13,216
Tel-Aide Outaouais	-	-	27,050
Ministers' Council on the Canadian Francophonie Corporation	4,000	4,000	4,278
French Language Community Support			-
- various recipients	434,000	434,000	4,980
Total other government transfers	663,000	663,000	893,107
Health and Social Services			
Funding programs			
Child Welfare Programming and Support	8,859,000	8,859,000	9,254,456
Parents of Children with Disabilities	718,000	718,000	1,157,532
Canada Prenatal Nutrition Program	939,000	939,000	870,490
Employment Incentives	390,000	390,000	239,869
Employment Supports	305,000	305,000	156,243
	11,211,000	11,211,000	11,678,591
<u>Other transfer payments</u>			
Yukon Hospital Corporation			91,505,788
- Operational Funding	83,353,000	84,024,000	83,836,000
- Orthopedic Program	3,649,000	3,649,000	3,649,000
- First Nations Health	1,200,000	1,200,000	1,200,000
- 1Health Yukon	-	1,178,000	1,845,822
- Laboratory Services	725,000	725,000	708,347
- MoreOB	-	-	113,240
- ColonCheck Yukon FIT	-	-	38,625
- Emergency Room Vacancies	-	-	21,755
- Yukon Hospital Foundation	93,000	93,000	93,000
Yukon Hospital Insurance Services	32,578,000	35,678,000	39,170,587
- Yukon Residents' Health Care Provided Outside Yukon			
- Province of British Columbia			27,471,834
- Yukon Hospital Corporation - Whitehorse			4,153,180
- Province of Alberta			2,213,701
- Reimbursements to Individuals and Insurance Companies			4,187,362
- Contributions to Various Health Agencies			29,929
- Canadian Blood Services			720,200
- Other Provinces and Territories			394,381
COVID-19 Response			-
- Yukon Hospital Corporation	2,070,000	2,070,000	-
- Health System Upgrade	986,000	986,000	-
Yukon Medical Association			4,173,268
- Physician Recruitment/Retention Initiatives	3,518,000	3,518,000	3,253,268
- Medical Practice Insurance	554,000	554,000	427,000
- Education	318,000	318,000	368,000
- Medical Student Bursaries	125,000	125,000	125,000
Challenge - Disability Resource Group			2,730,718
- 6-Plex	761,000	761,000	774,945
- Cornerstone Project	-	-	587,182
- Granger House	761,000	761,000	566,940
- Operating	349,000	349,000	801,651
- Bridges Café	67,000	67,000	-

**Non-Consolidated Schedule of Other Government Transfers
for the year ended March 31, 2023**

	Main Estimates	Revised Estimates	Actual
Health and Social Services			
<u>Other transfer payments (continued)</u>			
Yukon Women's Transition Home Society	\$ 1,669,000	\$ 1,669,000	\$ 1,717,418
Connective Support Society	1,254,000	1,254,000	5,857,687
- Operational Funding			2,919,181
- Whitehorse Emergency Shelter			2,938,506
Safe at Home Society	-	-	225,000
Canadian Mental Health Association, Yukon Division			1,768,150
- Operational Funding	1,465,000	1,465,000	1,449,000
- Peer Support Line	150,000	150,000	246,150
- Crisis Hotline			73,000
Options for Independence Society			1,332,548
- Semi-independent Housing Supports	676,000	676,000	706,808
- Aurora Group Home	521,000	521,000	625,740
Teegatha'Oh Zheh			
- Operational Funding	1,271,000	1,271,000	1,349,839
- Specialized Services	74,000	74,000	39,830
First Nation Family Support Workers	1,125,000	1,125,000	56,250
FASD Inter-agency Committee	500,000	500,000	372,561
- Inclusion Yukon Society			43,794
- Council of Yukon First Nations Justice Program			129,505
- Fetal Alcohol Syndrom Society of Yukon			188,562
- Whitehorse Aboriginal Womens Circle			10,700
Blood Ties Four Directions Centre Society	208,000	208,000	208,000
- Operational Funding	312,000	312,000	344,276
- Supervised Consumption Site	622,000	622,000	440,254
- After Hour Support	87,000	87,000	87,000
- Peer Support Group	15,000	15,000	15,000
Inclusion Yukon Society			636,705
- Inclusion Funding	235,000	235,000	30,981
- Operating	239,000	239,000	605,724

**Non-Consolidated Schedule of Other Government Transfers
for the year ended March 31, 2023**

	Main Estimates	Revised Estimates	Actual
Health and Social Services			
<u>Other transfer payments (continued)</u>			
Skookum Jim Friendship Centre	\$ 851,000	\$ 851,000	\$ 818,977
Help & Hope for Families Society	625,000	625,000	604,000
Fetal Alcohol Syndrome Society of Yukon	728,000	728,000	797,949
Kwanlin Dün First Nation - Jackson Lake Healing Camp	400,000	400,000	400,000
The Nelson Project Yukon			80,000
Dawson Shelter Society	409,000	409,000	405,421
British Columbia Centre for Disease Control			252,894
- Laboratory Services	150,000	150,000	150,000
- Panorama	126,000	126,000	-
- Harm Reduction Supplies	-	-	51,894
- Poison Information Management	-	-	51,000
Hospice Yukon Society	322,000	322,000	271,905
Miscellaneous Transfer Payments	834,000	1,424,000	166,323
City of Whitehorse - Handy Bus	255,000	255,000	249,001
Little Salmon/Carmacks First Nation - Harm Reduction			50,000
Tr'ondék Hwëch'in			406,684
- Emergency Shelter	258,000	258,000	250,000
- Trades Skills Training	-	-	20,000
- Nihè dinch'è ji' wè tá zul			80,000
- Yukon First Nations Cancer Care project			56,684
Strongest Families Institute			50,000
Sport Yukon - Kids Recreation Fund	214,000	214,000	214,000
First Nations Health Partnership	165,000	165,000	185,809
All Genders Yukon	110,000	110,000	102,053
Yukon Registered Nurses Association	150,000	150,000	150,000
Individual Respite Agreements	125,000	125,000	597,067
Council of Yukon First Nations			965,243
- Wastewater Surveillance	-	1,900,000	948,118
- Engagement and consultation strategy			17,125
Learning Disabilities Association of Yukon	155,000	155,000	157,501
Second Opinion Society	128,000	128,000	99,859
Yukon Food for Learning Association	132,000	132,000	115,000
HealthLink British Columbia			200,000
Autism Yukon	85,000	85,000	221,990
Memorial University of Newfoundland			-
Public Works and Government Services Canada	79,000	79,000	81,028
Canadian Cancer Society			81,009
- Cancer Lodges	65,000	65,000	65,250
- Health Services	14,000	14,000	15,759
Yukon Housing Corporation			-
Yukon Anti-Poverty Coalition	84,000	84,000	147,190
Yukon Council on Aging	75,000	75,000	76,289
Medical Student Bursaries	-	-	-

**Non-Consolidated Schedule of Other Government Transfers
for the year ended March 31, 2023**

	Main Estimates	Revised Estimates	Actual
Health and Social Services			
<u>Other transfer payments (continued)</u>			
Nursing Education Bursaries	\$ 24,000	\$ 24,000	\$ 54,000
Canadian Institute for Health Information	43,000	43,000	53,901
Health Investment Fund	50,000	50,000	50,000
Line of Life Association of the Yukon	64,000	64,000	65,544
Alberta Health Services - Emergency Medical Services	34,000	34,000	35,910
Victoria Faulkner Women's Centre, The - accommodation	44,000	44,000	42,891
Canadian Red Cross Society	36,000	36,000	47,933
Canadian National Institute for the Blind	33,000	33,000	-
Government of Manitoba - Healthy Child	30,000	30,000	31,500
St. Elias Seniors Society	35,000	35,000	34,384
Tel-Aide Outaouais	-	-	-
Yukon T1D support network	-	-	8,750
United Way Society of Yukon	-	-	50,000
Healthy Eating	26,000	26,000	47,338
Health Professional Bursary	40,000	40,000	85,000
Rick Hansen Foundation	20,000	20,000	-
Queer Yukon Society	-	-	15,000
University of Toronto	-	-	23,250
British Columbia Health Services	-	-	13,899
Big Brothers and Big Sisters of Yukon	13,000	13,000	12,000
Recreation and Parks Association of the Yukon	8,000	8,000	-
Joint Consortium for School Health	2,000	2,000	1,000
Options for Sexual Health	1,000	1,000	-
Rural End of Life	204,000	204,000	1,350
Home Care Self Management Funding	400,000	212,000	305,900
Signpost Seniors Association	57,000	57,000	80,018
Professional Development Fund	25,000	25,000	25,000
Health Education Bursaries	25,000	25,000	25,000
British Columbia Cancer Registry	17,000	17,000	3,500
Foster Parent Association	15,000	15,000	-
Education and prevention	10,000	10,000	-
Yukon Hospital Corporation			8,125,382
- Secure Medical Unit	10,800,000	3,800,000	3,800,000
- 1Health (Meditech)	100,000	3,642,000	3,325,382
- Operational equipment	1,000,000	1,000,000	1,000,000
	<hr/> 161,225,000	<hr/> 165,018,000	<hr/> 169,216,521
Total other government transfers	<hr/> 172,436,000	<hr/> 176,229,000	<hr/> 180,895,111

GOVERNMENT OF YUKON

Schedule 9

**Non-Consolidated Schedule of Other Government Transfers
for the year ended March 31, 2023**

	Main Estimates	Revised Estimates	Actual
Highways and Public Works			
<u>Other transfer payments</u>			
COVID-19 Response Aviation	\$ -	\$ -	\$ -
Vuntut Gwitchin First Nation - Old Crow Winter Road	2,600,000	2,600,000	2,600,000
Yukon Resource Gateway Project	800,000	800,000	645,000
- Liard First Nation			250,000
- Little Salmon Carmacks First Nation			315,000
- First Nation of Nacho Nyak Dun			80,000
City of Whitehorse	-	-	-
Council of Yukon First Nations	75,000	75,000	-
Yukon First Nation Chamber of Commerce	170,000	170,000	181,016
Yukon University	-	-	48,500
Yukon Contractors Association	43,000	43,000	21,000
Teslin Tlingit Council	-	-	-
Canadian Standards Association	-	-	7,250
Carcross/Tagish First Nation	-	-	157,500
Nitsutlin Bay Bridge			
- Teslin Tlingit Council	100,000	100,000	-
Yukon Transportation Museum Society	12,000	12,000	-
Various transfer payments less than \$10,000	-	-	5,000
Total other government transfers	3,800,000	3,800,000	3,665,266
Justice			
<u>Other transfer payments</u>			
Yukon Legal Services Society (Legal Aid)			3,092,505
- Legal Services	2,708,000	2,948,000	3,057,505
- Community Justice and Public Safety	35,000	35,000	35,000
Human Rights Commission	658,000	658,000	658,000
Community Residential Centre	933,000		1,180,547
- Connective Support Society (Men)		808,000	905,563
- Connective Support Society (Women)		472,000	274,984
Community Consultative Group			
- Liard First Nation	50,000	50,000	5,000
Community Safety Planning Program	300,000	300,000	-
Justice Partnership and Innovation Program		49,000	-
Yukon Aboriginal Women's Council-FILU	70,000	70,000	70,000
Indigenous Courtworker Program	648,000	823,000	725,392
- Kwanlin Dün First Nation			127,958
- Kwanlin Dün First Nation (prior year funding)			14,218
- Carcross/Tagish First Nation			27,714
- 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
- Ross River Dena Council			9,238
- Vuntut Gwitchin First Nation			9,238
- Tr'ondëk Hwëch'in			36,952
- Tr'ondëk Hwëch'in (Prior Year funding)			4,105
- First Nation of Na-cho Nyäk Dun			27,714
- Selkirk First Nation			36,952
- Selkirk First Nation (Prior year funding)			17,448
- Teslin Tlingit Council			9,238
- Teslin Tlingit Council (prior year funding)			4,105
- Liard First Nation			55,427
- Kluane First Nation			36,952
- Kluane First Nation (prior year funding)			35,924
- Champagne and Aishihik First Nations			29,467
- Champagne and Aishihik First Nations (prior year funding)			22,581
- Gladue project			175,000

**Non-Consolidated Schedule of Other Government Transfers
for the year ended March 31, 2023**

	Main Estimates	Revised Estimates	Actual
Justice			
<u>Other transfer payments (continued)</u>			
Community Safety Officer - KDFN	\$ 400,000	\$ 411,000	\$ 411,000
Community Safety Officer - SFN and Safety Board	400,000	411,000	308,250
Community Justice Projects	330,000	330,000	329,500
- Needs Analysis - Indigenous Family Courtworker	307,000	307,000	265,731
- Kwanlin Dün First Nation		22,000	17,000
- Kwanlin Dün First Nation (prior year funding)			38,831
- Liard First Nation			5,547
- Teslin Tlingit Council			51,100
- Teslin Tlingit Council (prior year funding)			43,500
- Champagne and Aishihik First Nations			3,000
- Champagne and Aishihik First Nations (prior year funding)			22,194
- Carcross/Tagish First Nation			15,836
- Carcross/Tagish First Nation (prior year funding)			16,275
- Tr'ondëk Hwëch'in			6,975
- Tr'ondëk Hwëch'in (prior year funding)			22,500
- Vuntut Gwitchin First Nation			2,500
- Ross River Dena Council			12,322
Yukon Public Legal Education Association	163,000	163,000	263,000
RCMP			141,183
- Biology Caseworks & Auxiliary Police Program	106,000	106,000	141,183
- Police Board Funding	5,000	5,000	-
Yukon Women's Transition Home Society-Women's Coalition	-	-	24,300
Yukon Community Crime Stopper Association	10,000	10,000	10,000
Yukon Community Crime Stopper Association GGVAF	-	-	3,442
Boys and Girls Club of Yukon-GGVAF	-	77,000	172,308
Community Impact Statements	-	-	52,000
Indigenous Community Safety Summit	-	-	25,000
Total other government transfers	7,123,000	8,055,000	7,737,157
Tourism and Culture			
<u>Funding programs</u>			
Arts Operating Funds	825,000	825,000	825,000
Tourism Cooperative Marketing Fund	700,000	700,000	658,727
Arts Fund	500,000	500,000	553,228
Advanced Artist Award	150,000	150,000	152,004
Touring Artist Fund	100,000	100,000	103,995
New Canadians Event Fund	45,000	45,000	39,737
Indigenous Artist and Cultural Carriers	-	50,000	35,055
	2,320,000	2,370,000	2,367,746
<u>COVID-19 Pandemic - Funding Programs</u>			
Tourism Relief and Recovery Plan	1,185,000	1,185,000	1,044,971
	1,185,000	1,185,000	1,044,971

GOVERNMENT OF YUKON

Schedule 9

**Non-Consolidated Schedule of Other Government Transfers
for the year ended March 31, 2023**

	Main Estimates	Revised Estimates		Actual
Tourism and Culture				
<u>Other transfer payments</u>				
Yukon Arts Centre Corporation			\$	1,394,490
- Operations and Maintenance	892,000	892,000	909,490	
- Old Fire Hall Programming	175,000	175,000	175,000	
- Arctic Arts Summit	310,000	310,000	<u>310,000</u>	
Museums - General Operation, Maintenance, and Training Support	842,000	954,000		1,058,144
- MacBride Museum Society				
- Operations and Maintenance			256,024	
- Copperbelt Museum			56,600	
- Outdoor Projector System			50,000	
- On Site Prize Draw			1,000	
- Dawson City Museum Society				
- Operations and Maintenance			147,160	
- On Site Prize Draw			1,000	
- Yukon Transportation Museum Society, The			147,160	
- Yukon Church Heritage Society			90,560	
- Keno Community Club			56,600	
- Kluane Museum of History Society				
- Operations and Maintenance			56,600	
- On Site Prize Draw			1,000	
- Teslin Historical & Museum Society			-	
- Operations and Maintenance			56,600	
- On Site Prize Draw			1,000	
- Town of Faro - Campbell Region Interpretive Centre			-	
- Operations and Maintenance			45,280	
- On Site Prize Draw			1,000	
- Town of Watson Lake - Northern Lights Centre			45,280	
- Village of Mayo - Binet House			<u>45,280</u>	
First Nations Cultural Centres	800,000	906,000		905,600
- Carcross/Tagish First Nation			147,160	
- Champagne and Aishihik First Nations			147,160	
- Kwanlin Dün Cultural Society			147,160	
- Teslin Tlingit Council			147,160	
- Tr'ondëk Hwëch'in			147,160	
- Little Salmon/Carmacks First Nation			56,600	
- Vuntut Gwitchin First Nation			56,600	
- Selkirk First Nation			<u>56,600</u>	
Dawson City Arts Society				610,600
- Operations and Maintenance	425,000	425,000	450,000	
- Culture Quest	157,000	157,000	<u>160,600</u>	
On Yukon Time - Arts Themed Events	19,000	19,000		-

GOVERNMENT OF YUKON

Schedule 9

**Non-Consolidated Schedule of Other Government Transfers
for the year ended March 31, 2023**

	Main Estimates	Revised Estimates	Actual
Tourism and Culture			
<u>Other transfer payments (continued)</u>			
Yukon Tourism Development Strategy Implementation			
- Yukon First Nation Culture and Tourism Association	300,000	300,000	300,000
- Experience Development	175,000	175,000	369,874
- Cabin Fever Adventures			319,874
- Canadian Outdoor Academy			50,000
Northern Cultural Expressions Society	345,000	345,000	345,000
Museums - Assistance	348,000	348,000	347,978
- Dawson City Museum Society			60,000
- The Yukon Transportation Museum Society			59,696
- MacBride Museum Society			49,545
- Kwanlin Dün Cultural Society			49,250
- Teslin Historical & Museum Society			46,111
- Yukon Church Heritage Society			25,975
- Town of Watson Lake			20,000
- Keno Community Club			19,574
- Carcross/Tagish First Nation			17,827
Wilderness Tourism Association of the Yukon	264,000	264,000	264,000
- Operations and Maintenance			264,000
Tourism Industry Association of the Yukon			213,000
- Operations and Maintenance	219,000	219,000	191,000
- Promotion/Events	20,000	20,000	22,000
Yukon Convention Bureau Society	200,000	200,000	240,275
Yukon First Nations Culture and Tourism Association	160,000	160,000	160,000
Yukon Quest International Association (Canada)	150,000	150,000	149,735
Selkirk First Nation - Fort Selkirk	147,000	147,000	147,000
Air North Charter & Training Ltd	75,000	75,000	80,000
Yukon Arts Society - Artist in the School	100,000	100,000	103,972
Historic Properties Assistance Program	116,000	116,000	53,047
- Yukon Historic Resource Fund			16,000
- Karen Murray			10,000
- Jamie Toole			10,000
- Caribou Hotel			10,000
- Various Recipients			7,047
Yukon Sourdough Rendezvous	75,000	75,000	100,000
Tr'ondëk Hwëch'in - Forty Mile	95,000	95,000	72,146
Council of Yukon First Nations	137,000	137,000	130,601
Yukon Council of Archives	75,000	75,000	73,823
Yukon Historical and Museums Association	74,000	74,000	80,000
Vuntut Gwitchin First Nation - Rampart House	60,000	60,000	60,000
Sport Yukon - Sport Tourism	43,000	43,000	115,000
Friends of Yukon Permanent Art Collection Society			
- Visual Arts Acquisitions	30,000	30,000	30,000
Association franco-yukonnaise	25,000	25,000	54,661
Stay Another Day			
- Various Recipients	25,000	25,000	20,000
Carcross/Tagish First Nation - Conrad Historic Site	20,000	20,000	17,800
Yukon Conservation Society - Canyon City	18,000	18,000	18,000
Heritage Sites Projects			
- Various Recipients	15,000	15,000	11,175
Rugged Apprentices	-	-	61,208
- Village of Carmacks			34,600
- City of Dawson			17,200
- Town of Watson Lake			9,408
Product Development and Resource Assessment	50,000	50,000	56,881
- Carcross Tagish LP			25,000
- Canadian Parks and Wilderness Society, Yukon Chapter			13,988
- Various Recipients			17,893

**Non-Consolidated Schedule of Other Government Transfers
for the year ended March 31, 2023**

	Main Estimates	Revised Estimates	Actual
Tourism and Culture			
<u>Other transfer payments (continued)</u>			
Heritage Attractions Inventory - Various Recipients	\$ 10,000.00	\$ 10,000.00	\$ 7,916.80
Creative and Cultural Industries Strategy	155,000	155,000	114,468
Canadian Tourism Commission	40,000	40,000	185,000
Heritage Trails - Teslin Tlingit Council	20,000	20,000	19,734
Yukon Science Institute, The	20,000	20,000	-
Kwanlin Dün Cultural Society	10,000	10,000	10,000
Yukon First Nations Culture and Tourism Association	10,000	10,000	-
National Research Project	20,000	20,000	-
Champagne and Aishihik First Nations			10,353
Various Transfer Payments less than \$10,000	9,000	9,000	25,450
	<u>7,275,000</u>	<u>7,493,000</u>	<u>8,016,932</u>
Total other government transfers	10,780,000	11,048,000	11,429,649
Women and Gender Equity Directorate			
<u>Other transfer payments</u>			
Indigenous Women's Equality Fund	600,000	600,000	596,942
- Yukon Aboriginal Women's Council			200,000
- Liard Aboriginal Women's Society			200,000
- Whitehorse Aboriginal Women's Circle			<u>196,942</u>
Other transfer payments - Various recipients	-	-	64,812
- House of Wolf & Associates Inc.: Safety Summit			25,000
- Yukon Aboriginal Women's Council: AFN MMIWG2S+ Gathering			20,000
- Shakat Media Inc.: Finding Peace Documentary			10,000
- Yukon Women's Transition Home Society: Yukon Women's Coalition			<u>9,812</u>
Yukon Aboriginal Women's Council			
- Missing and Murdered Indigenous	75,000	75,000	86,077
- Sally and Sisters	143,000	143,000	143,000
Women's Equality Fund	197,000	197,000	196,724
- Victoria Faulkner Women's Centre, The			55,000
- Yukon Status of Women's Council			49,000
- Women in Trades and Technology Association			48,724
- Les EssentiElles			<u>44,000</u>
Victoria Faulkner Women's Centre, The			
- Women's Advocate	100,000	100,000	100,000
- A Safe Place	95,000	95,000	-
The Prevention of Violence against Aboriginal Women's Initiative	200,000	200,000	122,719
- Champagne and Aishihik First Nations			13,725
- Victoria Faulkner Women's Centre, The			25,000
- Yukon Aboriginal Women's Council			25,000
- Vuntut Gwitchin First Nation			18,750
- Skookum Jim Friendship Centre			15,244
- Carcross/Tagish First Nation			<u>25,000</u>
Skookum Jim Friendship Centre			
- Women's Legal Advocate Services	93,000	93,000	55,424
Yukon Anti-Poverty Coalition			
- Whitehorse affordable family housing complex	76,500	76,500	76,500
Yukon Women's Transition Home Society			
- Sexualized Assault Support Line	60,000	60,000	60,000
Queer Yukon Society	425,000	425,000	425,000
Women's community projects - various recipients	10,000	10,000	5,000
Total other government transfers	2,074,500	2,074,500	1,932,198

GOVERNMENT OF YUKON

Schedule 9

**Non-Consolidated Schedule of Other Government Transfers
for the year ended March 31, 2023**

	Main Estimates	Revised Estimates	Actual
Yukon Development Corporation (Transfer Payment)			
<u>Other transfer payments</u>			
Interim electrical rebate	\$ 3,500,000	\$ 3,500,000	\$ 3,500,000
Mayo B rate payer support	2,625,000	2,625,000	2,625,000
Innovative renewable energy initiative	2,500,000	2,500,000	2,491,955
Arctic energy fund	12,000,000	7,000,000	7,000,000
Investing in Canada infrastructure program	7,788,000	12,788,000	6,779,257
Inflation relief rebate	-	7,597,000	7,597,000
Atlin hydro expansion project	15,000,000	2,500,000	-
Total other government transfers	43,413,000	38,510,000	29,993,212
Yukon Housing Corporation (Transfer Payment)			
<u>Other transfer payments</u>			
Operations and maintenance	7,626,000	8,795,000	8,115,506
Capital	22,547,000	17,422,000	10,767,983
Total other government transfers	30,173,000	26,217,000	18,883,489
Restricted Funds			
<u>Other transfer payments</u>			
Carbon amounts distributed	25,804,000	25,804,000	25,307,976
Regional Relief and Recovery Fund	-	252,000	264,663
Total other government transfers	25,804,000	26,056,000	25,572,638
Totals			
Funding programs	63,419,000	69,345,000	75,638,472
Other government transfers	369,551,011	363,808,331	402,668,298
	\$ 432,970,011	\$ 433,153,331	\$ 478,306,770

GOVERNMENT OF YUKON

Schedule 10

**Non-Consolidated Schedule of Bad Debt Write-offs
for the year ended March 31, 2023**

Department	Number of Accounts	Total
		NIL
		<hr/> \$ - <hr/>

Note: No bad debts were reported as write-off by virtue of the section 35 of the *Financial Administration Act* ended March 31, 2023.

GOVERNMENT OF YUKON

Schedule 11

**Schedule of Special Warrants
for the year ended March 31, 2023**

Warrant Number	Purpose	Amount
		(thousands of dollars)
No. 1 O&M	Executive Council Office	\$ 318
	Environment	1,000
	Health and Social Services	8,652
	Highways and Public Works	2,772
	Justice	1,636
	Public Service Commission	970
		<u>\$ 15,348</u>

The following Legislated Grants have been included in the amounts above:

Grants (O&M)	Health and Social Services	
	- Social Assistance - Whitehorse	(350)
	- Yukon Seniors' Income Supplement	220
	- Social Assistance - Region	130
		<u>\$ -</u>

The special warrant authorized spending for the purpose of financing government operations for the period April 01, 2022 to March 31, 2023. This warrant was subsequently approved by the Fourth *Appropriation Act (Yukon) 2022-23*.

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SECTION III
SUPPLEMENTARY FINANCIAL STATEMENTS
(audited)

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YUKON DEVELOPMENT CORPORATION
FINANCIAL STATEMENTS
December 31, 2022
(audited)

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June 27, 2023

Management's Responsibility for Financial Reporting

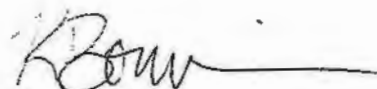
Management is responsible for the preparation of these consolidated financial statements in conformity with International Financial Reporting Standards and all other financial information relating to the Corporation contained in this annual report. These consolidated financial statements have been prepared by management using methods appropriate for the industry in which the Corporation operates and necessarily include some amounts that are based on judgements 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.



Dennis Berry
President and CEO



Kaitlyn Bouvier
Chief Financial Officer

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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 2022, 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 2022, 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.

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 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 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.

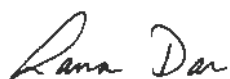
In our opinion, the transactions of the Yukon Development Corporation that came to our notice during the audit of the consolidated financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Yukon Development Corporation Act*, we report that, in our opinion, the accounting principles in IFRSs have been applied 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 Auditor General of Canada

Vancouver, Canada
27 June 2023

Yukon Development Corporation

Consolidated Statement of Financial Position (in thousands of Canadian dollars)

December 31,	2022	2021
Assets		
Current		
Cash	\$ 3,157	\$ 8,041
Accounts receivable (Note 5)	32,656	22,980
Inventories (Note 6)	4,944	4,354
Prepaid expenses	690	1,323
	41,447	36,698
Non-current		
Right-of-use assets (Note 7)	1,231	234
Finance lease receivable (Note 8)	85	85
Property, plant and equipment (Note 9)	515,748	489,155
Intangible assets (Note 10)	21,671	18,896
Derivative related asset (Note 26)	4,908	-
Total assets	585,090	545,068
Regulatory deferral account debit balances (Note 11(a))	32,513	31,804
Total assets and regulatory deferral account debit balances	\$ 617,603	\$ 576,872

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

Yukon Development Corporation

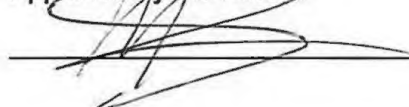

Consolidated Statement of Financial Position (in thousands of Canadian dollars)

December 31,	2022	2021
Liabilities		
Current		
Bank indebtedness (Note 12)	\$ 11,123	\$ 14,965
Accounts payable and accrued liabilities (Note 13)	18,107	13,598
Current portion of deferred revenue (Note 17)	1,380	2,628
Current portion of lease liability (Note 7)	130	150
Current portion of long-term debt (Note 14)	4,227	3,864
	34,967	35,205
Non-current		
Post-employment benefits (Note 15)	827	4,252
Contributions in aid of construction (Note 16)	100,851	95,865
Deferred revenue (Note 17)	17,319	17,015
Lease liability (Note 7)	135	98
Derivative related liability (Note 26)	-	2,479
Long-term debt (Note 14)	218,615	204,880
Total liabilities	372,714	359,794
Equity		
Contributed capital	41,501	41,501
Retained earnings	180,552	159,564
Total equity	222,053	201,065
Total liabilities and equity	594,767	560,859
Regulatory deferral account credit balances (Note 11(b))	22,836	16,013
Total liabilities, equity and regulatory deferral account credit balances	\$ 617,603	\$ 576,872

Commitments and Contingencies (Notes 23 and 24)

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

Approved by the Board:

 Chair  Director

Yukon Development Corporation

Consolidated Statement of Operations and Other Comprehensive Income (in thousands of Canadian dollars)

For the year ended December 31,	2022	2021
Revenues		
Sales of power (Note 18)	\$ 79,595	\$ 78,353
Yukon Government contributions (Note 22)	14,850	7,239
Other (Note 19)	3,895	4,754
	98,340	90,346
Operating expenses		
Operations and maintenance (Note 20)	35,178	34,018
Administration (Note 21)	15,459	14,335
Depreciation and amortization (Notes 7, 9 and 10)	14,107	13,755
	64,744	62,108
Income before other income and other expenses	33,596	28,238
Other income		
Amortization of contributions in aid of construction (Note 16)	1,794	1,580
Allowance for funds used during construction	1,056	937
Interest income	201	61
Unrealized gain on interest rate swaps (Note 26)	7,386	2,571
	10,437	5,149
Other expenses		
Interest on borrowings	8,994	7,638
Interim electrical rebate program subsidies (Note 1)	3,078	3,093
Inflation relief rebate program subsidies (Note 1)	5,757	-
Innovative renewable energy initiative program subsidies (Note 1)	2,469	1,181
	20,298	11,912
Net income for the year before net movement in regulatory deferral account balances	23,735	21,475
Net movement in regulatory deferral account balances related to net income (Note 11(d))	(6,113)	(9,672)
Net income for the year and net movement in regulatory deferral account balances	17,622	11,803
Other comprehensive income		
Item that will not be reclassified to net income in subsequent periods		
Remeasurement of defined benefit pension plans (Note 15)	3,366	4,905
Total comprehensive income for the year	\$ 20,988	\$ 16,708

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

Yukon Development Corporation

Consolidated Statement of Changes in Equity (in thousands of Canadian dollars)

	Contributed Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance at December 31, 2020	\$ 41,501	\$ 142,856	\$ -	\$ 184,357
Net loss for the year and net movement in regulatory deferral account balances	-	11,803	-	11,803
Other comprehensive income	-	-	4,905	4,905
Transfer of remeasurement of defined benefit pension plans to retained earnings	-	4,905	(4,905)	-
Balance at December 31, 2021	\$ 41,501	\$ 159,564	\$ -	\$ 201,065
Net income for the year and net movement in regulatory deferral account balances	-	17,622	-	17,622
Other comprehensive income	-	-	3,366	3,366
Transfer of remeasurement of defined benefit pension plans to retained earnings	-	3,366	(3,366)	-
Balance at December 31, 2022	\$ 41,501	\$ 180,552	\$ -	\$ 222,053

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

Yukon Development Corporation

Consolidated Statement of Cash Flows (in thousands of Canadian dollars)

For the year ended December 31,	2022	2021
Operating activities		
Cash receipts from customers	\$ 79,174	\$ 78,565
Cash receipts from Yukon Government	6,360	9,356
Cash receipts from contributions in aid of construction	6,596	15,447
Cash paid to suppliers	(47,175)	(40,517)
Cash paid to employees	(14,691)	(13,400)
Interest paid	(8,636)	(7,821)
Cash receipts from insurance claim settlement	2,137	3,762
Interest received	197	74
Cash provided by operating activities	23,962	45,466
Financing activities		
Net (repayments to) advances from line of credit	(1,694)	15,878
Proceeds from long-term debt	17,991	7,659
Repayment of long-term debt	(3,924)	(3,704)
Lease payments	(1,172)	(195)
Cash provided by financing activities	11,201	19,638
Investing activities		
Additions to property, plant and equipment	(34,888)	(27,407)
Additions to intangible assets	(3,011)	(2,779)
Cash used in investing activities	(37,899)	(30,186)
Net (decrease) increase in cash	(2,736)	34,918
Cash, beginning of year	8,954	(25,964)
Cash, end of year (Note 12)	\$ 6,218	\$ 8,954

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

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2022 (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") is incorporated under the *Yukon Business Corporations Act*. The Utility generates, purchases, transmits, distributes and sells electrical energy in the Yukon. The Utility's principal place of business is located at #2 Miles Canyon Road, Whitehorse, YT, Y1A 6S7.

The Utility 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 as such as considered to be 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.

