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ANNUAL REPORT

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NWT  
Housing  
Corporation

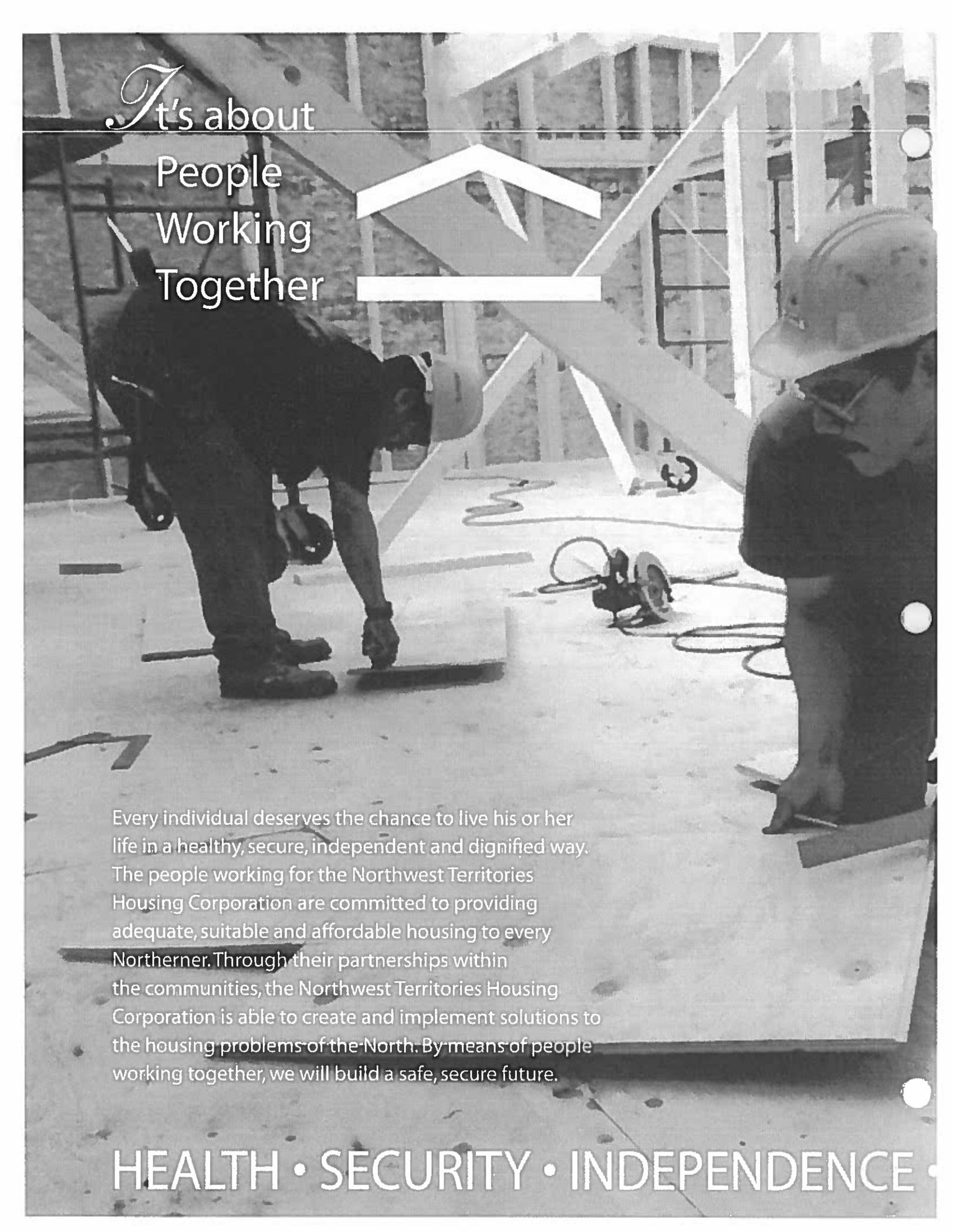
Canada Mortgage and Housing Corporation  
Société canadienne d'hypothèques et de logement

Canadian Housing Information Centre  
Centre canadien de documentation sur  
l'habitation



People  
Working  
Together

2000/2001 ANNUAL REPORT



It's about  
People  
Working  
Together

Every individual deserves the chance to live his or her life in a healthy, secure, independent and dignified way. The people working for the Northwest Territories Housing Corporation are committed to providing adequate, suitable and affordable housing to every Northerner. Through their partnerships within the communities, the Northwest Territories Housing Corporation is able to create and implement solutions to the housing problems of the North. By means of people working together, we will build a safe, secure future.

HEALTH • SECURITY • INDEPENDENCE •



The Honourable  
Glenna Hansen,  
Commissioner  
Government of the Northwest Territories

Dear Madam:

I have the honour of presenting the Annual Report for the Northwest Territories Housing Corporation, covering the period April 1, 2000 to March 31, 2001.

Respectfully submitted,

Roger T. Allen  
Minister Responsible for the Northwest Territories Housing Corporation

# Minister's Message

## *People with Community, Knowledge and Values*

A Message from the Minister,  
Hon. Roger Allen



The Northwest Territories Housing Corporation is made up of dedicated people with community knowledge and values. Working together with our District Offices and our partners in the Local Housing Organizations, we are involved in the development of Northern communities. Through our partnerships with Aboriginal groups and communities, we make housing decisions on site and from the ground up. This enables us to address our critical housing challenges using local knowledge. Our staff has the same investment in fostering safe, secure communities as any resident, because we live there with you.

The success of the Housing Corporation can be credited to hard working people. Employees of the Corporation and the staff of the Local Housing Organizations are a great source of insight and skill. Their commitment and diligence has made the accomplishments of the Housing Corporation possible.

The programs of the Housing Corporation are aimed at fulfilling the individual needs of our clients. We do not generalize our view of our clients; rather we tailor our programs to each one's particular situation. Lower income clients may be provided with subsidized rental housing; clients with more resources may benefit more from programs assisting them to access homeownership options; elderly or disabled clients can make use of programs that provide annual maintenance service and minor repairs to their unit. Personal need is taken into account because we recognize that by focusing on our people, the Housing Corporation and our partners are able to work together in a manner that is truly efficient and effective.

A handwritten signature in cursive script that reads "Roger Allen".

Hon. Roger Allen

*Our Greatest Resource,  
Our People*

A Message from the President,  
Tom R. Beaulieu



# President's Message

The Housing Corporation is committed to creating opportunities for Northerners to grow and thrive in a healthy environment with a strong emphasis on education, culture and independence. Good housing is a stepping stone that enables residents to provide themselves with the opportunity to improve their lives. Studies have shown that people who have access to adequate and suitable housing experience better health, lower rates of alcohol and drug abuse, and higher education potential.

One area that requires special attention from the Housing Corporation is the housing needs of elders. Nearly one in three seniors' households are in core need. This figure is well above the Territorial average. To address this issue, the Corporation this year developed a Seniors' Housing Strategy. The Strategy is a detailed plan to deliver 99 seniors' units over the next four years.

In addition, the Corporation delivered for the Government of the NWT a one-time program, the Fuel Rebate Initiative. This plan is designed to provide assistance to households to cope with the financial difficulties that arise from the increasing costs of heating fuel.

The Housing Corporation continues to work in the communities and to focus on the task of helping people face the challenges that go along with living in the North. By concentrating on creating an environment in which people can work together, the Housing Corporation is making possible a better tomorrow.

President,  
Tom R. Beaulieu

# Our People

## Long Service Awards:

- ▶ Lucille Harrington – 10 years
- ▶ Ross Bowring – 10 years
- ▶ Debbara Buck-Colburn – 10 years
- ▶ Jeff Anderson – 15 years
- ▶ Debbie Barry – 15 years
- ▶ Tom Gross – 15 years
- ▶ Gordon McSwain – 20 years

Working to assist in the progress of our people, that is the goal of the NWT Housing Corporation. We are committed to providing training and development opportunities to assist our employees in achieving their personal and professional goals. The reasoning is simple: improving the skills of Housing Corporation staff improves our ability to deliver housing services to the people of the Northwest Territories.

The Corporation continues to consider Local Housing Organization staff training and development a top priority. Community delivery organizations play a critical role in the front line delivery of housing, and having well trained staff is a critical component. This year the Corporation entered into a contribution agreement with the School of Community Government for the development and delivery of certified programs for Housing Managers, Assistant Managers/Controllers and Tenant Relations Officers.

