

**Northwest Territories
Housing Corporation
Annual Report 2019-2020**

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1. Message from the Minister



As the Minister responsible for the Northwest Territories Housing Corporation (NWTHC), I am pleased to release the 2019-2020 Annual Report and to be leading our efforts to ensure that our residents receive suitable housing that is affordable and meets the housing needs of the residents of the Northwest Territories

During 2019-2020, NWTHC made progress in many strategic areas. We continued to pursue partnerships with Indigenous and community governments, Non-Governmental Organizations (NGOs) and the Federal Government in exploring partnerships under the Community Housing Support Initiative (CHSI), National Housing Strategy Bi-lateral agreement, and community housing plans.

We are making great headway in developing new units for the RCMP. An activity that will both support community safety and bring in new revenue streams for the NWTHC.

It is extremely important for me that small communities and all residents of the Northwest Territories have a voice in housing matters in their community. I am pleased with the progress we have made on Community Housing Plans. Having community input and ownership regarding future housing initiatives is critical to ensuring that we are meeting the housing needs of our residents. We will continue to make progress on these plans, and they are an item that I will be paying close attention to.

I will ensure that the NWTHC is continually pursuing ways to improve housing in the NWT.

Thank you.

A handwritten signature in blue ink, appearing to read 'Paulie Chinna', written in a cursive style.

Hon. Paulie Chinna
Minister

2. Message from the President and CEO

Housing has always been a critical aspect of the GNWT's focus, and we continue to work towards its goal of ensuring that housing needs across the NWT are being met. The steps the NWTHC is taking to reach this goal will be guided by the incoming 19th Legislative Assembly and we look forward to the developments to come.

In 2019-20, the NWTHC spent over \$107.3 million on housing operations in the NWT. In addition to this amount, we invested in capital projects that included the construction of 56 units and 101 major modernization and improvement projects. In investing in housing, we invest in our people, including community workers.




This past year's new construction delivery included the completion of a public housing 17 plex in Inuvik increasing the supply of much needed singles units, a seniors 9-plex in Fort McPherson, 8 additional market housing units for community workers and an additional 13 public housing replacements units delivered under the NWTHC's strategic partnership with the Inuvialuit Regional Corporation. To date, this partnership agreement with the IRC has resulted in the delivery of 27 new public housing replacement units within the Inuvialuit Settlement Region, with a remaining 7 housing units planned for 2020-2021.

In addition, the NWTHC continues to work closely with the RCMP and the GNWT's Department of Justice to advance the delivery of 45 new housing units the Royal Canadian Mounted Police (RCMP). Having constructed and leased several units for the RCMP since the early 1990's, I am pleased that the RCMP has again reach out to the NWTHC and entrusted us with this major delivery to support the provision of policing services across the territory.

Community engagement is critical for our organization to provide housing. Whether it is through partnering with our Local Housing Organizations, or conducting Community Housing Plans, having that community engagement on housing is critical and we will be building on it moving forward.

We held the Northern Housing Summit in Inuvik at the beginning of the year, which helped set the tone for our focus on community engagement. Partners from all aspects of housing met and exchanged ideas and solutions to our housing situation and it was a great opportunity to seek and develop partnerships now that we have money coming in through the National Housing Co-investment Fund and the Community Housing Support Initiative. Our staff are on-hand to support any proponents that seek to increase housing options in the NWT.

We look forward to talking with our Indigenous and Community partners on opportunities and initiatives that will support the housing needs of northerners.



Tom R. Williams
President & CEO

3. Corporate Profile

Mission Statement

The Northwest Territories Housing Corporation (NWTHC) works in partnership with residents, where appropriate and necessary, to ensure access to affordable, adequate and suitable housing.



Goals:

- Ensure a sufficient supply of adequate, suitable and affordable housing to address the housing needs of NWT residents.
- Promote personal responsibility and accountability for housing.
- Provide homeownership and rental programs and services that are effective and appropriate.
- Help address homelessness through supporting the infrastructure needs of emergency shelters and transitional housing.
- Acquire housing in an effective and efficient manner for program delivery through appropriate designs, land planning and acquisition, and appropriate construction standards.
- Enhance the long term sustainability of NWTHC housing assets through on-going maintenance and repairs and implementing energy efficiency technologies.

4. Corporate Structure

Corporate Summary

The NWTHC provides social and market housing programs and services including subsidized rental and homeownership programs (including purchase and repairs), and unsubsidized rental housing in rural and remote communities. Policy and program development play a key role in creating appropriate programs to address the core housing

need of NWT residents and promote self-reliance. The NWTHC incorporates energy-efficient technologies in its housing design and in the retrofitting of housing to improve its sustainability and energy efficiency. The NWTHC also works in partnership with the Canada Mortgage and Housing Corporation to cost share the development and improvement of housing infrastructure across the NWT. At the community level, the NWTHC partners with Local Housing Organizations, municipal and Aboriginal governments to manage and administer community housing services in 33 communities.

Branches

The Executive, comprised of the President's Office and the Strategic Planning, Policy and Communications Division manages the implementation of the Government's direction related to housing.

The President's Office – The President's Office is responsible for supporting the Minister Responsible for the NWTHC, providing overall strategic and operational direction, leading the senior management team and managing the human and financial resources of the NWTHC.

Policy and Planning – The Policy and Planning Division provides support with regard to long-term strategic direction and planning for the NWTHC. This Section is also responsible for strategic and business planning, policy development, qualitative and quantitative research, corporate communications and homelessness initiatives. This section represents the NWTHC on a Federal/Provincial/Territorial level, on interdepartmental working groups, and on other committees.

Finance and Infrastructure Services – The Finance and Infrastructure Services Branch is comprised of the Finance and Administration Division, Financial Planning Section, the Infrastructures Services Division and the Occupational Health and Safety (OH&S) Section.

The Finance and Administration Division – is responsible for the overall financial affairs of the NWTHC. This includes the provision of accounting and advisory services, reporting and monitoring, treasury services, mortgage administration and the management of own source revenues and federal funding. The Financial Planning Section leads the development of the infrastructure, revenues and operating budgets for the NWTHC, including the annual business plan and main estimates, and on-going variance analysis and reporting.

The Infrastructure Services Division - is responsible for planning, designing and coordinating the delivery of the NWTHC's capital infrastructure projects, advising on and supporting homeownership project delivery, securing suitable land for the delivery of housing programs and services and the overall maintenance management of the NWTHC's housing portfolio.

The Occupational Health and Safety Section- is responsible for the corporate wide delivery and on-going modernization of the NWTHC's Occupational Health and Safety Program working closely with headquarters, all District Offices and Local Housing Organizations.

Programs and District Operations - The Programs and District Operations Branch provides corporate support and oversight to the NWT HC's five District Offices in the delivery of programs and services to the residents of the NWT. This includes the development, implementation, training, monitoring, and delivery of programs and initiatives that support the NWT HC's response to housing needs in the NWT, and to ensure a continuity of approach to program delivery and implementation.

The Programs Development and Implementation Section - The Program Development and Implementation Section works closely with District Offices and Local Housing Organizations (LHOs) to ensure compliance with existing program policies and procedures. This Section also develops and updates ongoing operational policies and procedures to ensure housing programs remain updated and responsive, and to ensure that District Offices and LHOs have the support, training and capacity required to effectively and efficiently deliver the NWT HC's programs and services.

The District Operations - District Offices are responsible for the administration of district capital and program delivery. District Offices also play a pivotal role in lands acquisition and development, maintenance, training, and work closely with stakeholders at the community level. District Offices work with LHOs and NWT residents to identify options for programming to assist individuals and families in decision making regarding their housing needs. This assistance includes the delivery of the NWT HC's Providing Assistance for Territorial Homeownership (PATH), Contributing Assistance for Repairs and Enhancements (CARE), Contributing Assistance for Repairs and Enhancements Preventive Maintenance (CARE PM), Contributing Assistance for Repairs and Enhancements Mobility for Seniors (CARE Mobility) and Securing Assistance for Emergencies (SAFE) homeownership programs.

North Slave District Office:

This District Office supports the communities of: Behchokò, Detah/N'dilo, Gamètì, Łutselk'e, Wekweètì, Whatì and Yellowknife.

South Slave District Office:

This District Office supports the communities of: Enterprise, Hay River, K'at'odeeche First Nation, Kakisa, Fort Providence, Fort Resolution and Fort Smith.

Nahendeh District Office:

This District Office supports the communities of: Fort Liard, Fort Simpson, Jean Marie River, Nahanni Butte, Samba K'e and Wrigley.

Sahtu District Office:

This District Office supports the communities of: Colville Lake, Délı̄ne, Fort Good Hope, Norman Wells and Tulita.

Beaufort-Delta District Office:

This District Office supports the communities of: Aklavik, Fort McPherson, Inuvik, Paulatuk, Sachs Harbour, Tsiigehtchic, Tuktoyaktuk and Ulukhaktok.

Local Housing Organizations (LHOs) – The NWT HC, in partnership with 23 LHOs, and community organizations, administers approximately 2,400 social housing units in 32 communities across the NWT. The LHOs, under agreement with the NWT HC, provide property management services including the allocation of units, the assessment of rent, the collection of rents, and the provision of preventative and demand maintenance services. LHOs have an advisory board that oversees its operations. The NWT HC's district offices are responsible for these operations in communities where an LHO has not been established.