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 forecast years are reviewed and approved. The approval of these costs determines the total revenues the Corporation is allowed to collect from its customers.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

1. Nature of operations - continued

b) Rate regulation - continued

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 property, plant and equipment (personnel and materials);
- the cost associated with the depreciation of all property, plant and equipment, right-of-use assets and intangible assets; 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).

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 November 2020, the Corporation filed a GRA for the year 2021 requesting approval of revenue requirement and related rate increase of 11.54%. The YUB issued an order in March 2022 requiring the Corporation to make changes and complete a Compliance Filing. The Corporation submitted the Compliance Filing in April 2022. The YUB approved the Compliance Filing, as submitted, in July 2022, resulting in an overall increase of 9.04%.

Notwithstanding the Compliance Filing process, in April 2022, the Corporation filed an Application for Review and Variance of the YUB order issued in March 2022. The Corporation disagreed with the YUB's decision on risk premium and disallowance of certain project costs. In August 2022, the YUB agreed to consider changes to the risk premium but not the disallowed project costs. In January 2023, the YUB approved a change to the Corporation's risk premium resulting in an increase to the Utility's return on equity to 8.65% from 8.20% and directed the Corporation to prepare a Compliance Filing. The Corporation submitted the Compliance Filing in January 2023, and in February 2023 the YUB approved the Compliance Filing, resulting in an overall rate increase of 9.63%.

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	December 31, 2027
Mayo Generating Station	December 31, 2025
Whitehorse Generating Station	December 31, 2025

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

1. Nature of operations - continued

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 27).

e) Yukon Government

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. This agreement was extended for the period from April 1, 2021 to March 31, 2025, with funding of up to \$2.5 million annually.

In May 2022, the Yukon Government authorized the continuation of the Interim Electrical Rebate program (the "rebate") for 12 months to March 31, 2023. 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 \$0.02262/kwh applied to residential customers to a maximum of \$3.5 million annually.

The Corporation signed an agreement with the Yukon Government for the period from June 1, 2022 to August 31, 2022 and October 1, 2022 to December 31, 2022 for the Inflation Relief Rebate program. The rebate provides subsidies to non-government residential and commercial customers. The Yukon Government is providing funding for the monthly rebate based on \$50.00 per customer per month for six months total to a maximum of \$3.191 million for the period June 1 to August 31, 2022 and a maximum of \$3.40 million for the period October 1 to December 31, 2022. After year-end, the agreement was subsequently extended for the period from March 1, 2023 to May 31, 2023 with a maximum of \$3.246 million for the period.

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 June 27, 2023.

b) Basis of measurement

The financial information included in the consolidated financial statements has been prepared on a historical cost basis, except where otherwise indicated.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

3. Significant accounting policies

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, purchase, 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 on an ongoing basis if there is an indication of a significant change in facts and circumstances.

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.

The Corporation receives amounts from customers for connection to the grid. The customer contributions related to the provision of on-going access to electricity are recognized into revenue over the useful life of the asset to which the contribution relates. The amounts received from Independent Power Producers ("IPPs") in accordance with an Electricity Purchase Agreement ("EPA") are recognized into revenue as the Corporation provides the construction activities of the related connection.

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 estimated consumption and applicable rates for the period between the last billing date and the end of the period.

The Corporation receives amounts from Yukon Government for the reimbursement of costs from electricity rebates, bond interest, and the Innovative Renewable Energy Initiative program. The Yukon Government contributions related to these costs are recognized into revenue as the Corporation incurs the related costs.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

3. Significant accounting policies - continued

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 and intangible assets 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.

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.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

3. Significant accounting policies - continued

f) Financial instruments - continued

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.

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 realized and unrealized gains and losses recognized in net income during the period in which the fair value movement occurred.

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.

A financial liability is derecognized when the obligation is discharged or cancelled, or expires.

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.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

3. Significant accounting policies - continued

g) Property, plant and equipment - continued

The range of estimated useful lives of the major classes and subclasses of property, plant and equipment is as follows:

Generation	
Hydroelectric plants	20 to 103 years
Thermal plants	12 to 72 years
Transmission	12 to 65 years
Distribution	16 to 55 years
Buildings	20 to 55 years
Transportation	8 to 25 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 2 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 commences when an asset is available for use. Licenses are available for use when the license period commences. Amortization is recognized in net income on a straight-line basis over the estimated useful lives as follows:

Software	5 years
Financial software	10 years
Licensing costs	
Aishihik	5 years
Other hydro generation	17 to 25 years
Thermal generation	3 years

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.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

3. Significant accounting policies - continued

i) Leases - continued

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 and 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, plant 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, which are 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").

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.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

3. Significant accounting policies - continued

j) Impairment of non-financial assets - continued

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, 2022 (tabular amounts in thousands of Canadian dollars)

3. Significant accounting policies - continued

l) Provision for asset retirement obligations - 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, 2022 (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 - Note 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 24

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. Management also makes judgments about which costs in work-in-progress pertain to a particular new license because licensing activities occur on a continuing basis. 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, 2022 (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 measurement and the contract terms to be used in recognizing the related revenue.

Provisions and contingencies - Notes 3(m) and 24

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.

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 26

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 judgments about the extent that the Corporation will be permitted to incorporate deferred amounts in future rates.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

5. Accounts receivable

	2022	2021
Trade accounts receivable		
Retail energy sales	\$ 8,426	5,146
Wholesale energy sales	6,404	\$ 6,171
Due from related parties (Note 22)	16,595	8,086
Other	1,231	3,577
	\$ 32,656	\$ 22,980

Included in Accounts receivable - Other is an amount of \$0 (2021 - \$2,137,000) related to insurance proceeds (Note 19).

At December 31, 2022, the aging of accounts receivable is as follows:

	Current	31 - 90 Days	Over 90 Days	Total
Accounts receivable	\$ 27,715	\$ 3,262	\$ 1,689	\$ 32,666
Allowance for doubtful accounts	-	-	(10)	(10)
	\$ 27,715	\$ 3,262	\$ 1,679	\$ 32,656

At December 31, 2021, the aging of accounts receivable is as follows:

	Current	31 - 90 Days	Over 90 Days	Total
Accounts receivable	\$ 15,159	\$ 1,254	\$ 6,577	\$ 22,990
Allowance for doubtful accounts	-	-	(10)	(10)
	\$ 15,159	\$ 1,254	\$ 6,567	\$ 22,980

A reconciliation of the beginning and ending amount of allowance for doubtful accounts is as follows:

	2022	2021
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, 2022 (tabular amounts in thousands of Canadian dollars)

6. Inventories

	2022	2021
Materials and supplies	\$ 3,562	\$ 3,488
Diesel fuel	1,312	750
Liquefied natural gas	70	116
	\$ 4,944	\$ 4,354

7. Leases

The Corporation leases industrial land and building facilities. During the year, the Corporation commenced a land lease for the Energy Storage System for a term of twenty-five years. The Corporation paid the lease in full during the year.

Right-of-use assets consist of land of \$1,139,000 (2021 - \$20,000) and building of \$92,000 (2021 - \$214,000).

	2022	2021
Right-of-use assets		
As at January 1	\$ 234	\$ 427
Additions	1,181	-
Depreciation expense	(184)	(193)
At December 31	\$ 1,231	\$ 234

Lease liabilities

Lease liabilities	\$ 265	\$ 248
Less: current portion	130	150
Non-current portion	\$ 135	\$ 98

Maturity analysis

Less than one year	\$ 137	\$ 156
One to five years	145	99
More than five years	-	-
Total undiscounted lease liabilities	\$ 282	\$ 255

Amounts recognized in net income

Depreciation expense on right-of-use assets	\$ 184	\$ 193
Interest expense on lease liabilities	\$ 8	\$ 11
Expense relating to short-term leases	\$ 3,261	\$ 3,965

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

8. Direct financing lease

The Corporation's investments in direct financing leases are summarized as follows:

	2022	2021
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, 2020	\$ 310,027	\$ 195,001	\$ 20,398	\$ 5,700	\$ 24,722	\$ 555,848
Additions	-	-	-	-	26,425	26,425
Transfers	15,284	31,074	981	-	(47,339)	-
Disposals	(880)	(1,095)	(114)	(216)	-	(2,305)
At December 31, 2021	324,431	224,980	21,265	5,484	3,808	\$ 579,968
Additions	-	-	-	-	39,469	39,469
Transfers	6,979	6,086	624	525	(14,214)	-
Disposals	(1,313)	(8)	(407)	(209)	-	(1,937)
At December 31, 2022	\$ 330,097	\$ 231,058	\$ 21,482	\$ 5,800	\$ 29,063	\$ 617,500
Accumulated depreciation:						
At December 31, 2020	\$ 38,882	\$ 33,007	\$ 5,057	\$ 2,010	\$ -	\$ 78,956
Depreciation	6,791	4,323	680	565	-	12,359
Disposals	(69)	(175)	(106)	(152)	-	(502)
At December 31, 2021	45,604	37,155	5,631	2,423	-	\$ 90,813
Depreciation	6,882	4,572	724	616	-	12,794
Disposals	(1,313)	(3)	(378)	(161)	-	(1,855)
At December 31, 2022	\$ 51,173	\$ 41,724	\$ 5,977	\$ 2,878	\$ -	\$ 101,752
Net book value:						
At December 31, 2021	\$ 278,827	\$ 187,825	\$ 15,634	\$ 3,061	\$ 3,808	\$ 489,155
At December 31, 2022	\$ 278,924	\$ 189,334	\$ 15,505	\$ 2,922	\$ 29,063	\$ 515,748

The AFUDC capitalized for 2022 was \$1,056,000 (2021 - \$937,000). The AFUDC rate estimate for 2022 was 2.61% (2021 - 2.60%).

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2022 (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 Licensing	Thermal and Other Water Licensing	Total
Cost:						
At December 31, 2020	\$ 1,686	\$ 443	\$ 6,187	\$ 8,544	\$ 4,432	\$ 21,292
Additions	133	-	793	1,616	121	2,663
Disposals	(516)	-	-	-	-	(516)
At December 31, 2021	1,303	443	6,980	10,160	4,553	23,439
Additions	284	-	75	1,314	2,231	3,904
Transfers	-	-	-	(343)	343	-
Disposals	(396)	-	-	(805)	-	(1,201)
At December 31, 2022	\$ 1,191	\$ 443	\$ 7,055	\$ 10,326	\$ 7,127	\$ 26,142
Accumulated amortization:						
At December 31, 2020	\$ 936	\$ 443	\$ 1,986	\$ 299	\$ 192	\$ 3,856
Amortization	236	-	628	306	33	1,203
Disposals	(516)	-	-	-	-	(516)
At December 31, 2021	656	443	2,614	605	225	4,543
Amortization	236	-	554	306	33	1,129
Disposals	(396)	-	-	(805)	-	(1,201)
At December 31, 2022	\$ 496	\$ 443	\$ 3,168	\$ 106	\$ 258	\$ 4,471
Net book value:						
At December 31, 2021	\$ 647	\$ -	\$ 4,366	\$ 9,555	\$ 4,328	\$ 18,896
At December 31, 2022	\$ 695	\$ -	\$ 3,887	\$ 10,220	\$ 6,869	\$ 21,671

Additions to Financial Software, Aishihik Water Licensing and Thermal and Other Water Licensing for 2022 and 2021 were almost exclusively internally generated. Additions to Software was almost exclusively externally purchased.

Work-in-progress, which is included in cost, is as follows: Aishihik Water Licensing \$10,214,000 (2021 - \$9,243,000) and Thermal and Other Water Licensing \$6,756,000 (2021 - \$4,182,000). These amounts represent costs related to license renewals which are not yet in effect. The Aishihik Water License that expires December 31, 2027 (Note 1(c)) became effective January 1, 2023.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

11. Regulatory accounts

a) Regulatory deferral account debit balances

	Feasibility Studies (i)	Regulatory Costs (ii)	Dam Safety (iii)	Deferred Overhauls (iv)	Uninsured Losses (v)	Fuel Price Adjustment (vi)	Subtotal see next page
Cost:							
At December 31, 2020	\$ 24,770	\$ 6,751	\$ 322	\$ 2,768	\$ 2,604	\$ 2,257	\$ 39,472
Costs incurred	1,343	1,789	81	-	3,654	-	6,867
Regulatory provision	-	-	-	-	(411)	1,557	1,146
Disposals	(4,450)	(598)	(148)	-	(104)	(2,491)	(7,791)
Contributions received/receivable	-	(279)	-	-	(2,737)	-	(3,016)
At December 31, 2021	21,663	7,663	255	2,768	3,006	1,323	36,678
Costs incurred	115	2,380	-	-	2,006	-	4,501
Regulatory provision	-	(903)	-	390	(411)	3,705	2,781
Disposals	(4,971)	(493)	-	(1,759)	-	(1,863)	(9,086)
Contributions received/receivable	-	(263)	-	-	-	-	(263)
At December 31, 2022	\$ 16,807	\$ 8,384	\$ 255	\$ 1,399	\$ 4,601	\$ 3,165	\$ 34,611
Accumulated amortization:							
At December 31, 2020	\$ 8,793	\$ 1,056	\$ 118	\$ 1,270	\$ 848	\$ -	\$ 12,085
Amortization	2,168	414	55	581	204	-	3,422
Disposals	(4,450)	(598)	(148)	-	-	-	(5,196)
At December 31, 2021	6,511	872	25	1,851	1,052	-	10,311
Amortization	1,491	295	51	18	205	-	2,060
Disposals	(4,963)	-	-	(1,759)	-	-	(6,722)
At December 31, 2022	\$ 3,039	\$ 1,167	\$ 76	\$ 110	\$ 1,257	\$ -	\$ 5,649
Net book value:							
At December 31, 2021	\$ 15,152	\$ 6,791	\$ 230	\$ 917	\$ 1,954	\$ 1,323	\$ 26,367
At December 31, 2022	\$ 13,768	\$ 7,217	\$ 179	\$ 1,289	\$ 3,344	\$ 3,165	\$ 28,962
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, 2021	\$ (825)	\$ 1,096	\$ 26	\$ (581)	\$ 198	\$ (934)	\$ (1,020)
December 31, 2022	\$ (1,384)	\$ 426	\$ (51)	\$ 372	\$ 1,390	\$ 1,842	\$ 2,595
Remaining recovery years							
At December 31, 2021	1 to 5 years	1 to 32 years	5 years	1 to 5 years	Indeterminate	1 year	-
At December 31, 2022	1 to 5 years	1 to 31 years	4 years	5 to 10 years	Indeterminate	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, 2021	\$ 825	\$ (1,096)	\$ (26)	\$ 581	\$ (198)	\$ 934	\$ 1,020
December 31, 2022	\$ 1,384	\$ (426)	\$ 51	\$ (372)	\$ (1,390)	\$ (1,842)	\$ (2,595)

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

11. Regulatory accounts - continued

a) Regulatory deferral account debit balances - continued

	Carry Forward	Vegetation Management (vii)	2017/18 GRA (vii)	2021 GRA (ix)	IPP Purchase Costs (x)	Total
Cost:						
At December 31, 2020	\$ 39,472	\$ 2,216	\$ 5,897	\$ -	\$ -	\$ 47,585
Costs incurred	6,867	-	-	-	-	6,867
Regulatory provision	1,146	-	-	8,779	-	9,925
Disposals	(7,791)	-	(5,897)	(4,449)	-	(18,137)
Contributions received/receivable	(3,016)	-	-	-	-	(3,016)
At December 31, 2021	\$ 36,678	\$ 2,216	\$ -	\$ 4,330	\$ -	\$ 43,224
Cost incurred	4,501	-	-	-	26	4,527
Regulatory provision	2,781	-	-	2,269	-	5,050
Disposals	(9,086)	-	-	(3,960)	-	(13,046)
Contributions received/receivable	(263)	-	-	-	-	(263)
At December 31, 2022	\$ 34,611	\$ 2,216	\$ -	\$ 2,639	\$ 26	\$ 39,492
Accumulated amortization:						
At December 31, 2020	\$ 12,085	\$ 887	\$ -	\$ -	\$ -	\$ 12,972
Amortization	3,422	222	5,897	4,449	-	13,990
Disposals	(5,196)	-	(5,897)	(4,449)	-	(15,542)
At December 31, 2021	10,311	1,109	-	-	-	11,420
Amortization	2,060	221	-	3,960	-	6,241
Disposals	(6,722)	-	-	(3,960)	-	(10,682)
At December 31, 2022	\$ 5,649	\$ 1,330	\$ -	\$ -	\$ -	\$ 6,979
Net book value:						
At December 31, 2021	\$ 26,367	\$ 1,107	\$ -	\$ 4,330	\$ -	\$ 31,804
At December 31, 2022	\$ 28,962	\$ 886	\$ -	\$ 2,639	\$ 26	\$ 32,513
Net increase (decrease) in regulatory deferral account debit balances (which are recognized in the net movement in regulatory deferral account balances on the Consolidated Statement of Operations and Other Comprehensive Income):						
December 31, 2021	\$ (1,020)	\$ (222)	\$ (5,897)	\$ 4,330	\$ -	\$ (2,809)
December 31, 2022	\$ 2,595	\$ (221)	\$ -	\$ (1,691)	\$ 26	\$ 709
Remaining recovery years						
At December 31, 2021		5 years	N/A	2 years	N/A	
At December 31, 2022		4 years	N/A	1 year	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, 2021	\$ 1,020	\$ 222	\$ 5,897	\$ (4,330)	\$ -	\$ 2,809
December 31, 2022	\$ (2,595)	\$ 221	\$ -	\$ 1,691	\$ (26)	\$ (709)

(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.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

11. Regulatory accounts - continued

a) Regulatory deferral account debit balances - continued

(ii) 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 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. As part of the 2021 GRA, \$903,000 was transferred to the regulatory deferral account credit balance class hearing reserve (Note 11(b)(ii)) and disallowed costs of \$493,000 were derecognized. In the absence of rate regulation, IFRS requires these costs to be expensed as incurred.

(iii) 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.

(iv) 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.

(v) 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 \$411,000 (2021 - \$411,000) and amortization of the forecast 2020 accumulated balance of \$2,048,000 over ten years (\$205,000 per year). Costs incurred of \$2,006,000 (2021 - \$3,654,000) include \$0 (2021 - \$2,445,000) for repairs required at the WH1 and WH2 penstocks and \$425,000 (2021 - \$0) to conduct a survey on the Mayo penstock to confirm no damage in order to reduce the insurance deductible that had increased resulting from the damage to the Whitehorse penstocks. The Corporation received \$0 (2021 - \$2,368,000) insurance proceeds. In the absence of rate regulation, IFRS requires these costs to be expensed as incurred and the expected insurance proceeds recognized as revenue.

(vi) Fuel price adjustment

OIC 1995/90 directs the YUB to permit the Corporation to adjust electricity rates to reflect 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 through Rider F. As part of the 2021 GRA, the balance as at December 31, 2021 of \$1,323,000 was transferred to the regulatory deferral account debit balance class 2021 GRA (Note 11(a)(ix)). For the period January 1, 2021 through June 30, 2021 the charge was 1.371 cents per kWh. For the period July 1, 2021 to July 31, 2022, the charge was reduced to 0.000 cents per kWh. Effective August 1, 2022, the charge was increased to 0.865 cents per kWh. In the absence of rate regulation, IFRS requires these costs to be expensed as incurred and revenues be recognized as earned.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

11. Regulatory accounts - continued

a) Regulatory deferral account debit balances - continued

(vii) 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. In the absence of rate regulation, IFRS requires these costs to be expensed as incurred.

(viii) 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 subsequently received from customers. At December 31, 2021 the amount was fully collected.

(ix) 2021 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 management's best estimates of revenues for rates to be approved by the YUB less amounts received from customers. As part of the 2021 GRA, \$1,323,000 was transferred from the regulatory deferral account debit class fuel price adjustment (Note 11(a)(vi)) and \$1,129,000 was recognized for increase in return on equity. These amounts are reflected in the regulatory provision line. The ending balance at December 31 comprises the Corporation's remaining revenue shortfall to be collected from customers in future years.

(x) IPP purchase costs

OIC 2019/25 directs that in setting rates that the Corporation is permitted to charge, it is able to recover the costs of purchasing electricity under an electricity purchase agreement with Independent Power Producers ("IPP's"). As such, starting in 2022 the Corporation deferred costs to be charged to ratepayers in future 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, 2022 (tabular amounts in thousands of Canadian dollars)

11. Regulatory accounts - continued

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)	McQuesten Substation (vi)	Subtotal see next page
Cost:							
At December 31, 2020 \$	11,122	\$ 596	\$ (2,511)	\$ 2,739	\$ 5,126	\$ -	\$ 17,072
Costs incurred	-	(101)	-	-	-	-	(101)
Regulatory provision	-	250	5,288	-	30	1,834	7,402
Cash received	-	-	-	-	-	-	-
Cash refunded	-	-	5	-	-	-	5
At December 31, 2021	11,122	745	2,782	2,739	5,156	1,834	24,378
Costs incurred	-	-	-	(49)	-	-	(49)
Regulatory provision	-	(653)	7,114	-	(96)	692	7,057
Cash received	-	-	-	-	-	-	-
Disposals	-	(973)	-	-	-	-	(973)
At December 31, 2022 \$	11,122	\$ (881)	\$ 9,896	\$ 2,690	\$ 5,060	\$ 2,526	\$ 30,413
Accumulated amortization:							
At December 31, 2020 \$	7,143	\$ 778	\$ -	\$ -	\$ -	\$ -	\$ 7,921
Amortization	249	194	-	-	-	-	443
At December 31, 2021	7,392	972	-	-	-	-	8,364
Amortization	248	-	-	-	-	-	248
Disposals	-	(972)	-	-	-	-	(972)
At December 31, 2022 \$	7,640	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,640
Net book value:							
At December 31, 2021 \$	3,730	\$ (227)	\$ 2,782	\$ 2,739	\$ 5,156	\$ 1,834	\$ 16,014
At December 31, 2022 \$	3,482	\$ (881)	\$ 9,896	\$ 2,690	\$ 5,060	\$ 2,526	\$ 22,773
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, 2021 \$	249	\$ 45	\$ (5,293)	\$ -	\$ (30)	\$ (1,834)	\$ (6,863)
December 31, 2022 \$	248	\$ 654	\$ (7,114)	\$ 49	\$ 96	\$ (692)	\$ (6,759)
Remaining recovery years							
At December 31, 2021	15 years	Indeterminate	Indeterminate	Indeterminate	46 years	52 years	
At December 31, 2022	14 years	Indeterminate	Indeterminate	Indeterminate	45 years	51 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, 2021 \$	(249)	\$ (45)	\$ 5,293	\$ -	\$ 30	\$ 1,834	\$ 6,863
December 31, 2022 \$	(248)	\$ (654)	\$ 7,114	\$ (49)	\$ (96)	\$ 692	\$ 6,759

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

11. Regulatory accounts - continued

b) Regulatory deferral account credit balances - continued

	Carry Forward	Defined Benefit Pension (vii)	Total
Cost:			
At December 31, 2020 \$	17,072	\$ -	\$ 17,072
Costs incurred	(101)	-	(101)
Regulatory provision	7,402	-	7,402
Cash received	-	-	-
Cash refunded	5	-	5
At December 31, 2021	24,378	-	24,378
Costs incurred	(49)	-	(49)
Regulatory provision	7,057	63	7,120
Cash received	-	-	-
Disposals	(973)	-	(973)
At December 31, 2022 \$	30,413	\$ 63	\$ 30,476
Accumulated amortization:			
At December 31, 2020 \$	7,921	\$ -	\$ 7,921
Amortization	443	-	443
At December 31, 2021	8,364	-	8,364
Amortization	248	-	248
Disposals	(972)	-	(972)
At December 31, 2022 \$	7,640	\$ -	\$ 7,640
Net book value:			
At December 31, 2021 \$	16,014	\$ -	\$ 16,014
At December 31, 2022 \$	22,773	\$ 63	\$ 22,836
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, 2021	\$ (6,863)	\$ -	\$ (6,863)
December 31, 2022	\$ (6,759)	\$ (63)	\$ (6,822)
Remaining recovery years			
At December 31, 2021		N/A	
At December 31, 2022		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, 2021	\$ 6,863	\$ -	\$ 6,863
December 31, 2022	\$ 6,759	\$ 63	\$ 6,822

(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 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.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

11. Regulatory accounts - continued

b) Regulatory deferral account credit balances - continued

(ii) Hearing reserve

The Corporation has established a deferral account for regulatory hearing costs to be recovered from or paid to ratepayers in the future. The regulatory provision for the year reflects an annual provision of \$250,000 (2021 - \$250,000) less \$903,000 of approved costs transferred from Regulatory Costs (See Note 11(a)(ii)). In the absence of rate regulation, IFRS requires these costs to be expensed as incurred and revenues be recognized as earned.

(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. The Corporation is required to file annual 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. There is a cap of +/- \$16 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. YUB Order 2019-02 set the refund rider to 0.00 cents/kWh effective April 1, 2019.

In the absence of rate regulation, IFRS would require any amounts earned or incurred related to the LWRF to be included in the Corporation's net income in the year incurred.

(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.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

11. Regulatory accounts - continued

(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.

(vi) McQuesten Substation

YUB Order 2022-03 required the Corporation to create a separate asset class for certain assets constructed at the McQuesten Substation relating to the Victoria Gold connection. These assets were required to be amortized over the mine life as opposed to the useful life of the assets. The timing difference is reflected as a regulatory deferral account credit balance.

(vii) Defined benefit pension

The Corporation has established a deferral account to accumulate differences from approved pension funding versus actual funding requirements. The regulatory provision will be determined through a future regulatory proceeding. In the absence of rate regulation, IFRS requires these costs to be expensed as incurred.

(c) Regulatory account expenses

Regulatory account expenses represent costs incurred related to regulatory account debit balances of \$4,527,000 (2021 - \$6,867,000) and regulatory account credit balances of \$49,000 (2021 - \$101,000).

(d) Net movement in regulatory deferral account balances related to net income

Net movement in regulatory deferral account balances related to net income is \$6,113,000 (2021 - \$9,672,000) 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 is comprised of an increase of \$709,000 for regulatory account debit balances and an increase of \$6,822,000 for regulatory account credit balances for rate regulation compared to the amounts that are recorded under IFRS. The net movement figure of for 2021 is comprised of a decrease of \$2,809,000 for regulatory account debit balances and an increase of \$6,863,000 for regulatory account credit balances respectively for rate regulation compared to the amounts that would be recorded under IFRS absent rate regulation.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

12. Bank indebtedness

The Corporation's financial institutions have legally enforceable rights to set off the outstanding balance under the line of credit by cash balances in other accounts with the same financial institution. The Corporation's bank indebtedness is comprised of:

	2022	2021
Bank balance	\$ 3,061	\$ 3,104
Lines of credit	(14,184)	(18,069)
	\$ (11,123)	\$ (14,965)

For the purposes of the consolidated statement of cash flows, a certain line of credit is not part of the Corporation's cash management and instead is classified as financing activities. In the consolidated statement of cash flows, cash is comprised of:

	2022	2021
Cash	\$ 3,157	\$ 8,041
Bank balance	\$ 3,061	\$ 3,104
Line of credit (amount not classified as financing activity)	-	(2,191)
	\$ 6,218	\$ 8,954

13. Accounts payable and accrued liabilities

	2022	2021
Trade payables	\$ 15,611	\$ 10,635
Employee compensation	1,151	1,690
Due to related parties (Note 22)	1,214	438
Other	131	835
	\$ 18,107	\$ 13,598

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

14. Long-term debt

The Corporation's long-term debt is unsecured and summarized as follows:

	2022	2021
Bond		
The Corporation issued a bond at a fixed interest rate of 5.00% per annum. Interest is payable semi-annually. Principal payment is due when the bond expires on June 29, 2040 (i).	\$ 98,615	\$ 98,567
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 2.06% per annum. Payable in monthly installments of \$47,918 interest and principal with the balance due on September 28, 2035 (ii).	7,413	7,831
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 3.40% per annum. Payable in monthly installments of \$117,095 interest and principal with the balance due on August 23, 2043 (iii).	20,843	21,527
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 2.64% per annum. Payable in monthly installments of \$30,868 interest and principal with the balance due on July 14, 2044 (iv).	6,089	6,295
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 2.06% per annum. Payable in monthly instalments of \$20,478 interest and principal with the balance due on November 4, 2045 (v).	4,488	4,640
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 2.88% per annum. Payable in monthly instalments of \$35,853 interest and principal with the balance due on April 30, 2046 (vi).	7,301	7,518

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

14. Long-term debt - continued

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 4.07% per annum. Payable in monthly instalments of \$86,661 interest and principal with the balance due on September 1, 2052 (vii).

17,914 -

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. In 2022, the interest rate was adjusted to be the one-year TD indicative swap rate (2021 - the one-year Canadian Dollar Offered Rate) plus Yukon Government's borrowing premium with the balance due on March 31, 2028.

35,200 36,200

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 7.51% (2021 - 5.02%) is a blended rate based on the cost of debt and the actual rate of return earned by the Utility.

3,375 3,500

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 8.94% (2021 - 2.73%) is based on the actual rate of return earned by the Utility.

3,115 3,158

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 \$1,019,320 with the final payment due in 2040. The interest rate of 5.33% (2021 - 2.88%) is based on a blended rate based on the cost of debt and the actual rate of return earned by the Utility.

18,348 19,367

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.

141 141

Total

222,842 208,744

Less: current portion

4,227 3,864

\$ 218,615 \$ 204,880

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

14. Long-term debt - continued

(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 include 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.

(ii) **Toronto Dominion Bank Loan and 2.06% 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. On September 11, 2020, the loan and interest rate swap was amended. The amendment changed the interest rate from 2.69% to 2.06% and the termination date from December 28, 2022 to September 28, 2035.

(iii) **Toronto Dominion Bank Loan and 3.40% 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. On September 11, 2020, the loan and interest rate swap was amended. The amendment changed the interest rate from 3.67% to 3.40% and the termination date from August 23, 2038 to August 23, 2043.

(iv) **Toronto Dominion Bank Loan and 2.64% 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. On September 11, 2020, the loan and interest rate swap was amended. The amendment changed the interest rate from 2.90% to 2.64% and the termination date from July 14, 2039 to July 14, 2044.

(v) **Toronto Dominion Bank Loan and 2.06% Interest Rate Swap**

On November 4, 2020, 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 November 4, 2045.

(vi) **Toronto Dominion Bank Loan and 2.88% Interest Rate Swap**

On April 26, 2021, 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 April 30, 2046.

(vii) **Toronto Dominion Bank Loan and 4.07% Interest Rate Swap**

On August 29, 2022, 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 September 1, 2052.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

14. Long-term debt - continued

Long-term debt repayment

Scheduled repayments for all long-term debt are as follows:

2023	\$	4,227
2024		4,289
2025		4,352
2026		4,419
2027		4,486
Thereafter		201,069

\$ 222,842

The change in long-term debt arising from financing activities during the year related to principal repayment of \$3,893,000 (2021 - \$3,704,000) and the issuance of additional debt in the amount of \$17,991,000 (2021 - \$7,659,000).

Fair value

The fair value of long-term debt at December 31, 2022 is \$234 million (December 31, 2021 - \$243 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 a 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. 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 2022, these were \$559,000 (2021 - \$568,000).