## Human Resource Survey

The results of the Human Resources Survey conducted in 1999 provided a clear picture of the needs and strengths of our Human Resources plan. It allowed us to target areas that employees felt needed strengthening and to more cost-effectively allocate training dollars. Overall, training funds were increased for the Corporation in an attempt to make real change, based on the survey results. The Corporation is planning a follow up survey in order to measure and determine the effectiveness of our response.

## Affirmative Action

The Corporation follows the Government of the Northwest Territories Affirmative Action policy. This policy aims to create a GNWT workforce that is representative of the makeup of the Territorial population and provides specific groups with employment and job advancement opportunities. The groups include:

- ▶ Aboriginal people born in the NWT;
- ▶ Aboriginal people born outside the NWT but who have lived half their life in the NWT;
- ▶ Women in management and/or non-traditional occupations;
- ▶ Disabled persons; and
- ▶ Long-term Northern residents.

The Corporation continues to recruit affirmative action candidates for available positions. This year over 54% of Corporation employees held Affirmative Action status and over 64% of management positions were identified as Affirmative Action.



## Jeff Anderson

Jeff Anderson has been keeping finances in order for the NWT Housing Corporation for the past 18 years. Originally from rural Alberta, Jeff worked with a public practice accounting firm in Edmonton before obtaining his Certified General Accounting professional designation and venturing North of 60 to Yellowknife. Jeff started off in cost accounting with the NWT Housing Corporation in 1984 and quickly moved his way up to the position of Corporate Controller and eventually Chief Financial Officer.

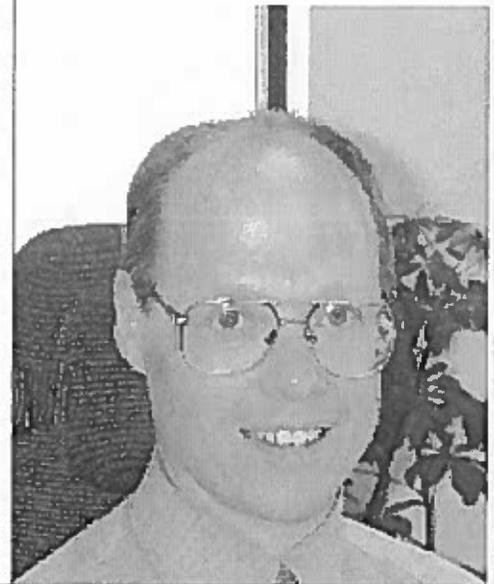
Jeff and his team have since brought the Corporation's accounting records and auditing process up to a professional standard. He helps drive the policy and direction of the NWT Housing Corporation by helping make management decisions and helping to ensure that funds are used in the public interest. Still, Jeff sees people as a crucial element to the Corporation's success: "This organization is people, that is what it is all about." Jeff recently passed the lengthy exams needed to obtain his Certified Public Accounting professional designation this November.

Jeff has seen many changes take place in the Corporation over the years. "The responsibility has shifted from building infrastructure to assisting clients in a financing role. This allows people to take more responsibility for (housing) decisions," he says.

A long-time Northerner, Jeff has also seen many changes take place in the Northwest Territories. "The NWT has developed into a more provincial model and the NWT economy is on an upswing."

Jeff sees the NWT Housing Corporation as an essential organization helping people through housing. "Shelter is essential for improving society and the overall well-being of people."

# Profile



# Profile

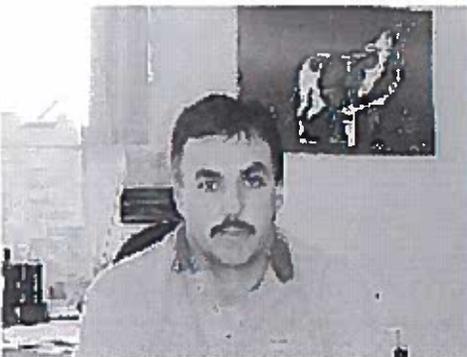
## Gordon McSwain

Gordon McSwain has lived in the North for all of his 41 years. His career with the Housing Corporation began in 1995, when he first joined the staff as a Technical Advisor Trainee, a position that would pave the way for his current occupation. "I'm a Senior Technical Advisor in Fort Smith for the South Slave District," Gordon says. He likens the job to that of a project officer. "We put out (construction) contracts, such as tenders; we also make sure that projects stay on time and on budget."

Gordon speaks enthusiastically about his time at the Housing Corporation. Working for the NWT HC has been a unique experience, in part because of the interaction between the Corporation and its clients. "Working at the Corporation has taught me how to work with people on a more one-on-one basis." He is also pleased with his working environment. He credits his positive experience to his fellow employees at the Housing Corporation, as well as to

the accomplishments of which he has been a part. "I have to say that I enjoy working with the other employees, and I think the Housing Corporation creates a good atmosphere to work in." He finds the job fulfilling because of the success of the Corporation in terms of helping people to own their own homes. "It feels good to help clients to succeed in owning their own homes, or to help them upgrade their houses, or even to achieve a healthier way of living."

Gordon is optimistic about the future of the Housing Corporation. "I think the Corporation can meet any of the challenges that come up. They handle all their problems very well already." Besides having confidence in the Corporation's ability to meet any adversity it might encounter, Gordon is also eager to see the Corporation grow in new directions. "I would like to see the Corporation expand their programs. I'd like to see them be able to assist more of a variety of clients."



## Sahtu District

The Sahtu District might be considered relatively small, but the District office remains full of activity. "I've never before been in a position where I've been kept busy," says Judi Tutcho, the District Manager for the Sahtu region. "I'm kept very, very busy." She is joined on staff by Financial Controller Bert Herman, Programs Advisor Clarence Campbell, Technical Advisor Mark Collier, Administrative Assistant Angela Elmie, summer student Mandi McDonald, and Guy Saint-André, who is responsible for the implementation of the Log Housing Program in Deline.

The staff of the District Office is responsible for providing housing programs and addressing housing needs in the communities of Colville Lake, Deline, Tulita, Fort Good Hope and Norman Wells. "Currently we have approximately 80 clients," says Judi Tutcho. "Some are ongoing clients from previous years, some are new." This number has increased in the year that Judi has worked for the Corporation; when she began, the District aided about 50 clients.

Fourteen programs are delivered throughout the District, however the most commonly used programs are the Independent Housing Program, the Emergency Repair Program, and the Senior Citizen's Home Repair Program. "We have the odd request for the Home Adaptation for Seniors' Independence Program, where a wheelchair ramp might be installed. Currently, the District is mostly focused on the Sale of Public Units Program," says Judi Tutcho.

The Sahtu District is able to provide an experience that is both unique and satisfying. "What I love most about working in the District is basically the reward in regards to working with a diverse group of people," says Judi Tutcho. "It's also rewarding when you've helped an individual. Whether you've helped someone with a new doorknob or a whole new house – that smile never goes away."

# District Profile



# Our Partners - Local Housing Organization Profile

## Fort Smith Housing Authority

Every community is unique, and Fort Smith is no exception. The Fort Smith Housing Authority meets the needs of the people of Fort Smith through a commitment to members of the community. "The Fort Smith Housing Authority is in partnership with the NWTCH to provide property management services to those with social housing needs in the community," says Lynn Vogt. "In addition to this, we are a stepping stone for families who later wish to access the homeownership programs within the NWTCH."

Lynn Vogt, manager of the Housing Authority, is joined by two other full-time administration staff: Tenant Relations Officer Ruth White and Finance Clerk Kim McArthur. She is also joined by three full-time maintenance staff: Maintenance Foreman Gary Nicholson, OBM/Plumber Dan Higgins and Carpenter Mel Fortier. The staff is responsible for the administration of the rental of social housing. The program is implemented by board policy and follows the Housing Corporation's guidelines for rental housing. "We are a very cross-cultural community," says Lynn Vogt, who explains that members of the community can be categorized in three main groups: Band members, Metis and Others. "We have to administer a program that benefits all community members."

The administration of these programs is not without difficulties. "The Fort Smith Housing Authority, like every authority, has the ongoing challenge of providing social housing with less funding in the future," says Lynn Vogt. "We also continue to face the challenges of working with a rent scale that requires not just changes but implementation."

Despite these challenges, changes for the better are witnessed on a daily basis in the improvements in the lives of clients and potential clients. "Although it is definitely a program where you can't please everyone the Board and Staff work together to ensure that relevant policies are in place and administered, so that they are fair to everyone making use of the program," says Lynn Vogt. "We try to make it meaningful to our community."