LHOs, operating as agents of the NWT HC, are responsible for the administration of Public and Affordable housing rental units in the majority of communities across the NWT. Public housing units were developed under the Social Housing Agreement between the NWT HC and the Canada Mortgage and Housing Corporation. The Public Housing Program is a rental program designed for individuals and families who do not have the financial resources to access shelter on their own. Affordable housing includes both our leased subsidized Homeownership Entry Level Program (HELP) and market housing units.

The following is a list of all 23 LHOs and the Yellowknife Dene First Nation that supports the delivery of the NWT HC's programs and services via a Housing Division:

Aklavik Housing Association	Łutselk'e Housing Authority
Behchokò Ko Gha K'òodèe	Norman Wells Housing Authority
Délı̄ne Housing Association	Paulatuk Housing Association
Fort McPherson Housing Association	Radilih Koe Housing Association
Fort Providence Housing Association	Sachs Harbour Housing Association
Fort Resolution Housing Authority	Tsiigehtchic Housing Association
Fort Simpson Housing Authority	Tuktoyaktuk Housing Association
Fort Smith Housing Authority	Tulita Housing Association
Gamètì Housing Authority	Ulukhaktok Housing Association
Hamlet of Fort Liard	Whatì Housing Authority
Hay River Housing Authority	Yellowknife Housing Authority
Inuvik Housing Authority	Yellowknife Dene First Nation Housing Division



5. NWT HC Programs

The NWT HC's programs are essential pieces in supporting the GNWT's efforts to improve the quality of life for its residents. Our programs and services facilitate access to housing that NWT residents can afford, that meets suitability standards, and is adequate to meet residents' needs. In addition, our programs and services should provide easy access for clients and promote greater personal responsibility for housing through community-based training and support.

Public Housing

The Public Housing Program provides income-based subsidies for the rental of housing for residents in need. The NWT HC provides financial, administrative, maintenance, construction and repair support to its community partners who deliver the program on behalf of the NWT HC. The NWT HC utilizes management/services agreements with LHOs or community services organizations to manage its affordable housing portfolio. Currently, the NWT HC operates approximately 2,400 public housing units, which are managed by LHOs and community organizations, located in 32 communities throughout the NWT.

Market Housing and HELP

The NWT HC provides rental housing throughout the NWT through the delivery of the Homeownership Entry Level Program (HELP) and the Market Housing Program. In 2019-20 the NWT HC approximately had 220 units in the HELP program and approximately 190 units in the Market Housing Program. The HELP Program assists prospective first-time homebuyers who are not able to secure mortgage financing or are unsure of their responsibilities as homeowners, by providing the opportunity to rent units from the NWT HC at affordable standardized rents based on geographic zones. Tenants are responsible for the payment of utilities. The program also offers homeownership educational opportunities through STEP courses.

STEP Program

A lack of market housing options in small communities has been a key challenge in delivering GNWT programs and services, especially in the case of front-line workers like

teachers and nurses. In order to support non-market communities, the NWTHC operates approximately 170 units under the Market Housing Program. Under the program, the NWTHC provides rental housing units at market rental rates intended to increase the availability of housing in smaller communities for community workers.

Transitional Rent Supplement Program

On September 1, 2012, the NWTHC launched the Transitional Rent Supplement Program (TRSP). The TRSP is designed to provide short-term support to Northwest Territories residents who pay more than 30% of their household income towards rent in private market rentals. This program fills an important gap in assisting working families challenged by affordability issues.

Homeownership

The NWTHC provides an opportunity for NWT residents to access government support through programming for the purchase of a modest private home, repair their homes to ensure a safe and healthy residence and to increase the useful economic life of their home, or access a rental program that allows them to experience the commitments required to be a successful homeowner.

The simplified structure of the homeownership programs offers flexible delivery options to NWT residents, and also meets the needs of seniors and those with accessibility challenges. These programs use education and counselling to help residents in becoming successful homeowners. Recently, program application intake changed to a year-round intake to better provide timely supports to residents in need. These one-on-one discussions between residents and staff of the NWTHC is necessary in order to explore program requirements, help individuals in identifying their housing needs and to determine the program that will best fit an individual's or a household's needs.

The following housing programs help us to achieve our goals to improve housing in the NWT:

- Solutions To Educate People (STEP)
- Providing Assistance for Territorial Homeownership (PATH)
- Contributing Assistance for Repairs & Enhancements (CARE)
- Contributing Assistance for Repairs & Enhancements - Mobility (CARE Mobility)
- Contributing Assistance for Repairs & Enhancements - Preventative Maintenance (CARE PM)
- Securing Assistance For Emergencies (SAFE)
- Seniors Aging in Place
- Fuel Tank Replacement Initiative
- Community Housing Support Initiative

STEP

STEP provides education and counseling assistance consisting of four courses designed to prepare participants for the responsibilities of homeownership. STEP aims to increase homeownership applicants' financial skills, as well as their knowledge of the home purchase process, basic home maintenance and repairs. STEP courses are not only offered to NWT HC applicants and clients, but also to NWT residents at large. Although priority is given to applicants/clients, space permitting, residents are encouraged to sign up for the courses through their District Offices.

PATH

PATH allows clients the opportunity to become homeowners by assisting in the construction or purchase of a modest home. Clients obtain additional funding from an approved financial institution or other verifiable sources. Assistance levels are determined by a zone approach that provides a level of subsidy to roughly equalize shelter costs for dwellings of a similar age and quality within non-market communities, and range between 5% and 55% of the purchase price or the Maximum Construction Cost (MCC), whichever is less. Applicants with moderate income, but income over the Core Need Income Threshold (CNIT), will be eligible for 50% of the subsidy. Assistance is provided through a forgivable loan. The forgiveness period of the loan is dependent on the amount of assistance provided.

CARE

CARE assists existing homeowners in making necessary repairs to their home to ensure a safe and healthy residence and to increase the remaining economic life of their home. Assistance of up to \$100,000 is provided in the form of a forgivable loan to subsidize the cost of preventative maintenance checks, repairs and renovations for their existing home. The forgiveness period is dependent on the amount of assistance being provided. Co-pay may be required depending on household income.

CARE Mobility

CARE Mobility assists low-income homeowners with disabilities by providing up to \$100,000 to carry out modifications to their home to improve accessibility and support independent living. Modifications must be directly related to the disability of the homeowner or a family member residing in the unit. Such modifications may include:

- The construction of wheelchair access ramps;
- The installation of grab bars in bathrooms; and
- Creating better access to bathtubs, showers, and the kitchen.

CARE PM

CARE PM provides assistance for preventative maintenance and minor repairs. Clients can apply for up to \$3,000 annually and can apply for this support on a year-round basis.

SAFE

SAFE is an emergency repair program. Clients are eligible for up to \$10,000 for emergency repairs to their private home to ensure health and safety standards are met, and are able to make applications for SAFE funding at any time. SAFE is designed to assist eligible homeowners with emergency repairs to their private home based on a partnership model (copayment) between the NWT HC and the homeowner.

Seniors Aging in Place

The Seniors Aging-In-Place Retrofit Program provides a forgivable loan (over one year) to lower energy costs or for repairs so that seniors who own their homes can continue to live in their homes safely. Assistance of up to \$10,000 per fiscal year is available to assist seniors with energy efficient repairs/upgrades to their homes to make them less expensive to operate and more comfortable to live in so that they can live independently for as long as possible in their communities. In order to be eligible for this program you must be resident and homeowner of the Northwest Territories who is 60 years old, or older, and who has an income below the current Core Need Income Thresholds (CNITs) as posted on the NWT HC's website.



Fuel Tank Replacement Initiative

Assistance of up to \$10,000 per life-time is available to existing homeowners to upgrade their aging aboveground fuel tanks. In order to be eligible for this program household income must be below CNIT.

Community Housing Support Initiative

The NWT HC continues to pilot the Community Housing Support Initiative (CHSI) to provide funding to municipalities or other community corporate bodies for community-based housing projects that contribute to the delivery of affordable housing for families, seniors and single member households.

NWTHC Homelessness Programs

The NWTHC supports the Minister Responsible for Homelessness in a Secretariat role, monitoring and taking inventory of the numerous homelessness interventions taken across GNWT departments. The NWTHC also direct delivers its own homelessness programming, which ranges from capital support for shelters, fostering small community homelessness solutions and working with GNWT case managers and referral agents to help prevent homelessness.

SEF (Shelter Enhancement Fund)

Recognizing that shelters often struggle to find resources for repairs, renovation or important equipment purchases, the NWTHC created the Shelter Enhancement Fund. This ongoing fund provides one-time funding for repairs and capital purchases based on proposals by shelter proponents. This fund supports shelters to maintain health and safety standards as well as to purchase important equipment and supplies to continue their operations.

Rapid Rehousing Pilot Program

The Rapid Rehousing Program pilot builds on the experience of Non-Governmental Organizations (NGOs) using their effectiveness in case management and expertise in program referral. The NWTHC partners with NGOs through a flexible contribution that allows the NGOs to help, in whatever manner they determine is appropriate, provide housing stability to the individuals they serve in their organizations.

Under the Rapid Rehousing approach, the focus is to assist people (both individuals and families) who are experiencing homelessness to quickly access and maintain market housing through the provision of rental assistance and programming.

Emergency Overnight Shelters

The NWTHC provides NWT emergency overnight shelters funding to assist shelter providers with the cost of rent and food to temporarily house people in need. There are five emergency overnight shelters in the NWT: three in Yellowknife and two in Inuvik.

SCHF (Small Community Homelessness Fund)

Communities are often best placed to identify solutions to address homelessness or assist homeless people. Sometimes these supports can come in the form of food security initiatives such as soup kitchens, food vouchers or food hampers. Sometimes communities want support to conduct their own planning to address homelessness. The Small Community Homelessness Fund, in its flexible funding design allows for communities to implement their own homelessness initiatives.