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.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

15. Post-employment benefits - continued

These minimum funding requirements require the Corporation to make special payments as prescribed by the OSFI to repay any unfunded liability or solvency deficit that may exist. For the employee defined benefit pension plan the Corporation is currently required to pay \$123,900 for 2023. This amount may change in future years and may be summarized as follows:

Start Date	Minimum Annual Payment	End Date
January 1, 2018	\$ 12,900	December 31, 2032
January 1, 2019	\$ 36,000	December 31, 2033
January 1, 2020	\$ 75,000	December 31, 2034
	<u>\$123,900</u>	

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

	2022	2021
Present value of benefit obligations		
Balance, beginning of year	\$ 28,781	\$ 31,318
Employee contributions	43	48
Current service cost	409	468
Interest cost	864	785
Benefits paid	(827)	(814)
Actuarial losses (gains) on experience	319	(856)
Actuarial (gains) on demographic assumptions	(6)	-
Actuarial (gains) on financial assumptions	(7,047)	(2,168)
Balance, end of year	\$ 22,536	\$ 28,781
Fair value of plan assets		
Balance, beginning of year	24,611	22,247
Interest income on plan assets	736	554
(Losses) gains on plan assets	(3,376)	1,963
Employee contributions	43	48
Employer contributions	668	681
Benefits paid	(827)	(814)
Administrative costs	(70)	(68)
Balance, end of year	21,785	24,611
Effect of asset ceiling	76	82
Net defined benefit liability	\$ 827	\$ 4,252

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

15. Post-employment benefits - continued

Components of benefit plan cost

	2022	2021
Current service cost	\$ 409	\$ 468
Interest cost	864	785
Interest income on plan assets	(736)	(554)
Administrative costs	70	68
Interest cost on effect of asset ceiling	2	-
Defined benefit expense in Consolidated Statement of Operations	609	767
Defined contribution expense	559	568
Total benefit expense in Consolidated Statement of Operations	\$ 1,168	\$ 1,335
Actuarial (gains) on obligation	(6,734)	(3,024)
Losses (gains) on plan assets	3,376	(1,963)
Effect of asset ceiling	(8)	82
Total remeasurement included in Other Comprehensive Income	(3,366)	(4,905)
Total benefit cost recognized in the Consolidated Statement of Operations and Other Comprehensive Income	\$ (2,198)	\$ (3,570)

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, 2022</u>	<u>December 31, 2021</u>
Equities	43.8%	42.6%
Fixed income securities	31.5%	36.5%
Real estate	24.7%	20.9%

Significant assumptions:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Discount rate - accrued benefit obligation	5.10%	3.00%
Assumed rate of compensation increase	3.10%	2.80%
Pension growth	2.00%	2.00%

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

15. Post-employment benefits - continued

Sensitivity Analysis of the defined benefit pension plans:

The sensitivities of each key assumption 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, 2022				
Assumption	+1%	-1%	+1%	-1%
Discount rate	-11%	13%	\$(2,431)	\$2,965
Salary growth	0.4%	-0.4%	80	(77)
Pension growth	13%	-11%	2,813	(2,357)
Life expectancy (1 year movement)	2%	-2%	517	(529)

Assumptions and sensitivity to the recognized post-employment benefits liability balance at December 31, 2021				
Assumption	+1%	-1%	+1%	-1%
Discount rate	-13%	16%	\$(3,758)	\$4,714
Salary growth	1%	-1%	156	(149)
Pension growth	15%	-12%	4,226	(3,472)
Life expectancy (1 year movement)	3%	-3%	830	(836)

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 12.1 years (2021 - 14.9 years). The Corporation expects to make payments of \$230,800 (2021 - \$606,800) to the defined benefit pension plans during the next financial year.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2022 (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, 2020	\$ 83,695	\$ 16,696	\$ 1,739	\$ 102,130
Additions	9,266	200	-	9,466
At December 31, 2021	92,961	16,896	1,739	111,596
Additions	6,780	-	-	6,780
At December 31, 2022	\$ 99,741	\$ 16,896	\$ 1,739	\$ 118,376
Accumulated amortization:				
At December 31, 2020	\$ 8,993	\$ 3,649	\$ 1,509	\$ 14,151
Amortization	1,204	333	43	1,580
At December 31, 2021	10,197	3,982	1,552	15,731
Amortization	1,417	333	44	1,794
At December 31, 2022	\$ 11,614	\$ 4,315	\$ 1,596	\$ 17,525
Net book value:				
At December 31, 2021	\$ 82,764	\$ 12,914	\$ 187	\$ 95,865
At December 31, 2022	\$ 88,127	\$ 12,581	\$ 143	\$ 100,851

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

17. Deferred revenue

	Customer Contributions	IPP Contracts	Decommissioning Fund	Total
At December 31, 2020	\$ 17,345	\$ -	\$ 2,799	\$ 20,144
Additions	717	1,767	13	2,497
Revenue recognized in Sales of Power and Other Revenue	(1,625)	(1,373)	-	(2,998)
At December 31, 2021	\$ 16,437	\$ 394	\$ 2,812	\$ 19,643
Additions	426	3,083	63	3,572
Revenue recognized in Sales of Power and Other Revenue	(1,315)	(3,201)	-	(4,516)
At December 31, 2022	\$ 15,548	\$ 276	\$ 2,875	\$ 18,699

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.

In order to provide more relevant information about the Corporation's contracts, the Corporation has presented customer contributions and IPP contracts information on a disaggregated basis in this note. The following table summarizes the impacts on the comparative figures of Deferred Revenue.

	2021 Previously Reported	Change	2021 Reclassified
Customer contracts	\$ 16,831	\$ (394)	\$ 16,437
IPP contracts	-	394	394
Decommissioning fund	2,812	-	2,812
	\$ 19,643	\$ -	\$ 19,643

In addition, the Corporation identified that the amount previously reported as customer contributions additions for 2021 had reflected IPP contract additions of \$1,767,000 and revenue recognized of \$1,373,000 on a net basis of \$394,000. The disclosure has been revised to report these on separate lines.

These changes did not impact the consolidated financial statements or any other note disclosures.

The following table includes revenue expected to be recognized in the future related to performance obligations that are unsatisfied as at December 31, 2022:

	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Customer contracts	\$ 1,326	\$ 5,280	\$ 8,942	\$ 15,548
IPP contracts	276	-	-	276
Decommissioning fund	-	-	2,875	2,875
	\$ 1,602	\$ 5,280	\$ 11,817	\$ 18,699

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

18. Sales of power

	2022	2021
Wholesale	\$ 46,993	\$ 46,502
Industrial	20,752	19,438
General service	8,088	8,051
Residential	3,260	3,895
Secondary sales	365	330
Sentinel and street lights	137	137
	\$ 79,595	\$ 78,353

19. Other revenue

The Corporation recognized \$3,201,000 (2021 - \$1,373,000) in other revenue related to IPP contracts (Note 17).

During 2020, deformation was identified in WH1 and WH2 penstocks and major repairs were required. These repairs were completed during 2020 and 2021. The Corporation recognized insurance proceeds revenue of \$2,368,000 during 2021. There was no amount for 2022.

The Corporation collected the outstanding 2021 insurance receivable during 2022 (Note 5).

20. Operations and maintenance expenses

	2022	2021
Fuel	\$ 11,642	\$ 8,935
Contractors	6,760	4,929
Wages and benefits	6,516	6,696
Regulatory account expenses (Note 11 (c))	4,576	6,968
Rent	3,028	2,971
Materials and consumables	2,099	1,284
Travel	409	340
Communication	87	92
Loss on asset disposals	61	1,803
	\$ 35,178	\$ 34,018

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

21. Administration expenses

	2022	2021
Wages and benefits	\$ 7,577	\$ 7,053
Insurance and taxes	2,714	2,392
External labour	1,956	1,897
Materials, consumables and general	1,786	1,866
Licences and fees	1,083	922
Travel	227	90
Board fees	116	115
	\$ 15,459	\$ 14,335

22. 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 Corporation is related in terms of common ownership to all YG departments, agencies and Territorial Corporations. Transactions are entered into in the normal course of operations with these entities.

The following table summarizes the Corporation's related party transactions with the Yukon Government for the year:

	2022	2021
Revenues		
Contributions for Inflation Relief Rebate program	\$ 6,407	\$ -
Contributions for Interim Electrical Rebate program	3,352	3,372
Contributions for bond interest expense	2,625	2,625
Contributions for Innovative Energy Renewable Initiatives	2,466	1,242
	\$ 14,850	\$ 7,239

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

22. Related party transactions - continued

At the end of the year, the amounts receivable from and due to the Yukon Government are as follows:

	2022	2021
Balances		
Long-term debt	\$ 35,200	\$ 36,200
Accounts receivable	\$ 16,595	\$ 8,086
Accounts payable	\$ 1,214	\$ 438

Included in accounts receivable is an amount of \$9,320,000 for capital projects funded by Yukon Government and the federal government (2021 - \$6,715,000) as well as an amount of \$684,000 related to the Interim Electrical Rebate (2021 - \$686,000) and \$6,407,000 related to the Inflation Relief Rebate (2021 - \$0). These balances are non-interest bearing and payable on demand except for long-term debt.

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 (2021 - 25 individuals). Key management personnel compensation is as follows:

Year ended December 31,	2022	2021
Short-term employee benefits	\$ 1,937	\$ 1,947
Post-employment benefits	145	209
	\$ 2,082	\$ 2,156

23. Commitments

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, 2022 as the product or service had not been provided. The total commitments at year end are \$72,732,000 (December 31, 2021 - \$20,856,000).

24. Contingencies

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.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

25. 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. No significant environmental contamination was found. As at December 31, 2022 no significant provisions for environmental liabilities, for which a legal obligation exists to remediate, have been identified by the Corporation. The Corporation has 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 significant present obligation to remediate.

26. Risk management and financial instruments

At December 31, 2022, the Corporation's financial instruments included cash, accounts receivable, finance lease receivables, bank indebtedness, accounts payable and accrued liabilities, long-term debt and interest rate swaps. The fair values of cash, accounts receivable, finance lease receivables, bank indebtedness, and accounts payable and accrued liabilities approximate their carrying values due to the immediate or short-term maturity of these financial instruments.

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.

The fair value of the interest rate swap agreements on December 31, 2022 was an asset of \$4,908,000 (2021 - liability of \$2,479,000). The increase in the fair value in 2022 of \$7,386,000 (2021 - \$2,571,000) is recognized on the Consolidated Statement of Operations and Other Comprehensive Income as an unrealized gain. A 100 basis point increase or decrease in the interest rate assumption would have resulted in an increase/decrease in the interest rate swap agreements fair value of \$6,371,000 (2021 - \$5,020,000).

The Corporation has access to lines of credit. As of January 1, 2021, the line of credit was \$51.0 million. Effective April 22 2021, the line of credit was increased temporarily to \$58.0 million. Effective July 1, 2022, the line of credit was increased temporarily to \$80.0 million. The temporary increase expires June 30, 2023. \$72.5 million of the line of credit accrues interest on withdrawals at prime rate minus 0.75% per annum. The remaining \$7.5 million accrues interest on withdrawals at prime rate minus 0.85% per annum. 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 institutions (Note 12) the interest rate risk is minimal.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

26. Risk management and financial instruments - continued

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:

	2022	2021
Cash	\$ 3,157	\$ 8,041
Accounts receivable	32,656	22,980
Finance lease receivables	85	85
	\$ 35,898	\$ 31,106

Credit risk on cash is considered minimal as the Corporation's cash deposits are held by Canadian Schedule 1 Chartered banks.

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, 2022 are \$4,941,000 (2021 - \$7,821,000), of which \$3,851,000 pertains to one customer. Subsequent to year end the customer has paid \$2,692,000 resulting in \$1,159,000 remaining outstanding. The Corporation expects to receive the remaining balance, and therefore, has not recognized an allowance provision.

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, 2022:

	Quoted prices in active markets (Level 1)	Other observable inputs (Level 2)	Unobservable inputs (Level 3)	Total
Derivative related asset	-	\$4,908	-	\$4,908
Long-term debt	-	-	\$234,141	\$234,141

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

26. Risk management and financial instruments - continued

The following table illustrates the fair value hierarchy of the Corporation's financial instruments as at December 31, 2021:

	Quoted prices in active markets (Level 1)	Other observable inputs (Level 2)	Unobservable inputs (Level 3)	Total
Derivative related liability	-	\$2,479	-	\$2,479
Long-term debt	-	-	\$240,880	\$240,880

27. 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 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.

Total capitalization is calculated as total debt plus total shareholder's equity as shown on the Utility's Statement of Financial Position. The Utility maintains a balance in retained earnings as an indicator of the Utility's equity position.

The table below summarizes the Utility's total debt to total capitalization position:

	2022	2021
Long-term debt due within one year	\$ 6,900	\$ 6,537
Long-term debt	178,051	167,037
Total debt	184,951	173,574
Add decommissioning fund (note 17)	2,875	2,812
Total debt to include in the calculation	\$ 187,826	\$ 176,386

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

27. Capital management - continued

	2022	2021
Share capital	\$ 39,000	\$ 39,000
Contributed surplus	15,968	15,968
Retained earnings	94,796	82,684
Total shareholder's equity	149,764	137,652
Total capitalization	\$ 337,590	\$ 314,038
Total debt to total capitalization	56 %	56 %

There were no changes in the Utility's approach to capital management during the period. During the year, the Utility declared a dividend of \$11,500,000 (2021 - \$0) to Yukon Development Corporation. There is no set payment date.

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, 2022 are also prepared.

YUKON HOSPITAL CORPORATION
FINANCIAL STATEMENTS
March 31, 2023
(audited)

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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.

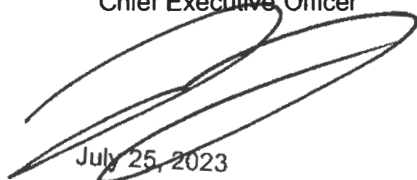
These consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. The consolidated financial statements include some amounts, such as the determination of amounts related to the estimated useful lives of capital assets, asset retirement obligation, 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 four 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.

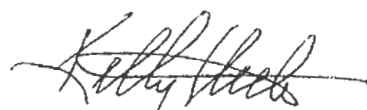
These consolidated financial statements have been independently audited in accordance with Canadian generally accepted auditing standards by the Auditor General of Canada, and her report is included with these consolidated financial statements.

Jason Bilsky
Chief Executive Officer



July 25, 2023

Kelly Steele
Chief Financial Officer



July 25, 2023

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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 2023, 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 2023, 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.

Other matter

We draw attention to section 3 of the *Hospital Standards (Yukon Hospital Corporation) Regulation* which states that property or money that is supplied to the Yukon Hospital Corporation by the Government of Yukon must be used for the purpose for which it was supplied and in accordance with the conditions on which it was supplied. During the year, the Yukon Hospital Corporation used \$7.3 million for operational purposes even though it was supplied by the Government of Yukon solely for the purpose of a capital project.

A handwritten signature in black ink, appearing to read 'Sophie Bernard', written in a cursive style.

Sophie Bernard, CPA, CGA
Principal
for the Auditor General of Canada

Vancouver, Canada
25 July 2023

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Yukon Hospital Corporation

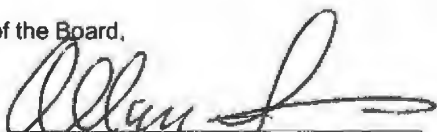
Consolidated Statement of Financial Position

As at March 31
(in thousands of dollars)

	2023 \$	2022 \$ (Restated - note 3)
ASSETS		
Current assets		
Cash (note 5)	2,721	7,746
Accounts receivable (note 20)	4,709	4,629
Inventory (note 4)	4,120	3,952
Prepaid expenses	751	833
Short-term contributions receivable (note 8)	4,808	3,793
	17,109	20,953
Non-current assets		
Accrued pension benefit (note 6)	63,126	56,073
Capital assets (note 7)	161,817	162,952
Long-term contributions receivable (note 8)	18,804	18,817
	243,747	237,842
	260,856	258,795
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 20)	12,636	9,599
Accrued payroll and benefits (note 20)	4,967	6,890
Short-term debt (note 9)	26,675	25,673
Deferred revenue (note 10)	952	1,867
	45,230	44,029
Non-current liabilities		
Long-term debt (note 11)	85	85
Employee future benefits other than pensions (note 12)	2,905	2,868
Deferred capital contributions (note 13)	162,007	159,219
Asset retirement obligation (note 14)	1,274	1,243
	166,271	163,415
	211,501	207,444
NET ASSETS		
Investment in capital assets (note 15)	90	4,031
Restricted for First Nations Health Program, external (note 16)	88	176
Restricted for capital purchases, internal (note 21)	1,128	1,030
Restricted for pension, internal (note 6)	63,126	56,073
Unrestricted	(15,077)	(9,959)
	49,355	51,351
	260,856	258,795
Contractual obligations (note 19)		

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

On behalf of the Board,


Chairman, **ALLAN LUCIER**


Director

Yukon Hospital Corporation

Consolidated Statement of Operations

For the year ended March 31

(in thousands of dollars)

	2023 \$	2022 \$ (Restated - note 3)
Revenues		
Government of Yukon contribution (note 18)	93,462	92,567
Amortization of deferred capital contributions (note 13)	7,517	7,557
Patients	5,390	4,677
Other government contracts (note 18)	3,701	3,005
Other	1,076	712
Fundraising	792	1,043
Interest	319	42
Cafeteria	244	195
	<u>112,501</u>	<u>109,798</u>
Expenses		
Compensation and benefits	62,089	57,988
Supplies	19,699	16,227
Contracted services	9,940	7,798
Amortization of capital assets (note 7)	9,182	9,074
Other (note 17)	7,542	8,942
Equipment and building services	3,888	3,679
Interest on short-term debt	1,273	1,358
Pension benefits cost (note 6)	511	(503)
Fundraising	338	333
ARO accretion (note 14)	31	30
Loss on disposal of capital assets	4	74
	<u>114,497</u>	<u>105,000</u>
(Deficiency) Surplus of revenues over expenses	<u>(1,996)</u>	<u>4,798</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 15) \$	Restricted for First Nations Health Program (note 16) \$	Restricted for Capital Purchases Internal (note 21) \$	Restricted for Pension (note 6 and 21) \$	Unrestricted (note 21) \$	2023 Total \$ (Restated - note 3)	2022 Total \$ (Restated - note 3)
Balance, beginning of year, as restated	4,031	176	1,030	56,073	(9,959)	51,351	46,553
(Deficiency) Surplus of revenues over expenses	(1,665)	(88)	98	7,053	(7,394)	(1,996)	4,798
Net change in investment in capital assets (note 15 c)	(2,276)	-	-	-	2,276	-	-
Balance, end of year	90	88	1,128	63,126	(15,077)	49,355	51,351

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)

	2023 \$	2022 \$ (Restated- note 3)
Operating Activities		
(Deficiency) Surplus of revenues over expenses	(1,996)	4,798
Items not involving cash		
Amortization of capital assets (note 7)	9,182	9,074
Loss on disposal of capital assets	4	74
ARO accretion (note 14)	31	30
Amortization of deferred capital contributions (note 13)	(7,517)	(7,557)
Bad debt expense (note 17)	194	784
Decrease (Increase) in prepaid expenses	82	(45)
Increase in accrued pension benefit	(7,053)	(4,734)
Increase in non-cash working capital balances	(343)	5,306
Cash (used in) generated in operating activities	<u>(7,416)</u>	<u>7,730</u>
Capital Activities		
Purchases of capital assets	(7,914)	(9,166)
Cash used in capital activities	<u>(7,914)</u>	<u>(9,166)</u>
Financing Activities		
Repayment of short-term debt	(3,865)	(3,661)
Issuance of short-term debt	4,867	-
Cash received for capital purchases	9,303	10,713
Cash generated through financing activities	<u>10,305</u>	<u>7,052</u>
(Decrease) Increase in cash	(5,025)	5,616
Cash, beginning of year	7,746	2,130
Cash, end of year	<u><u>2,721</u></u>	<u><u>7,746</u></u>
Interest paid	1,273	1,358
Interest received	319	42

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

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2023

(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 Corporation operates hospitals in Whitehorse, Watson Lake and Dawson City. 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 and cost 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, 2023

(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.

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.

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2023

(in thousands of dollars)

2. Significant Accounting Policies (continued)

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, 2023.

Financial Assets	Measurement Basis
Cash	Cost
Accounts receivable	Cost
Contributions receivable	Cost
Financial Liabilities	Measurement Basis
Accounts payable and accrued liabilities	Cost
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.

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2023

(in thousands of dollars)

2. Significant Accounting Policies (continued)

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 ("EARS") 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.

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

A liability for an asset retirement obligation (ARO) is recognized at the best estimate of the amount required to retire a capital asset at the financial statement date when there is a legal obligation for the Corporation to incur retirement costs, a past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at year-end. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods. The discount rate used reflects the Government of Yukon's cost of borrowing, associated with the estimated number of years to complete the retirement or remediation.

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2023

(in thousands of dollars)

2. Significant Accounting Policies (continued)

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related capital asset and amortized over the asset's estimated useful life. Asset retirement obligations which are incurred incrementally with use of the asset are recognized in the period incurred with a corresponding asset retirement cost expensed in the period. An asset retirement obligation may arise in connection with a capital asset that is not recognized or no longer in productive use. In this case, the asset retirement cost would be expensed.

At each financial reporting date, the carrying amount of the liability is reviewed. The Corporation recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related capital asset. Once the related capital asset is no longer in productive use, changes to the liability are recognized as an expense in the period they are incurred. The Corporation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

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 asset retirement obligations, 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.

3. Adoption of New Accounting Standards

a) PS 3280 – Asset Retirement Obligations

Public Accounting Standard PS 3280 – *Asset Retirement Obligations* came into effect for fiscal years beginning on or after April 1, 2022. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain capital assets, such as asbestos removal in retired buildings by public sector entities. The Corporation has adopted the standard using the modified retrospective application with restatement. The restatement was calculated using assumptions and discount rates that were current at the beginning of this fiscal year; as a result, the total restatement in capital assets and accumulated amortization, together with an adjustment to the opening balance of net assets, was equivalent to the increase in the asset retirement obligation.

Prior to adoption of the PS3280 standard, the Corporation did not use a discounted cash flow analysis or record ARO accretion for its asset retirement obligations (ARO). Upon adoption of the policy, the Corporation used a discount rate of 2.5%, which reflects the Government of Yukon's cost of borrowing. In the future, the carrying amount of the liability, discount rate and other key assumptions will be reassessed at each financial reporting date.

Yukon Hospital Corporation
Notes to the Consolidated Financial Statements

March 31, 2023

(in thousands of dollars)

3. Adoption of New Accounting Standards (continued)

The adoption of PS 3280 resulted in the removal of the existing ARO of \$285 and the addition of a new ARO in the amount of \$1,213 resulting in a net increase to the asset retirement obligation of \$928 a net increase to the capital assets of \$431, and a net decrease to net assets of \$497 as at April 1, 2022. In addition, to these adjustments, (deficiency) surplus of revenue over expenditures for 2021-22 was adjusted by \$30 for ARO accretion and \$26 for amortization. These restatements are illustrated in the tables below.

	2022 <i>(as previously reported)</i>	Restatement	2022 <i>(restated)</i>
	\$	\$	\$
Consolidated Statement of Financial Position			
Non-current assets			
Capital assets (note 7)	162,547	405	162,952
Non-current liabilities			
Asset retirement obligation (note 14)	285	958	1,243
Net Assets			
Investment in capital assets (note 15)	3,626	405	4,031
Unrestricted	(9,001)	(958)	(9,959)
	(5,375)	(553)	(5,928)
Consolidated Statement of Operations			
Expenses			
Amortization of capital assets (note 7)	9,048	26	9,074
ARO accretion (note 14)	-	30	30
	9,048	56	9,104
Total expenses	104,944	56	105,000
Surplus (deficiency) of revenues over expenses	4,854	(56)	4,798
Consolidated Statement of Changes in Net Assets			
Balance, beginning of year			
Investment in capital assets	3,317	431	3,748
Unrestricted	(8,435)	(928)	(9,363)

Yukon Hospital Corporation
Notes to the Consolidated Financial Statements

March 31, 2023

(in thousands of dollars)

3. Adoption of New Accounting Standards (continued)

Total, beginning of year	47,050	(497)	46,553
Deficiency, Surplus of revenues over expenses	4,854	(56)	4,798
Total, end of year	51,904	(553)	51,351

Consolidated Statement of Cash Flows

Operating activities			
Surplus (deficiency) of revenues over expenses	4,854	(56)	4,798
Amortization of capital assets (note 7)	9,048	26	9,074
ARO accretion (note 14)	-	30	30
	13,902	0	13,902

	2022 (as previously reported) \$	Restatement \$	2022 (restated) \$
Restatement of Note 7 (b) - Capital Assets			
Buildings			
Cost, beginning of year	194,648	614	195,262
Cost, end of year	194,648	614	195,262
Accumulated amortization, beginning of year	59,380	183	59,563
Amortization expense	5,051	26	5,077
	64,431	209	64,640
Accumulated Amortization, end of year	64,431	209	64,640
Net book value	130,217	405	130,622
Total			
Cost, beginning of year	249,481	614	250,095
Cost, end of year	257,150	614	257,764
Accumulated amortization, beginning of year	86,623	183	86,806
Amortization expense	9,048	26	9,074
	95,671	209	95,880
Accumulated amortization, end of year	94,603	209	94,812
Net book value	162,547	405	162,952

Yukon Hospital Corporation
Notes to the Consolidated Financial Statements

March 31, 2023
(in thousands of dollars)

3. Adoption of New Accounting Standards (continued)

Restatement of Note 14 – Asset Retirement Obligation

	2022 (as previously reported)	Restatement	2022 (restated)
	\$	\$	\$
Asbestos			
Opening balance	200	790	990
ARO accretion	-	25	25
Closing Balance	200	815	1,015
Fuel Tanks			
Opening balance	85	138	223
ARO accretion	-	5	5
Closing balance	85	143	228
Total Asset Retirement Obligation			
Opening balance	285	928	1,213
ARO accretion	-	30	30
Closing balance	285	958	1,243

**Restatement of Note 15 - Investment
in Capital Assets**

a) Net assets invested in capital assets is
calculated as follows:

Capital assets (note 7)	162,547	405	162,952
Total investment in capital assets	3,626	405	4,031
b) Change in amortization			
Amortization of capital assets	9,048	26	9,074
Total	(1,491)	(26)	(1,517)

Yukon Hospital Corporation
Notes to the Consolidated Financial Statements

March 31, 2023

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3. Adoption of New Accounting Standards (continued)

b) PS 3450 – Financial Instruments

The Corporation also adopted PS 3450 – Financial Instruments, effective April 1, 2022. No significant changes were required as a result of implementing these new standards.

4. Inventory

	2023	2022
	\$	\$
Pharmacy	1,824	1,927
Operating Room	1,231	978
Material Management	697	641
Laboratory	368	406
Total Inventory	<u>4,120</u>	<u>3,952</u>

5. Restricted Funds

Included in cash are the following amounts:

	2023	2022
	\$	\$
Externally restricted – capital	278	298
Externally restricted – other	276	275
	<u>554</u>	<u>573</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.

	2023	2022
	\$	\$
Balance, beginning of year	298	183
Contributions received during the year	222	118
Amounts used for capital purchases during the year	(242)	(3)
Balance, end of year	<u>278</u>	<u>298</u>

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2023

(in thousands of dollars)

5. Restricted Funds (continued)

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.

	2023	2022
	\$	\$
Balance, beginning of year	275	297
Contributions received during the year	62	46
Amounts disbursed during the year	(61)	(68)
Balance, end of year	<u>276</u>	<u>275</u>

6. 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 2023, Group 1 members were required to contribute to the plan at a rate of 7.60% (calendar 2022 – 7.90%) of annualized earnings up to the Year's Maximum Pensionable Earnings ("YMPE") plus 9.60% (calendar 2022 – 9.90%) of annualized earnings in excess of YMPE. Group 2 members were required to contribute to the plan at a rate of 6.50% (calendar 2022 – 6.80%) of annualized earnings up to the YMPE plus 8.50% (calendar 2022 – 8.80%) 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 \$173,606 as at March 31, 2023 (2022 - \$172,523).

An actuarial valuation for accounting purposes was performed as at March 31, 2023 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, 2024.

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

Yukon Hospital Corporation
Notes to the Consolidated Financial Statements

March 31, 2023

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6. Pension Costs and Obligations (continued)

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.

Contributions

As of March 31, 2019, employee and employer contributions to the Plan are at a 50/50 cost-sharing rate.

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:

	2023	2022
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)	9.2	9.0
Inflation rate	2.00%	2.00%
Weighted Average Assumptions for Benefit Obligation at Fiscal Year		
Discount rate	6.75%	6.00%
Rate of compensation increase (exclusive of seniority, merit)	2.50%	2.50%
Expected average remaining service lifetime (EARSL)	9.2	9.0

As at March 31, 2023, pension fund assets are valued at market value. No adjustment is made for benefits payable or contributions receivable.

Yukon Hospital Corporation
Notes to the Consolidated Financial Statements

March 31, 2023

(in thousands of dollars)

6. Pension Costs and Obligation (continued)

	2023 \$	2022 \$
Change in Accrued Benefit Obligation		
Accrued benefit obligation, beginning of year	114,689	110,091
	5,623	5,661
Current period benefit cost (employee and employer), excludes provision for non-investment expenses		
Interest cost	6,807	6,498
Benefits paid	(8,093)	(9,248)
Actuarial (gains) losses	(7,179)	1,687
Accrued benefit obligation, end of year	<u>111,847</u>	<u>114,689</u>
Change in Plan Assets		
Fair value of plan assets, beginning of year	172,523	169,366
Actual return on plan assets	(813)	5,676
Employer contributions	7,564	4,231
Employee contributions	2,773	2,836
Benefits paid	(8,093)	(9,248)
Actual plan expenses	(348)	(338)
Fair value of plan assets, end of year	<u>173,606</u>	<u>172,523</u>
Reconciliation of Funded Status		
Accrued benefit obligation	111,847	114,689
Fair value of plan assets	(173,606)	(172,523)
Funded surplus	(61,759)	(57,834)
Unamortized actuarial gains (losses)	(1,367)	1,761
Accrued pension benefit asset	<u>(63,126)</u>	<u>(56,073)</u>
Pension Benefits Cost		
Current period benefit cost, includes provision for non- investment expenses	5,978	6,035
Amortization of actuarial losses	907	(114)
Employee contributions	(2,773)	(2,836)
Benefit expense	4,112	3,085
Interest on expected average accrued benefit obligation	6,807	6,498
Expected return on plan assets	(10,408)	(10,086)
Pension benefits cost	<u>511</u>	<u>(503)</u>

Yukon Hospital Corporation
Notes to the Consolidated Financial Statements

March 31, 2023

(in thousands of dollars)

6. Pension Costs and Obligation (continued)

As at December 31, 2022 the pension plan had a solvency surplus of \$8,785 (December 31, 2021 – deficit of \$16,294) if valued on the basis that the pension plan were terminated/wound up as at December 31, 2022. The solvency ratio of the plan is 105% (93% in 2021). In accordance with the *Pension Benefits Standards Act, 1985*, the Corporation is required to make special payments when applicable to address the pension solvency requirements. The Corporation is permitted to cover up to a specified maximum with a conforming letter of credit. As at March 31, 2023 the Corporation has a conforming letter of credit totaling \$35,128 (2022 - \$33,810). The actuary has determined that the special payment shortfall for calendar 2023 is \$2,463 (2022 – \$3,767).

Yukon Hospital Corporation
Notes to the Consolidated Financial Statements

March 31, 2023
(in thousands of dollars)

7. Capital Assets
(a) 2023

	Land	Land Improvements	Buildings (Restated- Note 3)	Building Improvements	Equipment & Vehicles	Computer Hardware & Systems Development	Construction In Progress	Total (Restated - Note 3)
	\$	\$	\$	\$	\$	\$	\$	\$
Cost, beginning of year, as restated	1,751	1,480	195,262	6,214	28,356	12,948	11,753	257,764
Acquisitions	-	-	-	191	1,325	284	6,869	8,669
Transfers	-	-	-	-	-	701	(1,319)	(618)
Disposals	-	-	-	-	(221)	(687)	-	(908)
Cost, end of year	1,751	1,480	195,262	6,405	29,460	13,246	17,303	264,907
Accumulated amortization, beginning of year, as restated	-	695	64,640	3,346	17,937	8,194	-	94,812
Amortization expense	-	136	5,078	459	2,288	1,221	-	9,182
Disposals	-	-	-	-	(217)	(687)	-	(904)
Accumulated amortization, end of year	-	831	69,718	3,805	20,008	8,728	-	103,090
Net book value	1,751	649	125,544	2,600	9,452	4,518	17,303	161,817

Yukon Hospital Corporation
Notes to the Consolidated Financial Statements

March 31, 2023
(in thousands of dollars)

7. Capital Assets
(b) 2022

	Land	Land Improvements	Buildings (Restated - Note 3)	Building Improvements	Equipment & Vehicles	Computer Hardware & Systems Development	Construction In Progress	Total (Restated - Note 3)
	\$	\$	\$	\$	\$	\$	\$	\$
Cost, beginning of the year, as restated	1,751	1,480	195,262	6,007	26,756	8,464	10,375	250,095
Acquisitions	-	-	-	207	1,722	49	6,860	8,838
Transfers	-	-	-	-	961	4,494	(5,482)	(27)
Disposals	-	-	-	-	(1,083)	(59)	-	(1,142)
Cost, end of year	1,751	1,480	195,262	6,214	28,356	12,948	11,753	257,764
Accumulated amortization beginning of year, as restated	-	559	59,563	2,915	16,568	7,201	-	86,806
Amortization expense	-	136	5,077	431	2,378	1,052	-	9,074
Disposals	-	-	-	-	(1,009)	(59)	-	(1,068)
Accumulated amortization, end of year	-	695	64,640	3,346	17,937	8,194	-	94,812
Net book value	1,751	785	130,622	2,868	10,419	4,754	11,753	162,952

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2023

(in thousands of dollars)

8. Contributions Receivable

The Corporation received financing from CIBC for the construction of the Crocus Ridge building, Watson Lake Hospital, and Dawson City Hospital, as well as for the (note 9) calendar 2022 Pension Solvency obligation. The Government of Yukon has committed funds 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, 2023			
Crocus Ridge building	7,248	(1,056)	6,192
Watson Lake Hospital	8,062	(1,538)	6,524
Dawson City Hospital	7,300	(1,200)	6,100
Pension solvency and Letter of Credit interest	4,867	(71)	4,796
	27,477	(3,865)	23,612
Short-term contributions receivable			4,808
Long-term contributions receivable			18,804
			23,612
	Commitment	Principal Payment	Total
	\$	\$	\$
March 31, 2022			
Crocus Ridge building	8,250	(1,002)	7,248
Watson Lake Hospital	9,521	(1,459)	8,062
Dawson City Hospital	8,500	(1,200)	7,300
	26,271	(3,661)	22,610
Short-term contributions receivable			3,793
Long-term contributions receivable			18,817
			22,610

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2023

(in thousands of dollars)

9. Short-Term Debt

	2023 \$	2022 \$
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.	6,524	8,062
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.	6,100	7,300
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.	6,192	7,248
Demand term loan with Government of Yukon with interest on letter of credit portion at 65 bps. Annual interest rate is prime (3.95%). Term of loan is 15 years, with final payment due on December 11, 2034.	3,063	3,063
Demand term installment loan with CIBC with interest calculated at Bankers' Acceptance with stamping fees calculated at 80 bps per annum exchanged for a fixed rate by way of interest rate swap fixed at 5.30% per annum for the Pension solvency and Letter of Credit interest. Blended payments of \$93 due monthly beginning March 31, 2023 with the final payment due on February 28, 2028.	4,796	-
	<u>26,675</u>	<u>25,673</u>

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2023

(in thousands of dollars)

9. Short-Term Debt (continued)

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.