### Client Profile

Harry Lambert and his wife, Monique Sabourin, have lived in the North since 1976. They currently are residents of Fort Providence and have recently moved into a brand new house courtesy of the Independent Housing Program (IHP). "It's nice and clean. There's a new furnace, a humidifier and everything," says Harry Lambert. Harry Lambert is a carpenter by trade, and his favourite pastime is woodworking. He understands the work that goes into the construction of a new house.

Their new home is definitely what can be described as a family residence. Harry resides there with Monique, as well as two of his three sons and his oldest son's girlfriend. At the time of the interview, the third son was visiting Fort Providence, but was soon returning to Fort Smith. "It's definitely more comfortable," Harry says, when asked what he likes best about his new residence.

The work on the house is not yet complete. "They still need to do a few things, like paint the outside, and level the house. It was cold when they put the house up," explains Harry. Now that it is warmer, Harry and Monique can look forward to the house being completed soon.

Even though it is not yet finished, the family is definitely happy about the new house. "It's nice. Anybody would enjoy a new house," says Harry. Monique, too, is pleased with the new house. "I like it," she says simply. "It's good."

# Our Clients



OUR CLIENTS

# Programs and Services

*Approximately 1 in 6 households benefit from rental housing provided by the NWT Housing Corporation.*



## People Working Together

### What is the NWT Housing Corporation?

Meeting the housing needs of all Northerners continues to be a challenging task. Our commitment to developing homes that are appropriate for our harsh weather conditions, combined with a lack of funding resources and the high cost of construction in the North, continues to present challenges.

Ensuring that families and individuals have a secure, adequate and suitable place to live is the central focus of all of the Housing Corporation's efforts. The NWT Housing Corporation is a crown corporation of the Government of the NWT that works to improve housing conditions and standards.

The Corporation supports 22 Local Housing Organizations (LHOs) across the NWT, who provide, maintain, manage and develop housing program options for their residents. Working with our community partners to identify housing solutions and new ideas is how the Corporation works to build the NWT.

The Housing Corporation continues to provide a wide variety of housing programs. Our community partners and LHOs deliver the majority of our programs. All of our programs work towards the same goal: providing housing solutions that offer suitable, adequate and affordable shelter options. More and more the Housing Corporation is utilizing local ideas to find solutions to housing concerns. Often these are the solutions that are most effective and progressive in building the North.

## Programs

For some people, renting a home is the best way to access proper housing. For others, homeownership is the best option. The Housing Corporation provides solutions for eligible clients in all categories. Support includes programs for subsidized rental housing, homeownership assistance and home repair.

### Rental Programs

The Corporation has over 2,200 homes that provide shelter for Northern residents. Some of these homes were built in partnership with the Canada Mortgage and Housing Corporation (CMHC), while others are leased from the private sector.

Through an agreement with the NWT Housing Corporation, these homes are operated and maintained by LHOs with funding provided by the Corporation from the Government of the Northwest Territories and the CMHC. In addition, the Corporation provides funding to the LHOs for major repair initiatives to homes as required.

The Corporation's contribution to LHOs for the fiscal year 1999/2000 was \$32.4 million. This funding financed the operation of 2,249 rental units.

There are four rental programs funded under the Corporation's Capital budget: Seniors' Independent Housing; Northern Territorial Rental Unit Upgrade/Replacement; Modernization and Improvement Initiatives; and Fire Damage Replacement and Repair.

## Seniors' Independent Housing

This program provides Seniors with the opportunity to continue living independently. Seniors' homes, usually in the form of four-plex buildings, are built by the Corporation and then turned over to the LHO to administer and maintain. In 2000/2001, seniors' complexes were built in five communities: Fort Good Hope, Tulita, Paulatuk, Tsiigehtchic, and Dettah.

## NTR Upgrade/Replacement

Northern Rental Units (NTRs) are the oldest and smallest rental units in the Housing Corporation's inventory and are in the greatest need of repairs and replacement. This program provides funding to make these repairs. Where it is uneconomical to repair, the home is replaced. In 1999/2000, the Corporation delivered five of these projects.

## Modernization and Improvement Initiatives (M&I)

The NWT HC funds projects to improve health and safety in subsidized rental housing units through the modernization, improvement or replacement of dwellings. During 1999/2000, more than 750 units were upgraded to meet current building codes and maintenance requirements, and to increase their energy efficiency. This work included retrofits of roofs, new doors and windows, insulation upgrades, furnace replacements, mechanical upgrades, and improvements to make some units barrier free. As well, three units were modified to improve unit access for disabled residents by constructing

wheelchair ramps. In 1999/2000, 39 units were completely retrofitted. The Corporation provides funds for Modernization and Improvement initiatives to LHOs.

## Homeownership Programs

The Housing Corporation's homeownership programs are designed to empower people to become more independent. They help families that can afford the operating expenses of a home to purchase or build a home, or to make repairs to their existing home.

There were 402 repayable mortgages on the Corporation's books with a gross value of \$40.3 million as of March 31, 2001. Of this amount, the clients' repayable portion of the mortgages, net of subsidy, is \$3.2 million or 8%. This high level of subsidy shows that the Corporation is committed to housing Northerners in their own homes.

Families that wish to own a home or expand or repair their home in order to extend its life can benefit from the Expanded Downpayment Assistance Program (EDAP). The Corporation provides families with a subsidy in the form of downpayment or loan assistance for 10% to 70% of the cost of the home or repairs. The level of assistance depends on factors such as the purchase cost, whether it is new construction or repair, and the household income. The family must obtain a bank mortgage for the balance of the cost.

If the assistance is to a new homeowner, then up to 10% of the subsidy comes as a short-term forgivable loan. The remaining Corporation portion is forgiven over

*An estimated one-third of all households have received shelter assistance from the NWT Housing Corporation either in the form of subsidized rental housing or a homeownership or repair program.*



a 15-year period, providing the family maintains the home as their principal residence and does not default on the bank portion of the loan.

Similar to EDAP, the Independent Housing Program (IHP) makes it possible for lower income families with housing needs to obtain a modest home or to renovate or repair their existing home. IHP primarily assists Northerners who live in smaller, more remote communities of the NWT. While families assisted through IHP may not be required to obtain bank financing for any portion of the housing cost, they may be required to pay a small portion of the assistance back to the Corporation. Like EDAP, the remaining portion of the assistance is forgiven over a 15-year period, so long as the family maintains the house as its principal residence and is not in default to the Corporation.

### **Funding to Repair Owned Homes**

Senior citizens who are homeowners can obtain a once in a lifetime grant of \$15,000 under the Senior Citizens Home Repair Program, to make repairs that improve the condition of their homes. In addition to the basic grant, the Corporation will pay freight costs for shipping materials to the senior's home.

Assistance is also available to families who own their homes to make emergency repairs needed to make their homes healthy and safe. Through the Emergency Repair Program, repairs urgently required to address health and safety issues qualify for grant funding. Funding for the Emergency Repair Program is cost shared with the CMHC.

*92% of residents in public housing are Aboriginal.*



### **Northern Territorial Rental (NTR) Purchase Program**

Families who rent NTR units from the Corporation can purchase their homes from the Housing Corporation at reasonable prices. In order to qualify for this program, families must be able to afford the ongoing maintenance and operating costs, and have no outstanding rental arrears.

A portion of the rent paid by the family is applied toward the purchase. The sale price is further reduced by 5% for every year since the home was built. In order to purchase the home, families must acquire the legal right to the land where the home is situated, and be responsible for all taxes, maintenance, insurance and utility costs.

### **Housing Packages**

One of the difficulties facing prospective homeowners is the high cost and logistics of transporting building materials, particularly to remote communities. Prospective homeowners can purchase a housing package from the Corporation, and benefit from the Corporation's expertise in transporting and expediting construction materials in the North. Families must secure financing for the entire cost of the house plus freight and taxes.

### **Mortgage Guarantees**

The Corporation also helps families borrow money from a bank to build or purchase a home on Department of Indian Affairs and Northern Development, Indian Affairs Branch Lands. These lands, located in many NWT communities, are controlled by Indian Bands. Under the *Indian Act*, property on these lands cannot be used to secure a mortgage. Because of this, mortgage guarantees are needed. As of March 31, 2001, the Corporation had mortgage guarantees on its books worth \$4,803,632, against an allowable limit of \$10 million.