HAF (Homelessness Assistance Fund)

The Homelessness Assistance Fund works cooperatively with GNWT case managers and referral agents to support homeless residents to access housing, prevent tenants from being evicted or provide assistance for residents to return to more stable housing situations in their home community.

Housing First

The NWT HC provides an ongoing contribution to support the sustainability of a Housing First program in Yellowknife. The Housing First philosophy involves taking a two-fold approach to addressing homelessness: opportunities for independent rental housing and the provision of wrap around supports to address underlying homelessness factors.

Northern Pathways to Housing

To address homelessness in small communities outside of Yellowknife, NWT HC has developed the Northern Pathways to Housing a Supportive Housing Program for single adults experiencing housing stability. The goal of the program is to stabilize individuals with housing and work with communities to develop wrap around systems of support to encourage integration of individuals into the community. To date, the NWT HC is supporting four northern pathway projects in Aklavik, Fort Simpson, Behchokò and Fort Good Hope.



Housing Stability Worker

Under the NWT HC Strategic Renewal, the NWT HC is piloting a new Housing Stability Worker program for Public Housing tenants in Behchokò to improve their tenancy skills and knowledge, increase housing stabilization. During 2019-2020, the Housing Stability Worker supported over 15 Public Housing households with a range of services including: home visits, support to increase good tenancy practices and housing knowledge, development of housing plans and system navigation support to access services required to stabilize their housing.

On a voluntary basis, the Housing Stability Worker works with participants to develop a housing plan. Housing Plans include the development of goals that may address financial literacy, employment, housing arrears, health and wellness, food security and is provided using a person-centered approach. The program is intended to increase participant's system navigation skills, tenancy knowledge, and collaboration between housing and existing service providers to address a range of social issues thought to affect housing instability. Referrals into the program are done through the Local Housing Office (LHO).

6. NWT HC Program Delivery in a Snapshot

Homeownership Programs

The following charts report the program approvals as a breakdown by regional basis and territorial wide then follows with amount of approved applications for homeownership programs offered through the NWT HC.

Beaufort Delta District

Program Number of Programs	Number of Programs
CARE Major	5
CARE PM	68
CARE Mobility	0
Fuel Tank Replacement	10
HELP	1
PATH	2
SAFE	23
Seniors Aging In Place	43
Total	152

Nahendeh District

Program Number of Programs	Number of Programs
CARE Major	0
CARE PM	20
CARE Mobility	0
Fuel Tank Replacement	3
HELP	0
PATH	1
SAFE	36
Seniors Aging In Place	13
Total	73

North Slave District

Program Number of Programs	Number of Programs
CARE Major	5
CARE PM	104
CARE Mobility	0
Fuel Tank Replacement	17
HELP	4
PATH	7
SAFE	58

Seniors Aging In Place	62
Total	257

Sahtu District

Program Number of Programs	Number of Programs
CARE Major	0
CARE PM	46
CARE Mobility	0
Fuel Tank Replacement	14
HELP	2
PATH	0
SAFE	28
Seniors Aging In Place	11
Total	101

South Slave District

Program Number of Programs	Number of Programs
CARE Major	0
CARE PM	50
CARE Mobility	0
Fuel Tank Replacement	8
HELP	1
PATH	0
SAFE	58
Seniors Aging In Place	12
Total	129

Total NWT

Program Number of Programs	Number of Programs
CARE Major	10
CARE PM	288
CARE Mobility	0
Fuel Tank Replacement	52
HELP	8
PATH	10
SAFE	203
Seniors Aging In Place	141
Total	712

Public Housing Program

Expenditures for the Public Housing Program in 2019-2020 totaled approximately \$62 million. Public Housing refers to public programs that provide income-based subsidies for the rental of housing for residents in need. The NWTHC provides financial, administrative, maintenance, construction and repair support to community partners so they can deliver Public Housing on behalf of the NWTHC. The NWTHC has signed Partnership Agreements with LHOs to manage the Public Housing portfolio. The Partnership Agreements between LHOs and the NWTHC cover the areas of financial administration, tenant relations and operations and maintenance of Public Housing in the NWT. Currently the NWTHC operates approximately 2400 Public Housing units located in 32 communities throughout the NWT, which are managed by LHOs and community service agents.

7. RCMP Housing

The RCMP provides contracted policing services in the Northwest Territories under the Territorial Police Service Agreement (TPSA) negotiated between the Government of the Northwest Territories (GNWT), as represented by the Minister of Justice, and the Government of Canada, as represented by Public Works and Government Services Canada (PWGSC).

The RCMP has been challenged historically with finding adequate housing for its Members in communities across the NWT. Recognizing the NWTHC's long-standing construction and leasing relationship with the RCMP, the RCMP reached out to the NWTHC for assistance to deliver an additional forty-five (45) market rental housing units for their Members. Under a legal Memorandum of Agreement (MOA) signed in June 2019 between the RCMP and the NWTHC, the NWTHC will deliver 6 units for Fort Smith, 3 units for Norman Wells, 17 units for Inuvik, 7 units for Fort Simpson and 12 units for Hay River. The additional lease revenue generated under this twenty-year agreement will assist the NWTHC in mitigating the continued decline in CMHC operational funding for public housing operations.

8. Community Housing Plans



The Community Housing Plans project utilizes a partnership approach to co-develop housing plans with communities in the NWT. A Housing Plan is a strategic document that community members contribute to by providing information and input on housing in their community. The Housing Plan can be used to set a direction for potential investment opportunities in housing and support community leaders to make decisions on housing.

Prior to engaging in the planning process, all community leadership groups are invited to partner on the project, including municipalities and local Indigenous Governments. Together, the community leaders guide the planning process, verify community data, and prioritize housing projects. Whatì was the first community to complete a Housing Plan. The housing planning process in Whatì began on October 15, 2018 with a leadership meeting, resulting in the signing of an Agreement to Participate on November 19, 2018. Three community engagement trips were conducted, in December 2018, and February and July, 2019. Local facilitators were hired to assist in the planning work. Community members who worked on the plan included Whatì Community Government Councilor, Mike Nitsiza, as the lead facilitator, along with Jatonia Steinwand and Cindisa Smith-Zoe as facilitators. Kerry-Ann Franki, Manager of the Whatì Housing Authority, also offered her support in the project.

On December 17, 2019, the Whatì Community Government and the NWT HC held a Housing Forum event to bring together community leaders and partners to review the Whatì Housing Plan priorities and develop a timeline for actions moving forward. The forum provided an opportunity to celebrate the work accomplished by the community and build on the goals and actions. Partners from the Community Government, Tłıchǫ Government, NWT HC, and other GNWT departments came together in Whatì. On January 30, 2020, Minister Chinna, along with Chief Alfonz Nitsiza, announced the completion of the Community Housing Plan in Whatì. The Minister stated that:

“There is recognition across jurisdictions in Canada that the delivery of effective government housing programs and services requires more than efficient rent collection and housing maintenance. Improving housing in the NWT requires additional partnerships, leadership collaboration and to leverage precious resources.”

Chief Nitsiza recognized that the Housing Plan “is an important step in this process to strengthen the trust and relationships between communities and the Territorial government.” He stated that he was “pleased to see that the GNWT is recognizing the importance of community knowledge and decision making in meeting our housing needs.”

The health restrictions imposed amidst the COVID-19 pandemic has changed the process of the community housing plans, but staff is still working diligently to ensure that project proceeds efficiently. As stated by Community Housing Planner, Janelle Derksen: “the COVID-19 restrictions have limited the ability to travel into communities to work with locals on this project. However, the work continues with more focus on research and reporting as we prepare for the reopening of communities.”

Likewise, Derksen asserts that “We have adjusted to more phone and video conversations and are constantly trying new technologies to facilitate our discussions.”

Derksen said she found the collaborative approach of the community housing plan project to be one of the most rewarding aspects of the project, ensuring the needs of NWT residents are met. “The project involves coordinating with all levels of the NWT HC

including Headquarters, District Offices, and Local Housing Organizations. As part of this project we also collaborate with other GNWT departments and the Federal Government. In this work, we foster information sharing, welcome a diversity of perspectives, and build consensus with community leaders, residents, and partners. Collaboration is both a challenging and rewarding, it takes longer but it yields better results.” Many communities are in various stages of the housing planning process with Paulatuk and Fort Laird both near completion.

9. Northern Housing Summit

A key event from the 2019-2020 year was the Northern Housing Summit hosted in Inuvik from April 23-24, 2019. The summit began with all parties embracing a collaborative approach across sectors to improve housing in NWT communities. Nellie Cournoyea was the keynote speaker for the first day. She gave a unique perspective on NWT history as a former NWT Premier and four-term MLA. Cournoyea’s address, which encouraged community-minded solutions, resonated with the crowd.

The first day also included mobile tours of various community housing assets in Inuvik. First, delegates were given a walking tour to the Inuvik Homeless Shelter. Subsequently, delegates took a bus ride through Inuvik to view current housing developments including a duplex, triplex and six-plex built by the Inuvialuit Regional Corporation and Nappaq Design and Construction and a 17-unit apartment building under construction by the NWTHC.