During the year, the Corporation was requested by the Government of Yukon to obtain a loan with a financial institution to cover the current year's Pension Solvency and Letter of Credit obligation. In 2023, the Corporation obtained a loan from CIBC for \$4,867 (2022 - \$0) with a commitment from the Government of Yukon to provide debt servicing support.

Principal Repayment Schedule

Principal repayment on the indebtedness over the next five years and thereafter are as follows:

	\$
2024	4,808
2025	5,001
2026	5,204
2027	4,936
2028	3,562
2029 and thereafter	3,164
	<u>26,675</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 \$936 (2022 - \$441) of variable interest payments representing an average variable rate of 4.05% (2022 - 1.80%) to a fixed interest payment of \$1,060 (2022 - \$1,224), representing an average fixed rate of 4.59% (2022 - 5.01%). These exchanges were made on a net cash basis.

10. Deferred Revenue

The balance of \$952 (2022 - \$1,867) includes \$528 in restricted contributions related to the Yukon Hospital Foundation, and \$424 in other externally restricted funds from the Government of Yukon.

11. 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

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2023

(in thousands of dollars)

11. Long-Term Debt (continued)

by a general security agreement on building improvements with a net book value of \$0 (2022 - \$30).

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 (2022 - \$0). The Corporation has not

received access to secondary sales and a request has been provided to Yukon Development Corporation to forgive the remaining balance of \$85 (2022 - \$85) in fiscal 2024, consistent with section 4.7 of the Secondary Power Infrastructure Loan Agreement.

12. 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.

	2023	2022
	\$	\$
Severance	2,333	2,474
Sick leave	747	787
Less: short-term portion (included in accrued payroll and benefits)	(175)	(393)
	<u>2,905</u>	<u>2,868</u>

13. 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:

	2023	2022
	\$	\$
Balance, beginning of year	159,219	159,724
Restricted Government of Yukon contributions	10,051	6,615
Restricted non-government contributions	254	437
Amount amortized to revenue	(7,517)	(7,557)
Balance, end of year	<u>162,007</u>	<u>159,219</u>

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2023

(in thousands of dollars)

14. Asset Retirement Obligation

The Corporation's Asset Retirement Obligation consists of the following:

1) Asbestos liability

The Corporation owns and operates several buildings that are known to contain asbestos, which represents a health hazard upon demolition of the building. Per Occupational Health and Safety Legislation, there is a legal obligation to remove the asbestos when the building is retired. Following the adoption of PS 3280 – *Asset Retirement Obligations*, the Corporation estimated and recognized an obligation relating to the removal and post-removal care of the asbestos in these buildings as at April 1, 2022. The buildings have a remaining estimated useful life ranging from 5 to 31 years since they were acquired. Estimated costs have been discounted to the present value using a discount rate of 2.5% per annum, to be incurred over the remaining estimated useful life of the buildings.

2) Fuel tanks liability

The Corporation has recognized asset retirement obligations for its fuel tanks, allocated to buildings, at the Whitehorse General Hospital site. Asset retirement activities for the fuel tanks may include decommissioning or dismantling the tanks, remediation of contamination from their normal use, and post-retirement monitoring. Following the adoption of PS 3280 – *Asset Retirement Obligations*, the Corporation estimated and recognized an obligation relating to the removal and post-removal care of the fuel tanks as at April 1, 2022. The fuel tanks have an estimated remaining useful life of 10 years. Estimated costs have been discounted to the present value using a discount rate of 2.5% per annum, to be incurred over the remaining estimated useful life of the fuel tanks.

Changes to the asset retirement obligation in the year are as follows:

	Asbestos	Fuel Tanks	2023
	\$	\$	\$
Opening balance, as restated	1,015	228	1,243
ARO accretion	25	6	31
Closing balance	1,040	234	1,274
	Asbestos	Fuel Tanks	2022
	\$	\$	\$
			(Restated – Note 3)
Opening balance, as restated	990	223	1,213
ARO accretion	25	5	30
Closing balance, as restated	1,015	228	1,243

The undiscounted asset retirement obligation adjusted for inflation is \$2,052.

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2023

(in thousands of dollars)

15. Investment in Capital Assets

a) Net assets invested in capital assets is calculated as follows:

	2023 \$	2022 \$ (Restated – Note 3)
Capital assets (note 7)	161,817	162,952
Amounts financed by deferred capital contributions (net of unexpended externally restricted contributions)	<u>(161,727)</u>	<u>(158,921)</u>
	<u>90</u>	<u>4,031</u>

Change in net assets invested in capital assets is calculated as follows:

b) Change in amortization

	2023 \$	2022 \$ (Restated – Note 3)
Amortization of deferred capital contributions	7,517	7,557
Amortization of capital assets	<u>(9,182)</u>	<u>(9,074)</u>
	<u>(1,665)</u>	<u>(1,517)</u>

c) Net change in invested capital assets

	2023 \$	2022 \$
Purchase of capital assets (net of contributed land)	8,053	8,838
Transfers	-	(27)
Amounts funded by deferred capital contributions	<u>(10,325)</u>	<u>(6,937)</u>
Disposal of capital assets (net of accumulated amortization)	<u>(4)</u>	<u>(74)</u>
	<u>(2,276)</u>	<u>1,800</u>

Contributed Land and Building

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.

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2023

(in thousands of dollars)

15. Investment in Capital Assets (continued)

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.

Contributed Equipment

In fiscal 2021, the Government of Yukon transferred to the Corporation six drug dispensers and six drug cabinets at no cost. These assets were recorded at a fair value of \$746.

In fiscal 2021, in response to the COVID-19 pandemic, the Government of Canada transferred to the Corporation two sterilizers for N95 masks at no cost. These assets were recorded at a fair value of \$240.

The Corporation did not receive any contributed equipment in fiscal 2023.

16. 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*.

The following amounts pertain to the FNHP and have been included in the Consolidated Statement of Operations.

	2023	2022
	\$	\$
Revenues		
Government of Yukon contribution (note 18)	1,200	1,200
Interest	191	1
Government of Yukon – Other (note 18)	22	20
Other	14	9
	1,427	1,230
Expenses		
Payroll	1,329	1,304
Sundry	96	98
Travel	71	39

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2023

(in thousands of dollars)

16. First Nations Health Program (continued)

Material and supplies	10	18
Honorariums	6	10
Amortization	3	1
Equipment	-	3
	1,515	1,473
Surplus of revenues over expenses	(88)	(243)
Opening surplus	176	419
Net surplus, restricted for FNHP	88	176

17. Other Expenses

	2023	2022
	\$	\$
Property tax	1,373	1,331
Software maintenance	1,153	1,507
Delivery/courier/taxi	975	937
Communications	781	719
Legal and professional fees	716	1,470
Conference fees/travel	634	443
Insurance	477	427
Recruitment and relocation	401	479
Miscellaneous	362	340
Membership fees	289	337
Bad debt	194	784
Advertising	99	72
Honorariums	88	96
	7,542	8,942

18. Related Party Transactions

	2023	2022
	\$	\$
Government of Yukon contribution		
Basic funding	84,323	80,889
First Nations Health Program (note 16)	1,200	1,200
Total basic funding	85,523	82,089
COVID-19 funding	-	5,830
Other	7,917	4,628
Other – First Nations Health Program (note 16)	22	20
Total Government of Yukon contribution	93,462	92,567

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2023

(in thousands of dollars)

18. Related Party Transactions (continued)

Revenue received from the Government of Yukon for services was \$93,462 for 2023 (2022 - \$92,567). The 2023 contribution includes \$93 (2022 - \$93) of flow-through funding provided to the Foundation.

	2023	2022
	\$	\$
Other government contracts		
Government Service contracts	948	982
Cost recovery arrangement	2,753	2,023
Total other government contracts	<u>3,701</u>	<u>3,005</u>

In fiscal 2023, the Corporation held various service contracts relating to the provision of food, laundry and housekeeping services with Government of Yukon. 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 \$2,753 (2022 - \$2,023) 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 \$2,287 (2022 - \$1,895). As this is a cost recovery arrangement, the revenues and cost of sales have been reported on a gross basis.

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 2023 was \$501 (2021 - \$484).

Other Related Party Transactions

In addition to those related party transactions disclosed elsewhere in these consolidated financial statements (notes 5, 8, 9, 11, 13, 15 and 16) 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, 2023 there were \$297 (2022 - \$364) of accounts payable and accrued liabilities and \$2,005 (2022 - \$3,140) 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.

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2023

(in thousands of dollars)

18. Related Party Transactions (continued)

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 2023.

In fiscal 2022, the Corporation (the Lessor) amended a lease from fiscal 2012 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.

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 2022, the Corporation (the Lessor) amended a lease from fiscal 2019 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 2022, the Corporation (the Lessor) amended a lease from fiscal 2019 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.

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2023

(in thousands of dollars)

18. Related Party Transactions (continued)

Details of the leases are outlined as follows:

	Annual Lease Payments \$	Term Years
Crocus Ridge 1 st and 2 nd floor office space	825	5
Dawson City Hospital clinical space	95	15
Dawson City Hospital office space	69	15
Dawson City Hospital office space	5	5
Dawson City Hospital office space	3	5
Dawson City Hospital clinical space	7	10
Watson Lake Hospital rentable space	69	15
Watson Lake Hospital space	74	13
	1,147	

19. Contractual Obligations

The Corporation has contractual commitments whereby the minimum required payments for the next five years and thereafter are as follows:

	\$
2024	7,005
2025	3,680
2026	3,467
2027	3,360
2028 and thereafter	259
	17,771

Contractual commitments fall under the following major categories; capital projects, medical and other equipment service agreements, software maintenance agreements and professional/service level agreements.

20. 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

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2023

(in thousands of dollars)

20. Financial Risks (continued)

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.

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:

	2023	2022
	\$	\$
Government of Yukon	2,005	2,731
Consumers	1,466	883
Other governments	808	426
Other	430	589
	<u>4,709</u>	<u>4,629</u>

The Corporation's accounts receivable has a carrying value of \$4,709 as at March 31, 2023 (2022 - \$4,629). As at March 31, 2023, approximately 51% (2022 - 41%) of accounts receivable were over 90 days past due, whereas 44% (2022 - 50%) were current or less than 30 days past due. The Corporation's allowance for doubtful accounts is \$1,340 as at March 31, 2023 (2022 - \$1,140).

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.

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2023

(in thousands of dollars)

20. Financial Risks (continued)

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 \$12,636 as at March 31, 2023 (2022 - \$9,599). As at March 31, 2023, approximately 1% (2022 - 7%) of accounts payable were over 90 days past due, whereas 43% (2022 - 51%) were current or less than 30 days past due. The Corporation's accrued payroll and benefits has a carrying value of \$4,967 as at March 31, 2023 (2022 - \$6,890) and is payable in the next fiscal year.

The Corporation's short-term debt has remaining undiscounted contractual cash flows of \$32,019 as at March 31, 2023 (2022 - \$31,393) 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 \$85 as at March 31, 2023 (2022 - \$91).

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.

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2023

(in thousands of dollars)

21. 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 commitments 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

(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 defines and computes its capital as follows:

	2023 \$	2022 \$ (Restated – Note 3)
Restricted for capital purchases, internal	1,128	1,030
Restricted for pension	63,126	56,073
Unrestricted	(15,077)	(9,959)
	49,177	47,144

22. Impact of COVID-19

The World Health Organization declared the Coronavirus COVID-19 (COVID-19) outbreak a pandemic on March 11, 2020. In response to the impacts of COVID-19, the Corporation continues to experience a change in demand for its services and is working diligently to mitigate the financial impacts.

Other government contract revenue and expenses

For the year ended March 31, 2023, the Government of Yukon committed \$0 (2022 - \$5,830) to cover COVID-19 related incremental expenses and loss of revenues (note 18). During the year, the Corporation incurred COVID-related expenses of \$0 (2022 - \$5,622). No further significant COVID-specific funding or expenditures is expected in future years.

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YUKON HOUSING CORPORATION
FINANCIAL STATEMENTS
March 31, 2023
(audited)

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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.

Justin Ferbey
President

October 26, 2023

Marcel Holder Robinson, CPA, CGA
Director, Finance and Risk Management

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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 2023, and the statement of operations and accumulated surplus, statement of change in (net debt) net financial assets 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 2023, 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, after giving retroactive effect to the change in method of accounting for asset retirement obligations as explained in Note 3 to the 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 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.



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

Edmonton, Canada
26 October 2023


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Yukon Housing Corporation
Statement of Financial Position
as at March 31, 2023

	2023	2022
		Restated - Note 3
	(thousands of dollars)	
Financial assets		
Cash (Note 4)	\$ 6,804	\$ 4,504
Accounts receivable (Note 5)	691	4,970
Due from the Government of Yukon (Note 15(a))	1,281	3,152
Mortgages and loans receivable (Note 6)	29,515	32,417
	<u>38,291</u>	<u>45,043</u>
Liabilities		
Accounts payable and accrued liabilities	7,033	7,534
Environmental liability (Note 7)	579	184
Asset retirement obligation (Note 20)	9,962	10,410
Deferred revenue (Note 8)	2,993	3,293
Long-term debt (Note 9)	9,638	10,794
Post-employment benefits (Note 10)	2,497	2,509
Advances - Government of Yukon (Note 12)	17,523	23,001
	<u>50,225</u>	<u>57,725</u>
(Net debt) net financial assets	<u>(11,934)</u>	<u>(12,682)</u>
Non-financial assets		
Tangible capital assets (Note 13 and Schedule B)	114,754	113,043
Prepaid expenses (Note 19)	3,644	3,453
	<u>118,398</u>	<u>116,496</u>
Accumulated surplus	<u>\$ 106,464</u>	<u>\$ 103,814</u>
Contractual obligations and contingencies (Note 16)		
Contractual rights (Note 17)		

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, 2023

	2023		2022
	Main		Restated - Note 3
	Estimates	Actual	Actual
	(Note 1(c))		
	(thousands of dollars)		
Revenues			
Rental income	\$ 7,050	\$ 7,833	\$ 7,627
Funding from Canada Mortgage and Housing Corporation			
- National Housing Strategy	4,777	4,976	5,202
- Social Housing Agreement	3,518	3,518	3,594
- Northern Funding Agreement	-	140	210
- Investment in Affordable Housing	-	-	47
- Social Infrastructure Fund	-	-	248
- Community Housing Initiative	-	-	3,000
- Northern Carve Out	4,913	-	-
Interest income	1,511	1,305	1,409
Other	20	348	823
Tenant damage charge back recovery	60	59	93
Recovery of loan receivable allowances	-	27	-
	<u>21,849</u>	<u>18,206</u>	<u>22,253</u>
Expenses (Note 14)			
Social and staff housing operations (Schedule A)	18,406	18,691	13,205
Lending and grant programs (Schedule A)	17,094	6,685	6,615
Amortization (Note 14 and Schedule B)	3,900	4,563	4,186
Corporate services (Schedule A)	2,912	2,737	3,259
Administration (Schedule A)	2,822	2,186	2,178
Rent supplement programs	1,408	1,722	1,529
Subsidies - private social housing organizations	617	393	366
	<u>47,159</u>	<u>36,977</u>	<u>31,338</u>
Deficit for the year before government funding	(25,310)	(18,771)	(9,085)
Government of Yukon funding			
Capital transfer revenue	22,547	10,768	17,372
Operations and maintenance transfer revenue	7,626	8,116	6,468
Low Carbon Economy Fund	3,190	2,035	1,679
Rental assistance - in-kind (Note 15(b))	-	502	502
	<u>33,363</u>	<u>21,421</u>	<u>26,021</u>
Surplus for the year	8,053	2,650	16,936
Accumulated surplus at beginning of year, as restated	103,814	103,814	86,878
Accumulated surplus at end of year	\$ 111,867	\$ 106,464	\$ 103,814

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



Yukon Housing Corporation

Statement of Change in (Net Debt) Net Financial Assets

for the year ended March 31, 2023

	2023		2022
	Main		Restated - Note 3
	Estimates	Actual	Actual
	(Note 1(c))		
	(thousands of dollars)		
Surplus for the year	\$ 8,053	\$ 2,650	\$ 16,936
Effect of change in tangible capital assets			
Acquisitions	(11,953)	(6,885)	(22,638)
Change in ARO estimate	-	555	-
Amortization of tangible capital assets	3,900	4,563	4,186
Disposal of tangible capital assets (net book value)	-	-	-
Write-down of tangible capital assets	-	56	16
	(8,053)	(1,711)	(18,436)
Effect of change in other non-financial assets			
Consumption of prepaid expenses	-	186	73
Purchase of prepaid expenses	-	(377)	(128)
	-	(191)	(55)
Increase (decrease) in net financial assets (net debt)	-	748	(1,555)
Net debt at beginning of year, as restated	(12,682)	(12,682)	(11,127)
Net debt at end of year	\$ (12,682)	\$ (11,934)	\$ (12,682)

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, 2023

	2023	2022
		Restated - Note 3
	(thousands of dollars)	
Operating transactions		
Surplus for the year	\$ 2,650	\$ 16,936
Adjustments for non-cash items		
Transfer revenue from Government of Yukon (Note 12)	(3,799)	(16,090)
Amortization of tangible capital assets (Note 13 and Schedule B)	4,563	4,186
Change in estimate of environmental liabilities (Note 7)	395	-
Accretion expense (Note 20)	256	250
Post-employment benefits expense (Note 10)	265	385
Bad debt expense (Schedule A)	(161)	157
Gains from tangible capital asset additions (Note 13)	-	(669)
Write-downs (Schedule B)	56	16
Mortgages receivable allowances / discounts (Note 6)	(62)	(370)
	<u>4,163</u>	<u>4,801</u>
Changes in accruals of operating cash receipts or (payments)	4,751	1,822
Cash provided by operating transactions	<u>8,914</u>	<u>6,623</u>
Capital transactions		
Acquisition of tangible capital assets	(8,422)	(21,768)
Cash (used for) capital transactions	<u>(8,422)</u>	<u>(21,768)</u>
Investing transactions		
Issuances of mortgages receivable	(4,185)	(3,997)
Repayments of mortgages receivable	6,707	8,409
Repayments of land sales agreements receivable	442	958
Cash provided by investing transactions	<u>2,964</u>	<u>5,370</u>
Financing transactions		
Repayments of long-term debt	(714)	(710)
Repayments of land sales agreements payable	(442)	(958)
Cash (used for) provided by financing transactions	<u>(1,156)</u>	<u>(1,668)</u>
Increase (decrease) in cash	2,300	(11,443)
Cash at beginning of year (Note 4)	4,504	15,947
Cash at end of year (Note 4)	\$ 6,804	\$ 4,504
Interest received in the year	\$ 1,305	\$ 1,527
Interest paid in the year	50	69

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, 2023

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 work collaboratively to provide responsive and innovative solutions to diverse housing needs and vulnerabilities.

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 provided advisory services to the Corporation and a review function in appeals of decisions made by the Corporation. In 2021-22, these housing advisory boards became inactive.

(c) Main estimates

The Main Estimates figures are from the Main Estimates approved in the Yukon Legislative Assembly in 2022. 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) 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 12).



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2023

2. Significant accounting policies (continued)

(a) Funding and advances from the Government of Yukon (continued)

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).

(b) Cash

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

(c) 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 cost less any valuation allowance or fair value less cost to sell.

(d) Mortgages and loans receivable

Mortgages receivable are fully secured and recorded at amortized 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 concessionary terms are reviewed annually.

Concessionary loans are recorded at the discounted value of the loan after the grant portion has been charged to concessionary loan discount expense. For concessionary loans, subsequent to initial valuation, the loans are carried at amortized costs using the effective interest method. The discounted value and the effective interest rate are determined using the Corporation's average borrowing rate at the date of issuance. The grant portion is calculated as the difference between the face value and the discounted value of the loan and is recorded as concessionary loans discount expense at the date of issue. The amortization of the discount would be recorded as an increase in the loan balance and an increase to interest income.

Housing industry loans are provided to private organizations and individuals as a way to finance the construction of more affordable rental units. These loans are also provided to organizations that are seeking financing to build shelters to accommodate social programs.

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.



2. Significant accounting policies (continued)

(e) Tangible capital assets

Tangible capital assets are recorded at cost, net of accumulated amortization. Interest on loans during construction of capital assets is capitalized. Costs include all cost directly attributable to acquisition, construction, development or betterment of the tangible capital asset, including installing the asset at the location and in the condition necessary for its intended use. Cost incurred for maintenance and repairs are accounted for as expenses in the Statement of Operations and Accumulated Surplus. Assets under construction are not amortized until available for use. On an annual basis, the Corporation reassess the useful life of their assets, during the year the housing assets have been revised.

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

Social housing projects	40 - 50 years
Social housing betterment	15 years
Staff housing projects and other facilities:	
Standard construction	40 - 50 years
Mobile home units	20 - 30 years
Office building	40 - 50 years
Other facilities	15 years
Furnishings and equipment	5 to 15 years
Vehicles	6 years
Computer systems	3 years
Leasehold improvements	remaining lease term

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Corporation's ability to provide services. The write-downs are accounted for as expenses in the Statement of Operations and Accumulated Surplus.

(f) Environmental liabilities

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 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.



2. Significant accounting policies (continued)

(g) Post-employment benefits

Post-employment benefits are expected to be provided to employees of the Corporation after employment but before retirement. These benefits include severance benefits and accumulated sick and vacation leave benefits that are paid in cash when employment is terminated. The Corporation recognizes the obligation for these benefits as a liability and uses an actuary to estimate the amount of the obligation. Expenses related to post-employment benefits are recognized in the period in which the employee's service is rendered and the benefit is earned. The accrued benefit liability for these benefits is calculated as the accrued benefit obligation adjusted by unamortized actuarial gains or losses. Net actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service life of the active employees commencing with the period following the determination of the net actuarial gains or losses.

(h) Retirement benefits

All eligible employees participate in the Public Service Pension Plan administered by the Government of Canada. The Corporation's contribution to the Plan reflects the full cost as employer. This amount is currently based on a multiple of the employees' required contributions, and may change over time depending on the experience of the Plan. The Corporation's contributions are expensed during the year in which the services are rendered and represent the total pension obligation of the Corporation. The Corporation is not currently required to make contributions with respect to any actuarial deficiencies of the Public Service Pension Plan.

(i) Revenue recognition

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

Interest income on mortgages is recognized using the effective interest method. When a mortgage becomes impaired, recognition of interest ceases; thereafter, interest income for impaired loans is recognized on a cash basis.

Rental income is recorded on an accrual basis.

(j) Expenses

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



2. Significant accounting policies (continued)

(k) Asset retirement obligation

A liability for an asset retirement obligation (ARO) is recognized at the best estimate of the amount required to retire a tangible capital asset at the financial statement date when there is a legal obligation for the Corporation to incur retirement costs, a past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at year-end. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods. The discount rate used reflects the Corporation's cost of borrowing, associated with the estimated number of years to complete the retirement or remediation.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset and amortized over the asset's estimated useful life. Asset retirement obligations which are incurred incrementally with use of the asset are recognized in the period incurred with a corresponding asset retirement cost expensed in the period. An asset retirement obligation may arise in connection with a tangible capital asset that is not recognized or no longer in productive use. In this case, the asset retirement cost would be expensed.

At each financial reporting date, the carrying amount of the liability is reviewed. The Corporation recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. Once the related tangible capital asset is no longer in productive use, changes to the liability are recognized as an expense in the period they are incurred. The Corporation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

Yukon Housing Corporation reviews its estimates of Asset Retirement Obligations annually.

(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 mortgages and loans receivable, valuation of accounts receivable, determination of amortization, valuation of post-employment benefits, estimation of contingencies, environmental liabilities and asset retirement obligations.



2. Significant accounting policies (continued)

(l) Measurement uncertainty (continued)

Contingencies result from uncertain situations whose outcome depends on one or more future events. Contingent liabilities are possible liabilities which could become actual liabilities if one or more future events occur. If it is likely that an event could occur, and a reasonable estimate of the liability can be made, a provision is recognized, and the expenses is recorded. If the likelihood of the event cannot be determined or if the amount involved cannot be reasonable estimated, a contingency is disclosed in the notes to the Financial Statement.

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 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.

The estimation of asset retirement obligation is subject to high degree of uncertainty because the existence and extent of contamination, and the associated cost of remediation cannot be reliably estimated in all circumstances. The best estimate of an asset retirement obligation incorporates a present value technique when the cash flow required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended periods. The discount rate used reflects the Corporation's cost of borrowing associated with the estimated number of years to complete the retirement or remediation. At the time of preparation of these financial statements, management believes the estimates and 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. Management reviews the carrying amount of liability, discount rates used at each financial reporting date.

(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)).



2. Significant accounting policies (continued)

(n) Financial Instruments

The Corporation's financial instruments include cash, accounts receivable, mortgages and loans receivable, accounts payable and accrued liabilities and long term debt. The carrying value of cash, accounts receivable, accounts payable and accrued liabilities 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, 2023.

Financial Assets	Measurement Basis
Cash	Cost
Accounts receivable	Cost
Mortgages & loans receivable	Amortized cost
Financial Liabilities	
Accounts payable and accrued liabilities	Cost
Long-term debt	Amortized cost

As all financial instruments are measured at cost or amortized cost, there have been no remeasurement gains or losses. Therefore, the Statement of Remeasurement Gains and Losses has been excluded. Financial instruments measured at amortized cost use the effective interest rate method.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the Statement of Operations.



3. Adoption of new accounting standards

(a) PS 3450 - Financial Instruments

Effective April 1, 2022, the Corporation adopted Canadian public sector accounting standard PS 3450 - Financial Instruments. Adoption of this new standard also required the adoption of PS 2601 - Foreign Currency Translation, PS 1201 - Financial Statement Presentation, and PS 3041 - Portfolio Investments in this same year. Items within the scope of the standard are assigned a measurement category of either fair value, cost or amortized cost. Fair value measurement will apply to derivatives and portfolio investments in equity instruments that are quoted in an active market. Also, when groups of financial assets and financial liabilities are managed on a fair value basis they may be reported on that basis. Other financial assets and financial liabilities will generally be measured at cost or amortized cost. Until an item is derecognized, gains and losses arising due to fair value remeasurement or foreign currency translation will be reported in the Statement of Remeasurement of Gains and Losses. Since no financial instruments are currently measured at fair value, the Statement of Remeasurement of Gains and Losses is not presented. The Corporation has adopted these standards using a prospective application. The adoption of these standards did not significantly impact the financial statements.

(b) PS 3280 – Asset Retirement Obligations:

On April 1, 2022, the Corporation adopted Canadian public sector accounting standard PS 3280 – Asset Retirement Obligations (ARO). The standard was adopted on the modified retroactive basis with restatement at the date of adoption. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. The restatement was calculated using assumptions and discount rates that were current at the beginning of this fiscal year; as a result, the total restatement in tangible capital assets and accumulated amortization together with an adjustment to the opening balance of accumulated surplus, was equivalent to the increase in the asset retirement obligation.

Upon adoption of the standard, the Corporation used a discount rate of 2.5%, which reflects the Corporation's cost of borrowing. In the future, the carrying amount of the liability, discount rate and other key assumptions will be reassessed at each financial reporting date.

The adoption of PS 3280 resulted in the addition of a new ARO in the amount of \$10,182,000, a net increase in tangible capital assets of \$1,596,000 and a net decrease to accumulated surplus of \$8,586,000 as at April 1, 2022. In addition to those adjustments, surplus for 2021-22 was also adjusted by \$250,000 for accretion expense, \$107,000 for amortization and \$22,000 for ARO disposal of buildings.

Refer to Note 20 for the current details of the Corporation's asset retirement obligation.



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2023

3. Adoption of new accounting standards (continued)

The restatement of the comparative figures is summarized in the table below

	2022	2022	
	(thousands of dollars)		
	(as previously reported)	Restatement	(Restated)
Statement of Financial Position			
Liabilities			
Asset Retirement Obligation	-	10,410	10,410
Total Liabilities	47,315	10,410	57,725
 (Net Debt) net financial assets	 (2,272)	 (10,410)	 (12,682)
 Non-financial Assets			
Tangible capital assets	111,554	1,489	113,043
Total Non-financial assets	115,007	1,489	116,496
 Accumulated Surplus	 112,735	 (8,921)	 103,814
 Statement of Operations			
Expense			
Social and staff housing	12,977	228	13,205
Amortization expense	4,079	107	4,186
 Total expenses	 31,003	 335	 31,338
 Deficit for the year before government funding	 (8,750)	 (335)	 (9,085)
 Accumulated Surplus at beginning of year	 95,464	 (8,586)	 86,878
Surplus for the year	17,271	(335)	16,936
Accumulated Surplus at end of year	<u>112,735</u>	<u>(8,921)</u>	<u>103,814</u>



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2023

3. Adoption of new accounting standards (continued)

Statement of Change in (Net Debt) Net Financial Assets

Surplus for the year	17,271	(335)	16,936
Effect of change in tangible capital assets			
Amortization of tangible capital asset	4,079	107	4,186
Total	18,543	(107)	18,436
Increase (Decrease) in net financial assets (net debt)	(1,327)	(228)	(1,555)
Net debt at beginning of year, as restated	(945)	(10,182)	(11,127)
Net debt at end of year, as restated	<u>(2,272)</u>	<u>(10,410)</u>	<u>(12,682)</u>

Statement of Cash Flow

Operating transactions			
Surplus for the year	17,271	(335)	16,936
Amortization of tangible capital asset	4,079	107	4,186
Accretion expense	-	250	250
Subtotal	4,779	<u>22</u>	4,801
Changes in accruals of operating cash receipts or (payments)	1,844	(22)	1,822

Schedule A

Social and Staff Housing Operation			
General Maintenance	3,475	(22)	3,453
Accretion expense	-	250	250
Total	12,977	<u>228</u>	13,205



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2023

3. Adoption of new accounting standards (continued)

Note 13 Tangible Capital Assets and Schedule B

Cost of tangible capital assets at beginning of year

Social housing	145,712	3,157	148,869
Staff housing	22,465	1,349	23,814
Office buildings	1,954	184	2,138
Other facilities	538	21	559
Total	179,751	<u>4,711</u>	184,462

Accumulated Amortization at beginning of year

Social housing	50,125	2,136	52,261
Staff housing	13,857	925	14,782
Office buildings	1,555	144	1,699
Other facilities	537	17	554
Total	68,197	<u>3,222</u>	71,419

Net Book Value

Social housing	95,587	1,021	96,608
Staff housing	8,608	424	9,032
Office buildings	399	40	439
Other facilities	1	4	5
Total	111,554	<u>1,489</u>	113,043

Note 14 Expenses by Object

Materials, supplies and utilities	8,608	(22)	8,586
Amortization	4,079	107	4,186
Accretion expense	-	250	250
Total	31,003	<u>335</u>	31,338

Note 20 - Asset Retirement Obligation

Opening balance	-	10,182	10,182
Accretion expense	-	250	250
Retirement	-	(22)	(22)
Closing balance	-	<u>10,410</u>	10,410



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2023

4. Cash

	2023	2022
	(thousands of dollars)	
Cash		
Bank balances	\$ 6,801	\$ 4,501
Cash on hand	3	3
	<u>\$ 6,804</u>	<u>\$ 4,504</u>

The Corporation has an overdraft facility with its bank of up to \$11,000,000 at bank prime less 0.85% (2022 - bank prime less 0.85%). At year end, the bank prime rate was 6.70% (2022 - 2.70%). The overdraft is guaranteed by the Government of Yukon.

5. Accounts receivable

	2023	2022
	(thousands of dollars)	
Due from Canada Mortgage and Housing Corporation		
- National Housing Strategy	\$ -	\$ 4,472
- Social Housing Agreement	231	236
Receivable from tenants	971	896
Other receivables	419	457
Less: Valuation allowance for receivable from tenants	(863)	(1,023)
Less: Valuation allowance for other receivables	(67)	(68)
	<u>\$ 691</u>	<u>\$ 4,970</u>

Valuation allowance for tenants and other receivables is calculated based on amounts greater than 90 days which exclude amounts due from Yukon Government as there is an expectation of collection.

On August 14, 1998 the Corporation entered into an agreement with CMHC to access funding under the Social Housing Agreement (SHA). Under this 31 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, 2023 the amount receivable under the SHA is \$231,000 (2022 - \$236,000).

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 (2019/2020 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, 2023 the amount receivable under the NHS is \$0 (2022 - \$4,472,050).



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2023

6. Mortgages and loans receivable

	Stated interest rates <u> %</u>	<u>2023</u> (thousands of dollars)	<u>2022</u> (thousands of dollars)
Mortgages receivable			
Home Ownership	0.00 - 5.39	\$ 21,743	\$ 22,406
<p>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 2028. Rural and Native Home Ownership mortgages receiving subsidies (Note 2(d)) at March 31, 2023 were \$0 (2022 - \$6,000).</p>			
Owner Build	3.64 - 5.39	4,482	5,081
<p>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 2028.</p>			
Developer Build	3.75	2,103	3,000
<p>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.</p>			
Repair and Upgrade	0.00 - 7.70	1,288	1,499
<p>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(d)) and forgiveness at March 31, 2023 were \$0 (2022 - \$29,000).</p>			
Energy Management	3.70	-	1
<p>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.</p>			



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2023

6. Mortgages and loans receivable (continued)

	Stated	2023	2022
	interest rates	(thousands of dollars)	
	%		
Housing Industry Loans	1.75 - 5.70	341	492
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		<u>29,957</u>	<u>32,479</u>
Less: Allowance for Home Repair Program subsidies		-	(29)
Less: Discount for loans receivable with concessionary terms*		(458)	(491)
Less: Allowance for impaired loans		<u>(181)</u>	<u>(181)</u>
Net mortgages receivable		29,318	31,778
Land sales agreements receivable	5.00	197	639
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>\$ 29,515</u>	<u>\$ 32,417</u>

*The total remaining principal \$ 1,418 is for 11 loans.