*About half of all households (49%) in the NWT live in dwellings that they own.*



# Corporate Goals

The Housing Corporation supports the goals of the Government of the Northwest Territories and is working towards building the NWT by:

1. Increasing the impact of the housing industry on Northwest Territories employment and business development.
2. Improving housing conditions in the Northwest Territories.
3. Improving the quality of advice, assistance and support provided to LHOs, communities and Aboriginal housing organizations.
4. Improving the morale of employees in the Corporation so that collective staff experience is not further reduced.

Providing suitable, adequate and affordable housing to residents also works towards improving health and wellness for individuals and families. In conjunction with our community partners, the Housing Corporation will continue to support these critical goals.



## Special Initiatives in 2000/2001

The NWT Housing Corporation initiated two special initiatives this fiscal year: the Seniors' Housing Strategy and the Fuel Rebate Initiative.

### Seniors' Housing Strategy

In order to develop a Seniors' Housing Strategy, the Northwest Territories Housing Corporation looked at several factors:

- community request;
- seniors need;
- lack of proper seniors housing;
- seniors over-accommodated in Public Housing units, while there are families on the waiting list;
- lack of Public Housing units targeted towards seniors; and
- culturally unacceptable seniors' housing that can be converted to singles' housing.

An important point in housing allocations are situations where seniors are occupying public housing units, while families on the waiting list are occupying unsuitable, inadequate or unaffordable housing. This situation is considered inefficient, even if there are no families on the waiting list. If seniors can be moved to more appropriate housing, this would allow the optimization of the available Public Housing inventory. In cases where the waiting lists are minimal, the larger Public Housing units could be sold as Homeownership units and replaced with seniors' housing. This reduces the operating and maintenance costs of the Public Housing Program by operating smaller more efficient units.

## NWT Seniors – Housing Needs Assessment

A major concern for the Housing Corporation is that the proportion of seniors in core need continues to remain well above the level of the average NWT household. However, over the past few years, the decrease in the percentage of seniors in core need indicates that the Corporation's seniors' strategy is working.

- From 1996 to 2000, the proportion of senior households in core need declined from 38% of senior households to 32%. Although this is a significant decrease, a senior is still more likely to be in core need compared to the average NWT household (20% in core need).

### Allocation of Seniors' Housing

#### Capital Plan:

Community	2000/2001
Fort Good Hope	8 units*
Tulita	4 units
Paulatuk	4 units
Tsiigehtchic	4 units
Dettah	5 units
<b>Total</b>	<b>25 units</b>

\* In Fort Good Hope the local land and financial corporation is providing a total of one million dollars to the whole Social Housing Plan: \$500,000.00 is a grant and \$500,000.00 is a loan.

In all cases except in Fort Good Hope, the Housing Corporation will provide Loan Guarantees or Lease Assignments to the Local Housing Organization to borrow the funds to move the projects forward. In these cases the funds will be paid back with Capital dollars in the years they appear in the Capital Plan.

# Special Initiatives



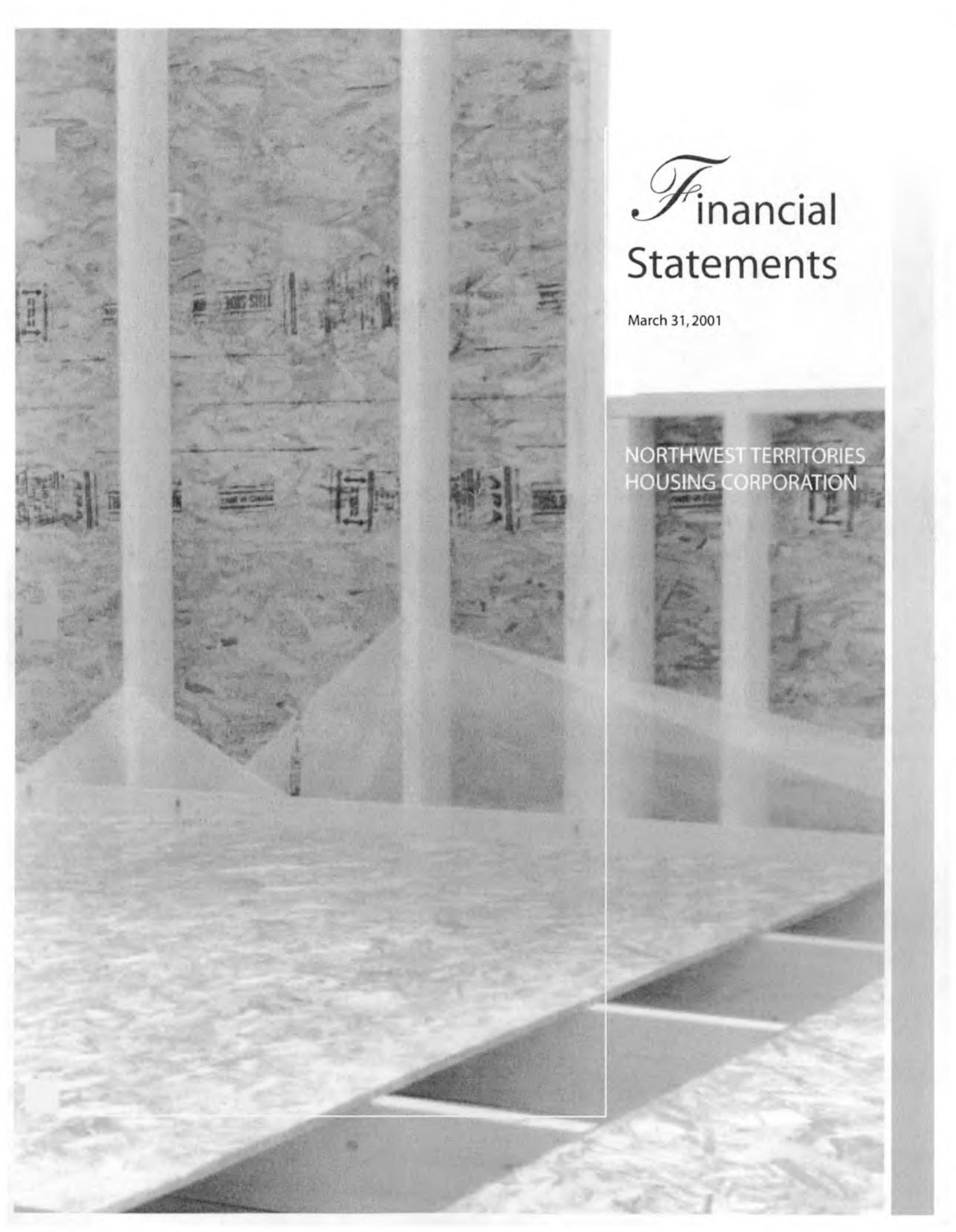
There will be a total of 99 Public Housing units targeted for seniors in the NWT over the next four years. The sale of Public Housing units will create the O&M funds necessary for the operation of these units.

### **Fuel Rebate Initiative**

On behalf of the Government of the Northwest Territories, in the 2000/2001 fiscal year, the Northwest Territories Housing Corporation delivered a one-time Fuel Rebate Initiative. The object of this initiative was to provide assistance to help households cope with the economic difficulties that arise from the increasing costs of heating fuel. Over a short-term, the Fuel Rebate will have provided some financial relief for working people in marginal financial circumstances. The original cut-off date for accepting applications for the rebate was extended on April 17, 2001 by Financial Management Board from March 31, 2001 to April 30, 2001. This extension was given approval mainly because of the large number of applications coming from the communities after the original deadline.

During the application period, a total of 3,320 applications were approved, for an approximate value of \$916,045. The amount of assistance was a one-time rebate of \$320 for households that own their own home, as well as for renters that pay directly for their fuel, under the condition that they must not have received any other fuel subsidies, except for seniors. For renters of legally registered apartments who do not pay their own fuel, there was a one-time assistance of \$150 per household. Eligible households must have had a gross household income below the Northwest Territories Housing Corporation homeownership core need income threshold for their community.





# *F*inancial Statements

March 31, 2001

NORTHWEST TERRITORIES  
HOUSING CORPORATION

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Honourable Roger Allen  
Minister Responsible for the  
Northwest Territories Housing Corporation

The accompanying financial statements have been prepared by management, which is responsible for the reliability, integrity and objectivity of the information provided. The statements have been prepared in accordance with generally accepted accounting principles in Canada. Where necessary, the statements include amounts that are based on informed judgements and estimates by management, giving appropriate consideration to reasonable limits of materiality.