Day 1 of the summit was capped off in the evening with a reception hosted by the Minister at the Midnight Sun Complex. The reception provided delegates with an opportunity to network and foster relationships amongst stakeholders. Cultural entertainment was provided by the Inuvik Drum Dancers who, after numerous dances, invited delegates forward to learn some of the moves

The second day included a keynote speech from pre-eminent architect Douglas Cardinal, who is famous for incorporating Indigenous design elements into many of his projects during his long and distinguished career. Notable works by Cardinal include the Museum of History in Gatineau, Quebec, and National Museum of the American Indian in Washington, D.C. Mr. Cardinal explored the inspirations for his works and the role of Indigenous knowledge and culture as an integrated component in his much appreciated national and international architecture

Day two also featured several concurrent sessions focusing on various housing issues and topics. Concurrent sessions included an Indigenous housing panel, a green energy solutions panel, a panel on training future tradespersons, and a panel on housing for healthy communities. Furthermore, there was a trade show allowing various stakeholders to set up booths in the Main Hall. Organizations involved in the trade show included YYC Property Solutions, a private Calgary-based business that builds cost-saving, energy efficient, modular sustainable building solutions and Horizon North, a Canadian modular construction company. Moreover, representatives from the federal and territorial governments also participated in the trade show, with booths from the Department of

Education, Culture and Employment, the NWT HC, and the Canadian Mortgage and Housing Corporation (CMHC).

The summit concluded with closing remarks from Shane Thompson, the Member of the Legislative Assembly for Nahendeh and Chair of the Standing Committee on Social Development. Thompson expressed appreciation for the attendance and participation of all delegates. Similarly, the Minister Responsible for the NWT HC expressed gratitude for those in attendance, along with the presenters and panelists, for helping foster partnerships in the Northern housing sector.

Four key outcomes were identified from the summit. First, it provided communities, Indigenous organizations, industry, NGOs and other housing stakeholders with information on how to access investment opportunities, such as the Community Housing Support Initiative and the National Housing Co-Investment Fund. Second, the Summit stimulated the development of partnerships among housing stakeholders to empower individuals, organizations and communities to engage on key housing issues and initiatives. Third, the Summit gave housing stakeholders an opportunity to consider how to realize their housing aspirations and how to shape their communities by providing for the training of future tradespersons, incorporating green energy solutions, and planning for housing to support healthy communities. The final outcome was that the Summit created lasting relationships between stakeholders centred around common goals for improved housing in NWT communities.

10. NWT HC Employee Profile: Tanice Turner

Tanice Turner is currently the Senior Contracting Specialist, a position she has held since 2018. Located in the NWT HC's infrastructure division, Tanice is responsible for confirming contract payments in SAM, Purchase Orders, contracts change orders, maintaining Contract files, analyzing tenders, and ensure all documents have been submitted and are up-to-date. Our regional staff are also appreciative of the work Tanice does supporting our District staff regarding the contracting process.

Tanice has worked for the NWT HC in various roles since August 2003, when she was first hired in the finance division as a finance office. She would later move on to financial planning, from 2004 to 2018, working as a senior financial officer, before assuming her current role in the infrastructure division.

In contrast to her previous position with the corporation, Tanice has recognize her new role is much more hands on: "In my current position there is a learning curve with learning the Contract side of things I have the background and experience with the financial side for the contract. This position is more hands on to individual projects and working with the Senior project officers along with the contractors."

11. LHO Employee Profile: Alfonsine Gargan

Thirty-three years in one business is a crowning achievement in any area, but in the area of social housing delivery, it speaks to the resilience and commitment of the person. Last year, Alphonsine Gargan, the Tenant Relations Officer for the Fort Providence Local Housing Association was feted for 33 years of exemplary service in the delivery of housing, especially for residents with low-to-modest incomes.

“When I started I was only looking for a temporary situation. Little did I know that I would be here so many years later, with a full career in delivering Public Housing.”

Tenant Relations Officers (TROs) are the primary facilitators and supports for Public Housing participants. They help residents with managing their payments as well as field questions on issues that they might have with the program or their unit. In some cases, TROs bring forward issues to their managers and to LHO boards to help resolve problems of clients.

“It’s been fulfilling, thinking about all the people that I have met and helped over the years. People really need these housing supports and I am grateful to have been able to contribute my share in helping people.”

12. LHO Employee Profile: Melvin Fortier

“There aren’t a lot of houses in our stock that have been around longer than I’ve worked here.”

Melvin Fortier would know. He’s worked at the Fort Smith Housing Authority for thirty years. After 30 years as a Journeyman Carpenter with the LHO, he has literally and figuratively helped to build and support his community day in and day out.

In Fort Smith, when Public Housing participants have an issue with their unit or even if they just have questions, they know who can help them. Melvin knows his job well and understands the critical contribution that he provides.

“Providing safe and affordable housing is one of the most important services that we can provide for our communities.”

He has been a very valuable member of the team at the Fort Smith Housing Authority, which has been very lucky to have had his years of experience and wisdom to draw on. After thirty years of service, Melvin is moving on to a well-deserved retirement.

13. NWT HC Office Profile: South Slave District Office

The South Slave District Office currently has nine staff members, responsible for delivering programs and services at the regional and community level in the South Slave District. The

South Slave District Office services 7 communities: Hay River, Fort Smith, Fort Providence, Fort Resolution, the K'atl'odeeche First Nation, Enterprise, and Kakisa.

The District Office works closely with the Local Housing Organizations in the region. There is a technical advisor and a program advisor assigned to each LHO. They provide program support and act as a technical resource and a resource to the board. District Director Joletta Larocque stated that “we hold quarterly teleconferences with the LHO managers and maintenance foreman to share information, ideas, and to get updates and emerging issues from the LHOs. This helps us be more proactive in addressing issues and providing assistance. Communication is key.” The district also maintains active communication with headquarters in Yellowknife, and “each staff member has key staff members in HQ that they communicate with regularly and use as a resource person.”

The District Office also works hard to engage with the communities and residents in the district. Staff members attend the annual Health Fairs in every community to promote programming and meet with local leadership when visiting communities. The district office offers presentations to community groups, such as seniors societies, to promote relevant programs.



Joletta stated that the South Slave is unique because “we have a large homeowner population compared to the rest of the Territories. So, this puts a high demand on our maintenance and repair programs.” Every community in the District is also accessible year-round by road, differentiating it from the other districts. The South Slave has a large senior’s population, with a large percentage of the public housing units allocated to seniors. The challenges regarding a large

seniors population has been addressed through a seniors housing strategy.

Homelessness in Hay River has been brought to light during the early months of COVID-19 restrictions. The NWT HC is working with the Hay River Committee for Persons with Disabilities to establish a Men and Women’s Homelessness Shelter.

There are concerns regarding a shortage of market rental in the district, especially in Fort Smith; this issue was exacerbated in March 2019 when there was fire at the Mackenzie Place High Rise in Hay River. The fire resulted in approximately 150 displaced residents. To address the high rise fire, short term leases were set up to house a number of families until they could find suitable accommodation, 5 modular units were brought to the community as market rentals, and the capital plan was accelerated for the KFN homeownership and public housing, 6 renovated units were transferred to KFN for

homeownership programs and 10 units are being used for public housing. To address the broader challenge of market rental shortages, Community Housing Agreements were signed with the Salt River First Nations to provide building packages. The district office has also been promoting the Co-Investment Fund to stakeholders in the communities and encouraging organizations, especially aboriginal governments to take advantage of the programs to develop housing in their communities.

The current district office staff has long service with the GNWT and many are set to retire. Jolenta states that “a priority over the past 5 years has been on succession planning. Junior staff have participated in the GNWT Management programs and are being mentored by senior staff so that they are ready when vacancies occur. This ensures continuity and avoids a reduction of services.”

14. Project profile: Northern Pathways – Behchoko`

One of the mandate priorities of the last Assembly was to advance affordable housing and address homelessness during the 18th Legislative Assembly. Addressing homelessness supports in communities outside of regional centres can be a challenge.

The Northwest Territories Housing Corporation is committed to developing innovative northern solutions to housing problems, and we have followed that approach with the Northern Pathways to Housing Program, an innovative approach to addressing homelessness in small communities.

We know there is homelessness in our communities. We know there are overcrowded houses where people couch-surf because they do not have a home of their own. Research tells us that the chances of addressing the issues that lead to homelessness - mental health, addictions and other social issues - are better when you have stable housing.

Under this program, we are working with community groups on the development, design and implementation of supportive housing for residents.

The community partner works with the program participants to maintain their housing stability and respond to their particular needs. This support includes connecting them with available services and resources from community agencies. The community partner chooses the program participants through a committee. The program allows the community to prioritize the needs that they see as the most urgent.

We were excited to open the Northern Pathways to Housing unit in Behchokò in June 2019. Through engagement with the Tłı̨chò Government and the Community Government of Behchokò the NWT HC has selected the Behchokò Friendship Centre to deliver the program in Behchokò. The NWT HC has provided four apartment-style single room units to community members, along with funding support to pay for the additional costs associated with the operation of a supportive housing program. The program has housed five community members so far, and we look forward to the program’s continued success.

**Appendix A:
Management Discussion and Analysis
Fiscal Year 2019-2020**

Management Discussion and Analysis – Fiscal Year 2019/20

Managing Risk / Pressures

There are both external and internal pressures and risks that influence how the NWT HC delivers its housing programs and services. In response to these challenges, the NWT HC has employed various mitigation strategies to help manage these risks, to the extent possible.

CMHC Funding

Base funding for social housing operations from CMHC is scheduled to decline to zero by 2038-2039. This funding continues to decline at varying amounts annually, depending on when the housing stock was initially constructed in partnership with the federal government.