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

	2023	2022
Mortgages receivable	<u>3.93%</u>	<u>3.45%</u>
Land sales agreements receivable	5.00%	5.00%



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2023

7. Environmental liability

Changes in the environmental liability are as follows:

	2023	2022
	(thousands of dollars)	
Balance at beginning of year	\$ 184	\$ 216
Actual expenditures in current year relating to fuel oil spills	-	(32)
Revision of estimated remediation cost of existing sites	120	-
New sites assessed during fiscal year	275	-
Balance at end of year	<u>\$ 579</u>	<u>\$ 184</u>

Notable sites within the environmental liability include:

The Corporation is planning to remove five of its underground fuel tanks at its head office in Whitehorse. Based upon past experience with similar projects, the Corporation is forecasting \$275,000 to remediate potential fuel spills. This forecast may change as remediation is started in the fall of 2023.

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. Remediation has been completed and future expenditures of \$96,389 (2022 - \$36,389) at year end are for ongoing water and soil monitoring.

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 (2022- \$100,000).

Projected future expenditures at year end for site monitoring of \$108,000 (2022 - \$48,000) are for ongoing ground water and soils monitoring for remediated oil spill sites in Old Crow and Watson Lake (2022 - Old Crow and Watson Lake).

8. Deferred revenue

	2023	2022
	(thousands of dollars)	
Canada Mortgage and Housing Corporation (CMHC) funding		
- National Housing Strategy	\$ 2,294	\$ 2,494
- Investment in Affordable Housing	275	275
- Yukon First Nations - Multi-unit Residential Building Workshop	127	145
- Northern Funding Agreement	-	140
Unearned rent	297	239
	<u>\$ 2,993</u>	<u>\$ 3,293</u>

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



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2023

9. Long-term debt

	Stated interest rates %	2023 (thousands of dollars)	2022
Mortgages payable to chartered banks and CMHC (guaranteed by the Government of Yukon)	1.99 - 2.81	\$ 379	\$ 733
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 \$1,819,126 (2022 - \$2,042,310).			
Loans payable to chartered banks and CMHC (guaranteed by the Government of Yukon)	7.50 - 9.50	412	522
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	8,650	8,900
Repayable without interest in periodic instalments to 2027.			
Land sales agreements due to the Government of Yukon, unsecured	0.00	197	639
Repayable without interest in periodic instalments to 2025.			
Total long-term debt		<u>\$ 9,638</u>	<u>\$ 10,794</u>

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

	2023	2022
Mortgages payable to chartered banks and CMHC	2.73%	2.53%
Loans payable to chartered banks and CMHC	7.93%	7.91%

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)				
2024	\$ 129	\$ 119	\$ 250	\$ 170	\$ 668
2025	54	128	250	27	459
2026	55	139	5,150	-	5,344
2027	57	11	3,000	-	3,068
2028	59	12	-	-	71
Thereafter	25	3	-	-	28
Total	<u>\$ 379</u>	<u>\$ 412</u>	<u>\$ 8,650</u>	<u>\$ 197</u>	<u>\$ 9,638</u>

At March 31, 2023, the Corporation did not have any outstanding Government of Yukon Land Sales Agreements principal payments.



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2023

10. 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:

	2023	2022
	(thousands of dollars)	
Accrued benefit liability, beginning of year	\$ 2,509	\$ 2,173
Receipt from Government departments for staff transfers	(18)	73
Add: Post-employment benefits expenses		
Current service costs	208	222
Interest on accrued benefit liability	92	73
Amortization of net actuarial (gains)losses	(17)	17
Less: Benefits paid during the year	(277)	(49)
Accrued benefit liability, end of year	<u>2,497</u>	<u>2,509</u>
Unamortized net actuarial gain	(613)	(328)
Accrued benefit obligation, end of year	<u>\$ 1,884</u>	<u>\$ 2,181</u>

The significant actuarial assumptions were:

	2023	2022
Discount rate	<u>4.80%</u>	<u>4.00%</u>
Inflation	2.00%	2.00%
Expected average remaining service life of active employees	11.8 years	11.6 years
Seniority and Promotional Salary Increases - based on the annual rates from the Public Service Pension Plan	March 31, 2020 valuation report	

The most recent actuarial valuation made for these post-employment benefits was as of March 31, 2023. The next required valuation would be as of March 31, 2026.

Included in the total accrued benefit obligation at March 31, 2023 are vacation leave of \$662,000 (2022 - \$560,000) and accumulated sick leave of \$390,000 (2022 - \$422,000).

The post-employment benefit expense for the financial year is \$265,000 (2022 - \$386,000).



11. 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 \$1.02 (2022 - \$1.02) for every dollar contributed by the employee, and \$5.29 (2022 - \$5.91) for every dollar contributed by the employee for the portion of the employee's salary above \$196,200 (2022 - \$191,300). For new employees who are participating in the Plan on or after January 1, 2013, the Corporation contributes \$1.00 (2022 - \$1.00) for every dollar contributed by the employee, and \$5.29 (2022 - \$5.91) for every dollar contributed by the employee for the portion of the employee's salary above \$196,200 (2022 - \$191,300).

Contributions during the year were as follows:

	2023	2022
	(thousands of dollars)	
Employer's contribution	\$ 583	\$ 640
Employees' contribution	581	628

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.

12. 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.

	2023	2022
	(thousands of dollars)	
Balance at beginning of year	\$ 23,001	\$ 39,091
Cash advanced during the year	15,085	7,750
Settlement of Low Energy Carbon Fund	(1,679)	-
Operations and maintenance transfer payment	(8,116)	(6,468)
Capital transfer payment	(10,768)	(17,372)
	<u>(5,478)</u>	<u>(16,090)</u>
Balance at end of year	<u>\$ 17,523</u>	<u>\$ 23,001</u>

During the year, the Corporation in substance repaid \$3,799,000 (2022 - \$16,090,000) by requesting less cash than what was approved in the operating and capital transfer payments from the Government of Yukon. As a result, this repayment and the corresponding portion of these transfer payments are non-cash transactions.

During the year, the Corporation had a reduction of \$1,679,000 in the advances from the Government by the way of a non-cash settlement of 2021-22 Low Carbon Energy Fund.



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2023

13. Tangible capital assets

	Cost	Accumulated Amortization	2023	2022
			Net Book Value	(Restated Note 3) Net Book Value
			(thousands of dollars)	
Land	\$ 5,189	\$ -	\$ 5,189	\$ 5,189
Social housing	154,586	55,793	98,793	96,608
Staff housing	23,566	15,386	8,180	9,032
Office building	2,118	1,744	374	439
Other facilities	557	556	1	5
Furnishings and equipment	4,349	2,132	2,217	1,770
Computer systems	295	295	-	-
(Schedule B)	\$ 190,660	\$ 75,906	\$ 114,754	\$ 113,043

At March 31, 2023, there were construction projects in progress in the amount of \$3,746,000 (2022 - \$19,062,000). 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 4 vacant lots with a carrying value of \$1,000.

In 2021-22, the Corporation took ownership of building including land from Options for Independence Society of Yukon (OFI) in exchange of discharging a mortgage owed to the Corporation. The building including land were appraised at \$2,330,000, while the mortgage had \$1,736,000 of principal outstanding. The Corporation has recorded a gain of \$594,000 which is included in prior year Other revenues.

The Government of Yukon is using the space to provide housing with supports and programming for people with Fetal Alcohol Spectrum Disorder. As part of an arrangement with Government of Yukon, the Corporation does not charge rent but instead charges Health & Social Services for operation and maintenance costs.

In 2021-22, the Corporation received a contribution of land from the Municipality of Watson Lake appraised at \$75,000. The Corporation recorded revenue of \$75,000 which was included in prior year Other revenues. The Corporation will begin construction of a new housing complex to support housing needs in the community in the spring of 2023 with an anticipated completion date in 2024 at an estimated cost of \$13,100,000.



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2023

14. Expenses by object

	2023	2022
	(thousands of dollars)	(Restated note 3) of dollars)
Transfer payments (Grants/Program advances)	\$ 6,551	\$ 6,455
Materials, supplies and utilities	14,187	8,586
Personnel, training and post-employment benefits	8,210	8,538
Amortization	4,563	4,186
Accretion Expense	256	250
Other	2,537	2,445
Contract and special services	264	440
Communication and transportation	359	371
Interest on long-term debt	50	67
	<u>\$ 36,977</u>	<u>\$ 31,338</u>

15. Related party transactions and balances

In addition to those related party transactions disclosed elsewhere in these financial statements (Notes 9, 12, 13 and 17), the Corporation enters into transactions with related entities in the normal course of business.

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

	2023	2022
	(thousands of dollars)	of dollars)
Accounts payable	\$ (946)	\$ (1,076)
Accounts receivable	191	390
Amount due re: Canada - Yukon Low Carbon Economy Fund	2,036	3,838
Net amount due from the Government of Yukon	<u>\$ 1,281</u>	<u>\$ 3,152</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 2023 to be \$32,631 (2022 - \$32,088). The value of territorial agent services provided by the Corporation to the Government of Yukon for 2023 is estimated to be \$192,509 (2022 - \$144,683). 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, 2023

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 14 and Schedule A) paid of \$8,063,000 during 2023 (2022 - \$8,064,000) 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 2023 to be \$502,000 (2022 - \$502,000) based on the Government of Yukon's amortization expense.

During 2023, the Corporation was charged \$651,000 (2022 - \$327,000) 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

	2023	2024	2025
	(thousands of dollars)		
Outstanding contractual obligations to complete the funding of mortgages receivable at end of year	\$ 1,326	\$ 57	\$ -
Outstanding contractual obligations to complete agreements and contract commitments at end of year	\$ 6,179	24	4
Annual subsidies to private social housing organizations	375	375	375
	<u>\$ 7,880</u>	<u>456</u>	<u>379</u>

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, 2023 was \$220,000 (2022 - \$310,000). Management believes that the Corporation would be able to repay the mortgage in full through the sale of the Co-operative's assets which are made up of twelve single family dwellings (against which the mortgage is made) in the event of a default.

In 2022, the Corporation acted as an agent when it received \$5,000,000 from CMHC. If Safe At Home Society is unable to operate and maintain these housing units for 20 years, the Corporation, in consultation with CMHC, would need to determine an appropriate course of action to ensure the Corporation's adherence to any potential obligation arising from this flow through arrangement.



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2023

17. Contractual rights

The Corporation has contractual rights for the following payments subsequent to March 31, 2023:

	Expiry Date	2023-24	2025-2031	Total
		(thousands of dollars)		
CMHC Social Housing Agreement	2030	\$ 3,029	\$ 8,030	\$ 11,059
CMHC Bilateral Agreement				
CMHC Northern Housing	2028	2,400	9,600	12,000
CMHC Canada Community Housing	2028	801	8,931	9,732
CMHC Yukon Priorities Housing	2027	895	2,021	2,916
CMHC Canada Housing Benefit	2028	1,206	5,394	6,600
Canada - Yukon Low Carbon Economy Leadership Fund (Government of Yukon)	2024	4,659	-	4,659
Office space lease (Government of Yukon)	2024	96	-	96
		<u>\$ 13,086</u>	<u>\$ 33,976</u>	<u>\$ 47,062</u>

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. Bad debts written off during the current year and past four years are as follows:

Year	Amount
2023	\$ 35,527
2022	\$ 190,534
2021	-
2020	-
2019	-



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2023

19. Prepaid expenses

	2022	2021
	(thousands of dollars)	
Prepaid Expense		
Prepaid Lease	\$ 3,442	\$ 3,325
Other	202	128
	<u>\$ 3,644</u>	<u>\$ 3,453</u>

The Corporation has prepaid \$3,500,000 to lease 10 units for the next twenty years in the Normandy Manor development project. The lease has started in December 2022 when the building construction was completed.

20. Asset retirement obligations

The Corporation owns and operates several buildings that are known to have asbestos, which represents a health hazard upon demolition of the building and there is a legal obligation to remove it. Following the adoption of PS 3280 - Asset Retirement Obligation, the Corporation recognized an obligation relating to the removal and post-removal care of the asbestos in these buildings as estimated as at April 1, 2022. The asset retirement obligation accretion expense will be incurred over the estimated number of years to complete the retirement or remediation. Post-closure care is estimated to extend for up a year post the closure of the building, while demolition and construction continues. Estimated undiscounted costs of \$14,202,000 have been discounted to present value using a discount rate of 3% (2022 - 2.5%) per annum.

The transition and recognition of asset retirement obligations involved an accompanying increase to Buildings including Social Housing, Staff Housing, Office, and Other facilities.

Changes to the asset retirement obligation in the year are as follows:

	2023	2022 Restated - Note 3
Opening balance, as restated	\$ 10,410	\$ 10,182
Accretion expense	256	250
Liabilities settled	(149)	(22)
Change in estimate	(555)	-
Closing balance, as restated	<u>\$ 9,962</u>	<u>\$ 10,410</u>



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2023

21. Financial instruments

The Corporation has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and market risk. The following analysis provides a measurement of those risks as at March 31, 2023.

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 mainly arise from certain financial assets held by the Corporation consisting of cash, accounts receivable, due from Government of Yukon, and mortgages and loans 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 reputable Canadian Chartered bank.

Accounts Receivable

The Corporation's exposure to credit risk associated with accounts receivable particularly due from CMHC, Government of Yukon and other receivables is considered low as these receivables are due from federal and First Nation governments. The Corporation is also exposed to credit risk through CMHC indemnifications as in the event of a loan or contribution default, the Corporation is required to rectify the default or fully reimburse CMHC for approved and paid claims. The Corporation mitigates this risk by continuing operation and assuming the loan/contribution obligation.

The Corporation's exposure to credit risk associated with accounts receivable from tenants is assessed as high due to the transient nature of clients. The Corporation mitigates this risk by keeping records of outstanding accounts where a returning client with outstanding account has to settle the amount owed to the Corporation before they are allowed to receive housing benefits.

Allowance 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. All accounts are considered for impairment based on the type of client revenue and historical repayment information.

The maximum exposure to credit risk for due from Government of Yukon and accounts receivables by type of customer is as follows:

	2023	2022
	(thousands of dollars)	
<u>Due from Government of Yukon (Note 15(a))</u>	\$ 1,281	\$ 3,152
Due from Canada Mortgage and Housing Corporation (Note 5)	231	4,708
Receivable from tenants (Note 5)	108	(127)
Other receivables (Note 5)	352	389
<u>Accounts Receivable</u>	<u>\$ 691</u>	<u>\$ 4,970</u>



21. Financial instruments (continued)

The Corporation's receivable has a carrying value of \$691 as at March 31, 2023 (2022 - \$4,970). As at March 31, 2023, approximately 65% (2022- 18%) were over 90 days past due, whereas 32% (2022 - 78%)were current or less than 30 days past due.

Mortgages and loans receivable

The Corporation's exposure to credit risk associated with Mortgages and Loans receivable is considered low because these receivables are primarily secured by property, and other security instruments. Additionally, the amounts due from clients can be recovered through court imposed repossession of property.

The Corporation has a carrying value of \$29,515 as at March 31, 2023 (2022 - \$32,417). As at March 31, 2023, approximately 95% (2022- 95%) were current or less than 30 days past due, whereas 2% (2022 - 2%) were over 90 days past due.

Allowance for impaired loans 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 impaired loans. All accounts are considered for impairment based on the date of last payment and historical repayment information.

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. To further manage its liquidity risk, the Corporation has a borrowing limit of up to \$11,000,000. Further financing can be obtained through transfers from the Yukon government to mitigate this risk and also, the Corporation has the option to sell from its housing portfolio.

The liquidity risk arises from the financial liabilities consisting of accounts payable and accrued liabilities and long term debt. The Corporation's accounts payable and accrued liabilities had a carrying value of \$7,035 (2022 - \$7,534). As at March 31, 2023, approximately 97% (2022- 99%) of accounts payable were current or less than 30 days past due.

The Corporation's long term debt has remaining discounted contractual cash flows of \$9,638 (2022 - \$10,794). The amount of principal to be repaid next fiscal year is \$668. (note 9)

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 interest rate risk because instruments are held in domestic currency.

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 agreed to schedules. Impact of 1% increase in interest rates would add \$9,000 to the Corporation's deficit while a 1% decrease in interest rates would add \$11,000 to the Corporation's surplus.



22. Subsequent events

On April 5, 2023, the Corporation signed an agreement, Rapid Housing Initiative #3, with Canada Mortgage and Housing Corporation (CMHC). Under the agreement, the Corporation will receive \$5,000,000 from CMHC to develop and construct projects in accordance with the following requirements - increase affordability, accessibility, serve vulnerable populations, and be energy efficient. The \$5,000,000 was received by the Corporation in April 2023.

On February 21, 2021, the Corporation has signed a memorandum of understanding (MOU) with CMHC. Under this MOU, CMHC has conditionally allocated \$20,000,000 in funding from the Northern Carve Out Initiative towards projects that will increase rent affordability, accessibility, and be energy efficient. The funding is to be disbursed on a project by project basis with CMHC funding not to exceed \$20,000,000. The parties are working on a formal, legally binding agreement that is expected to be completed in the fall of 2023.

At year end, the Corporation was in negotiation to lease an additional 16 units in Normandy Manor for approximately \$24,000 per month for the next twenty years. The contract for these additional 16 units was signed in the 2023-24 fiscal year and tenants moved in July.

23. Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's presentation.



Yukon Housing Corporation

Schedule of Program Costs, Corporate Services Costs and Administration Expenses
for the year ended March 31, 2023

Schedule A

	2022	
	2023	Restated - Note 3
	(thousands of dollars)	
Social and staff housing operations		
Personnel	\$ 4,289	\$ 4,069
General maintenance	8,435	3,453
Utilities	3,764	3,435
Property taxes	1,264	1,113
Building services - in-kind (Note 15(b))	502	502
Bad debts - tenant receivable	(125)	157
Housing program administration	200	145
Accretion expense	256	250
Interest on long-term debt	50	66
Write-down of / loss on disposal of tangible capital assets	56	15
	<u>\$ 18,691</u>	<u>\$ 13,205</u>
Lending and grant programs		
Affordable housing contributions	\$ 5,780	\$ 5,760
Personnel	527	505
Community partnering contributions	377	329
Bad debts - loans receivable	-	20
Program materials	1	1
	<u>\$ 6,685</u>	<u>\$ 6,615</u>
Corporate services		
Personnel	\$ 2,257	\$ 2,807
Information technology systems and support	359	267
Professional fees	121	185
	<u>\$ 2,737</u>	<u>\$ 3,259</u>
Administration		
Personnel, training and post-employment benefits	\$ 1,137	\$ 1,157
Communications	177	191
Travel and transportation	182	180
Professional fees	62	173
Office space	204	120
Rentals - office and equipment	111	106
Office and sundry	124	104
Boards and committees	81	81
Program promotion	108	66
	<u>\$ 2,186</u>	<u>\$ 2,178</u>



Yukon Housing Corporation
 Schedule of Tangible Capital Assets
 for the year ended March 31, 2023

Schedule B

	Land	Social Housing (Restated - Note 3)	Staff Housing (Restated - Note 3)	Office Building (Restated - Note 3)	Other Facilities (Restated - Note 3)	Furnishings and Equipment	Computer Systems	2023 Total	2022 Total (Restated - Note 3)
(thousands of dollars)									
Cost of tangible capital assets at beginning of year, as restated ¹	5,189	148,869	23,814	2,138	559	3,598	295	184,462	162,001
Acquisitions ¹	-	6,110	24	-	-	751	-	6,885	22,638
Change in ARO estimate	-	(373)	(160)	(20)	(2)	-	-	(555)	-
Write-downs	-	(20)	(36)	-	-	-	-	(56)	(16)
Disposals	-	-	(76)	-	-	-	-	(76)	(161)
Cost of tangible capital assets at end of year ¹	5,189	154,586	23,566	2,118	557	4,349	295	190,660	184,462
Accumulated amortization at beginning of year, as restated	-	52,261	14,782	1,699	554	1,828	295	71,419	67,394
Amortization	-	3,532	680	45	2	304	-	4,563	4,186
Disposals	-	-	(76)	-	-	-	-	(76)	(161)
year	-	55,793	15,386	1,744	556	2,132	295	75,906	71,419
Net book value ¹	\$ 5,189	\$ 98,793	\$ 8,180	\$ 374	\$ 1	\$ 2,217	\$ -	\$ 114,754	\$ 113,043
Construction in progress	\$ -	\$ 3,746	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,746	\$ 19,062

¹ Includes construction in progress

YUKON LIQUOR CORPORATION
FINANCIAL STATEMENTS
March 31, 2023
(audited)

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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 contained in this annual report. The financial statements are prepared in accordance with International Financial Reporting Standards, and include amounts based on management's best estimates as determined through experience and judgement. 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.

Dennis Berry
President



Luzelle Nagel
Chief Financial Officer

July 13, 2023

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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

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 2023, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2023, 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 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.

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.

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 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.



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

Edmonton, Canada
13 July 2023

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YUKON LIQUOR CORPORATION

Statement of Financial Position

As at March 31


(Tabular amounts in thousands of Canadian dollars)

	2023	2022
ASSETS		
CURRENT		
Cash	\$ 1,933	\$ 2,343
Accounts receivable	61	198
Inventories (Note 5)	4,978	4,149
Prepaid expenses	41	-
	<u>7,013</u>	<u>6,690</u>
Property and equipment (Note 6)	1,569	1,626
Intangible assets (Note 7)	77	83
Right-of-use assets (Note 17)	612	657
	<u>612</u>	<u>657</u>
TOTAL ASSETS	\$ 9,271	\$ 9,056
LIABILITIES AND EQUITY		
CURRENT		
Accounts payable and accrued liabilities (Note 8)	\$ 2,774	\$ 2,016
Deferred revenue	106	43
Due to the Government of Yukon (Note 9)	1,952	2,229
Current portion of lease liabilities (Note 17)	323	315
Deferred government grant (Note 16)	66	96
	<u>5,221</u>	<u>4,699</u>
Non-pension benefit liability (Note 10)	1,610	1,801
Lease liabilities (Note 17)	299	360
	<u>299</u>	<u>360</u>
TOTAL LIABILITIES	7,130	6,860
Equity (Note 11)	<u>2,141</u>	<u>2,196</u>
TOTAL LIABILITIES AND EQUITY	\$ 9,271	\$ 9,056

Commitments (Note 18)

APPROVED FOR ISSUE ON July 13, 2023

President



Chief Financial Officer

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

(Tabular amounts in thousands of Canadian dollars)

	2023	2022
Revenue (Note 14)	\$ 50,338	\$ 48,959
Cost of goods sold (Note 15)	30,747	29,497
GROSS PROFIT	19,591	19,462
OTHER INCOME		
Miscellaneous	125	51
Fees, permits and licenses	73	129
Government grant	30	36
	228	216
EXPENSES		
Salaries, wages and benefits	8,505	7,987
Rent, utilities and maintenance	1,119	1,040
Professional services	659	572
Interest and bank charges	604	598
Depreciation of right-of-use assets	308	310
Depreciation of property and equipment	250	348
Other	210	111
Travel and communications	156	176
Computer systems	125	93
General and office supplies	103	70
Amortization of intangible assets	39	43
Interest on lease liabilities	21	17
Loss on disposal of property and equipment	-	48
	12,099	11,413
INCOME FROM OPERATIONS	7,720	8,265
OTHER COMPREHENSIVE INCOME, NOT TO BE RECLASSIFIED SUBSEQUENTLY TO NET INCOME		
Actuarial gain (Note 10)	267	116
COMPREHENSIVE INCOME	\$ 7,987	\$ 8,381

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**

(Tabular amounts in thousands of Canadian dollars)

	2023	2022
EQUITY - BEGINNING OF YEAR	\$ 2,196	\$ 2,636
Income from operations before other comprehensive income	7,720	8,265
Other comprehensive income	267	116
Profit to be remitted to the Government of Yukon (<i>Note 11</i>)	<u>(8,042)</u>	<u>(8,821)</u>
EQUITY - END OF YEAR	<u>\$ 2,141</u>	<u>\$ 2,196</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

(Tabular amounts in thousands of Canadian dollars)

	2023	2022
OPERATING ACTIVITIES		
Income from operations	\$ 7,720	\$ 8,265
Items not affecting cash:		
Depreciation of property and equipment	250	348
Depreciation of right-of-use assets	308	310
Amortization of intangible assets	39	43
Loss on disposal of property and equipment	-	48
	8,317	9,014
Changes in non-cash working capital:		
Accounts receivable	137	(78)
Inventories	(829)	(602)
Accounts payable and accrued liabilities	760	591
Deferred revenue	63	(63)
Prepaid expenses	(41)	27
Due to the Government of Yukon	(82)	18
Deferred government grant	(30)	(37)
Non-pension benefit liability	76	260
	54	116
Cash flow from operating activities	8,371	9,130
INVESTING ACTIVITIES		
Purchase of property and equipment	(193)	-
Purchase of intangible assets	(33)	-
Cash flow used by investing activities	(226)	-
FINANCING ACTIVITIES		
Cannabis fund profit remitted to the Government of Yukon	(504)	(298)
Liquor fund profit remitted to the Government of Yukon	(7,733)	(8,045)
Principal payments of lease liabilities	(297)	(309)
Interest paid on lease liabilities	(21)	(17)
Cash flow used by financing activities	(8,555)	(8,669)
INCREASE (DECREASE) IN CASH FLOW	(410)	461
Cash - beginning of year	2,343	1,882
CASH - END OF YEAR*	\$ 1,933	\$ 2,343

*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 \$1,441 (2022 - \$1,787) and \$492 (2022 - \$556) respectively.

YUKON LIQUOR CORPORATION

Notes to Financial Statements

March 31, 2023

(Tabular amounts in thousands of Canadian dollars)

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's registered office is 9031 Quartz Road, Whitehorse, Yukon, Canada Y1A 4P9.

Liquor Fund

The Corporation is responsible for the purchase, distribution and sale of liquor within 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 and amortization, less amounts expended on property and equipment, and on intangible assets, 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% (2022 - 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 Government of Yukon on a monthly basis.

Cannabis Fund

The Corporation is responsible for the purchase, distribution and sale of cannabis within Yukon through licensees. 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 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 Yukon.

In accordance with the *Cannabis Control and Regulation Act*, the profit from cannabis operations for the year, before depreciation and amortization, less amounts expended on property and equipment, and on intangible assets, is remitted to the Government of Yukon.

2. Basis of presentation

These financial statements have been prepared on a historical cost basis, except where otherwise indicated in the notes below, 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.

(continues)

YUKON LIQUOR CORPORATION

Notes to Financial Statements

March 31, 2023

(Tabular amounts in thousands of Canadian dollars)

3. Significant accounting policies (*continued*)

Use of estimates

The preparation of financial statements in accordance with IFRSs 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 and equipment, and the non-pension benefit liability based on the actuarial 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.

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.

The Corporation's financial liabilities includes lease liabilities, see note 3 (j) for measurement.

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.

(continues)

YUKON LIQUOR CORPORATION

Notes to Financial Statements

March 31, 2023

(Tabular amounts in thousands of Canadian dollars)

3. Significant accounting policies (*continued*)

Property and equipment

Property 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	50 years
Leasehold improvements	5 years
Furniture and office equipment	5 years
Operating equipment	7 years
Heavy equipment	15 years
Systems equipment	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.

The estimated useful lives were changed on April 1, 2022 for buildings from 20 years and for operating equipment from 5 years based on new information. The change in useful life estimate will reduce annual depreciation expense of Buildings by \$36,000 and Operating Equipment by \$26,000.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within 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.

Intangible assets

Intangible assets are comprised of purchased software and internally developed software systems. They are carried at cost less accumulated amortization and impairment losses. Amortization is recognized on a straight-line basis over the estimated useful lives of 3 to 5 years. The estimated useful life and amortization 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 in the statement of comprehensive income.

(continues)

YUKON LIQUOR CORPORATION

Notes to Financial Statements

March 31, 2023

(Tabular amounts in thousands of Canadian dollars)

3. Significant accounting policies (*continued*)

Employee benefits

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.

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 pro-rated on service. Actuarial gains and losses are recognized immediately in other comprehensive income. Other retirement benefits include extended health care and life insurance for retirees, which are paid by the Government of Yukon and not accrued for or expensed by the Corporation.

Revenue recognition

Revenue is generated from sales to customers through wholesale and retail stores for liquor products as well as through wholesale 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 Government of Yukon in accordance with the Beverage Container Regulations. Revenue also excludes liquor tax which is remitted to the Government of Yukon in accordance with the *Liquor Tax Act*.

Licence revenue is initially recognized 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.

Government grants

Government grants received from the Government of Yukon 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 recognized in the statement of comprehensive income.

Grants received for the purpose of acquiring property and equipment or intangible assets are recognized initially as deferred government grant. Deferred government grant is then recognized in the statement of comprehensive income on a straight-line basis over the estimated useful life of the related asset.

(continues)

YUKON LIQUOR CORPORATION

Notes to Financial Statements

March 31, 2023

(Tabular amounts in thousands of Canadian dollars)

3. Significant accounting policies (*continued*)

Expense recognition

Expenses are recognized as incurred, on an accrual basis, in the period to which they relate.

Leases

For any new contracts entered into, 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 assesses 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 disclosed separately.

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 recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

YUKON LIQUOR CORPORATION

Notes to Financial Statements

March 31, 2023

(Tabular amounts in thousands of Canadian dollars)

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, 2023.

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 \$60,923 as of March 31, 2023 (2022 - \$197,620). There is a 30.7% (2022 - 1.4%) 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:

	2023	2022
Current	\$ 61	\$ 195
91 days or greater	-	3
Total trade accounts receivable	\$ 61	\$ 198

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, 2023 and 2022, 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, 2023 and 2022, the loss allowance was nil.

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's accounts payable and accrued liabilities had a carrying value of \$2,774,000 as at March 31, 2023 (2022 - \$2,016,000). As at March 31, 2023, approximately 1.61% (2022 - 2.35%) of accounts payable were over 90 days past due. Due to the Government of Yukon had a carrying value of \$1,952,000 as of March 31, 2023 (2022 - \$2,229,000). As at March 31, 2023 approximately 0.06% (2022 - 1%) 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, 2023

(Tabular amounts in thousands of Canadian dollars)

5. Inventories

	2023	2022
Liquor		
Beer	\$ 1,468	\$ 1,082
Spirits	1,605	1,329
Wine	1,141	925
	4,214	3,336
Cannabis		
Dried Cannabis	438	537
Extracts	193	186
Edibles and other	133	90
	764	813
	\$ 4,978	\$ 4,149

6. Property and equipment

	Cost	Accumulated depreciation	2023 Net book value	2022 Net book value
Land	\$ 202	\$ -	\$ 202	\$ 202
Buildings	5,447	4,721	726	651
Leasehold improvements	381	373	8	11
Furniture and office equipment	1,008	904	104	157
Operating equipment	467	298	169	146
Heavy equipment	589	309	280	319
Systems equipment	689	609	80	140
	\$ 8,783	\$ 7,214	\$ 1,569	\$ 1,626

The Corporation reviewed the estimated useful lives and the estimated reduced depreciation for the year ending March 31, 2023 for buildings is \$36,000 and operating equipment is \$26,000.

7. Intangible assets

	2023	2022
Systems development cost ¹	\$ 572	\$ 539
Systems development accumulated amortization	(495)	(456)
	\$ 77	\$ 83

Internally generated assets with a cost of \$nil (2022 - \$67,000) and net book value of \$ nil were disposed of during the prior year. Additions for the year amounted to \$33,000 (2022 - \$nil). Amortization for the year amounted to \$38,891 (2022 - \$43,094).

¹ Includes Systems Development in Progress of \$33,000

YUKON LIQUOR CORPORATION

Notes to Financial Statements

March 31, 2023

(Tabular amounts in thousands of Canadian dollars)

8. Accounts payable and accrued liabilities

	2023	2022
Trade payable	\$ 1,209	\$ 935
Accrued liabilities	1,292	886
Current portion of non-pension benefit liability (Note 10)	273	195
	\$ 2,774	\$ 2,016

9. Due to the Government of Yukon

	2023	2022
Reimbursement for payroll and other costs paid on behalf of the Corporation	\$ 896	\$ 955
Remittances due to the Government of Yukon pursuant to:		
<i>Liquor Act</i> (Note 13)	430	493
<i>Cannabis Control and Regulation Act</i> (Note 13)	115	247
<i>Liquor Tax Act</i> (Note 13)	402	414
<i>Environment Act</i> - Beverage Container Regulations	109	120
	\$ 1,952	\$ 2,229

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 rate effective at year end was \$1.02 (2022 - \$1.02) for every dollar contributed by the employee, and \$5.29 (2022 - \$5.91) for every dollar contributed by the employee for the portion of the employee's salary above \$196,200 (2022 - \$191,300). For new employees who are participating in the plan on or after January 1, 2013, the Corporation contributes \$1.00 (2022 - \$1.00) for every dollar contributed by the employee, and \$5.29 (2022 - \$5.91) for every dollar contributed by the employee for the portion of the employee's salary above \$196,200 (2022 - \$191,300). Total contributions to the Plan of \$1,048,407 (2022 - \$1,039,934) were recognized in salaries, wages and benefits; of which \$512,057 (2022 - \$514,460) were contributed by employees and \$536,350 (2022 - \$525,474) 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.