In discharging its responsibilities for the integrity and fairness of the financial statements and for the accounting systems from which they are derived, management maintains the necessary system of internal controls designed to provide assurance that transactions are authorized, assets are safeguarded and proper records are maintained. These controls include quality standards in hiring and training employees, written policies and procedures manuals, and accountability for performance within appropriate and well-defined areas of responsibility. The Corporation's management recognizes its responsibility for conducting the Corporation's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate to a Territorial Crown Corporation.

The independent auditor, the Auditor General of Canada, is responsible for auditing the financial statements of the Corporation and for issuing her report thereon.



Tom R. Beaulieu  
President



J.B. (Jeff) Anderson, CGA  
Chief Financial Officer  
Finance and Corporate Services

Yellowknife, NT  
July 31, 2001



AUDITOR GENERAL OF CANADA

VÉRIFICATEUR GÉNÉRAL DU CANADA

## AUDITOR'S REPORT

To the Minister of the  
Northwest Territories Housing Corporation

I have audited the balance sheet of the Northwest Territories Housing Corporation as at March 31, 2001 and the statements of operations, deficit, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2001 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Financial Administration Act*, I report that in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

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

Ronald C. Thompson, CA  
Assistant Auditor General  
For the Auditor General of Canada

Ottawa, Canada  
July 31, 2001

**NORTHWEST TERRITORIES HOUSING CORPORATION**

Balance Sheet  
As at March 31, 2001  
(\$'000)

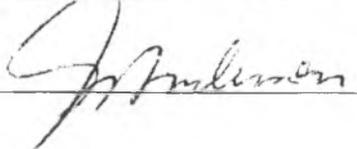
	<u>2001</u>	<u>2000</u>
<b>ASSETS</b>		
Current		
Cash	\$ 2,215	\$ <del>(169)</del>
Short-term investments (Note 3)	13,529	14,176
Accounts receivable (Note 4)	3,064	4,767
	<u>18,808</u>	<u>18,684</u>
Investment in housing projects		
Land and buildings (Note 5a)	115,069	115,515
Capital leases – housing units (Note 5b)	9,531	-
Mortgages receivable (Note 5c)	2,357	2,788
	<u>145,765</u>	<u>137,987</u>
Property and equipment (Note 6)	4,338	4,316
	<u>\$ 150,103</u>	<u>\$ 142,303</u>
<b>LIABILITIES</b>		
Current		
Accounts payable (Note 7)	\$ 6,339	\$ 4,925
Accrued interest	505	509
Due to/from the Government of the Northwest Territories (Note 8)	(167)	509
Current portion of long-term liabilities (Note 9)	4,256	5,786
Deferred revenue	-	134
	<u>10,933</u>	<u>11,863</u>
Long-term debt (Note 11)	98,990	97,507
Obligation under capital lease (Note 12)	5,446	-
Employee future benefits	1,143	1,194
Deferred capital contributions (Note 10)	35,018	34,911
	<u>155,530</u>	<u>145,475</u>
<b>EQUITY</b>		
Accumulated deficit of the Government of the Northwest Territories	(5,427)	(3,172)
	<u>\$ 150,103</u>	<u>\$ 142,303</u>
Contingencies and commitments (Notes 16 and 17)		

Approved by Management:

President



Chief Financial Officer



The accompanying notes and schedules form an integral part of the financial statements.

**NORTHWEST TERRITORIES HOUSING CORPORATION**  
**Statement of Operations**  
**For the year ended March 31, 2001**  
**(\$'000)**

	<b>2001</b>	<b>2000</b>
<b>EXPENSES</b>		
Contributions for social housing (Schedule I)	\$ 29,250	\$ 30,957
Administration (Schedule II)	11,471	11,486
Homeownership grants and contributions	14,058	15,262
Interest on long-term debt	11,024	10,397
Amortization	6,812	6,274
Repairs, maintenance, and other costs	4,574	5,135
Mortgage subsidies	1,216	1,482
Administration of Government of the Northwest Territories staff housing	656	1,008
Provision for impaired mortgages	1,002	1,276
Amortization – leased assets	502	-
	<b>80,565</b>	<b>83,277</b>
<b>REVENUES AND RECOVERIES</b>		
Other revenue and recoveries	976	1,345
Investment revenue	968	955
Recoveries from the Government of the Northwest Territories for staff housing	688	1,008
Mortgage interest revenue	247	191
Gain/Loss on disposal of land and buildings	64	(1,139)
Recovery of prior year grants	26	390
	<b>2,969</b>	<b>2,750</b>
Net cost of operations prior to government contributions	<b>77,596</b>	<b>80,527</b>
Cost of operations funded by the Government of the Northwest Territories	<b>36,580</b>	<b>39,327</b>
Contributions from Canada Mortgage and Housing Corporation (Note 14)	<b>33,598</b>	<b>33,325</b>
Amortization of deferred capital contributions	<b>2,900</b>	<b>4,985</b>
	<b>73,078</b>	<b>77,637</b>
Net cost of operations (Note 15)	<b>\$ 4,518</b>	<b>\$ 2,890</b>

The accompanying notes and schedules form an integral part of the financial statements.

**NORTHWEST TERRITORIES HOUSING CORPORATION**  
**Statement of Deficit**  
**For the year ended March 31, 2001**  
**(\$'000)**

	<u>2001</u>	<u>2000</u>
Accumulated deficit at beginning of year	\$ (3,172)	\$ (3,904)
Net cost of operations – unfunded items (Note 15)	<u>(4,518)</u>	<u>(2,890)</u>
	<u>(7,690)</u>	<u>(6,794)</u>
<b>Contributions from the Government of the Northwest Territories</b>		
Acquisition of non-depreciable capital assets	2,058	3,431
Contributions provided for loan principal repayments of long-term debt (Note 8)	<u>205</u>	<u>191</u>
	<u>2,263</u>	<u>3,622</u>
Accumulated deficit at end of the year	<u>\$ (5,427)</u>	<u>\$ (3,172)</u>

The accompanying notes and schedules form an integral part of the financial statements.

**NORTHWEST TERRITORIES HOUSING CORPORATION**

Statement of Cash Flows

For the year ended March 31, 2001

(\$'000)

	<u>2001</u>	<u>2000</u>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Cash received from:		
Government of the Northwest Territories (GNWT)	\$ 36,581	\$ 38,934
Canada Mortgage and Housing Corporation (CMHC)	30,778	31,125
Miscellaneous revenue	4,032	2,227
	<u>71,391</u>	<u>72,286</u>
Cash used for:		
Contributions for social housing	(28,489)	(32,491)
Administration	(11,549)	(11,164)
Interest on long-term debt	(11,028)	(10,405)
Homeownership grants and contributions	(13,238)	(12,604)
Repairs, maintenance and other costs	(4,574)	(11,252)
Administration of GNWT staff housing	(1,076)	(1,008)
	<u>(69,954)</u>	<u>(78,924)</u>
Net cash provided/(used) by operating activities	<u>1,437</u>	<u>(6,638)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Contribution from GNWT for capital	9,065	7,286
Contribution from CMHC for loan repayment	2,764	2,467
Repayment of long-term debt	(5,075)	(2,659)
Capital lease obligation	(282)	-
Recovery from Nunavut Housing Corporation	-	4,390
Net cash provided by financing activities	<u>6,472</u>	<u>11,484</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Mortgage payments received	683	650
Sale of capital assets	2,445	2,591
Capital expenditures	(9,270)	(8,733)
Net cash used by investing activities	<u>(6,142)</u>	<u>(5,492)</u>
Net increase/(decrease) in cash and cash equivalents	1,767	(646)
Cash and short-term investments, beginning of year	13,977	14,623
Cash and short-term investments, end of year	\$ <u>15,744</u>	\$ <u>13,977</u>

The accompanying notes and schedules form an integral part of the financial statements.

## NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Financial Statements

March 31, 2001

(\$'000)

### 1. PURPOSE OF THE ORGANIZATION

The Northwest Territories Housing Corporation, established in 1974 pursuant to the *Northwest Territories Housing Corporation Act*, is a Territorial Crown Corporation named in Schedule B to the *Financial Administration Act*.

The Corporation is committed to working in partnership with communities and to provide opportunities for communities to become accountable for their own choices and delivery of housing programs. Through this partnership, opportunities are provided to all community residents to have homes that support a healthy, secure, independent and dignified lifestyle. The Corporation's principal objective is to develop, maintain and manage public housing programs in the Northwest Territories.

Pursuant to provisions of the *Northwest Territories Housing Corporation Act*, the Corporation is dependent upon the Government

of the Northwest Territories, either directly or indirectly through guarantees, for the funds required to finance the net cost of its operations, for capital projects and the recovery of staff housing expenditures.