On April 1, 2018, the NWT HC and CMHC entered into a bilateral funding agreement in support of the National Housing Strategy that will provide an additional eight years (2019-2020 – 2027-2028) of federal funding in the amount of \$84.1 million. This funding will assist the NWT HC in responding to the territory's housing priorities, including helping to mitigate the continued decline in CMHC operational funding for social housing operations.



Another mitigation strategy that is now being implemented by the NWT HC is the expansion of the market rent program to accommodate RCMP Members stationed in various NWT communities. This major 45 housing unit initiative will not only increase the availability of affordable, adequate, and suitable market housing but will also contribute additional revenues to help offset CMHC's declining funding.

In the coming years, the NWT HC will continue to explore other cost avoidance and revenue generation measures to assist in mitigating these continued declines in CMHC operational funding.

Core Need (Quality of Housing and Affordability)

The level of core housing need in the NWT, according to *the 2014 NWT Community Survey*, is 19.8%. To assist in addressing this situation, the NWT HC continues to support capital investments to replace and retrofit older and less energy-efficient housing units. In addition to existing housing stock investment, the NWT HC continues to deliver a wide range of housing programs for private homeowners. For example, the Transitional Rent Supplement Program is utilized to address market rental challenges of the working poor and the Securing Assistance for Emergencies (SAFE) repair program is delivering financial

assistance for low to moderate-income households to address their emergency home repairs.



Utility Costs

The NWTTC continues to invest in improving the overall quality and energy-efficiency of its owned housing assets. New construction for the replacement of aging, single detached Public Housing is now primarily multi-unit buildings, resulting in reduced utility costs. For the past number of years, the NWTTC ensured the energy efficiency standards for new construction met, or exceeded, EnerGuide for Housing (EGH) 80 design standards. The NWTTC also continues to invest in energy efficiency technologies, such as biomass and photovoltaic solar systems, to help offset the high cost of energy. Effective January 1, 2019, Natural Resources Canada has updated the EnerGuide Rating System. The new EnerGuide rating scale gives consumers a consumption-based rating measured in gigajoules per year (GJ/year). As was the case with the former EGH 80 design standard, the NWTTC will be ensuring its new unit construction satisfies this new EnerGuide Rating System.

Land Development

Land availability for both current and future housing construction projects is an ongoing challenge. Land development in many Northwest Territories communities has not kept pace with the ongoing demand for suitable building lots. As part of the annual capital planning process, the NWTTC continues to work closely with community governments, the GNWT's Department of Lands (DOL) and other private interests to secure land tenure for unit construction. The NWTTC's on-going unit demolition activities also assist in freeing up land for housing development.

Credit Risk

The NWT HC is exposed to credit risk from tenants and mortgage clients. Several LHOs have had challenges with collections resulting in accumulated arrears over several years. To assist in the collection process, the NWT HC has collections staff that focus on working with the LHOs and other parties involved in collection matters. The NWT HC's Territorial Housing System (THS) also supports the NWT HC in closely monitoring the status of tenant collections.

Since 2012, to assist in improving overall collection rates, the NWT HC has continued to offer mortgage clients an opportunity to restructure their mortgages to access reduced interest rate opportunities.

COVID-19

On March 11, 2020, the World Health Organization declared the Coronavirus COVID-19 (COVID-19) outbreak a pandemic which resulted in a series of public health and emergency measures that have been put in place. As part of the NWT HC's COVID-19 response, the NWT HC has created temporary housing for homeless persons to self-isolate and prevent the spread of COVID-19. On March 25, 2020 the NWT HC signed a six month lease agreement with the federal government for the lease of 36 vacant units in Yellowknife at no cost. In addition, to help mitigate the risk of virus spread, the NWT HC accelerated the repair of vacant housing units to help house families and individuals now on the public housing wait list and to reduce instances of overcrowding in NWT communities.

Furthermore, recognizing that some tenants and mortgage and loan clients may be impacted by COVID-19 and unable to pay their rental and loan payments the NWT HC offered tenants and mortgage and loan clients an ability to enter into affordable re-payment plans to have their rental and loan payments fully re-paid at a later date.

The duration and impact of COVID-19 is unknown at this time. It is not possible to reliably estimate the impact that the severity and length of COVID-19 will have on the operations, financial results, and condition of the NWT HC in future periods.

Financial Results

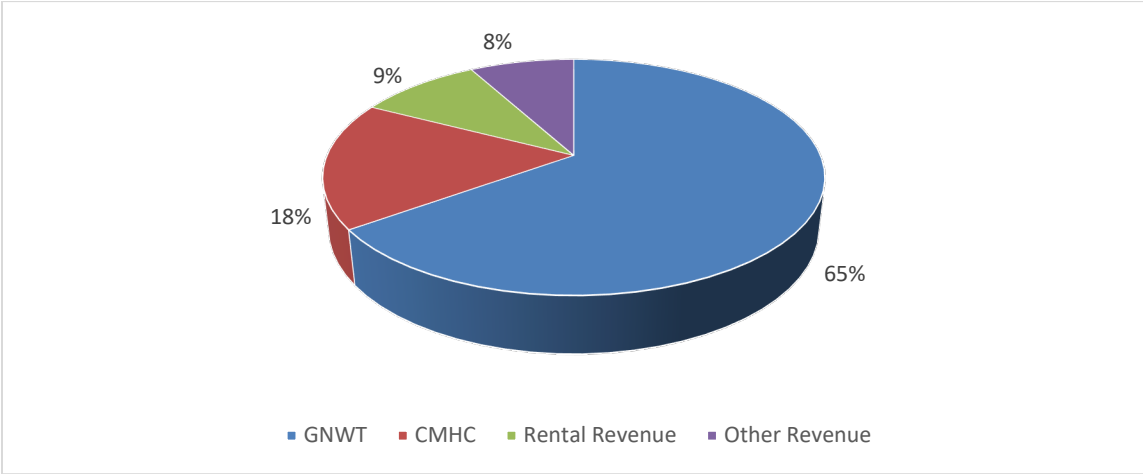
Revenues

The total revenues for the NWT HC in 2019/20 were \$113.5 million, a decrease of \$8.6 million from the previous year's total of \$122.1 million.

Government funding from the GNWT, CMHC and other transfers decreased by \$9.3 million, from \$108.2 million to \$98.9 million. This net decrease is due to \$5.7 million reduction in other transfers revenue associated with units the Inuvialuit Regional Corporation (IRC) constructed for the NWT HC for the delivery of public housing, as well as a \$3.9 million

reduction in GNWT funding primarily explained by 2018-19 being the final year the NWT HC received incremental funding towards the RCMP 45 housing unit initiative.

Revenue generated from operations amounted to \$14.6 million in 2019/20, an increase of \$0.8 million over the \$13.8 million in revenue generated in 2018/19. This increase was primarily related to higher rental revenues associated with the delivery of addition market housing units in recent years.



Expenses

The NWT HC’s total expenses for 2019/20 were \$107.4 million, a \$7.9 million increase over the 2018/19 year’s expenses of \$99.5 million. The cost of operating the Public Housing program this past year increased by approximately 0.9% which was relatively consistent with expenses in the prior year. The Public Housing program costs continue to be the largest component of the NWT HC’s expenses, representing 57.7% of the annual expenses, including amortization.

Expenses for the HELP and market housing programs were \$9.6 million in 2019/20 including amortization, a \$2.5 million or 34.8% increase over the \$7.1 million expended in 2018/19. This increase is primarily explained by a \$1.1 million increase in amortization following a financial policy change to begin amortizing housing assets when completed as opposed to at the end of the fiscal year. In addition, there was a notable \$0.3 million increase in fuel costs this past year as a result of a colder winter and fuel rate increases. Finally, there was a \$0.4 million increase in maintenance costs associated with additional unit repairs required during the year.

Homeownership assistance grants were \$7.5 million in 2019/20, an increase of \$2.5 million or 49.3% over the previous year’s amount of \$5.0 million. This funding provides homeownership grants and contributions to support increased homeownership units, and improvements to existing homeownership units. This increase in 2019/20 is primarily explained by an increased investment of \$1.7 million under the NWT HC’s Community Housing Support Initiative program plus an additional \$0.9 million grant in kind related to

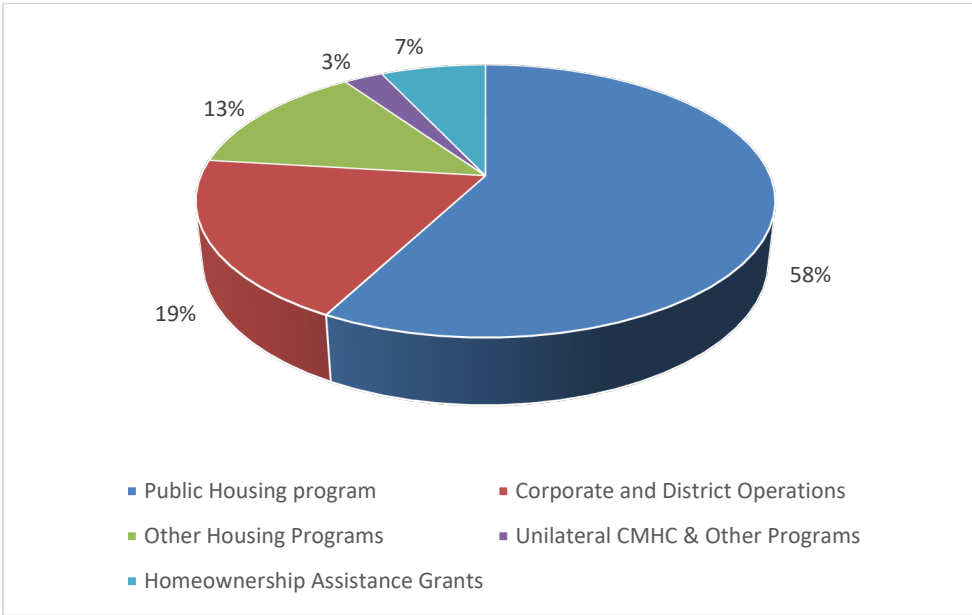
the transfer of six homeownership units to the K'atl'odeeche First Nation (KFN) to support the delivery of homeownership programming on the Reserve.