(continues)

YUKON LIQUOR CORPORATION

Notes to Financial Statements

March 31, 2023

(Tabular amounts in thousands of Canadian dollars)

10. Employee benefits (*continued*)

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.

Effective December 31, 2019 all current resignation and retirement severance accruals have been frozen for employees classified as Deputy Ministers and Managers; these employees are eligible to receive severance payouts based on service accrued up to December 31, 2019.

The discount rate used to determine the present value of the non-pension accrued benefit obligation 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:

	2023	2022
Severance benefit	\$ 967	\$ 944
Vacation and special leave	629	757
Sick leave	287	295
	\$ 1,883	\$ 1,996
Accrued benefit obligation, end of year	\$ 1,883	\$ 1,996

The results measured at March 31 are summarized as follows:

	2023	2022
<u>Reconciliation of accrued benefit obligation</u>		
Accrued benefit obligation, beginning of year	\$ 1,996	\$ 1,836
Components recognized in salaries, wages and benefits		
Current service cost	232	248
Past service cost	(65)	146
Interest cost on accrued benefit obligation	85	64
Actuarial gain recognized in other comprehensive income	(267)	(116)
Benefits paid	(98)	(182)
	\$ 1,883	\$ 1,996
Accrued benefit obligation, end of year	\$ 1,883	\$ 1,996

	2023	2022
<u>Classification of accrued benefit obligation</u>		
Current portion of non-pension benefit liability	\$ 273	\$ 195
Non-current portion	1,610	1,801
	\$ 1,883	\$ 1,996
Total accrued benefit obligation	\$ 1,883	\$ 1,996

The reduction in the employee sick leave benefits liability over the next twelve months is expected to be \$26,000 (2022 – \$26,000).

(continues)

YUKON LIQUOR CORPORATION

Notes to Financial Statements

March 31, 2023

(Tabular amounts in thousands of Canadian dollars)

10. Employee benefits (continued)

	2023	2022
<u>Reconciliation of actuarial gains recognized in Other Comprehensive Income (OCI)</u>		
Cumulative actuarial gain recognized in OCI, beginning of year	\$ (123)	\$ (7)
Actuarial (gain) loss from member experiences	(154)	3
Actuarial gain from economic assumption changes	(113)	(119)
Cumulative actuarial gain recognized in OCI, end of year	\$ (390)	\$ (123)

The significant assumptions used in the actuarial valuation of the obligation were as follows:

	2023	2022
Discount rate	4.80%	4.00%
Salary escalation rate per annum	2.00%	2.00%

A quantitative sensitivity analysis as at March 31, 2023 shows the impact of the change in the significant actuarial assumptions on the non-pension benefit obligation:

	1% increase	1% decrease
Discount rate	\$ (123)	\$ 152
Salary escalation rate per annum	140	(197)

The most recent full actuarial valuation in respect of the non-pension benefits plan was prepared as of March 31, 2023. The weighted average of the maturity plan as at March 31, 2023 is 7.2 years.

11. Equity

The following table summarizes the composition of equity as at year-end:

	2023	2022
Property and equipment	\$ 1,569	\$ 1,626
Intangible assets	77	83
Right-of-use assets	612	657
Lease liabilities	(622)	(675)
Section 12.3(b) adjustment (1)	505	505
Equity, end of year	\$ 2,141	\$ 2,196

(1) Under Section 12.3(b) of the *Cannabis Control and Regulation Act* remittance of profit to the Government of Yukon for the year ended March 31, 2019 was reduced.

(continues)

YUKON LIQUOR CORPORATION

Notes to Financial Statements

March 31, 2023

(Tabular amounts in thousands of Canadian dollars)

11. Equity (continued)

The change in equity is comprised of comprehensive income for the year less profit to be remitted to the Government of Yukon. In accordance with the *Liquor Act* and the *Cannabis Control and Regulation Act* the Corporation remits adjusted profits to the Government of Yukon. The calculation of the adjusted profit due to the Government of Yukon for the year is as follows:

	<i>Liquor Act</i>	<i>Cannabis Control and Regulation Act</i>	2023 Total
Comprehensive income for the year	\$ 7,657	\$ 330	\$ 7,987
Depreciation of property and equipment	223	27	250
Amortization of intangible assets	24	15	39
Additions to property and equipment	(193)	-	(193)
Additions to intangible assets	(33)	-	(33)
Depreciation of right-of-use assets	308	-	308
Repayments of lease liabilities	(316)	-	(316)
Current year's profit to be remitted (Note 13)	\$ 7,670	\$ 372	\$ 8,042

	<i>Liquor Act</i>	<i>Cannabis Control and Regulation Act</i>	2022 Total
Comprehensive income for the year	\$7,925	\$456	\$8,381
Depreciation of property and equipment	314	34	348
Amortization of intangible assets	29	14	43
Loss on disposals of property and equipment	48	-	48
Depreciation of right-of-use assets	310	-	310
Repayments of lease liabilities	(309)	-	(309)
Profit to be remitted for the year (Note 13)	\$ 8,317	\$ 504	\$ 8,821

YUKON LIQUOR CORPORATION

Notes to Financial Statements

March 31, 2023

(Tabular amounts in thousands of Canadian dollars)

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.

The Corporation is not subject to external capital requirements. There has been no change to its capital management during the year.

13. Related party balances and transactions

The Corporation is related to all departments and public agencies of the Government of Yukon. The Corporation enters into transactions with these entities in the normal course of business.

Amount due to the Government of Yukon pursuant to the Liquor Act

	2023	2022
Current year's profit to be remitted (Note 11)	\$ 7,670	\$ 8,317
Balance due to at the beginning of the year	493	221
Less: remitted during the year	(7,733)	(8,045)
Due to the Government of Yukon at the end of the year	\$ 430	\$ 493

Amount due to the Government of Yukon pursuant to the Cannabis Control and Regulation Act

	2023	2022
Current year's profit to be remitted (Note 11)	\$ 372	\$ 504
Balance at the beginning of the year	247	41
Less: remitted during the year	(504)	(298)
Due to the Government of Yukon at the end of the year	\$ 115	\$ 247

(continues)

YUKON LIQUOR CORPORATION

Notes to Financial Statements

March 31, 2023

(Tabular amounts in thousands of Canadian dollars)

13. Related party balances and transactions *(continued)*

Amount due the Government of Yukon pursuant to Liquor Tax Act

	2023	2022
Balance due at the beginning of the year	\$ 413	\$ 398
Liquor tax collected during the year	5,106	5,018
Less: remitted during the year	(5,117)	(5,002)
Due to the Government of Yukon at the end of the year	\$ 402	\$ 414

Transactions with the Government of Yukon without compensation

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 certain government buildings to the Corporation with an estimated value of \$1,198,000 (2022 - \$816,000). The Government of Yukon also provides mail services with an estimated value of \$32,102 (2022 - \$28,094). The Corporation provides Territorial Agent services in rural community liquor stores on behalf of the Government of Yukon with an estimated value of \$587,000 (2022 - \$525,000).

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.

Agreements with the Government of Yukon

The Corporation has lease agreements for the Haines Junction and Mayo community liquor stores and service level agreements for the three owned community liquor stores. During the year the payments totalled \$277,000 (2022 - \$267,000) to the Government of Yukon.

The Government of Yukon provides certain property management services to the Corporation. During the year the Corporation was charged \$34,000 (2022 - \$102,000) for work done on its properties.

The Corporation has service agreements with the Government of Yukon for the provision of information, communication and technology services. During the year the Corporation was charged \$233,000 (2022 - \$206,000) for these services.

The Corporation has service agreements with the Government of Yukon for the provision of human resources' services. During the year the Corporation was charged \$263,000 (2022 - \$263,000) for these services.

Key management compensation

The remuneration of key management personnel, which includes the members of the executive committee, recognized as an expense during the period was:

	2023	2022
Salaries and short-term employee benefits	\$ 938	\$ 905
Post-employment benefits	185	156
Other long-term employee benefits	13	16

YUKON LIQUOR CORPORATION

Notes to Financial Statements

March 31, 2023

(Tabular amounts in thousands of Canadian dollars)

14. Revenue

	2023	2022
Liquor		
Beer	\$ 17,228	\$ 16,756
Spirits	17,185	16,858
Wine	8,217	8,254
	<u>42,630</u>	<u>41,868</u>
Cannabis		
Dried Cannabis	5,047	5,054
Extracts	2,047	1,465
Edibles and Other	614	572
	<u>7,708</u>	<u>7,091</u>
Total revenue	<u>\$ 50,338</u>	<u>\$ 48,959</u>

15. Cost of goods sold

	2023	2022
Liquor		
Beer	\$ 12,248	\$ 11,678
Spirits	8,218	8,121
Wine	4,193	4,210
	<u>24,659</u>	<u>24,009</u>
Cannabis		
Dried	3,962	3,911
Extracts	1,646	1,129
Edibles and Other	480	448
	<u>6,088</u>	<u>5,488</u>
Total cost of goods sold	<u>\$ 30,747</u>	<u>\$ 29,497</u>

16. Deferred government grant

The Corporation received funding from the Government of Yukon during fiscal 2019 for capital expenditures related to cannabis operations.

YUKON LIQUOR CORPORATION

Notes to Financial Statements

March 31, 2023

(Tabular amounts in thousands of Canadian dollars)

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. 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. The Mayo lease agreement is a short-term lease and therefore no right-of-use asset and no lease liability are recognized.

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.

The table below describes the nature of the Corporation's leasing activities by type of right-of-use assets recognized 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	1-2 years	1.5 year	1	0	0	0

	2023	2022
<u>Payments not included in the measurement of the lease liability</u>		
Short-term leases	\$ 70	\$ 68
	2023	2022
<u>Amounts recognized in the statement of comprehensive income</u>		
Interest paid on lease liabilities	\$ 21	\$ 17
Depreciation on right-of-use assets	308	310
	<u>\$ 329</u>	<u>\$ 327</u>

(continues)

YUKON LIQUOR CORPORATION

Notes to Financial Statements

March 31, 2023

(Tabular amounts in thousands of Canadian dollars)

17. Leases (continued)

	2023	2022
<u>Right-of-use assets by class of assets</u>		
Buildings - cost	\$ 1,117	\$ 1,549
Buildings - accumulated depreciation	(505)	(892)
Carrying amount	<u>\$ 612</u>	<u>\$ 657</u>

	2023	2022
<u>Lease liabilities are presented in the statement of financial position</u>		
Current portion of lease liabilities	\$ 323	\$ 315
Long-term portion of lease liabilities	299	360
	<u>\$ 622</u>	<u>\$ 675</u>

The lease liabilities are secured by the related underlying assets.

Future minimum lease payments at March 31 were as follows:

	2023	2022
<u>Minimum lease payments due</u>		
Less than 1 year		
Lease payments	\$ 339	\$ 326
1 to 5 years		
Lease payments	303	366

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, 2023 for future years is \$3,051,661 (March 31, 2022 - \$1,677,030).

19. Comparative figures

During the year, the Corporation changed the presentation of its Statement of Cash Flows from the direct method to the indirect method.

Certain comparative figures for 2022 have been reclassified to conform with the 2023 presentation.

YUKON LIQUOR CORPORATION

**Schedule of Property and Equipment
For the year ended March 31**

(Schedule 1)

(Tabular amounts in thousands of Canadian dollars)

	Land	Buildings	Leasehold improvements	Furniture and office equipment	Operating equipment	Heavy equipment	Systems equipment	2023 Total	2022 Total
Cost, beginning of year	\$ 202	\$ 5,356	\$ 381	\$ 970	\$ 412	\$ 589	\$ 680	\$ 8,590	\$ 8,799
Acquisitions	-	91	-	38	55	-	9	193	-
Disposals	-	-	-	-	-	-	-	-	(209)
Transfers	-	-	-	-	-	-	-	-	-
Cost, end of year	\$ 202	\$ 5,447	\$ 381	\$ 1,008	\$ 467	\$ 589	\$ 689	\$ 8,783	\$ 8,590
Accumulated depreciation, beginning of year	\$ -	\$ 4,705	\$ 370	\$ 813	\$ 266	\$ 270	\$ 540	\$ 6,964	\$ 6,777
Depreciation	-	16	3	91	32	39	69	250	348
Disposals	-	-	-	-	-	-	-	-	(161)
Transfers	-	-	-	-	-	-	-	-	-
Accumulated depreciation, end of year	\$ -	\$ 4,721	\$ 373	\$ 904	\$ 298	\$ 309	\$ 609	\$ 7,214	\$ 6,964
Net book value	\$ 202	\$ 726	\$ 8	\$ 104	\$ 169	\$ 280	\$ 80	\$ 1,569	\$ 1,626

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

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YUKON UNIVERSITY
FINANCIAL STATEMENTS

March 31, 2023

(audited)

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Management's Responsibility for Financial Reporting

The consolidated financial statements are the responsibility of management and the Board of Governors of the Yukon University (the University). 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 University objectives and that operations are carried out effectively.

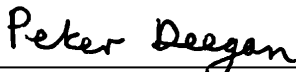
Management is also responsible for designing systems and practices to provide reasonable assurance that transactions are in accordance with the *Yukon University Act*, bylaws, and policies of the University.

The Board of Governors (the Board) 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 have been independently audited by the University's auditor, the Auditor General of Canada, and her report is included herein.



Dr. Lesley Brown
President



Peter Deegan, CPA, CGA
VP Finance and Administration & CFO

September 27, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Governors of Yukon University

Opinion

We have audited the consolidated financial statements of Yukon University and its controlled entity (the Group), which comprise the consolidated statement of financial position as at 31 March 2023, and the consolidated statement of operations, consolidated statement of changes in net assets, consolidated statement of remeasurement gains and losses, 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 2023, and the consolidated results of its operations, its consolidated remeasurement gains and losses, 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 the annual report, 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 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.



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

Vancouver, Canada
27 September 2023

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YUKON UNIVERSITY
Consolidated Statement of Financial Position
As at March 31

	2023	2022
ASSETS		
CURRENT		
Cash (Note 4)	\$ 18,424,053	\$ 7,662,685
Accounts receivable (Note 3)	7,248,987	12,750,018
Inventories	170,235	82,372
Prepaid expenses	897,749	580,783
Total Current Assets	<u>26,741,024</u>	<u>21,075,858</u>
NON-CURRENT		
Restricted cash and cash equivalents (Note 5)	1,064,111	828,695
Restricted investments (Note 6)	6,140,008	6,151,215
Accrued pension benefit asset (Note 7a)	29,618,400	24,342,500
Capital assets (Note 8)	10,692,541	8,504,021
Total Non-current Assets	<u>47,515,060</u>	<u>39,826,431</u>
TOTAL ASSETS	\$ 74,256,084	\$ 60,902,289
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities (Note 9)	\$ 6,756,825	\$ 4,762,532
Deferred revenue (Note 10)	1,034,002	197,808
Deferred contributions (Note 11)	10,089,589	8,205,905
Vacation leave and employee future benefits (Note 12)	4,194,786	4,203,154
Loan payable (Note 13)	966,431	996,431
Total Current Liabilities	<u>23,041,633</u>	<u>18,365,830</u>
NON-CURRENT		
Deferred capital contributions (Note 14)	6,770,142	5,323,007
Other employee future benefits (Note 7b)	6,616,410	6,430,510
Total Non-current Liabilities	<u>13,386,552</u>	<u>11,753,517</u>
	<u>36,428,185</u>	<u>30,119,347</u>
NET ASSETS		
Unrestricted	(1,507,937)	(1,507,937)
Invested in capital assets	3,922,399	3,181,014
Externally restricted for endowments (Note 15)	4,327,447	4,255,242
Internally restricted for pension	29,618,400	24,342,500
Internally restricted for capital assets	1,738,076	546,241
	<u>38,098,385</u>	<u>30,817,060</u>
Accumulated rereasurement losses	(270,486)	(34,118)
	<u>37,827,899</u>	<u>30,782,942</u>
TOTAL LIABILITIES AND NET ASSETS	\$ 74,256,084	\$ 60,902,289

Contractual rights and Contractual obligations (Notes 20, 21)

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

ON BEHALF OF THE BOARD



David Morrison, Chair Board of Governors



Jason Bilsky, Chair Finance, Audit and Risk Committee

YUKON UNIVERSITY
Consolidated Statement of Operations
For the year ended March 31

	2023	2022
REVENUES		
Government of Yukon contributions (Note 17)	\$ 40,067,888	\$ 35,605,231
Other contributions (Note 11)	9,659,569	8,274,156
Contracts (Note 10)	3,304,699	1,730,861
Tuition (Note 10)	2,560,517	2,706,565
Sales, rental and services	1,336,273	1,106,138
Miscellaneous income (Note 18)	1,036,715	1,216,055
Interest income	588,334	89,066
Amortization of deferred capital contributions (Note 14)	452,888	455,814
Student assistance/scholarships	171,651	563,059
	<u>59,178,534</u>	<u>51,746,945</u>
EXPENSES (Note 16)		
Direct instruction	15,662,540	14,414,593
Direct instructional support	10,951,633	10,926,641
General administration	7,176,500	7,417,400
Service received without charge (Note 16)	7,108,904	5,073,476
Research	6,608,607	4,759,481
Facility services and utilities	1,859,879	1,695,971
Cost of sales	1,203,726	1,334,845
Amortization of capital assets	1,188,681	978,379
Student assistance/scholarships	150,967	530,846
Miscellaneous	57,977	44,112
	<u>51,969,414</u>	<u>47,175,744</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 7,209,120</u>	<u>\$ 4,571,201</u>

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

YUKON UNIVERSITY
Consolidated Statement of Changes in Net Assets
For the year ended March 31

	Unrestricted	Invested in Capital Assets	Externally Restricted for Endowments	Internally Restricted for Pension	Internally Restricted for Capital Assets	Accumulated Remeasurement Losses	2023	2022
NET ASSETS - BEGINNING OF PERIOD	\$ (1,507,937)	\$ 3,181,014	\$ 4,255,242	\$ 24,342,500	\$ 546,241	\$ (34,118)	\$ 30,782,942	\$ 25,367,041
Excess of revenues over expenses	1,914,658	-	-	5,275,900	18,562	-	7,209,120	4,571,201
Capital assets acquired net of disposals	(3,377,201)	3,377,201	-	-	-	-	-	-
Deferred capital contributions invested in capital assets (Note 14)	1,900,023	(1,900,023)	-	-	-	-	-	-
Amortization of capital assets	1,188,681	(1,188,681)	-	-	-	-	-	-
Amortization of deferred capital contributions (Note 14)	(452,888)	452,888	-	-	-	-	-	-
Internally restricted for capital investments	(1,173,273)	-	-	-	1,173,273	-	-	-
Remeasurement losses	-	-	-	-	-	(236,368)	(236,368)	(169,936)
Endowment contributions	-	-	4,816	-	-	-	4,816	985,372
Net investment income	-	-	67,389	-	-	-	67,389	29,264
NET ASSETS - END OF PERIOD	\$ (1,507,937)	\$ 3,922,399	\$ 4,327,447	\$ 29,618,400	\$ 1,738,076	\$ (270,486)	\$ 37,827,899	\$ 30,782,942

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

YUKON UNIVERSITY
Consolidated Statement of Remeasurement Gains and Losses
For the year ended March 31

	2023	2022
Accumulated remeasurement (losses)/gains, beginning of period	\$ (34,118)	\$ 135,818
Unrealized losses attributable to: Restricted investments	<u>(236,368)</u>	<u>(169,936)</u>
ACCUMULATED REMEASUREMENT (LOSSES), END OF PERIOD	<u>\$ (270,486)</u>	<u>\$ (34,118)</u>

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

YUKON UNIVERSITY
Consolidated Statement of Cash Flows
For the year ended March 31

	2023	2022
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 7,209,120	\$ 4,571,201
Amortization of capital assets	1,188,681	978,379
Amortization of deferred capital contributions	(452,888)	(455,814)
Loss/ (gain) on disposal of capital assets	8,034	(248,277)
Decrease/ (increase) in accounts receivable	5,501,031	(5,033,754)
Increase in accounts payable	731,949	394,220
Decrease/ (increase) in deferred revenue	836,194	(6,686)
Decrease in loan payable	(30,000)	-
Increase in deferred contributions	1,883,684	2,654,486
Increase/ (decrease) in inventories	(87,863)	93,266
Increase in prepaid expenses	(316,966)	(132,079)
Decrease/ (increase) in vacation leave and employee future benefits	(8,368)	467,641
Increase in accrued pension benefit asset	(5,275,900)	(3,813,200)
Increase in non-current other employee future benefits	185,900	136,410
Cash provided by (used for) operating activities	<u>11,372,608</u>	<u>(394,207)</u>
INVESTING ACTIVITIES		
(Increase) decrease in restricted cash and cash equivalents	(235,416)	282,816
Increase in restricted investments	(225,161)	(1,506,109)
Cash used for investing activities	<u>(460,577)</u>	<u>(1,223,293)</u>
CAPITAL ACTIVITIES		
Capital assets acquired	(2,332,876)	(794,722)
Proceeds from disposal of capital assets	209,985	295,922
Cash used for capital activities	<u>(2,122,891)</u>	<u>(498,800)</u>
FINANCING ACTIVITIES		
Net investment income from endowments	67,389	29,264
Endowment contributions (including transfers)	4,816	985,372
Receipt of deferred capital contributions	1,900,023	258,053
Cash provided by financing activities	<u>1,972,228</u>	<u>1,272,689</u>
INCREASE (DECREASE) IN CASH	10,761,368	(843,611)
Cash - beginning of period	<u>7,662,685</u>	<u>8,506,296</u>
CASH - END OF PERIOD	\$ 18,424,053	\$ 7,662,685
SUPPLEMENTARY INFORMATION		
Interest received	\$ 588,334	\$ 89,066
Interest paid	\$ 3,240	\$ 2,318

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

YUKON UNIVERSITY
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2023

1. PURPOSE

a) The *Yukon University Act* was proclaimed into force effective February 6, 2020 replacing the *Yukon College Act*. Under the *Yukon University Act*, Yukon College, incorporated under the *Yukon College Act*, continues as a corporation under the name Yukon University. Yukon University (the University) is a post-secondary educational institution. The University 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 University is to offer a balance of educational programs. Programs include baccalaureate, masters and doctoral degree programs, certificate, and diploma programs, and continuing and adult basic education. The University also undertakes and maintains research, scholarly activities and other learning and training activities for these purposes.

b) The Yukon University 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 University 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 University for any purpose for students in attendance at facilities owned and/or operated by the University;
- 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; and
- 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

Basis of consolidation

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

The University controls the Foundation as it has the ability to appoint the Board of Governors of the University as the majority of the members of the Board of Directors of the Foundation. 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 University. The Foundation operates out of the University's main campus building with the assistance of University employees in the advancement office.

Financial instruments

The financial instruments of the University include cash, accounts receivable, restricted cash and cash equivalents, restricted investments, accounts payable and accrued liabilities, employee accrued liabilities and loan payable.

All of the University's financial instruments are assigned to the cost or amortized cost measurement category, except for restricted investments which are assigned to the fair value measurement category.

(continues)

YUKON UNIVERSITY
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Fair value classification

Restricted investments includes equity and debt instruments that are quoted in an active market. They are initially recognized at fair value and subsequently carried at fair value. Unrealized changes in fair value are recognized in the Consolidated Statement of Remeasurement Gains and Losses until they are realized. Realized changes in fair value of restricted investments are recorded as deferred contributions, where they remain deferred until the restriction on use is fulfilled, and at that time the amount is transferred to the Consolidated Statement of Operations. Transaction costs are expensed as incurred.

Where a decline in fair value is determined to be other than temporary, the amount of the loss is removed from accumulated remeasurement gains and losses and recognized in the Consolidated Statement of Operations.

The University classifies, for financial reporting purposes, fair value measurements using a fair value hierarchy made up of three levels, according to the inputs used in making the measurements.

Level 1: This level includes assets and liabilities measured at fair value based on unadjusted quoted prices for identical assets and liabilities in an active market that the University can access at the measurement date.

Level 2: This category includes measurements that use, either directly or indirectly, observable inputs other than quoted prices included in level 1.

Level 3: The measurements in this category depend upon inputs that are less observable, not available or for which observable inputs do not justify most of the instruments' fair value.

Amortized cost classification

These financial instruments are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets. Transaction costs are added to the cost of the instrument.

Writedowns are recognized when the amount of the loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are written down to net recoverable value with the writedown recognized in the Consolidated Statement of Operations. Accounts receivable are recorded at cost less valuation allowances. Valuation allowances are calculated by examining amounts overdue 90 days or more and/or accounts where there is no longer reasonable assurance of timely collection to estimate amounts deemed to be uncollectible.

Capital assets

Capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the time of contribution.

When conditions indicate that an asset no longer contributes to the University's ability to provide its services, the carrying value of the capital asset is reduced to reflect the decline in the asset's value.

Construction in progress costs are capitalized as incurred. These amounts 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.

(continues)

YUKON UNIVERSITY
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Capital assets are amortized on a straight-line basis over their estimated useful lives, which are estimated as follows:

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

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

Asset retirement obligations

On April 1, 2022, the University adopted Canadian public sector accounting standard PS 3280 Asset Retirement Obligations. An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- (a) There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- (b) The past transaction or event giving rise to the liability has occurred;
- (c) It is expected that future economic benefits will be given up; and,
- (d) A reasonable estimate of the amount can be made.

The estimate of the asset retirement obligation includes costs directly attributable to the asset retirement activities and is recorded as a liability and increase to the related tangible capital assets. As at March 31, 2023, the University determined that there were no significant asset retirement obligations associated with its capital assets and hence, the adoption of this standard did not have an impact on the amounts presented in these consolidated financial statements.

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. Cost is determined on a first-in first-out basis.

Contributed services

The University benefits from services provided by volunteers in assisting the institution in carrying out its activities. The fair value of these services is not reliably estimable and accordingly is not recognized in the consolidated financial statements.

(continues)

YUKON UNIVERSITY
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Employee future benefits

Pension benefits

Yukon University 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 University after 24 months of continuous service. The University'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. In general, pension benefits are based on 2% of the best five years of continuous service minus any adjustments required by the Canada Pension Plan. Plan members can accumulate up to 35 years of continuous service. The University 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 University 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.

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, and 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 University). Actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service life of the related employee group. The University accrues other vacation and leave benefits for employees as earned based on their respective terms of employment.

Revenue recognition

The University follows the deferral method of accounting for contributions. Restricted contributions are deferred and 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.

(continues)

YUKON UNIVERSITY
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 as revenue when the courses are delivered.

The University 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.

Allocation of expenses

The University 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.

Internally restricted net assets

Net assets invested in capital assets represents the amount the University has spent on capital assets using its own funding sources. Net assets internally restricted for pension represents the amounts restricted in order to meet future pension obligations. Net assets internally restricted for capital assets represents the amounts restricted in order to invest in capital assets (replacement and purchase of new assets).

Related party transactions

The University is related to all Government of Yukon departments, corporations, agencies, and the University's key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the University. Significant transactions with related parties and balances at year-end are disclosed separately in the consolidated 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 University 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 University's operations in its consolidated financial statements. These services are recorded at amounts based on the Government of Yukon's amortization expense (for the main campus), and on fair value for the rental of other facilities.

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YUKON UNIVERSITY
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

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 consolidated financial statements and no liability is accrued.

3. **FINANCIAL RISK MANAGEMENT**

The University's financial instruments are exposed to the following risks: interest rate risk, foreign exchange risk, credit risk, liquidity risk and other price risk. The University manages these risk exposures on an ongoing basis. The University 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 University is exposed to interest rate risk on its fixed interest rate for financial instruments, which subject the University to a fair value risk. Investments are monitored by the Board of Governors and managed by investment managers, subject to asset mix and performance benchmarks contained in the investment policies. The investment managers report on a regular basis to the Board of Governors.

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 University is not exposed to any significant foreign exchange risk because instruments held in foreign currency are not considered significant.

(continues)

YUKON UNIVERSITY
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2023

3. FINANCIAL RISK MANAGEMENT *(continued)*

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, accounts receivable, restricted cash and cash equivalents and restricted investments 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.

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

	2023	2022
Carrying value	\$ 7,248,987	\$ 12,750,018
Allowance for doubtful accounts	326,736	275,608
Accounts receivable % less than 30 days	89 %	94 %
Accounts receivable % over 90 days	8 %	3 %

Liquidity risk

Liquidity risk is the risk that the University will not be able to meet its financial obligations as they become due.

The University 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 University's reputation. As at March 31, 2023, substantially all of the University's accounts payable and accrued liabilities are due within 6 months of year-end.

Other price risk

Other price risk is the risk that changes in financial or market conditions impair the value of the University's assets, or that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The University's investments are managed by investment managers in accordance with the University's Investment Governance Policy. The University is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments for trading purposes. Other price risk is not considered significant.

4. CASH

The University has, if needed, an operating demand line of credit with its banker that allows the University to borrow up to \$1,000,000 (2022 - \$1,000,000) at bank prime. The credit line was unused at both 2023 and 2022. The University's credit facility interest rates are subject to fluctuations in the prime rate.

5. RESTRICTED CASH AND CASH EQUIVALENTS

Restricted cash and cash equivalents consists of interest-earning deposits of \$1,064,111 (2022 - \$828,695).

An amount of \$253,992 (2022 - \$90,603) is externally restricted for certain endowment and deferred contributions. An amount of \$245,316 (2022 - \$191,851) is internally restricted for prepaid employee leave. An amount of \$564,803 (2021 - \$546,241) is internally restricted for investment in capital assets.

YUKON UNIVERSITY
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2023

6. RESTRICTED INVESTMENTS

	Level	Percentage	2023	2022
Equity securities	1	61.22 %	\$ 3,759,060	\$ 4,002,609
Debt securities	1	37.46 %	2,299,815	2,023,217
Cash and cash equivalents	1	1.32 %	81,133	125,389
		100.00 %	\$ 6,140,008	\$ 6,151,215

Restricted investments are externally restricted.

7. EMPLOYEE FUTURE BENEFITS

a) Pension benefits

Yukon University Employees' Pension Plan is a defined-benefit pension plan, which requires the employer and the employee to make annual contributions to an employee's retirement account. Plan administrators hire an actuary to calculate the future benefits that the plan must pay an employee and the amount that the employer and employee must contribute to provide those benefits. During the year, the pension benefits paid by the pension plan were \$5,992,500 (2022 - \$3,755,000) and the employer and employee contributions to the pension plan were \$2,246,500 (2022 - \$2,214,500) and \$2,093,900 (2022 - \$2,172,800), respectively.

The pension plan has two groups of members. Group 1 is for members with a start date prior to July 1, 2013. Group 2 is for members with a start date on or after July 1, 2013. The age at which a member can retire without a reduced pension is age 60 for Group 1 and age 65 for Group 2. Effective January 1, 2023, Group 1 members were required to contribute to the plan at a rate of 9.62% on annual earnings up to the Yearly Maximum Pensionable Earnings (YMPE) plus 12.02% on annual earnings in excess of the YMPE (2022 - 10.72% on annual earnings up to the Yearly Maximum Pensionable Earnings (YMPE) plus 13.12% on annual earnings in excess of the YMPE). Effective January 1, 2023, Group 2 members were required to contribute to the plan at a rate of 7.28% on annual earnings up to the YMPE plus 9.06% on annual earnings in excess of the YMPE (2022 - 9.43% on annual earnings up to the Yearly Maximum Pensionable Earnings (YMPE) plus 11.21% on annual earnings in excess of the YMPE).

Assets in the pension plan are based on fair values as reported by the custodian of the funds as at March 31, 2023. No adjustment is made for contributions/payments in transit at that date.

An actuarial valuation for accounting purposes was performed as at March 31, 2023 using the projected benefits method prorated on services, based on extrapolated employee data as at June 30, 2022.