The Northwest Territories Housing Corporation is exempt from income tax. The Corporation is subject to goods and services taxes and has complied with requirements applicable to the Corporation.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The Corporation's financial statements are prepared in accordance with Canadian generally accepted accounting policies. The significant accounting policies are as follows:

#### Revenue recognition

Government of the Northwest Territories contributions, which are provided through the Department of the Executive, are restricted in nature, subject to the provisions of Section 20 of

the *Northwest Territories Housing Corporation Act* and Part IX of the *Financial Administration Act*. Accordingly, contributions from the Government of the Northwest Territories are recognized as revenue in the year in which the related expenditures are incurred.

Contributions and recoveries from the Government of the Northwest Territories for operations, grants and contributions to homeowners, repairs, maintenance and other costs are credited to operations, except for those amounts provided for loan principal repayments, which are credited to equity.

Contributions from the Government of the Northwest Territories for depreciable capital expenditures are recorded as deferred capital contributions on the balance sheet and are amortized on the same basis and over the same periods as the related capital assets. Contributions for non-depreciable capital expenditures are credited to equity.

**NORTHWEST TERRITORIES HOUSING CORPORATION**

Notes to Financial Statements

March 31, 2001

(\$'000)

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Federal contributions, which are provided by Canada Mortgage and Housing Corporation (CMHC), are restricted in accordance with provisions in the Social Housing Agreement executed by the Corporation and CMHC. Accordingly, federal contributions are recognized as revenue in the year in which the related expenditures are incurred.

Federal contributions used for the repayment of loans towards the purchase of capital assets approximates the annual amortization expense of these assets and is recognized in the year received.

**Investment in housing projects – land and buildings**

Land and buildings constructed or purchased by the Corporation for the rental portfolio or carried in inventory are stated at cost. Buildings transferred to the Northwest Territories Housing Corporation from CMHC are stated at CMHC's book value effective April 1, 1997. This is considered a reasonable estimation of cost. Construction in progress includes

amounts which may be transferred to land and buildings for rental and are carried at cost. It also includes amounts that may be transferred to homeowners and a mortgage taken back against the property. These properties are carried at their estimated realizable value.

Amortization is provided using the following methods and annual rates. The provisions for amortization begin in the year the building is completed or transferred in and are taken for the full year.

- Social housing, senior citizen housing, lease/purchase housing and staff housing
  - Declining 5%

**Investment in housing projects – capital lease – housing units**

Public and senior citizen housing units are recorded as capital leases when the Corporation enters into lease agreements where, in effect, the risks and benefits of ownership are transferred to the Corporation. In such cases, the cost of the asset is determined by the discounted net present value of the minimum lease payments and is amortized

using the straight-line method over the lease term. Obligations recorded under capital leases are reduced by rental payments net of imputed interest and executory costs. Interest expense is included in interest on long-term debt.

**Investment in housing projects – mortgages receivable**

**a) Mortgage subsidy**

The Corporation, under section 44 (1) of its Act, subsidizes principal and interest payments due from homeowners under the legal terms and conditions of mortgages. These subsidies vary in amount depending on the income of the mortgagors. Subsidies are expensed in the year the mortgage is approved and are recorded as mortgage subsidy.

Accordingly, the mortgage receivable balance represents the present value of the expected future unsubsidized payments from the mortgages, prior to an allowance for impairment.

Subsequent changes to the amount of subsidy provided, resulting from changes in income of the mortgagor, are recognized in the year the changes occur.

**NORTHWEST TERRITORIES HOUSING CORPORATION**  
Notes to Financial Statements  
March 31, 2001  
(\$'000)

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**b) Allowance for impaired mortgages**

Mortgages are considered impaired when a deterioration in credit quality has occurred and there is reasonable doubt as to the timely collection of principal and interest. A mortgage is considered impaired when a payment is six months in arrears. An allowance is established to reduce the recorded value of the mortgage to its estimated realizable value based on the present value of expected payments.

Initial and subsequent changes in the amount of mortgage impairment are recorded in the year the changes occur.

**Mortgage interest revenue**

Interest income on mortgages is recorded on the accrual basis.

When a mortgage becomes impaired, recognition of interest ceases. Thereafter, interest income is recognized on a cash basis, but only after prior write-offs arising from credit losses and the allowance for impairment has been recovered.

**Property and equipment**

Property and equipment are stated at cost. Amortization is provided using the following methods and annual rates:

- Office furniture and equipment  
– Declining balance 20%
- Warehouses and office buildings  
– Declining balance 5%

Leasehold improvements are amortized on a straight-line basis over the term of the leases.

**Contributions for social housing**

Housing units owned by the Corporation are operated by local housing associations, authorities, municipalities and bands. The Corporation provides contributions for the annual operating requirements of these local housing organizations, net of rent revenues collected. These contributions are recorded on an accrual basis by the Corporation.

The Corporation also provides subsidy assistance to various non-profit housing sponsor groups and co-operatives in accordance with operating agreements, which set out the basis on which eligibility for subsidy assistance will be determined. These expenditures are recorded based on actual or estimated costs incurred by each sponsor group in the year.

**NORTHWEST TERRITORIES HOUSING CORPORATION**

Notes to Financial Statements

March 31, 2001

(\$'000)

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Employee future benefits**

The Corporation and its employees, who are deemed to be employees of the Government, make contributions to the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the Plan are required from both the employees and the Corporation. The total expense for the Corporation's share of the contributions totaled \$742 at a rate of 2.14 times the employee's contribution effective April 1, 2000 (2000 - \$480 at a rate equal to the employee's contribution). These contributions represent the total pension obligation of the Corporation and are recognized in the accounts on a current basis.

Under the conditions of employment, employees earn non-pension employment benefits for annual leave, retirement and severance pay. The costs are accrued as the benefits are earned. Accrued termination benefits are paid upon resignation, retirement or death of employees.

**Measurement uncertainty**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires the Corporation to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenditures 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 Corporation believes the estimates and assumptions to be reasonable. Some of the more significant management estimates relate to: valuation of social housing including buildings under capital lease; valuation of allowances for mortgages receivable and of mortgage subsidies; and the costs of administering social housing programs for the Canada Mortgage and Housing Corporation.

**3. SHORT-TERM INVESTMENTS**

The Corporation invests in the short-term money market at fixed rates. The portfolio yield during the year ended March 31, 2001 ranged from 4.25% to 5.65% (2000 - 2.50% to 5.06%). All instruments held in short-term investments have an R-2 high or an AA rating or higher from the Dominion Bond Rating Service. Investments are limited to a maximum of 5% to 50% of the total portfolio and a maximum dollar value of \$10 million depending on the issuer of the investment. There is no significant concentration in any one investment counterparty. The average term to maturity as at March 31, 2001 is 16 days (2000 - 28 days).

**NORTHWEST TERRITORIES HOUSING CORPORATION**

Notes to Financial Statements

March 31, 2001

(\$'000)

**4. ACCOUNTS RECEIVABLE**

	<u>2001</u>	<u>2000</u>
Government of the Northwest Territories	\$ 349	\$ -
Canada Mortgage and Housing Corporation	778	722
Local Housing Organizations	858	930
Receiver General for Canada – GST	178	1,010
Yamoga Land Corporation	475	-
Public Works and Government Services Canada	78	1,460
Other	348	585
	<u>\$ 3,064</u>	<u>\$ 4,707</u>

**5. INVESTMENT IN HOUSING PROJECTS**

**a) Land and buildings**

	<u>2001</u>			<u>2000</u>
	Cost	Accumulated Amortization	Net	Net
Land	\$ 498	\$ -	\$ 498	\$ 372
Inventory of unsold housing	1,645	-	1,645	3,321
Social housing	140,294	49,967	90,327	93,311
Northern rental housing	1,702	1,702	-	11
Senior citizens' housing	19,718	4,643	15,075	13,663
Lease/Purchase housing	4,784	1,151	3,633	4,289
Staff housing	309	82	227	239
Construction in progress	3,664	-	3,664	1,309
	<u>\$ 172,614</u>	<u>\$ 57,545</u>	<u>\$ 115,069</u>	<u>\$ 116,515</u>

**b) Capital lease – housing units**

	<u>2001</u>		
	Cost	Accumulated Amortization	Net
Public and senior citizens' housing	\$ 10,033	\$ 502	\$ 9,531

**NORTHWEST TERRITORIES HOUSING CORPORATION**

Notes to Financial Statements

March 31, 2001

(\$'000)

**c) Mortgages receivable**

	<b>2001</b>	<b>2000</b>
First mortgages, rural and remote housing (net of subsidies of \$845) bearing interest at rates varying between 5.95% and 14.25% per annum, repayable over a maximum period of 25 years	\$ 1,349	\$ 1,581
Less: allowance for impaired mortgages	(1,310)	(1,411)
	39	170
Other mortgages (net of subsidies of \$29,981) bearing interest at rates varying between 6% and 14.25% per annum, repayable over a maximum period of 15 years	6,694	6,670
Less: allowance for impaired mortgages	(4,376)	(4,052)
	2,318	2,618
Direct lending and land acquisition loans bearing interest at rates varying between 7.75% and 13.25% per annum, repayable over a maximum period of 15 years	434	765
Less: allowance for impaired mortgages	(434)	(765)
	-	-
	\$ 2,357	\$ 2,788

The recorded value of those mortgages specifically identified as being impaired is \$ 6,120 (2000 - \$6,228).