The Community Housing Support Initiative program supported a wide range of community housing projects this past year; such as: 16 additional single-room suites for the Yellowknife Women's Shelter, 2 new housing units for the Jean Marie River First Nation, a new housing unit for the Community of Whatì and the establishment of a new Men's Shelter in Fort Good Hope by the K'asho Got'ine Housing Society.

Homelessness assistance grants were \$3.6 million in 2019/20, an increase of \$2.3 million or 184% over previous year's amount of \$1.3 million. The increase is primarily related to \$2.2 million of new spending in the Emergency Shelters Program that was transferred to the NWT HC from the Department of Education, Culture and Employment (ECE) on April 1, 2019.

The NWT HC expensed \$20.5 million on corporate and district operations in 2019/20, a decrease of \$0.7 million or 2.9% from the \$21.2 million expended in 2018/19. Costs include program development and delivery and technical and administrative support at the district office and headquarters. This decrease is primarily attributable to decreased compensation and benefits expenses associated with the transfer of the NWT HC in-house Information Systems and Information Technology staff to the Department of Finance's central Information Shared Services Centre effective April 1, 2019.

The acquisition or construction of new housing assets and the renovation of existing housing is typically funded by the GNWT, CMHC, and NWT HC's own source revenues. During the year, revenues, including NWT HC generated revenues, exceeded expenses resulting in an annual surplus of \$6.1 million. Annual surpluses support the NWT HC's capital investments and housing programming.



Financial Position

The NWT HC continued to maintain a sound financial position in 2019/20, with net financial assets of \$74.4 million. This amount includes the net financial assets of both the NWT HC and the 23 consolidated Local Housing Organizations.



The NWT HC recognizes the importance of having its available net financial assets reinvested in a timely manner and has set out a reinvestment plan that will see these available resources utilized to address current contractual obligations as well as approved carryover capital projects and to complete the implementation of a wide range of previously approved priority housing projects and initiatives (designated assets).

The requirement for the NWT HC to maintain a positive net financial resources position is necessary to ensure future obligations can be met, particularly related to the delivery of the NWT HC's \$36.6 million of capital carryover projects in 2020 as per Note 17 to the 2019/20 Consolidated Financial Statements and to mitigate financial risk associated with the \$8.2 million third party loans (Note 18 to the 2019/20 Consolidated Financial Statements) that the NWT HC administers on behalf of the CMHC. The NWT HC indemnifies and holds harmless the CMHC from all losses, costs, and expenses related to these loans, as provided under the Social Housing Agreement (SHA). The NWT HC has also provided loan guarantees to private sector companies and households in support of new construction or improvements in residential housing across the north. The total outstanding balance of loans guaranteed was \$0.4 million, as at March 31, 2020.

The cash and cash equivalents balance of \$45.3 million (\$47.8 million at March 31, 2019) represents the March 31, 2020 bank balance and short-term investments categorized as cash equivalents for 23 LHOs and the NWT HC. The NWT HC invests excess cash flow in portfolio investments that meet the terms of the investment policy. As at March 31, 2020, \$43.4 million (\$43.1 million at March 31, 2019) was invested in portfolio investments with a weighted average rate of return of 2.18%.



As of March 31, 2020, \$45.2 million of these cash reserves and portfolio investments have been designated (\$39.6 million in 2018/19) by the Minister responsible for the Corporation to support planned investments in the public housing, HELP and market housing, homelessness and homeownership programs.

Since 2012, the NWT HC has been assisting mortgage program participants in restructuring their loans. This approach has assisted homeowners in satisfying their mortgage payment

obligations while supporting the on-going delivery of housing programs and services. The total mortgage and loans receivable balance decreased from \$3.5 million as at March 31, 2019, to \$3.1 million as at March 31, 2020 as the principal balances continue to be paid.

Investment in Housing

As at March 31, 2020, the NWT HC had \$319.5 million of investments in land and buildings and other property and equipment, representing the amortized book value of approximately 2,600 owned public housing, homeownership rental, and market rental units. During the year, the NWT HC acquired \$22.9 million in tangible capital assets, including a \$5.1 million transfer received from the Inuvialuit Regional Corporation (IRC) representing the value of the housing units constructed by the IRC on behalf of the NWT HC during 2019-20.

	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Revenues					
GNWT	85.8	81.6	74.9	77.8	73.9
CMHC	17.3	28.7	25.1	19.5	19.9
Other	12.6	12.2	17.6	25.0	19.7
Total Revenues	115.7	122.5	117.9	122.1	113.5
Expenses					
Public Housing Programs	54.0	53.2	50.8	50.0	51.4
Other Housing Programs	7.7	8.3	9.9	9.3	13.1
Homeownership Assistance Programs	2.9	2.5	2.7	5.0	7.5
Impairment/Disposal Loss on TCAs	0.6	-	0.5	0.7	0.5
Amortization ¹	12.8	12.6	13	14.3	14.5
Administrative, Program, and Technical Services	19.8	18.5	20.5	20.2	20.4
Total Expenses	97.8	95.1	97.4	99.5	107.4
Annual Surplus (Deficit)	17.9	27.4	20.5	22.6	6.1

¹ Amortization reported separately

**Appendix B:
Independent Auditor's Report and
Consolidated Financial Statements**



INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Northwest Territories Housing Corporation

Opinion

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

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

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the information included in 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.



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

Edmonton, Canada
27 August 2020

Northwest Territories Housing Corporation
Consolidated Financial Statements
March 31, 2020

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management is responsible for preparing these accompanying consolidated financial statements in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the consolidated financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the consolidated financial statements.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are properly authorized and recorded, proper records are maintained, assets are safeguarded, and the Corporation complies with applicable laws and regulations. These controls and practices ensure the orderly conduct of business, the preparation of reliable financial information, and adherence to the Corporation's statutory requirements and policies.

The Corporation's external auditor, the Auditor General of Canada, conducts an independent audit, in accordance with Canadian general accepted auditing standards, and expresses her opinion on the consolidated financial statements. The Corporation's external auditor has full and free access to financial management of Northwest Territories Housing Corporation.

On behalf of the Northwest Territories Housing Corporation



Tom R. Williams
President and CEO



Jim Martin, FCPA, FCGA, MBA, MA
Vice President
Finance and Infrastructure Services

NORTHWEST TERRITORIES HOUSING CORPORATION

Consolidated Statement of Financial Position As at March 31, 2020 (in thousands)

	2020	2019
Financial assets		
Cash and cash equivalents (Note 3)	\$ 45,274	\$ 47,837
Portfolio investments (Note 5)	43,394	43,081
Accounts receivable (Note 6)	11,897	10,359
Mortgages and loans receivable (Note 7)	3,075	3,497
	<u>103,640</u>	<u>104,774</u>
Liabilities		
Accounts payable and accrued liabilities (Note 8)	19,659	20,269
Deferred revenue	409	404
Loans and mortgages payable to Canada Mortgage and Housing Corporation (Note 9)	5,858	6,455
Environmental liabilities (Note 10)	558	513
Retirement, post-employment, and other leave benefits (Note 11)	2,766	2,740
	<u>29,250</u>	<u>30,381</u>
Net financial assets	74,390	74,393
Non-financial assets		
Tangible capital assets (Schedule A)	319,498	313,227
Inventories held for use	2,568	2,671
Prepaid expenses	70	86
	<u>322,136</u>	<u>315,984</u>
Accumulated surplus	<u>\$ 396,526</u>	<u>\$ 390,377</u>
Contractual rights, obligations and contingencies (Notes 16, 17 and 18)		

Approved by:



Hon. Paulie Chinna
Minister Responsible for the
Northwest Territories Housing Corporation



Tom R. Williams
President and CEO

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

NORTHWEST TERRITORIES HOUSING CORPORATION

Consolidated Statement of Change in Net Financial Assets For the year ended March 31, 2020 (in thousands)

	2020 Budget	2020 Actual	2019 Actual
Net financial assets, beginning of the year	\$ 74,393	\$ 74,393	\$ 71,848
Items affecting net financial assets:			
Annual (deficit) surplus	(4,742)	6,149	22,618
Acquisition of tangible capital assets	(18,206)	(21,937)	(35,511)
Amortization	15,632	14,528	14,265
Proceeds from disposal of tangible capital assets	-	97	256
Loss from disposal of tangible capital assets	-	492	704
Write-down of tangible capital assets	-	-	29
Grants in kind	-	549	-
Acquisition of inventories held for use	-	(1,090)	(1,350)
Consumption of inventories held for use	-	1,193	1,336
Acquisition of prepaid expenses	-	(59)	(79)
Consumption of prepaid expenses	-	75	277
(Decrease)/Increase in net financial assets	(7,316)	(3)	2,545
Net financial assets, end of the year	\$ 67,077	\$ 74,390	\$ 74,393

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

NORTHWEST TERRITORIES HOUSING CORPORATION

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2020

(in thousands)