(continues)

YUKON UNIVERSITY
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2023

7. 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:

	2023	2022
<u>Weighted-average assumptions for benefit costs</u>		
Discount rate	5.75 %	5.30 %
Expected long-term rate of return on plan assets	5.75 %	5.30 %
Rate of compensation increase		
Group 1:	3.00 %	3.40 %
Group 2:	3.40 %	3.40 %
Inflation rate	2.00 %	2.00 %
Expected average remaining service life	10 years	10 years
<u>Weighted-average assumptions of accrued benefit obligation</u>		
Discount rate	6.15 %	5.75 %
Expected long-term rate of return on plan assets	6.15 %	5.75 %
Rate of compensation increase		
Group 1:	3.00 %	3.40 %
Group 2:	3.40 %	3.40 %
Inflation rate	2.00 %	2.00 %
<u>Change in accrued benefit obligation:</u>		
Accrued benefit obligation - beginning of period	\$ 95,139,500	\$ 95,063,200
Current service cost, net of employee contributions	2,463,700	2,334,700
Interest cost	5,410,900	5,045,700
Employee contributions	2,093,900	2,172,800
Benefits paid	(5,992,500)	(3,755,000)
Admin expenses	(637,300)	(474,300)
Actuarial gains	(5,796,500)	(5,247,600)
Accrued benefit obligation - end of period	\$ 92,681,700	\$ 95,139,500
<u>Change in plan assets:</u>		
Fair value of plan assets - beginning of period	\$141,261,000	\$132,505,200
Actual return on plan assets	(946,000)	8,597,800
Employer contributions	2,246,500	2,214,500
Employee contributions	2,093,900	2,172,800
Benefits paid	(5,992,500)	(3,755,000)
Admin expenses	(637,300)	(474,300)
Fair value of plan assets - end of period	\$138,025,600	\$141,261,000

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YUKON UNIVERSITY
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2023

7. EMPLOYEE FUTURE BENEFITS *(continued)*

a) Pension benefits (continued)

	2023	2022
<u>Reconciliation of accrued pension benefit asset - end of period:</u>		
Accrued benefit obligation	\$ (92,681,700)	\$ (95,139,500)
Fair value of plan assets	138,025,600	141,261,000
Pension benefit surplus	45,343,900	46,121,500
Unamortized net actuarial gains	(15,725,500)	(21,779,000)
Accrued pension benefit asset	\$ 29,618,400	\$ 24,342,500
	2023	2022
<u>Elements of defined pension plan benefit costs recognized in the period:</u>		
Current service cost	\$ 2,463,700	\$ 2,334,700
Interest cost on benefit obligation	5,410,900	5,045,700
Expected return on plan assets	(8,056,700)	(7,027,000)
Amortization of actuarial (gains)/losses	(2,847,300)	(1,952,100)
Net periodic pension (income)/cost recognized	\$ (3,029,400)	\$ (1,598,700)
	2023	2022
<u>Based on fair value of plan assets held, the assets were composed of:</u>		
Equity securities	56.00 %	58.00 %
Debt securities	43.00 %	41.00 %
Other	1.00 %	1.00 %
	100.00 %	100.00 %

The net periodic pension income of \$3,029,400 (2022 - \$1,598,700) is recognized in salaries, wages and benefits in Note 16 and allocated to expenses by function on the Consolidated Statement of Operations in a manner consistent with the employee allocation to those functions.

Actuarial valuation for funding purposes

An actuarial valuation for funding purposes was performed as at June 30, 2022 which identified the University's required current service contributions as 69.7% up to December 31, 2022 and 100% from January 1, 2023 (June 30, 2021 – 101.7%) of employee contributions. Under economic and demographic assumptions used in these calculations this level of University contributions, together with the employee contributions is sufficient to fund the current service costs of the pension plan benefits.

The actuarial valuation for funding purposes as at June 30, 2022 for the University had an actual surplus of \$29,888,600 (June 30, 2021 - \$20,340,800) at the measurement date on a going-concern basis and a surplus of \$12,830,000 (June 30, 2021 - \$2,207,300) if valued on the basis that the pension plan was terminated/wound up as at June 30, 2022. The solvency ratio of the pension plan was 100% as at June 30, 2022. The Government of Yukon provided a pension related contribution to the University during the year as described in Note 17. All required contributions to the pension plan have been made.

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YUKON UNIVERSITY
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2023

7. EMPLOYEE FUTURE BENEFITS *(continued)*

a) Pension benefits (continued)

The Pension Benefits Standards Act permits that in lieu of making special solvency payments, letters of credit can be obtained to reduce a solvency deficiency. In May 2011, for a solvency deficiency that existed at the time, the University acquired a letter of credit for the pension plan. Although the pension plan is no longer in a solvency deficiency, the University still has the letter of credit. The face value of the letter of credit is \$22,060,699 (2022 - \$22,250,100).

The Government of Yukon has issued letters to a bank guaranteeing that, should there be a requirement to draw upon the letter of credit, the Government of Yukon will provide the necessary support to address any resulting debt, interest and costs that may be required under the federal pension legislation. At March 2023, the guarantee remains in effect to December 31, 2023.

A new actuarial valuation for funding purposes will be prepared as at June 30, 2023 and will be filed with the regulator prior to December 31, 2023.

b) Other non-pension 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 is:

	2023	2022
Accrued benefit obligation, end of period	\$ 5,944,800	\$ 5,971,500
Unamortized actuarial gain	1,776,810	1,571,510
Actuarially determined obligation, end of period	7,721,610	7,543,010
Less: Current portion included in vacation leave and employee future benefits (<i>Note 12</i>)	(1,105,200)	(1,112,500)
Non-current portion of obligation, end of period	\$ 6,616,410	\$ 6,430,510

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YUKON UNIVERSITY
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2023

7. EMPLOYEE FUTURE BENEFITS *(continued)*

b) Other non-pension benefits (continued)

The annual benefit plan cost and change in accrued benefit liability are as follows:

	2023	2022
Accrued benefit obligation, beginning of period	\$ 7,543,010	\$ 6,974,100
Add: Annual benefit plan cost:		
Current service cost	769,600	981,800
Interest on accrued benefit obligation	235,000	201,700
Amortization of net actuarial gain	(157,200)	(28,280)
Total annual benefit plan cost	847,400	1,115,220
Accrued benefit obligation before benefits paid by the University	8,390,410	8,129,320
Less: Benefits paid by the University	(668,800)	(586,310)
Actuarially determined obligation, end of period	7,721,610	7,543,010
Less: Current portion included in vacation leave and employee future benefits	(1,105,200)	(1,112,500)
Non-current portion of obligation, end of period	\$ 6,616,410	\$ 6,430,510

The significant actuarial assumptions adopted in measuring the University's accrued benefit obligation are as follows:

	2023	2022
Weighted average assumptions for benefit costs:		
Discount rate	3.80 %	2.75 %
Rate of compensation increase for 10 years and thereafter		
Group 1:	3.00 %	3.40 %
Group 2:	3.40 %	3.40 %
Expected average remaining service life	10 years	10 years
Weighted average assumptions for accrued benefit obligation:		
Discount rate	4.80 %	3.80 %
Rate of compensation increase for 10 years and thereafter		
Group 1:	3.00 %	3.40 %
Group 2:	3.40 %	3.40 %
Expected average remaining service life	10 years	10 years

YUKON UNIVERSITY
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2023

8. CAPITAL ASSETS

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Leasehold improvements	\$ 7,071,575	\$ 3,283,528	\$ 3,788,047	\$ 4,153,607
Equipment general	4,517,172	2,656,968	1,860,204	1,720,511
Motor vehicles	1,017,816	553,680	464,136	78,454
Equipment EDP	1,652,892	1,061,245	591,647	188,645
Furniture and fixtures	531,478	302,604	228,874	264,166
Work in progress	2,645,554	-	2,645,554	733,653
Mobile trailers	1,844,143	833,512	1,010,631	1,261,537
Works of art	103,448	-	103,448	103,448
	\$ 19,384,078	\$ 8,691,537	\$ 10,692,541	\$ 8,504,021

Work in progress pertains to capitalizable costs incurred by the University for signage and the new Science Building - Polaris. During the year University has started planning and design for the Polaris building and the costs incurred up to 31 March 2023 amounted to \$1,870,057 (2022: \$0).

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2023	2022
Trades accounts payable	\$ 2,576,439	\$ 1,802,590
Payroll payable	1,698,110	1,297,341
Accrued accounts payable	1,228,148	483,976
Student deposits	831,154	884,252
Other payables	422,974	294,373
	\$ 6,756,825	\$ 4,762,532

10. DEFERRED REVENUE

	Contracts	Tuition	2023	2022
Balance, beginning of period	\$ 171,673	\$ 26,135	\$ 197,808	\$ 204,494
Additions	4,131,202	2,570,208	6,701,410	4,430,742
Revenue recognized	(3,304,699)	(2,560,517)	(5,865,216)	(4,437,426)
Balance, end of period	\$ 998,176	\$ 35,826	\$ 1,034,002	\$ 197,810

YUKON UNIVERSITY
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2023

11. DEFERRED CONTRIBUTIONS

	Government of Yukon Contributions	Other contributions	Donations and allocated investment income	2023	2022
Balance, beginning of period	\$ 391,727	\$ 6,694,708	\$ 1,119,470	\$ 8,205,905	\$ 5,551,418
Additions	32,994,659	11,277,164	194,254	44,466,077	41,532,025
Revenue recognized	(32,958,984)	(9,659,569)	(129,865)	(42,748,418)	(39,344,842)
Investment income	-	-	166,025	166,025	467,304
Balance, end of period	\$ 427,402	\$ 8,312,303	\$ 1,349,884	\$ 10,089,589	\$ 8,205,905

Government of Yukon contributions (Note 17) includes services received without charge of \$7,108,904 (2022 - \$5,073,476) in addition to \$32,958,984 (2022 - \$30,531,755) recognized from deferred contributions, for a total of \$40,067,888 (2022 - \$35,605,231).

Other contributions is comprised primarily of amounts from the Government of Canada, and also amounts from First Nations and other organizations. Donations revenue is recognized on the Consolidated Statement of Operations within student assistance/scholarships.

12. VACATION LEAVE AND EMPLOYEE FUTURE BENEFITS

	2023	2022
Vacation leave liability	\$ 2,635,647	\$ 2,712,919
Current portion of other employee future benefits	1,105,200	1,112,500
Funds held for income averaging	249,377	188,527
Long service leave liability	164,952	169,415
Compensatory pay liability	39,610	19,793
	\$ 4,194,786	\$ 4,203,154

13. LOAN PAYABLE

The University has entered into an agreement with a donor for a non-interest bearing loan that is invested as deemed appropriate by the University. Income from investment is added to a research endowment. The principal will remain invested until it has been gifted to the University 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 may be converted to a gift at any time by the donor. During the year, the donor requested to transfer \$30,000 from the long-term loan to the Yukon University Foundation Endowment.

YUKON UNIVERSITY
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2023

14. DEFERRED CAPITAL CONTRIBUTIONS

The changes in the deferred capital contributions balance are as follows:

	2023	2022
Balance, beginning of period	\$ 5,323,007	\$ 5,520,768
Restricted government contributions	1,900,023	258,053
Amount amortized to revenue	<u>(452,888)</u>	<u>(455,814)</u>
Balance, end of period	\$ 6,770,142	\$ 5,323,007

Deferred Capital Contributions include funding for work-in-progress related to the planned New Science Building - Polaris \$1,870,057 (2022 - \$0), Leasehold improvements \$2,767,441 (2022 - \$2,971,358), mobile trailers \$1,063,739 (2022 - \$1,170,113) and furniture and fixtures and general equipment \$1,068,905 (2022 - \$1,181,536).

15. EXTERNALLY RESTRICTED FOR ENDOWMENTS

	2023	2022
Endowment balance, beginning of period	\$ 4,255,242	\$ 3,240,606
Endowment contributions	46,602	1,011,500
Disbursements from endowments	<u>(41,786)</u>	<u>(26,128)</u>
Net investment income	<u>67,389</u>	<u>29,264</u>
Endowment balance, end of period	\$ 4,327,447	\$ 4,255,242

16. EXPENDITURES BY OBJECT

	2023	2022
Salaries, wages and benefits	\$ 30,254,520	\$ 30,352,281
Contract services	5,806,519	4,688,425
Rental of facilities and equipment	5,102,441	3,517,662
Utilities and communications	2,924,976	2,513,239
Material and supplies	2,699,090	1,619,215
Travel	1,339,400	484,511
Amortization of capital assets	1,188,681	978,379
Licenses, permits, and memberships	782,252	621,996
Cost of sales and ancillary services	532,358	604,716
Promotion, events and advertising	492,286	417,235
Other	277,032	446,168
Bank fees and credit card commissions	260,432	231,913
Books and subscriptions	125,429	91,668
Student assistance/scholarships	94,196	530,846
Postage and freight	<u>89,802</u>	<u>77,490</u>
	\$ 51,969,414	\$ 47,175,744

Fundraising expenses totaling \$263,131 (2022 - \$141,279) are included in salaries, wages and benefits, contract services, material and supplies, and promotion, events, and advertising.

(continues)

YUKON UNIVERSITY
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2023

16. EXPENDITURES BY OBJECT *(continued)*

Services received without charge included in above:

	2023	2022
Rental of facilities and equipment	\$ 4,673,727	\$ 3,097,491
Utilities and communication	2,435,177	1,975,985
	\$ 7,108,904	\$ 5,073,476

17. GOVERNMENT OF YUKON CONTRIBUTIONS

	2023	2022
Operating contributions	\$ 24,407,288	\$ 23,394,072
Contributions other	8,432,212	7,005,463
Services received without charge (Note 16)	7,108,904	5,073,476
Pension funding	119,484	132,220
	\$ 40,067,888	\$ 35,605,231

A significant portion of the University's income is received from the Government of Yukon. For the year ended March 31, 2023, total Government of Yukon contributions made up 65% of total revenues (2022 - 69%). For the year ended March 31, 2023, the University received \$119,484 (2022 - \$132,220) for pension letter of credit costs.

18. MISCELLANEOUS INCOME

	2023	2022
Salary, travel and other expense recovery	\$ 330,066	\$ 388,492
Other miscellaneous revenue	259,002	379,230
General student fees	236,248	233,259
Computer lab usage fees	133,383	149,811
Facilities and equipment rental	78,016	65,263
	\$ 1,036,715	\$ 1,216,055

19. RELATED PARTY TRANSACTIONS

In addition to those related party transactions disclosed in Note 17, the University enters into transactions with related entities in the normal course of business.

The University receives funds from the Government of Yukon for student training allowances amounting to \$363,516 (2022 - \$485,106). Included in the amortization of deferred capital contributions on the Consolidated Statement of Operations is \$306,493 (2022 - \$306,493) 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 March 31, 2023 there was \$256,724 (2022 - \$73,301) of accounts payable and accrued liabilities and \$4,405,440 (2022 - \$10,597,862) of accounts receivable related to the Government of Yukon. At March 31, 2023 there was \$427,402 (2022 - \$391,727) of deferred contributions and \$4,056,291 (2022 - \$4,329,892) of deferred capital contributions related to the Government of Yukon. The University has a lease agreement with the Government of Yukon for a building and land lease which expired June 2022. Lease payments total \$48,665 for 2023, and \$48,425 for 2022.

YUKON UNIVERSITY
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2023

20. 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 University'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 University:

	Government of Canada	Government of Yukon	Other	Total
2024	\$ 3,127,468	\$ 140,281	\$ 5,368,735	\$ 8,636,484
2025	2,630,544	15,000	4,068,787	6,714,331
2026	1,333,697	-	3,177,907	4,511,604
Thereafter	-	-	100,000	100,000
	\$ 7,091,709	\$ 155,281	\$ 12,715,429	\$ 19,962,419

Government of Canada contractual rights consist of funds to be received for the Innovation and Entrepreneurship Accelerator, the Industrial Research Chair – Northern Energy Innovation, Support to UArctic, Global Arctic Leadership Initiative program and various other programs and initiatives such as Clean Energy Research Team for Northern Grid Impact Studies, and Enhancing Yukon Trade Corridor Resilience to Northern Geohazards.

Government of Yukon contractual rights consist of funds to be received for the Yukon Research Centre, Yukon First Nations 101 Online Training Course - Health and Social Services, and various programs.

Other contractual rights consist of funds to be received for student support, and Yukon Research Centre programs and initiatives.

YUKON UNIVERSITY
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2023

21. CONTRACTUAL OBLIGATIONS

Leases

The University has operating leases and maintenance service agreements for classroom space, telecommunication, the information system and course curriculum and is committed to basic payment as follows:

	Maintenance Services	Facility Leases	Telecommunication, Course curriculum and Other Contracts	Total
2024	\$ 229,831	\$ 256,173	\$ 3,404,172	\$ 3,890,176
2025	71,067	49,590	1,519,820	1,640,477
2026	-	49,590	756,746	806,336
2027	-	12,397	145,111	157,508
	\$ 300,898	\$ 367,750	\$ 5,825,849	\$ 6,494,497

Capital Assets

The land and buildings at Ayamdigut Campus and some community campuses are owned by the Government of Yukon and leased to the University at no charge. The Government of Yukon is responsible for major maintenance and upkeep of the buildings and grounds, and the University is responsible for minor interior maintenance and repairs.

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COMPENSATION FUND (YUKON)

FINANCIAL STATEMENTS

December 31, 2022

(audited)

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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"), as managed by the Workers' Safety and Compensation Board (the "Board"), for the year ended December 31, 2022. 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 (IFRS).

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 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 actual results may differ materially from those expressed or implied.

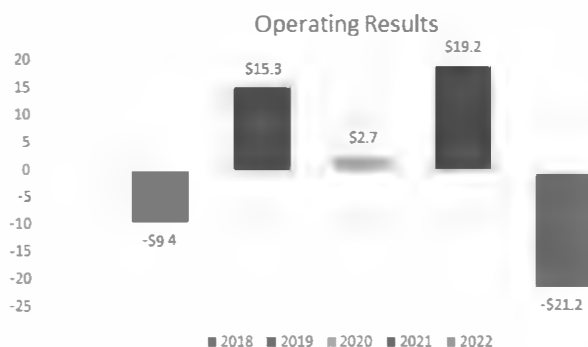
Risk management

In order to identify and manage the many risks that the organization faces, an enterprise risk management system has been implemented. Its purpose is to identify risks that could impede the organization's ability to carry out its mandate of preventing injuries and helping injured workers and their families. Risks are identified and ranked by probability and impact. Risk owners are assigned, and mitigation measures are identified, implemented and monitored throughout the year. These measures are reviewed through the internal audit process to assure the organization that measures are functioning as anticipated. Annually, management formally reviews the risks and corresponding mitigation strategies with the Board of Directors.

The top risks for 2022 did not materially change from 2021. These were identified as outdated legislation, the disruption of operations by cyberattacks and the inability to respond to changing stakeholder needs in a rapidly changing environment. Ongoing mitigation of these risks include the implementation of the *Workers' Safety and Compensation Act* (the Act) in July of 2022, information technology security enhancements and continued commitment to business process improvements.

Operating results

In 2022, the Fund incurred an operating loss of \$21.2 million versus a \$19.2 million surplus in 2021. This large change is a result of incurring a net investment loss of \$24 million in 2022 versus net investment income of \$27 million in 2021.



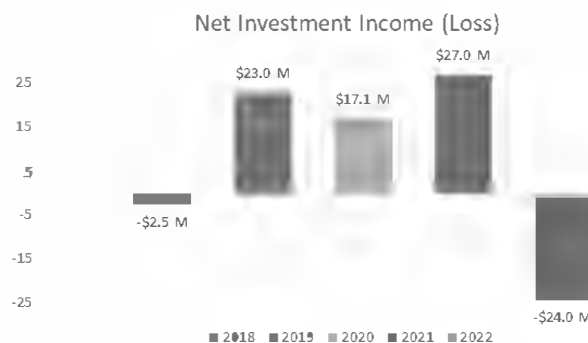
Total comprehensive income (loss), which includes the actuarial gain or loss on post-employment benefits, was a loss of \$21.1 million in 2022 versus income of \$19.2 million in 2021. There was no funding policy surplus distribution in 2022 or 2021.

The main difference in total comprehensive income (loss) is due to the huge swing in investment income, as previously mentioned.

Revenues

The Fund's revenue and income totalled \$13.4 million in 2022 versus \$60.1 million in 2021. The change in overall revenue was mainly due to the net investment loss incurred in 2022 which was partially offset by an increase of \$3.3 million in assessment revenue.

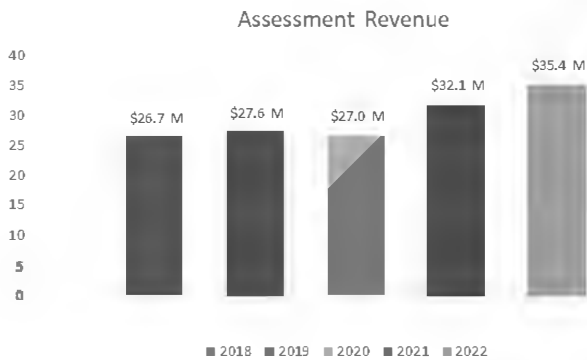
The net investment loss in 2022 was \$24 million versus net investment income of \$27 million in 2021, a decrease of \$51 million.



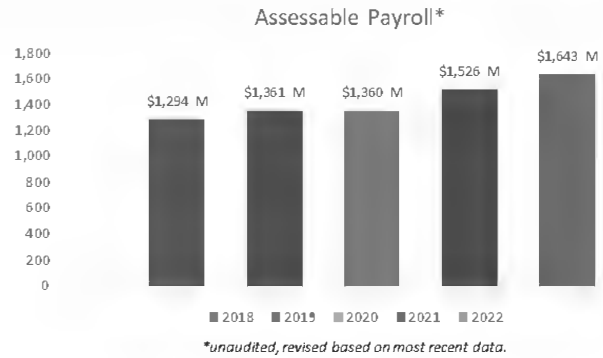
In 2022, the Fund's investments declined due to poor equity markets and poor fixed income returns, ending the year with an overall negative return of 9.5%. The four-year annualized return dropped from 7.9% to 5.5%. At December 31, 2022, the investment portfolio's asset mix was 43% fixed income and 57% equities. Bonds had one of the worst years on record, posting a loss of 10.3% as central banks dramatically increased interest rates, pushing the value of bonds downward. Equities recorded a loss of 8.9% for the year.



Assessment revenue in 2022 was \$35.4 million versus \$32.1 million in 2021, a 10% increase, primarily due to an overall increase in assessable payroll. The average collected assessment premium rate has remained relatively stable year over the year, as in 2022 it was \$2.15.



The increase in assessable payroll of 8% was related to an overall increase in economic activity in the Yukon in 2022. Although some sectors were not at their pre-pandemic levels, others continued to see steady growth. These include mining, construction, transportation and government. Also, there was an overall increase in registered employers from 3933 in 2021 to 4035 in 2022.

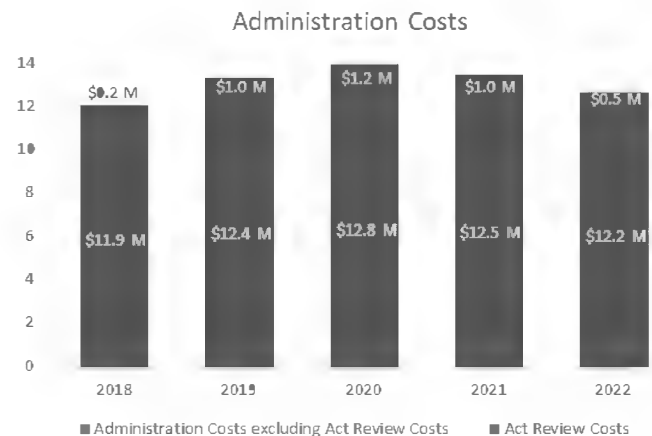


Expenses

Total claims expenses decreased to \$20.9 million in 2022 from \$26.7 million in 2021. The decrease was due to a number of factors including an increase in the discount rate and a decrease in the occupational disease costs.



Administration costs decreased to \$12.7 million in 2022 from \$13.5 million in 2021. This decrease was mainly attributed to staffing vacancies throughout the year.



Balance sheet

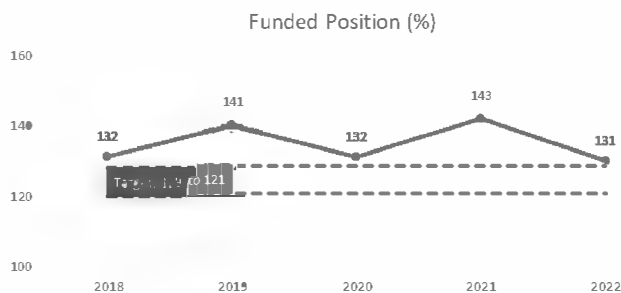
At the end of each fiscal year, the Board's actuary calculates the benefits liability for all injuries that have occurred to date. This liability represents the actuarial present value of all future benefits and related administration costs. As at December 31, 2022, this liability was \$178 million, an increase of less than 1% over the previous year. The main driver of the lower than expected increase was the revised discount rate assumption, which was increased from 5.15% to 5.65%.

The total assets of the Fund decreased by \$21.6 million, or 8%, in 2022. This increase was attributable to the decline in the investments caused by losses which were fuelled by the dramatic increases in interest rates in 2022.

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, 2022, the funding ratio was 131%, down from 143% in 2021, due to poor investment returns in 2022.



Significant changes in accounting standards

IFRS 17 *Insurance Contracts*, effective January 1, 2023, will have an impact on the Board's financial statements. The areas expected to be impacted are the benefits liability on the Statement of Financial position, presentation and disclosure of the financial statements. Work on these changes began in 2021 and will continue throughout the next year.

Implementation of the new Act

The organization implemented the new *Workers' Safety and Compensation Act*, which came into effect July 1, 2022. Changes to the Act include expanding the eligible listed diseases (cancers) for firefighters; expanding the post-traumatic stress disorder presumption to cover all workers, subject to certain conditions being met; removing the reduction of earnings loss benefits relating to disability benefits paid to a worker for a work-related injury under the Canada and Quebec pension plan legislation; expanding the period of eligibility for earnings loss benefits for older workers; and increasing the loss of earnings benefits for low-income workers.

A year of volatility and uncertainty

In terms of COVID-19, 2022 started with a new wave of cases related to the Omicron variant. Along with this, supply chains were failing and inflation was rising, which accelerated when the war in Ukraine started. Interest rates increased drastically as central banks tried to beat down inflation and markets dropped. On top of this, large numbers of people left the workforce and labor shortages were common in all sectors.

Future outlook

As we progress into 2023, the Board continues to face challenges in a rapidly changing and volatile fiscal environment. During such times, it is important for organizations to have the resiliency and resources to meet the challenges and opportunities that will occur in the next few years. Fortunately, the Fund is in a very strong financial position which has allowed it to weather the worst financial downturn in over a decade. This financial strength has provided stable rates for employers, allowed for legislated improvements in benefits to injured workers and ensured that future obligations to injured workers will be met. Our financial strength continues to allow the organization to help monitor the safety of all Yukon workplaces.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The management of the Workers' Safety and Compensation Board - Yukon (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; the Fund'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.

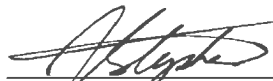
Members of the Board of Directors are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board of Directors exercises its responsibilities through the Finance, Investment, and Audit Committee (the "Committee"). The Committee meets 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 her opinion on the financial statements. She also considers whether the transactions that come to her notice in the course of the audit are, in all significant respects, in accordance with specified legislation.

Telus Health, an independent consulting actuarial firm, has completed an actuarial valuation of the benefits liability of the Compensation Fund included in the financial statements and reported thereon in accordance with accepted actuarial practice.



Kurt Dieckmann, MBA, CRSP
President and Chief Executive Officer



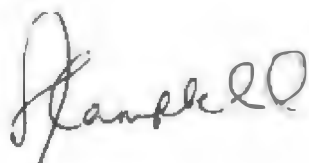
Jim Stephens, CPA, CMA, CGA
Vice President, Operations and Chief Financial Officer

April 18, 2023

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, 2022 (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 \$179,868,583. This amount consists of \$178,008,712 for the benefit liability and \$1,859,870 for the Provisional Pensioners liability. 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 Retirement benefit. It does not include any accrued liability for claims arising from self-insured accounts.
5. The liability as at the valuation date for Retirement 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' Safety and Compensation Act and on the board's policies and practices in effect on the valuation date.



Sekayi Campbell, F.C.I.A.

This report has been peer reviewed by Crispina Caballero, F.C.I.A.

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INDEPENDENT AUDITOR'S REPORT

To the Workers' Safety and Compensation Board, board of directors and Minister responsible for the Compensation Fund

Opinion

We have audited the financial statements of the Compensation Fund, which comprise the statement of financial position as at 31 December 2022, 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 2022, 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 Workers' Safety and Compensation 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.



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

Edmonton, Canada
18 April 2023

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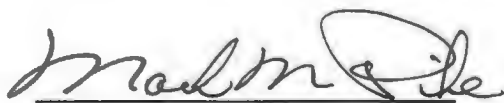
Compensation Fund
Statement of Financial Position
As at December 31 (in thousands of Canadian dollars)

	2022	2021 (Note 19)
Assets		
Cash	\$ 8,898	\$ 7,008
Accounts receivable (Note 6)	3,427	3,187
Prepaid expenses	415	310
Investments (Note 7)	221,363	244,798
Property and equipment (Note 8)	10,123	9,992
Intangible assets (Note 9)	2,494	3,067
Total assets	\$ 246,720	\$ 268,362
Liabilities		
Accounts payable and accrued liabilities (Note 10)	\$ 4,134	\$ 4,981
Surplus distributions payable (Note 14)	-	22
Other provisions (Note 11)	1,859	1,877
Benefits liability (Note 12)	178,010	177,398
Employee benefits (Note 13)	3,685	3,927
Total liabilities	187,688	188,205
Funded Position (Equity)		
Reserves (Note 14)	59,032	80,157
Total equity	59,032	80,157
Total liabilities and equity	\$ 246,720	\$ 268,362

Commitments and Contingencies (Notes 16 and 18)

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

Approved by the Workers' Safety and Compensation Board



Mark Pike, Chair

Compensation Fund
Statement of Operations and Comprehensive Income
For the year ended December 31 (in thousands of Canadian dollars)

	2022	2021 (Note 19)
Revenue and Income		
Assessment revenue	\$ 35,357	\$ 32,085
Net investment income (loss) (Note 7)	(24,003)	26,960
Recoveries and other receipts	1,993	1,048
	13,347	60,093
Expenses		
Claims expenses (Note 12)	20,908	26,674
Administration (Note 17)		
General and administration	9,421	9,712
Occupational health and safety	2,152	2,188
Act and regulation amendments	512	965
Workers' advocate	361	330
Employer advisor	91	146
Appeal tribunal	210	117
Other provisions (Note 11)	100	130
Prevention	799	677
	34,554	40,939
Net (deficit) surplus	\$ (21,207)	\$ 19,154
Other comprehensive income		
All items presented in other comprehensive income will not be reclassified to net (deficit) surplus in subsequent periods:		
Actuarial gain on post-employment benefits (Note 13)	82	91
Total comprehensive (loss) income	\$ (21,125)	\$ 19,245

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 thousands of Canadian dollars)

	Stabilization Reserve (Note 19)	Adverse Events Reserve (Note 19)	Total
Balance at January 1, 2021	\$ 34,778	\$ 26,134	\$ 60,912
Net surplus for 2021	19,154	-	19,154
Other comprehensive gain	91	-	91
Total comprehensive income for 2021	19,245	-	19,245
Transfer to Adverse Events Reserve	(799)	799	-
Balance at December 31, 2021	\$ 53,224	\$ 26,933	\$ 80,157
Net deficit for 2022	(21,207)	-	(21,207)
Other comprehensive gain	82	-	82
Total comprehensive loss for 2022	(21,125)	-	(21,125)
Transfer to Adverse Events Reserve	(300)	300	-
Balance at December 31, 2022	\$ 31,799	\$ 27,233	\$ 59,032

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

Compensation Fund

Statement of Cash Flows

For the year ended December 31 (in thousands of Canadian dollars)

	2022	2021
Operating activities		
Cash received from:		
Employers, for assessments	\$ 35,236	\$ 31,033
Investment revenue - interest	2,736	2,470
Investment revenue - dividends	2,658	2,665
Recoveries and other receipts	1,993	1,024
	42,623	37,192
Cash paid:		
To employers, for surplus distributions	(22)	(10,166)
For claims, claims administration and other provisions	(20,509)	(18,114)
To employees and suppliers, for administration and prevention	(13,861)	(12,909)
	(34,392)	(41,189)
Total cash provided by (used for) operating activities	8,231	(3,997)
Investing activities		
Net (purchases) sale of investments	(5,221)	7,700
Purchases of property and equipment	(665)	(1,056)
Purchases of intangible assets	(455)	(636)
Total cash (used for) provided by investing activities	(6,341)	6,008
Net increase in cash	1,890	2,011
Cash, beginning of year	7,008	4,997
Cash, end of year	\$ 8,898	\$ 7,008

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

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

1. Reporting Entity

The Compensation Fund (the “Fund”) is continued by the *Workers’ Safety and Compensation Act* (the “Act”). This new Act was passed on December 2, 2021 and came into effect July 1, 2022. The Act supersedes the *Workers’ Compensation Act* of Yukon and *Occupational Health and Safety Act* and regulations.

The Workers’ Safety and Compensation Board - Yukon (the “Board”) was continued under the Act. The Board’s mandate is to administer the Act and regulations and provide compensation benefits to workers who sustain work-related injuries. Annual assessments are levied on employers by applying their industry assessment rate to their actual or estimated payrolls for the year. Assessment and investment revenues pay for all claims, administration, other provisions and prevention expenses.

The Board’s office is located at 401 Strickland Street, Whitehorse, Yukon, Canada, with operations exclusively within the Yukon. The Board is exempt from income tax and the goods and services tax.

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 2022 financial statements on April 18, 2023.

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, and the benefits liability, other provisions and 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, and is also the presentation currency of the financial statements.

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

2. Statement of Compliance and Basis of Preparation (continued)

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.

The significant areas of estimation uncertainties that 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

New and revised IFRS issued but not yet effective

The Board reviewed new or revised standards that were issued but yet not effective for 2022 and concluded that there would be no significant impact on the Fund's financial statements in the future as a result of these new or revised standards, except as follows:

IFRS 17 *Insurance Contracts*

The International Accounting Standards Board (IASB) issued IFRS 17 *Insurance Contracts* which will replace IFRS 4 *Insurance Contracts*. In June 2020, an amendment was issued to defer the effective date of IFRS 17 to annual periods beginning on or after January 1, 2023. The Board has elected to apply the deferral, therefore this standard will be effective for the year beginning on January 1, 2023, with a transition date of January 1, 2022.