The breakdown of the maturity of the Corporation's performing mortgage receivable is as follows:

	<b>Interest Rate Range</b>	<b>Amount</b>
2002	8.00% - 9.25%	\$ 9
2003	8.25%	2
2004	-	-
2005	7.3%	15
2006	8.25% - 9.88%	12
2007-2011	7.25% - 10.75%	703
2012-2016	6.7% - 10.5%	1,616
<b>Total</b>		<b>\$ 2,357</b>

**NORTHWEST TERRITORIES HOUSING CORPORATION**

Notes to Financial Statements

March 31, 2001

(\$'000)

**6. PROPERTY AND EQUIPMENT**

	2001			2000
	Cost	Accumulated Amortization	Net	Net
Warehouses	\$ 5,343	\$ 2,138	\$ 3,205	\$ 3,362
Office furniture and equipment	3,339	2,415	924	747
Office buildings	87	87	-	-
Leasehold improvements	296	87	209	207
	<u>\$ 9,065</u>	<u>\$ 4,727</u>	<u>\$ 4,338</u>	<u>\$ 4,316</u>

**7. ACCOUNTS PAYABLE**

	2001	2000
Trade	\$ 4,389	\$ 3,064
Contractor's Holdbacks	573	395
Local Housing Organizations	913	715
Government of the Northwest Territories, Staff Housing	-	420
Government of the Northwest Territories	464	331
	<u>\$ 6,339</u>	<u>\$ 4,925</u>

**NORTHWEST TERRITORIES HOUSING CORPORATION**

Notes to Financial Statements

March 31, 2001

(\$'000)

**8. DUE TO/FROM THE GOVERNMENT OF THE NORTHWEST TERRITORIES**

	<u>2001</u>	<u>2000</u>
Balance at beginning of the year	\$ 509	\$ 4,504
Repayment	-	(4,504)
	<u>509</u>	<u>-</u>
Operating contributions	45,174	46,931
Contributions provided for loan principal repayments of long-term debt	(205)	(191)
Contributions for capital expenditures	(9,065)	(6,904)
Cost of operations funded by GNWT	(36,580)	(39,327)
Balance at end of year	\$ <u>(167)</u>	\$ <u>509</u>

The GNWT makes advances to the Corporation for funding operations, principal repayments of long-term debt, capital expenditures, and for repairs, maintenance, grants and other costs. Approved contributions recorded in the financial statements are dependent upon actual expenditures incurred for the year. Amounts advanced in excess of the actual expenditures are due to the GNWT at year-end and are carried forward as a non-interest bearing advance for the following year.

**9. CURRENT PORTION OF LONG-TERM LIABILITIES**

	<u>2001</u>	<u>2000</u>
Long-term debt	\$ 3,293	\$ 5,069
Obligations under capital lease	306	-
Employee future benefits	657	717
	\$ <u>4,256</u>	\$ <u>5,786</u>

**NORTHWEST TERRITORIES HOUSING CORPORATION**  
Notes to Financial Statements  
March 31, 2001  
(\$'000)

**10. DEFERRED CAPITAL CONTRIBUTIONS – GOVERNMENT OF THE NORTHWEST TERRITORIES**

	<u>2001</u>	<u>2000</u>
Balance, beginning of year	\$ 34,911	\$ 36,423
GNWT contribution for depreciable capital assets	7,007	3,473
Amortization of deferred capital funding	<u>(2,900)</u>	<u>(4,985)</u>
Balance, end of year	<u>\$ 39,018</u>	<u>\$ 34,911</u>

**11. LONG-TERM DEBT**

	<u>2001</u>	<u>2000</u>
Loans from Canada Mortgage and Housing Corporation, repayable in annual installments until the year 2033, bearing interest of 6.97% (2000 - 6.97%). The loans are guaranteed by the Government of the Northwest Territories	\$ 28,247	\$ 28,709
Mortgages payable to Canada Mortgage and Housing Corporation for units transferred under the new Social Housing Agreement, maturing between the years 2003 and 2038, at interest rates ranging from 4.5% to 21.5% (2000 - 4.5% to 21.5%)	<u>70,036</u>	<u>71,767</u>
	98,283	100,476
Loan from the Government of the Northwest Territories for the provision of Direct Lending Mortgages which is repayable when the program is terminated	-	1,000
Loans from the Government of the Northwest Territories for the provision of Interim Financing which is repayable when the program is terminated	-	1,100
	<u>98,283</u>	<u>102,576</u>
Portion included in current liabilities	<u>3,293</u>	<u>5,069</u>
	<u>\$ 94,990</u>	<u>\$ 97,507</u>

**NORTHWEST TERRITORIES HOUSING CORPORATION**

Notes to Financial Statements

March 31, 2001

(\$'000)

**11. LONG-TERM DEBT CONT**

Principal repayments and interest requirements over the life on outstanding loans are as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2002	\$ 3,293	\$ 9,860	\$ 13,153
2003	3,652	9,501	13,153
2004	4,036	9,109	13,145
2005	4,453	8,650	13,103
2006	4,919	8,167	13,086
2007-2011	25,030	32,758	57,788
2012-2038	52,900	68,706	121,606

**12. OBLIGATION UNDER CAPITAL LEASE**

The Northwest Territories Housing Corporation is committed, in aggregate, to payments of \$1,527 per annum for 15 lease agreements for housing units that were initiated to support the Public Housing and Senior Citizens' Rent Supplement Programs. These lease agreements are based on implicit interest rates varying from 6.6% to 11.5% and expiry dates ranging from 2013 to 2023. The lease payments may be renegotiated every five years for changes in specific operating costs such as interest rates and cost of utilities. The Corporation is also responsible for other operating costs not included in the annual lease payment.

	<b>Future Minimum Lease Payments</b>	<b>Executory Costs</b>	<b>Imputed Interest</b>	<b>Lease Obligation</b>
2002 (current)	\$ <u>1,527</u>	\$ <u>341</u>	\$ <u>880</u>	\$ <u>306</u>
2003	1,527	341	852	334
2004	1,527	341	823	363
2005	1,527	341	786	400
2006	1,527	341	751	435
2007-2023	16,742	3,795	5,033	7,914
<b>Long-term</b>	<b>\$ <u>22,850</u></b>	<b>\$ <u>5,159</u></b>	<b>\$ <u>8,245</u></b>	<b>\$ <u>9,446</u></b>

**NORTHWEST TERRITORIES HOUSING CORPORATION**  
Notes to Financial Statements  
March 31, 2001  
(\$'000)

**13. FAIR VALUE OF FINANCIAL INSTRUMENTS**

The fair value of the Corporation's financial instruments are estimated as follows:

	2001		2000	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial Assets:</b>				
Cash and short-term investments	\$ 15,744	\$ 15,744	\$ 13,977	\$ 13,977
Accounts receivable	3,064	3,064	4,707	4,707
Mortgages receivable	2,357	2,357	2,788	2,788
	<u>\$ 21,165</u>	<u>\$ 21,165</u>	<u>\$ 21,472</u>	<u>\$ 21,472</u>
<b>Financial Liabilities:</b>				
Accounts payable	\$ 6,339	\$ 6,339	\$ 4,925	\$ 4,925
Loans payable	28,247	29,197	30,809	30,986
Mortgages payable	70,036	100,436	71,767	100,749
	<u>\$ 104,622</u>	<u>\$ 135,972</u>	<u>\$ 107,501</u>	<u>\$ 136,660</u>

The carrying amounts of mortgages receivable should not be interpreted as the realizable value on immediate settlement of these mortgages due to the uncertainty associated with such a settlement.