	2020 Budget	2020 Actual	2019 Actual
Revenues			
Government funding:			
Government of the Northwest Territories	\$ 70,363	\$ 73,889	\$ 77,786
Canada Mortgage and Housing Corporation (CMHC) (Note 12)	17,408	19,854	19,526
Other Transfers (Note 21)	-	5,191	10,935
	<u>87,771</u>	<u>98,934</u>	<u>108,247</u>
Generated revenues:			
Rental revenue	9,688	10,673	10,048
Recoveries from mortgages and loans (Note 7)	475	508	921
Income from portfolio investments	691	1,666	1,570
Gain on disposal of tangible capital assets	-	-	62
Other revenue and recoveries	419	1,594	1,114
Interest revenue on mortgages and loans	120	111	114
	<u>11,393</u>	<u>14,552</u>	<u>13,829</u>
	<u>99,164</u>	<u>113,486</u>	<u>122,076</u>
Expenses (Note 19)			
Public housing program (Note 13)	66,258	62,073	61,433
Unilateral CMHC programs and other programs	2,465	2,807	2,516
HELP and market housing (Note 14)	6,720	9,565	7,098
Non-residential building operations	302	1,054	695
Rent subsidy program	600	260	247
Homelessness fund program	2,991	3,601	1,268
Homeownership assistance grants	7,347	7,511	5,030
Corporate and district operations (Note 15)	17,223	20,466	21,171
	<u>103,906</u>	<u>107,337</u>	<u>99,458</u>
Annual (deficit) surplus	<u>\$ (4,742)</u>	<u>\$ 6,149</u>	<u>\$ 22,618</u>
Accumulated surplus, beginning of year	<u>390,377</u>	<u>390,377</u>	<u>367,759</u>
Accumulated surplus, end of year	<u>\$ 385,635</u>	<u>\$ 396,526</u>	<u>\$ 390,377</u>

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

NORTHWEST TERRITORIES HOUSING CORPORATION

Consolidated Statement of Cash Flow For the year ended March 31, 2020 (in thousands)

	2020	2019
Operating transactions		
Annual surplus	\$ 6,149	\$ 22,618
Items not affecting cash:		
Amortization	14,528	14,265
Other transfers	(5,146)	(10,935)
Write-down of tangible capital assets	-	29
Loss from disposal of tangible capital assets	492	704
Grant in kind	549	-
Non-cash portfolio investment income	60	50
Non-cash mortgage funding	(171)	(105)
Change in valuation allowance for doubtful accounts	22	(118)
Change in valuation allowance for mortgages and loans receivable	<u>(100)</u>	<u>(563)</u>
	10,234	3,327
Change in non-cash assets and liabilities:		
Change in accounts receivable	(1,538)	3,072
Change in inventories held for use	103	(14)
Change in prepaid expenses	16	198
Change in accounts payable and accrued liabilities	(1,619)	(775)
Change in deferred revenue	5	44
Change in environmental liabilities	45	52
Change in retirement, post-employment, and other leave benefits	<u>26</u>	<u>(157)</u>
	<u>(2,962)</u>	<u>2,420</u>
Cash provided by operating transactions	<u>13,421</u>	<u>28,365</u>
Capital transactions		
Acquisition of tangible capital assets	(15,629)	(23,455)
Proceeds from disposal of tangible capital assets	<u>97</u>	<u>256</u>
Cash used for capital transactions	<u>(15,532)</u>	<u>(23,199)</u>
Financing transactions		
Repayment of loans payable to CMHC	<u>(597)</u>	<u>(1,801)</u>
Cash used for financing transactions	<u>(597)</u>	<u>(1,801)</u>

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

NORTHWEST TERRITORIES HOUSING CORPORATION

Consolidated Statement of Cash Flow (continued) For the year ended March 31, 2020 (in thousands)

	<u>2020</u>	<u>2019</u>
Investing transactions		
Acquisition of portfolio investments	(277)	(206)
Repayments of mortgages and loans receivable	<u>422</u>	<u>782</u>
Cash provided by investing transactions	<u>145</u>	<u>576</u>
Increase (decrease) in cash and cash equivalents	<u>(2,563)</u>	<u>3,941</u>
Cash and cash equivalents at beginning of the year	<u>47,837</u>	<u>43,896</u>
Cash and cash equivalents at end of the year	<u>\$ 45,274</u>	<u>\$ 47,837</u>

Total interest paid during the year was \$398 (2019 - \$488).

Total interest received during the year was \$1,423 (2019 - \$1,343).

Interest received includes interest revenue on mortgages and loans and interest revenue included in income from portfolio investments.

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

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2020

(in thousands)

1. PURPOSE OF THE ORGANIZATION

The Northwest Territories Housing Corporation (the "Corporation") is a territorial corporation, established under the *Northwest Territories Housing Corporation Act* (the "Act") and named in Schedule B of the *Financial Administration Act* (FAA) of the Northwest Territories (NWT). Accordingly, the Corporation operates in accordance with its Act and regulations, the FAA, and any directives issued to it by the Minister responsible for the Corporation. The Corporation is exempt from income tax but is subject to Goods and Services Tax.

The Corporation's mandate is to ensure, where appropriate and necessary, that there is a sufficient supply of affordable, adequate, and suitable housing stock to meet the housing needs of residents in the NWT. The Corporation works in partnership with the local communities in the NWT to ensure residents have access to housing that supports a healthy, secure, independent, and dignified lifestyle.

The Corporation's public housing program is delivered by twenty-four community-based local housing organizations (LHOs). Each LHO has a board of directors and management and staff who are responsible for the day-to-day activities associated with the delivery of the program in the communities. Agreements are in place between the Corporation and the LHOs which outline the roles and responsibilities of each party.

The Corporation and the LHOs are economically dependent upon the Government of the NWT (the "Government") for the funds required to finance the net cost of their operations and capital acquisitions.

2. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards.

The significant accounting policies are as follows:

Measurement uncertainty

The preparation of the consolidated financial statements in accordance with Canadian public sector accounting standards requires the Corporation to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the consolidated financial statements and accompanying notes. By their nature, these estimates are subject to measurement uncertainty. Actual results could differ significantly from the estimates. The more significant management estimates relate to the valuation of tangible capital assets transfers, the allowance for impaired mortgages and loans receivable, the amortization of tangible capital assets, retirement, post-employment and other leave benefits, and contingencies.

Reporting entity

These consolidated financial statements reflect the assets, liabilities, revenues and expenses, change in net financial assets and cash flows of the reporting entity. The reporting entity is comprised of the Corporation and the accounts of the following twenty-three LHOs, via consolidation, which are controlled by the Corporation:

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2020

(in thousands)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Reporting entity (continued)

Aklavik Housing Association	Lutsel K'e Housing Authority
Behchokö Kö Gha K'òdèe	Norman Wells Housing Authority
Deline Housing Association	Paulatuk Housing Association
Fort Liard Housing Authority	Radlilh Koe Housing Association
Fort McPherson Housing Association	Sachs Harbour Housing Association
Fort Providence Housing Association	Tsiigehtchic Housing Association
Fort Resolution Housing Authority	Tuktoyaktuk Housing Association
Fort Simpson Housing Authority	Tulita Housing Association
Fort Smith Housing Authority	Ulukhaktok Housing Association
Gameti Housing Authority	Whati Housing Authority
Hay River Housing Authority	Yellowknife Housing Authority
Inuvik Housing Authority	

The Yellowknife Dene First Nation (Housing Division) has been excluded from the reporting entity since it is considered to be part of a separate level of government.

All inter-entity balances and transactions have been eliminated in the preparation of the consolidated statements.

Revenue recognition

The Corporation receives funding for operating and capital purposes from the Government of the Northwest Territories (Government).

The Corporation also receives funding from the Canada Mortgage and Housing Corporation (CMHC) under the Social Housing Agreement and other agreements between CMHC and the Corporation for the operation and maintenance of the various public housing programs, the acquisition of public housing and to provide assistance to eligible homeowners and landlords for repair and rehabilitation of properties.

Government transfer revenues, including funding provided by the Government and CMHC, are recognized as revenue in the period in which events giving rise to the transfer occurred as long as:

- i. the transfer is authorized;
- ii. eligibility criteria have been met;
- iii. there are no stipulations that give rise to a liability; and,
- iv. a reasonable estimate of the amount can be made.

Transfers received before these criteria are fully met are recorded as a liability.

The Corporation also receives transfers of housing units from government entities and third parties sometimes for a nominal fee, which are recognized as "Other Transfers" on the Statement of Operations. The Corporation records these transfers consistent with its policy for government transfer revenues above at estimated fair value. Where the Corporation owns or leases the land that housing units are being constructed on, the Corporation records the assets and the related transfer revenues as the housing units are being built on a percentage of completion basis.

Rental revenue is recognized on a monthly accrual basis. An allowance is recognized for any rental amounts owing which are deemed uncollectible.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2020 (in thousands)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Programs

a) Contributions for public and affordable housing (HELP and market housing programs)

The Corporation provides income-based subsidies for the rental of housing for residents in need. The Corporation provides financial, administrative, maintenance, construction and repair to its public and affordable housing units. The Corporation operates multiple public housing units located in NWT communities.

b) Contributions for unilateral CMHC programs and other programs

The Corporation 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 recognized based on actual or estimated costs incurred by each sponsor group in the year.

c) Homeownership assistance grants

The Corporation, under section 44(1) of its Act, may make a homeownership assistance grant in the form of a forgivable loan to eligible homeowners on terms and conditions that may be imposed by the Corporation. The property must remain the principal residence and the annual income must remain below the core need income threshold for the term of the agreement. The conditional grants, which vary in amount depending on the income or community of the applicant and are not expected to be repaid unless certain conditions are not met, are expensed in the year the grant is approved. Any recoveries on the conditional grants are recognized in the year the amount is recovered from the borrower (Note 7).