The standard will affect how the Board accounts for insurance contracts and how financial performance is reported, presented in the Statement of Comprehensive Income, and disclosed in the notes to the financial statements.

The standard will have material impacts for the Board's financial reporting by introducing new recognition and measurement approaches for insurance revenue and liabilities. One of the most significant changes is the move to a market-based interest rate which is used to discount the future cash flows of the benefits liability which is expected to impact the benefits liability on the Statement of Financial Position at transition and is expected to cause greater fluctuations in reported income.

The Board is currently finalizing its quantification of the impact from adoption of this standard.

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

3. Application of New and Revised IFRS (continued)

IFRS 9 *Financial Instruments*

IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking expected credit loss impairment model. The standard was effective for annual periods beginning on or after January 1, 2018; however, amendments were issued to IFRS 4 that provided optional relief to eligible insurers in respect of IFRS 9. The Board evaluated its liabilities and concluded they were predominately connected with insurance. As the Board has not previously applied IFRS 9, the Board is an eligible insurer and, effective January 1, 2018, elected to apply the optional transitional relief under IFRS 4 permitting deferral of the adoption of IFRS 9.

In 2020, the temporary exemption from applying IFRS 9 was extended until annual reporting periods beginning on or after January 1, 2023, to coincide with the deferral of the effective date of IFRS 17. The Board will continue to apply IAS 39 *Financial Instruments: Recognition and Measurement* until the implementation of IFRS 17. The impact of applying IFRS 9 is not expected to have a material impact on the Fund's financial statements.

4. Significant Accounting Policies

The following is a summary of the Fund's significant accounting policies:

(a) Cash

For the purposes of the Statement of Financial Position and Statement of Cash Flows, cash includes cash on hand, bank balances, net of any bank overdrafts and cash held by investment custodians for investment purposes.

Foreign currency transactions incurred within operating activities are translated based on the exchange rate at the time of the transaction. Any cash balances remaining in foreign currency bank accounts at year end are translated at the exchange rate in effect as of December 31 of that year. Any gains or losses incurred as a result of translations are recorded in the Statement of Operations and Comprehensive Income.

(b) Assessments, 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 Fund for claims prior to 1993 and reimburses the cost of supplementary benefits pursuant to the Yukon Workers' Compensation Supplementary Benefits Ordinance. Under the Ordinance, supplementary compensation benefits are granted 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.

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

4. Significant Accounting Policies (continued)

(b) Assessments, recoveries and other receipts (continued)

Effective January 1, 1993, all Government employees were covered by the Fund. The Government also reimburses the Fund for all claims costs associated with those injured workers, who are designated as workers employed by the Government under section 82 of the Act (note 15(a)).

(c) Recoveries from third parties

Since July 1, 2008, under section 51 of the 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 are 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.

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.

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

4. Significant Accounting Policies (continued)

(d) Financial instruments (continued)

Other financial assets and liabilities

Accounts receivable are classified as loans and receivables. 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, 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 that have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: Techniques that use inputs which have a significant effect on the recorded fair value which 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 as of the date of the event or change in circumstances that cause the transfer. There were no such transfers between levels in 2022 (2021 – 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 net surplus or deficit.

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.

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

4. Significant Accounting Policies (continued)

(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 are 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 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
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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 Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

4. Significant Accounting Policies (continued)

(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 are 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, 2022, 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.

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

4. Significant Accounting Policies (continued)

(i) Other provisions

Other provisions relate to certain claims that occurred prior to 1993, were transferred to the Fund, and were prepaid by the Government of Yukon. Provisions for these claims are determined annually and represent the actuarial present value of all future benefits expected to be paid. Claimants received fixed monthly payments that are indexed on an annual basis. The estimated duration over which payments will be made is set based on the life expectancy of the claimants.

Assumptions required to calculate other provisions include estimates of future inflation, interest rates and mortality rates. Experience adjustments are recognized in net surplus or deficit as incurred.

(j) 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 retirement benefit:

- 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.
- Pension 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.
- Retirement benefits includes annuity benefits for workers who have received compensation for the same disability for at least 24 months. An amount equal to 10 per cent 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.

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

4. Significant Accounting Policies (continued)

(k) 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 net surplus or deficit 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 multi-employer contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both 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.

(l) 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. Surplus distributions that are approved but not issued are recorded as payable when an obligation exists, 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.

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

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, 2022.

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 not held for investing purposes 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 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	AAA	AA	A	BBB	31-Dec-22	31-Dec-21
Fixed Income Securities	\$ 31,433	\$ 22,993	\$ 21,573	\$ 7,463	\$ 83,462	\$ 93,516

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 \$3,427,000 (2021 – \$3,187,000).

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

5. Risk Management (continued)

An estimated allowance for doubtful accounts has been recorded for accounts receivable that may not be collectible as at the reporting date. The amounts disclosed on the Statement of Financial Position are net of these allowances for doubtful accounts. At December 31, 2022, there were no accounts receivable that were past due but not impaired. The Board takes into consideration payment and collections history, and the current economic environment in which the Board 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, 2022, approximately 86% (2021 – 91%) 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 \$10,000,000 if needed. As of December 31, 2022, the Fund had used \$nil of the overdraft coverage (2021 – \$nil).

The Fund's accounts payable and accrued liabilities had a carrying value of \$4,134,000 as at December 31, 2022 (2021 – \$4,981,000) and were all payable within a year.

Liquidity risk related to the benefits liability is included in note 12(f).

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

5. Risk Management (continued)

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 locations, and by limiting the concentration in any single entity to 15 per cent 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-22	31-Dec-21
Equities				
Canadian	0%	25%	18.1%	18.7%
United States	0%	25%	21.7%	22.0%
International	0%	25%	17.6%	18.6%
Fixed income				
Short-term investments	0%	10%	4.8%	2.5%
Bonds	35%	85%	37.8%	38.2%
			100.0%	100.0%

The table below presents the effect on operating results and equity of a material adverse change in the fair value of each of the categories of equities in the Fund's investments portfolio:

	31-Dec-22		31-Dec-21	
	-10%	-20%	-10%	-20%
Equities				
Canadian	\$ (4,005)	\$ (8,010)	\$ (4,579)	\$ (9,159)
United States	(4,796)	(9,592)	(5,386)	(10,771)
International	(3,878)	(7,755)	(4,561)	(9,121)
Total impact on operating results and equity	\$ (12,679)	\$ (25,357)	\$ (14,526)	\$ (29,051)

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.

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

5. Risk Management (continued)

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 on operating results and equity of a 50 and 100 basis point ("bp")¹ adverse change in the nominal interest rate on the fair value of the bond portfolio.

Positive bp change in nominal interest rate	31-Dec-22		31-Dec-21	
	+50bp	+100bp	+50bp	+100bp
Bonds	\$ (2,928)	\$ (5,856)	\$ (3,376)	\$ (6,752)
Total impact on operating results and equity	\$ (2,928)	\$ (5,856)	\$ (3,376)	\$ (6,752)

(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-22	31-Dec-21
	< 1 year	1 - 5 years	5 - 10 years	> 10 years		
Bonds	\$ 8,595	\$ 28,348	\$ 20,495	\$ 26,024	\$ 83,462	\$ 93,516
Average effective yield	2.72%	3.72%	3.64%	4.12%	3.72%	1.83%

(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, Japanese yen, Hong Kong dollar and Swiss franc.

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

5. Risk Management (continued)

The Fund held foreign currency denominated holdings, at fair value, as follows:

Currency	31-Dec-22	31-Dec-21
US Dollar	\$ 52,918	\$ 58,241
Euro	\$ 16,788	\$ 15,956
British Pound	\$ 5,546	\$ 6,891
Japanese Yen	\$ 4,304	\$ 6,382
Swiss Franc	\$ 4,702	\$ 5,267
Hong Kong Dollar	\$ 2,215	\$ 2,960

The sensitivity analysis below presents the effect on operating results and equity of a 10 per cent appreciation in the Canadian dollar as compared to the US dollar, Euro, British pound, Japanese yen, Hong Kong dollar and Swiss franc.

Currency	31-Dec-22	31-Dec-21
US Dollar	\$ (4,811)	\$ (5,295)
Euro	\$ (1,526)	\$ (1,451)
British Pound	\$ (504)	\$ (626)
Japanese Yen	\$ (391)	\$ (580)
Swiss Franc	\$ (427)	\$ (479)
Hong Kong Dollar	\$ (201)	\$ (269)

In the event there is a 10 per cent depreciation in the Canadian dollar, the impact will be equal and opposite to the above stated values.

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

6. Accounts Receivable

	31-Dec-22	31-Dec-21
Assessments		
Assessed and due from employers	\$ 3,263	\$ 3,127
Allowance for doubtful accounts	(164)	(156)
	\$ 3,099	\$ 2,971
Other		
Other receivables and recoveries	\$ 356	\$ 243
Allowance for doubtful accounts	(28)	(27)
	\$ 328	\$ 216
	\$ 3,427	\$ 3,187

Included in other receivables and recoveries are amounts due from related parties, 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-22	31-Dec-21
Balance, beginning of year	\$ 183	\$ 159
Allowance written off	(30)	(21)
Recoveries and other adjustments	(12)	(4)
Current year provision	51	49
Balance, end of year	\$ 192	\$ 183

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

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-22 Fair Value	31-Dec-21 Fair Value
Fixed-term securities		
Federal bonds	\$ 28,359	\$ 34,300
Provincial bonds	21,779	22,806
Corporate bonds	33,156	36,410
Municipal bonds	168	-
	83,462	93,516
Equities		
Canadian	40,052	45,793
United States	47,961	53,856
International	38,777	45,606
	126,790	145,255
Other investments		
Short-term investments	10,697	5,701
Accrued interest receivable	589	493
	11,286	6,194
Investments, subtotal	221,538	244,965
Management fee accrual	(175)	(167)
Total investments	\$ 221,363	\$ 244,798

The total funds held by investment custodians is \$221,456 (2021 - \$245,403) which includes the investments above and cash on account of \$93 (2021 - \$605).

Net investment (loss) income consisted of the following:

	31-Dec-22	31-Dec-21
Interest	\$ 2,826	\$ 2,463
Dividends	2,610	2,665
Realized gains in the year	4,307	14,876
Unrealized gain (loss) in fair value in the year	(32,997)	7,755
Investment fees	(749)	(799)
Net investment (loss) income for the year	\$ (24,003)	\$ 26,960

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

7. Investments (continued)

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:

Level 1 classification reflects public daily market or quote pricing in active markets.

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.

Level 3 classification is used when a security has no public pricing and poor to non-existent liquidity.

As at December 31, 2022, the Fund held the following financial instruments measured at fair value:

	Level 1	Level 2	Level 3	Total
Other	\$ 412	\$ -	\$ -	\$ 412
Short-term investments	10,697	-	-	10,697
Bonds	10,465	72,998	-	83,463
Equities	55,240	-	-	55,240
Pooled funds	-	71,551	-	71,551
Total investments	\$ 76,814	\$ 144,549	\$ -	\$ 221,363

As at December 31, 2021, the Fund held the following financial instruments measured at fair value:

	Level 1	Level 2	Level 3	Total
Other	\$ 326	\$ -	\$ -	\$ 326
Short-term investments	5,701	-	-	5,701
Bonds	19,264	74,252	-	93,516
Equities	65,754	-	-	65,754
Pooled funds	-	79,501	-	79,501
Total investments	\$ 91,045	\$ 153,753	\$ -	\$ 244,798

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

8. Property and Equipment

A reconciliation of the changes in the carrying amount of property, plant and equipment is as follows:

	Land	Buildings & Fixtures	Furniture & Equipment	Computer & Equipment	Assets under Construction	Total
Cost						
At January 1, 2021	\$ 1,045	\$ 10,658	\$ 1,555	\$ 1,160	\$ 159	\$ 14,577
Additions	759	50	48	144	6	1,007
Disposals	-	-	(97)	(67)	-	(164)
Transfers	-	123	-	-	(123)	-
At December 31, 2021	\$ 1,804	\$ 10,831	\$ 1,506	\$ 1,237	\$ 42	\$ 15,420
Depreciation						
At January 1, 2021	\$ -	\$ 3,137	\$ 1,180	\$ 750	\$ -	\$ 5,067
Depreciation	-	265	106	139	-	510
Disposals	-	-	(82)	(67)	-	(149)
At December 31, 2021	\$ -	\$ 3,402	\$ 1,204	\$ 822	\$ -	\$ 5,428
Net Book Value						
At December 31, 2021	\$ 1,804	\$ 7,429	\$ 302	\$ 415	\$ 42	\$ 9,992
Cost						
At January 1, 2022	\$ 1,804	\$ 10,831	\$ 1,506	\$ 1,237	\$ 42	\$ 15,420
Additions	-	72	117	385	112	686
Disposals	-	-	(81)	(9)	-	(90)
At December 31, 2022	\$ 1,804	\$ 10,903	\$ 1,542	\$ 1,613	\$ 154	\$ 16,016
Depreciation						
At January 1, 2022	\$ -	\$ 3,402	\$ 1,204	\$ 822	\$ -	\$ 5,428
Depreciation	-	292	41	201	-	534
Disposals	-	-	(60)	(9)	-	(69)
At December 31, 2022	\$ -	\$ 3,694	\$ 1,185	\$ 1,014	\$ -	\$ 5,893
Net Book Value						
At December 31, 2022	\$ 1,804	\$ 7,209	\$ 357	\$ 599	\$ 154	\$ 10,123

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

9. Intangible Assets

A reconciliation of the changes in the carrying amount of intangible assets is as follows:

	Internal Software Development Costs ⁽¹⁾	Software Systems Under Development	Software Costs	Total
Cost				
At January 1, 2021	\$ 9,869	\$ 57	\$ 1,158	\$ 11,084
Additions	247	254	112	613
Transfers	-	(57)	57	-
At December 31, 2021	\$ 10,116	\$ 254	\$ 1,327	\$ 11,697
Amortization				
At January 1, 2021	\$ 6,860	\$ -	\$ 934	\$ 7,794
Depreciation	725	-	111	836
At December 31, 2021	\$ 7,585	\$ -	\$ 1,045	\$ 8,630
Net Book Value				
At December 31, 2021	\$ 2,531	\$ 254	\$ 282	\$ 3,067
Cost				
At January 1, 2022	\$ 10,116	\$ 254	\$ 1,327	\$ 11,697
Additions	372	-	76	448
Transfers	254	(254)	-	-
At December 31, 2022	\$ 10,742	\$ -	\$ 1,403	\$ 12,145
Amortization				
At January 1, 2022	\$ 7,585	\$ -	\$ 1,045	\$ 8,630
Depreciation	894	-	127	1,021
At December 31, 2022	\$ 8,479	\$ -	\$ 1,172	\$ 9,651
Net Book Value				
At December 31, 2022	\$ 2,263	\$ -	\$ 231	\$ 2,494

⁽¹⁾ Included in internal software development costs is the claims management system which has a net book value of \$1,039,000 (2021 – \$1,194,000) and a remaining amortization period of 3 years.

System research and analysis costs expensed in 2022 were \$15,542 (2021 – \$5,000).

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

10. Accounts Payable and Accrued Liabilities

	31-Dec-22	31-Dec-21
Assessments refundable	\$ 2,161	\$ 2,147
Other payables and accrued liabilities	1,973	2,834
	\$ 4,134	\$ 4,981

Included in other payables and accrued liabilities are amounts due to related parties, which are disclosed in note 15.

11. Other Provisions

Prior to 1993, the Government of Yukon did not pay assessment fees and prepaid certain claims. The amount prepaid was equal to the estimated lifetime cost of the claims. The claimants receive fixed monthly payments that are indexed on an annual basis. The estimated duration over which payments will be made is set based on the life expectancy of the claimants.

	31-Dec-22
Balance, beginning of year (note 19)	\$ 1,877
Amount charged against the provision during the year	100
Effect of discounting	(118)
Balance, end of year	\$ 1,859

12. Benefits Liability

	Medical Aid	Compensation	Pension	Retirement Benefit	Occupational Disease Provision	Total
Balance, January 1, 2022	\$26,679	\$ 84,538	\$ 35,286	\$ 9,572	\$ 21,323	\$ 177,398
Add claims costs incurred:						
Current year injuries	5,899	13,406	227	-	-	19,532
Prior years' injuries	(556)	(219)	2,081	-	70	1,376
	\$ 5,343	\$ 13,187	\$ 2,308	\$ -	\$ 70	\$ 20,908
Less claims payments made:						
Current year injuries	2,977	2,134	-	-	-	5,111
Claims management	446	320	-	-	-	766
Prior years' injuries	3,382	6,782	2,407	44	-	12,615
Claims management	507	936	361	-	-	1,804
	\$ 7,312	\$ 10,172	\$ 2,768	\$ 44	\$ -	\$ 20,296
Balance, December 31, 2022	\$24,710	\$ 87,553	\$ 34,826	\$ 9,528	\$ 21,393	\$ 178,010

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

12. Benefits Liability (continued)

	Medical Aid	Compensation	Pension (Note 19)	Retirement Benefit	Occupational Disease Provision	Total (Note 19)
Balance, January 1, 2021	\$ 27,401	\$ 80,022	\$ 34,000	\$ 9,651	\$ 17,660	\$ 168,734
Add claims costs incurred:						
Current year injuries	6,103	10,881	1,927	-	-	18,911
Prior years' injuries	(827)	2,985	1,942	-	-	4,100
Latent occupational disease provision	-	-	-	-	3,663	3,663
	\$ 5,276	\$ 13,866	\$ 3,869	\$ -	\$ 3,663	\$ 26,674
Less claims payments made:						
Current year injuries	2,731	1,549	-	-	-	4,280
Claims management	410	232	-	-	-	642
Prior years' injuries	2,484	6,663	2,246	79	-	11,472
Claims management	373	906	337	-	-	1,616
	\$ 5,998	\$ 9,350	\$ 2,583	\$ 79	\$ -	\$ 18,010
Balance, December 31, 2021	\$ 26,679	\$ 84,538	\$ 35,286	\$ 9,572	\$ 21,323	\$ 177,398

The following is an actuarial reconciliation of the changes in the other benefits liability during the years ended December 31:

	31-Dec-22	31-Dec-21 (Note 19)
Balance, beginning of year	\$ 177,398	\$ 168,734
Add:		
Provision for current year's claims	13,655	13,989
Presumptive firefighter coverage expansion	-	3,159
Interest allocated	8,429	7,907
Experience gain	(7,056)	(3,303)
	\$ 15,028	\$ 21,752
Deduct:		
Payments for prior years' claims	\$ 14,416	\$ 13,088
Balance, end of year	\$ 178,010	\$ 177,398

(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.

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

12. Benefits Liability (continued)

(a) Objectives in managing risks arising from insurance contracts and policies for mitigating those risks (continued)

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.

(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 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.

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

12. Benefits Liability (continued)

(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.

Expected timing of future payments for outstanding claims:

	31-Dec-22	31-Dec-21
Up to 1 year	5%	5%
Over 1 year and up to 5 years	17%	15%
Over 5 years and up to 10 years	19%	18%
Over 10 years	59%	62%
	100%	100%

(g) Actuarial assumptions and methods

The key actuarial assumptions used to value the benefits liability are as follows:

	31-Dec-22	31-Dec-21
Discount rate for medical aid benefits - net ^(1,3,4)	0.90%	0.40%
Discount rate for compensation benefits - net ^(2,3,4)	3.40%	2.90%
Discount rate for survivor and other pension benefits - net ^(2,4)	3.40%	2.90%

(1) Net of discount rate attributable to inflation of 4.75% (2021 – 4.75%).

(2) Net of discount rate attributable to inflation of 2.25% (2021 – 2.25%).

(3) Net same discount rates are attributable to the applicable components of the occupational disease provision.

(4) Net gross discount rate is 5.65% (2021 – 5.15%).

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.

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

12. Benefits Liability (continued)

(g) Actuarial assumptions and methods (continued)

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 affected by professional judgement 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 31, 2022. 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, 2022. 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 10 per cent benefit 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 2016 and prior, including future inflationary adjustments, for individuals still in receipt of a long-term loss of earnings award at December 31, 2022. 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 10 per cent benefit 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, 2022. 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.

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

12. Benefits Liability (continued)

(g) Actuarial assumptions and methods (continued)

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, 2022. These future awards are in respect of all claims arising from injuries which occurred on or before December 31, 2022. 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, 2022. A provision with respect to the 10 per cent benefit 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.

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. This provision also covers the firefighter presumptive clause which included additional cancers as of December 2, 2021, the assent of the new Act and corresponding changes to the prior Act.

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, 2022 is 17% (December 31, 2021 – 15%) and is applied to all liability components with the exception of the retirement benefit 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 increase/(decrease) in the benefits liability for experience gains or losses as at December 31 were:

	31-Dec-22	31-Dec-21
Change in runoff factors	\$ (3,511)	\$ (585)
Update of inflation	1,125	1,035
Other changes in actuarial assumptions	(2,533)	290
Update discount rate	(6,277)	-
Update administration expenses	3,024	-
	\$ (8,172)	\$ 740
Unfavourable (favourable) claims experienced during year	666	(3,391)
	\$ (7,506)	\$ (2,651)
Actual versus expected claims paid on prior years' injuries	450	(652)
	\$ (7,056)	\$ (3,303)

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

12. Benefits Liability (continued)

(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 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 14% (2021 – 15%) 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:

Percentage change in assumed rates	31-Dec-22		31-Dec-21	
	+1%	-1%	+1%	-1%
Increase (decrease) from change in net discount rate	\$ (13,204)	\$ 16,964	\$ (14,973)	\$ 17,761
Increase (decrease) from change in excess medical inflation rate	\$ 1,310	\$ (3,565)	\$ 4,018	\$ (2,598)

(i) Claims development

The following table shows the development of claims cost estimates for the nine most recent injury years:

Estimate of Ultimate	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total
Claim Payments											
At end of accident year	24,513	24,789	19,067	18,600	21,347	25,921	21,877	21,869	28,488	27,090	
One year later	20,973	25,327	19,126	25,298	21,507	26,159	23,627	20,864	29,341		
Two years later	20,821	25,644	20,206	25,960	21,396	26,454	24,671	21,574			
Three years later	20,327	25,866	17,997	25,536	21,396	27,147	25,051				
Four years later	20,675	29,726	17,221	25,446	21,578	27,188					
Five years later	18,187	30,928	16,992	26,207	24,348						
Six years later	16,250	32,213	18,297	29,871							
Seven years later	15,850	30,324	17,981								
Eight years later	16,007	29,598									
Nine years later	16,009										
Cumulative Payments											
At end of accident year	3,438	3,757	3,801	3,879	4,129	4,094	3,821	3,319	4,226	4,827	
One year later	5,113	6,590	6,081	6,673	6,654	6,662	6,323	5,256	7,127		
Two years later	5,910	7,890	6,773	7,856	7,717	7,959	7,614	6,107			
Three years later	6,394	9,018	7,225	8,478	8,332	8,644	8,164				
Four years later	6,719	9,870	7,590	9,340	8,843	9,364					
Five years later	6,840	10,623	7,899	9,971	9,451						
Six years later	7,055	11,173	8,205	10,468							
Seven years later	7,246	11,708	8,481								
Eight years later	7,443	12,211									
Nine years later	7,649										
Estimate of Future Payments	8,360	17,387	9,500	19,403	14,897	17,823	16,886	15,467	22,214	22,263	164,201
2012 and prior claims											93,485
Effect of Discounting											(121,735)
Effect of Admin Expenses											20,665
Effect of Occupational Disease Liability											21,394
Balance Sheet Liability											\$ 178,010

During the year ended December 31, 2022, 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.

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

13. Employee Benefits

	31-Dec-22	31-Dec-21
Short-term employee benefits	\$ 744	\$ 798
Other long-term employee benefits (a)	1,159	1,200
Post-employment benefits (b)	1,782	1,929
	\$ 3,685	\$ 3,927

Short-term benefits included in the above amounts are expected to be paid within the next 12 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-22	31-Dec-21
Long service vacation benefits	\$ 44	\$ 50
Accumulating sick and special leave benefits	1,115	1,150
	\$ 1,159	\$ 1,200

The movement in the accrual for other long-term benefits for the year was:

	31-Dec-22	31-Dec-21
Benefits, beginning of year	\$ 1,200	\$ 1,221
Current service cost	95	100
Payments made during the year	(50)	(71)
Interest cost	32	23
Other changes	(79)	(71)
Actuarial gain	(39)	(2)
Benefits, end of year	\$ 1,159	\$ 1,200

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

13. Employee Benefits (continued)

(a) Other long-term employee benefits (continued)

Actuarial gain remeasurements:

	31-Dec-22	31-Dec-21
Effect of changes in financial assumptions	\$ (39)	\$ (56)
Effect of changes in demographic assumptions	-	54
Remeasurements gain in surplus or deficit	\$ (39)	\$ (2)

(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.

Beginning January 1, 2020, management employees are no longer eligible to receive any further accruals related to severance payable on resignation or retirement. Severance entitlements accrued up to December 31, 2019, are payable upon resignation or retirement.

The movement in the accrual for retirement and severance benefits for the year was:

	31-Dec-22	31-Dec-21
Benefits, beginning of year	\$ 1,929	\$ 2,010
Current service cost	97	108
Payments made during the year	(382)	(230)
Interest cost	48	38
Other changes	172	94
Actuarial gain	(82)	(91)
Benefits, end of year	\$ 1,782	\$ 1,929

Actuarial gain remeasurements:

	31-Dec-22	31-Dec-21
Effect of changes in financial assumptions	\$ (82)	\$ (91)
Remeasurement gain in OCI	\$ (82)	\$ (91)

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

13. Employee Benefits (continued)

(b) Post-employment Benefits (continued)

(i) Retirement and Severance Benefit (continued)

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 5.00% (2021 – 2.60%) 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 3.0% for 2022 (2021 - 2.0%) and 2.25% for 2023 and beyond (2021 - 2% for 2022 and beyond) based on management's best estimate.

The expected Fund contributions for retirement and severance for the next year are \$355,000 (2021 – \$461,000). The weighted average duration of the retirement and severance benefit is 7.1 years (2021 – 6.6 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 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:

Percentage change in assumed rates	31-Dec-22		31-Dec-21	
	+1%	-1%	+1%	-1%
Increase (decrease) from change in discount rate	\$ (103)	\$ 116	\$ (116)	\$ 132
Increase (decrease) from change in wage inflation rate	\$ 117	\$ (105)	\$ 132	\$ (118)

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.

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

13. Employee Benefits (continued)

(b) Post-employment Benefits (continued)

(iii) Public Service Pension Plan

Substantially all of the employees of the Board are covered by the Public Service Pension Plan (the "Plan"), a multi-employer contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both 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:

Contribution rate for the year	31-Dec-22		31-Dec-21	
	Up to Maximum	Above Maximum	Up to Maximum	Above Maximum
For employees eligible before January 1, 2013	1.02	5.91	1.01	3.59
For employees eligible after January 1, 2013	1.00	5.91	1.00	3.59
Maximum salary limit	\$ 191,300	No limit	\$ 181,600	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 per cent 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.

Contributions made to the Public Service Pension Plan by the Fund and the employees for the year were as follows:

	31-Dec-22	31-Dec-21
Employees' contributions	\$ 801	\$ 849
Fund contributions	\$ 812	\$ 853

The expected contributions to the Plan for the next year are \$836,000 (2021 – \$734,000) employee contributions and \$879,000 (2021 – \$780,000) 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 \$1,143,000 in 2022 (2021 – \$1,143,000).

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

14. Capital Management, Surplus Distributions and Reserves

(a) Capital management

The *Workers' Safety and 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, 2022, the Funding Ratio was 131% (2021 – 143%). 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.

(b) Surplus Distributions

In 2022, no surplus distribution was approved (2021 - no surplus distribution). In 2022 and 2021, no recoveries occurred related to previously approved surplus distributions.

Reconciliation of surplus distributions payable:

	31-Dec-22	31-Dec-21
Surplus distributions payable, beginning of year	\$ 22	\$ 10,220
Amounts paid for prior year surplus distributions	-	(10,166)
Prior year surplus distributions adjustments	(22)	(32)
Surplus distributions payable, end of year	\$ -	\$ 22

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

14. Capital Management, Surplus Distributions and Reserves (continued)

(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 10 per cent of the benefits liability. In 2021, the benefits liability was \$178,010,000 (2021 – \$177,398,000 - note 19). The target was \$17,801,000 as at December 31, 2022 (2021 – \$17,739,000 - note 19). The operating range for this reserve is determined as the target-level balance plus or minus three and a half per cent of the benefits liability. At December 31, 2022, the Stabilization Reserve had a balance of \$31,799,000 (2021 – \$53,224,000 - note 19).

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 5 years from the year in which the deficiency or surplus arose.

(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. In addition, latent occupational disease costs may be charged to this reserve. No such charges occurred in 2022 and 2021.

In 2022, the target level for this reserve was \$27,233,000 (2021 – \$26,933,000 - note 19), which has been set at 100 times the maximum wage rate plus 10 per cent of the benefits liability and is calculated annually upon completion of the actuarial valuation of the benefits liability. This reserve is limited to its target level, and 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. Funds in excess of the target level are transferred to the Stabilization Reserve, with \$nil funds transferred in 2022 and 2021.

At December 31, 2022, the Adverse Events Reserve had a balance of \$27,233,000 (2021 – \$26,933,000 - note 19).

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

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 its departments, agencies and corporations. The Board enters into transactions with the Government and its related entities in the normal course of business, and the transactions are recorded at fair value.

Included in the Fund's accounts receivable and accounts payable as of December 31, 2022 are amounts owing to and from the Government and its related entities as follows:

	31-Dec-22	31-Dec-21
Due to the Government and its related entities	\$ (1,049)	\$ (2,278)
Due from the Government and its related entities	716	744
Net amount due	\$ (333)	\$ (1,534)

During 2022, the Compensation Fund paid the Government and its related entities \$398,000 (2021 – \$358,000) for computer, office supplies, payroll processing, recruitment and training. The Fund also reimbursed the Government for payroll costs of \$10,194,000 (2021 – \$10,938,000).

Revenues and recoveries from the Government and its related entities for the year ended December 31, 2022, totalled \$10,669,000 (2021 – \$10,205,000), including assessment premiums of \$9,859,000 (2021 – \$9,270,000), the Mine Safety Program Grant \$330,000 (2021 – \$330,000), and reimbursements for claims costs received from the Government of \$343,000 (2021 – \$326,000) (note 4(b)).

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 2022, the Fund reimbursed the Government \$361,000 (2021 – \$330,000) 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:

	31-Dec-22	31-Dec-21
Short-term employee compensation and benefits	\$ 1,473	\$ 1,452
Other long-term employee benefits	-	2
Post employment benefits	174	179
Total remuneration	\$ 1,647	\$ 1,633

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

15. Related Party Transactions (continued)

(b) Key management personnel (continued)

Contributions made to the Public Service Pension Plan by the Fund for key management personnel in 2022 were \$139,000 (2021 – \$132,000) and are included in post-employment benefits.

As at the reporting date, there were no business relationships, outstanding amounts or transactions other than compensation between the Fund and its key management personnel.

16. Commitments

As of December 31, 2022, 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
2023	\$ 1,456	\$ 72	\$ 432	\$ 123	\$ 68	\$ 2,151
2024	617	-	57	41	56	771
2025	629	-	-	10	11	650
2026	642	-	-	-	-	642
2027	655	-	-	-	-	655
Total	\$ 3,999	\$ 72	\$ 489	\$ 174	\$ 135	\$ 4,869

17. Administration Expenses

	31-Dec-22	31-Dec-21
Salaries and benefits	\$ 9,767	\$ 10,456
Consulting and professional	1,255	1,295
Amortization - intangible assets	1,021	836
Computer systems support and licences	795	815
Depreciation - property and equipment	534	510
Building maintenance	507	460
Statutory funding obligations	552	446
General administration	332	329
Communications	206	225
Automobile and travel	97	88
Board expenses	83	81
Staff and recruitment	69	73
Printing and publications	46	70
Supplies and stationery	45	38
System development analysis expense	16	5
Furniture and equipment	9	4
	15,334	15,731
Less: claims administration expense transferred to claims expense (note 12)	(2,586)	(2,273)
	\$ 12,748	\$ 13,458

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

18. Contingencies

Due to the nature of the Board's operations, various legal matters are pending. In the opinion of management, these matters are not expected to have a material effect on the Fund's financial position or results of operations. These various legal matters include certain confidentiality clauses; to avoid prejudicing these claims, no further information is disclosed.

19. Comparative information

Comparative figures for certain financial statement line items have been reclassified to conform to the current year's presentation. The changes made relate to other provisions (note 4(i) and 11) for certain claims prepaid by the Government of Yukon. The estimated liability for these claims has been disaggregated to provide better information regarding this liability to the Fund.

The financial statement line items impacted by the reclassification are as follows:

	Previously reported 2021 \$	Reclassification \$	After reclassification 2021 \$
Statement of Financial Position			
Other provisions	-	1,877	1,877
Benefits liability	179,275	(1,877)	177,398
Statement of Operations and Comprehensive Income			
Claims expense	26,804	(130)	26,674
Other provisions	-	130	130
Statement of Changes in Funded Position (Equity)			
Adverse Events Reserve	27,120	(187)	26,933
Stabilization Reserve	53,037	187	53,224

As a result of the reclassifications to financial statement line items, other information within the notes to financial statements has also been changed (notes 11, 12, and 14(c)).

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