The fair value of loans and mortgages payable is based on an estimation of the market value of the debt. This is determined by applying the current yield for debt with a similar maturity date issued by the province of Newfoundland and applying this yield to the Corporation's debt. This approach is used because the Government of the Northwest Territories does not issue debt.

**NORTHWEST TERRITORIES HOUSING CORPORATION**

Notes to Financial Statements

March 31, 2001

(\$'000)

**14. CONTRIBUTIONS FROM CANADA MORTGAGE AND HOUSING CORPORATION**

	<u>2001</u>	<u>2000</u>
Recoveries in respect of:		
Operations and maintenance		
Contributions to local housing organizations including interest expense	\$ 31,015	\$ 30,823
Repairs, maintenance, and other costs	2,583	2,502
	<u>\$ 33,598</u>	<u>\$ 33,325</u>

Under the terms of the Social Housing Agreement signed with Canada Mortgage and Housing Corporation (CMHC), effective April 1, 1997 and amended April 1, 1999, the Corporation assumes full responsibility and liability for the management and administration of the programs specified in the Agreement, including some programs that were previously managed unilaterally by CMHC. In return for assuming these responsibilities and managing the programs in accordance with the Agreement, the Corporation will receive annual funding over the term of the Agreement which expires on March 31, 2038.

CMHC's ownership interest in the rental and loan portfolio affected by the Agreement is transferred to NWTHC as Trustee, in accordance with a Declaration of Trust Agreement signed by both parties. Over the term of the Agreement, NWTHC shall pay CMHC monthly and quarterly installments of principal and interest in return for CMHC's share of the book values of the respective assets. The obligation related to these assets has been accrued in long-term debt as at March 31, 2001 (Note 11). Consistent with previous agreements, the Corporation shall pay CMHC for its respective share of any gains realized upon the disposal of any assets that CMHC has an ownership interest.

**15. NET COST OF OPERATIONS – UNFUNDED ITEMS**

The net cost is represented by the following unfunded expenses and recoveries:

	<u>2001</u>	<u>2000</u>
Amortization	\$ 7,314	\$ 6,274
Amortization of deferred capital contributions	(2,900)	(4,985)
Contribution for mortgage payable	(2,508)	(2,229)
Mortgage subsidies	1,216	1,482
Provision for impaired mortgages (principal portion)	1,002	1,276
Homeowner grants on inventoried units	820	-
Capital lease obligation (principal portion)	(282)	-
(Gain)/Loss on disposal of land and buildings	(64)	1,139
Long-term portion of leave and termination benefits	(52)	322
Recovery of prior year grants	(28)	(389)
	<u>\$ 4,518</u>	<u>\$ 2,890</u>

**NORTHWEST TERRITORIES HOUSING CORPORATION**

Notes to Financial Statements

March 31, 2001

(\$'000)

**16. CONTINGENCIES**

During 2000-2001, the Corporation provided guarantees to lenders financing certain new or renovated residential housing construction. As at March 31, 2001 a total of 30 (2000 – 32) loan guarantees were in effect, and the outstanding balance of loans guaranteed was \$ 2,729 (2000 – \$3,082).

Under the terms of the Social Housing Agreement with CMHC, the Corporation is responsible for the administration of a number of loans to third parties, where CMHC is the lender or insurer of these loans. The agreement provides that the Corporation shall indemnify and reimburse CMHC for and save it harmless from all losses, costs and expenses related to these loans. The value of these third party loans is approximately \$44,884 as at March 31, 2001 (2000 – \$46,592).

As at March 31, 2001 one of the third party loans in the amount of approximately \$2,795 was in default and foreclosure procedures were initiated by the Corporation. At this time management cannot estimate whether the Corporation will incur any losses associated with this loan as it is too early in the foreclosure process.

**17. COMMITMENTS**

The Corporation leases office space and rent supplement public housing units and is committed to basic rental payments over the next five years. The leases contain escalation clauses for operating costs and property taxes, which may cause the payments to exceed the basic rental. The basic rental payments are as follows:

	<b>Total</b>
2002	\$ 2,106
2003	1,299
2004	832
2005	291
2006	134

**NORTHWEST TERRITORIES HOUSING CORPORATION**

## Notes to Financial Statements

March 31, 2001

(\$'000)

**18. RELATED PARTY TRANSACTIONS**

The Corporation's relationship with the various local housing organizations (Authorities, Associations, Bands, and Hamlets) is as a "partner" in the delivery of social housing, as provided under individual management agreements. The housing authorities are incorporated under the *Northwest Territories Housing Corporation Act* and the Minister responsible for the Corporation appoints the members.

The Corporation funds the operating costs of the local housing organizations based on a funding formula. Details of contribution amounts, by district, are provided in Schedule 1. In addition the local housing organizations complete Modernization and Improvement projects on various social housing units, as approved and funded by the Corporation.

The Corporation is also related in terms of common ownership to all Government of the Northwest Territories created departments, agencies and crown corporations. The Corporation enters into transactions with these entities in the normal course of business.

**19. COMPARATIVE FIGURES**

Certain of the 2000 comparative figures have been reclassified to conform to the current year presentation.

**NORTHWEST TERRITORIES HOUSING CORPORATION**  
**Contributions for Social Housing**  
**For the year ended March 31, 2001**  
(\$'000)

Schedule I

	North Slave	South Slave	Nahendeh	Sahtu	Beaufort Delta	2001 Total	2000 Total
<b>Revenue</b>							
Rental Assessments	\$ 1,123	\$ 504	\$ 141	\$ 391	\$ 1,226	\$ 3,385	\$ 2,937
Doubtful Accounts	(180)	(70)	(23)	(30)	(35)	(338)	(213)
Miscellaneous Income	166	91	15	95	203	570	473
<b>Total Revenue</b>	<b>1,109</b>	<b>525</b>	<b>133</b>	<b>456</b>	<b>1,394</b>	<b>3,617</b>	<b>3,197</b>
<b>Expenditures</b>							
Administration	1,004	1,225	250	763	1,950	5,192	4,879
Honorariums	41	35	11	49	52	188	153
Leasing	1,522	293	56	10	496	2,377	3,490
Maintenance and Repairs	1,354	1,556	377	1,301	3,348	7,936	8,950
Power	533	453	177	704	2,272	4,139	3,870
Fuel	520	790	121	440	1,926	3,797	3,134
Water and Sanitation	1,130	620	143	544	2,416	4,853	4,991
Taxes	315	281	81	62	418	1,157	1,067
<b>Total Expenditures</b>	<b>6,419</b>	<b>5,253</b>	<b>1,216</b>	<b>3,873</b>	<b>12,878</b>	<b>29,639</b>	<b>30,534</b>
<b>Deficiency of Revenue over Expenditures</b>	<b>5,311</b>	<b>4,728</b>	<b>1,083</b>	<b>3,417</b>	<b>11,484</b>	<b>26,023</b>	<b>27,337</b>
<b>Deficits paid by Local Housing Organizations</b>							
	(70)	(235)	(78)	(152)	(205)	(740)	(541)
<b>Surpluses retained by Local Housing Organizations</b>							
	3	42	-	1	58	104	663
<b>Total Local Housing Organization's Contributions</b>							
	5,243	4,535	1,005	3,266	11,337	25,386	27,459
<b>Contributions to Sponsor Groups</b>	2,563	418	393	-	490	3,864	3,498
<b>Total Contributions for Social Housing</b>	<b>\$ 7,806</b>	<b>\$ 4,953</b>	<b>\$ 1,398</b>	<b>\$ 3,266</b>	<b>\$ 11,827</b>	<b>\$ 29,250</b>	<b>\$ 30,957</b>

**NORTHWEST TERRITORIES HOUSING CORPORATION**

Schedule II

Schedule of Administration Expenses

For the year ended March 31, 2001

(\$'000)

	<u>2001</u>	<u>2000</u>
Salaries and benefits	\$ 7,506	\$ 6,917
Travel and relocation	1,119	1,700
Professional and special services	807	1,107
Building and equipment rentals	978	864
Computer services	402	351
Communications	235	212
Material and supplies	343	181
Workshops and studies	41	106
Land title fees and expenses	39	47
Miscellaneous	1	1
	\$ <u>11,471</u>	\$ <u>11,486</u>

This report was produced in part with financial assistance of the *Canada-Northwest Territories Cooperation Agreement for French and Aboriginal Languages in the Northwest Territories.*

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# People Working Together