The Corporation has not since 2007 provided any new repayable mortgages/loans or loan guarantees to eligible homeowners under its Homeownership Assistance program.

Cash and cash equivalents

Cash and cash equivalents are comprised of bank account balances net of outstanding cheques and short-term investments that have terms to maturity of less than or equal to 90 days from the date of acquisition.

Portfolio investments

Portfolio investments are investments in debt securities of organizations that do not form part of the reporting entity and are accounted for using the amortized cost method.

Investment income is recognized on the accrual basis; premiums and discounts arising on purchase are amortized over the term of the respective investment, and capital gains and losses are recognized when realized. When there has been a loss in value of a portfolio investment that is other than a temporary decline, the investment is written down to recognize the loss.

Mortgages and loans receivable

The net carrying amount of the mortgages and loans receivable represents the present value of the expected future principal and interest payments to be received, net of the grants provided to the borrowers, any restructuring costs, and the allowance for impairment. Interest income on mortgages and loans receivable is recognized when earned. The effective interest method is used to recognize interest income. The costs related to a mortgage or loan restructuring, if any, are expensed in the year of the restructuring.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2020

(in thousands)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Mortgages and loans receivable (continued)

A mortgage or loan is considered to be impaired when, in management's opinion, there is reasonable doubt as to the collection of principal and interest or when six months of arrears have accumulated. When a mortgage or loan has six months of arrears an allowance for impairment of 100% is established to reduce the carrying amount to an estimated recoverable value of nil based on management's best judgment and the Corporation's historical loss experience. The recognition of interest income also ceases on a mortgage or loan identified as impaired.

The Corporation also performs an annual assessment of mortgages and loans with payments in arrears between one and six months. A partial allowance is recorded on these mortgages and loans based on the average collection rate on similar mortgages and loans.

A mortgage or loan receivable reverts to performing status when, in management's opinion, the ultimate collection of principal and interest is reasonably assured and in the case of a mortgage or loan restructuring, when at a minimum twelve months has passed since the restructuring and payments are not more than six months in arrears.

Borrowers in arrears may choose to settle their obligation with a quit claim. A quit claim is an agreement between the owner of a housing unit and the Corporation to transfer ownership of the housing unit back to the Corporation for a nominal fee. The fair value of the housing unit acquired through the quit claims process is determined to be the original purchase price or construction costs (if available) less amortization from the original purchase date to the date the quit claim occurred. This is considered to be a reasonable estimate of the fair value of the assets recovered. Quit claim units are evaluated for suitability for delivery of programs and if suitable are added to tangible capital assets at a value as described above. Where suitability criteria are not met the units are disposed of by sale to a third party or demolished and are written down to their residual value if any.

Loan guarantees

An obligation and expense is recognized related to a loan guarantee when it is likely that a loss will be incurred, and the amount of the loss can be reasonably estimated. When estimating the amount of contingent loss, management considers the value of any security (properties) which could be sold to cover the loan guarantee. Provisions for losses are reviewed annually.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2020

(in thousands)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Tangible capital assets

a) Land and buildings

Land and housing units constructed or purchased by the Corporation are recorded at cost. Housing materials are also recorded at cost and included in construction in progress.

Tangible capital assets transfers are recorded at their estimated fair value at the date of contribution.

When the Corporation enters into lease agreements where the risks and benefits of ownership are transferred to the Corporation, the Public and affordable (HELP and market) housing units are recorded as capital leases. In such cases, the cost of the asset is determined as 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.

Housing units are amortized at an annual rate of 5% on a declining balance basis. Amortization begins in the year the housing unit is placed into service. Work in progress is not amortized.

b) Property and equipment

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

Warehouses and offices	Declining balance	5%
Office furniture and equipment	Declining balance	20%
Mobile equipment	Declining balance	20%
Software	Straight-line over 10 years	
Leasehold improvements	Straight-line over term of lease	

Inventories held for use

Inventory held for use consists of materials and supplies to be used for the maintenance or minor modifications of buildings. The inventory is valued on a weighted average basis at the lower of cost and replacement value.

Employee future benefits

a) Pension benefits

All eligible employees of the Corporation are covered in 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. The Corporation's contributions are charged as an expense on a current year basis and represent the total pension obligations. The Corporation is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Pension Plan.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2020 (in thousands)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee future benefits (continued)

b) Retirement, post-employment, and other leave benefits

Under the terms and conditions of employment, government employees may earn non-pension benefits for resignation, retirement and removal costs. Eligible employees earn benefits based on years of service to a maximum entitlement based on terms of employment. Eligibility is based on a variety of factors including place of hire, date employment commenced, and reason for termination. Benefits entitlements are paid upon resignation, retirement or death of an employee.

The expected cost of providing these benefits is recognized as employees render service. Termination benefits are also recorded when employees are identified for lay-off. Compensated absences including sick, special, parental and maternity leave. Accumulating non-vesting sick and special leave are recognized in the period the employee provides service, whereas parental and maternity leave are event driven and are recognized when the leave commences. An actuarial valuation of the cost of these benefits (except maternity and parental leave) has been prepared using data provided by management and assumptions based on management's best estimates.

c) Northern Employee Benefits Service (NEBS) Pension Plan

Eligible employees of the following LHOs are covered by the Northern Employee Benefits Services Pension Plan ("NEBS"). This plan is a multi-employer contributory defined benefit plan and accordingly contributions are expensed as incurred. NEBS is a member-owned, not-for-profit, corporation that sponsors an insurance and health care benefits plan and a pension plan for public sector employees in the north.

Behchokö Kö Gha K'òodèe	Inuvik Housing Authority
Deline Housing Association	Lutsel K'e Housing Authority
Fort McPherson Housing Association	Radlilh Koe' Housing Association
Fort Resolution Housing Authority	Tulita Housing Association
Fort Simpson Housing Authority	Whati Housing Authority
Fort Smith Housing Authority	Yellowknife Housing Authority
Gameti Housing Authority	

NEBS establishes contribution rates for participating employers/employees, and contributions are remitted to NEBS on a regular basis throughout the year.

Environmental liabilities

Contaminated sites are a result of contamination that exceeds an environmental standard. A liability for remediation of contaminated sites is recognized when all the following criteria are met:

- i. an environmental standard exists;
- ii. contamination exceeds the environmental standard;
- iii. the Corporation:
 - is directly responsible; or
 - accepts responsibility;
- iv. it is expected that future economic benefits will be given up; and
- v. a reasonable estimate of the amount can be made.

The liability is recognized net of any expected recoveries.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2020 (in thousands)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Related party transactions

The Corporation is related to all Government of the Northwest Territories departments, territorial corporations and public agencies; 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 consolidated financial statements and notes thereto.

a) Inter-entity transactions

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.

b) Other related party transactions

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

c) Services provided without charge

The Corporation receives services provided by the Government without charge which include legal, human resource and other services. The Corporation does not recognize any amounts related to these services.

Future accounting changes

Effective April 1, 2022, the Corporation will be required to adopt PS 3280 Asset Retirement Obligations. This standard provides guidance on how to account for and report liabilities for retirement of tangible capital assets. The Corporation is currently assessing the potential future impact of this standard.

Effective April 1, 2023, the Corporation will be required to adopt PS 3400 Revenue. This standard provides guidance on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations. The Corporation is assessing the impact of this standard however does not expect the adoption will have a significant impact on the financial statements.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2020 (in thousands)

3. DESIGNATED ASSETS

As of March 31, 2020, the Minister responsible for the Corporation has designated cash and portfolio investments of \$45,229 (2019 - \$39,591) to support planned investments in the public housing, HELP and market housing, homelessness and homeownership programs:

Public Housing \$6,768 (2019 - \$2,060)

To accelerate vacant housing unit repairs in 2021 to reduce public housing waitlists and overcrowding situations in communities, mitigating the risk of COVID-19 virus spread. Support additional investment in fuel tank replacements for the Corporation's housing stock between 2021 to 2024. Fund additional public housing modernization and improvement projects in 2022 and support the delivery of biomass projects in Yellowknife and Aklavik over the next two years.

HELP and Market Housing \$23,766 (2019 - \$26,531)

Pursuant to the Memorandum of Agreement between the Corporation and the Royal Canadian Mounted Police, the Corporation plans to provide 45 housing units for lease by 2022.

Homelessness \$3,840 (2019 - \$3,330)

To deliver additional homelessness support services and safety supplies to assist with the government's COVID-19 response in 2021. Complete the development of community housing plans over the next three years, extend the rapid rehousing program in 2021 and to resource three new initiative positions for the next four years (Housing Stability Worker, Homelessness Program Officer and Community Housing Planner).

Homeownership \$10,855 (2019 - \$7,670)

To fund the rent supplement program for 2021 and cost share the National Canada Housing Benefit program for the next four years. To provide additional funding to the Community Housing Support Initiative program for the years 2022 to 2024 and a contribution in 2023 to Habitat for Humanity NWT. Support the construction of two new multi-generational homes for the New Home Program over the next two years. To renovate up to 60 existing public housing units over the next three years for the sale of public housing (lease to own) program and to complete up to 50 lot surveys within the next three years to convert equity leases to fee simple title.

4. CASH AND CASH EQUIVALENTS

Included in cash and cash equivalents are tender and security deposits from contractors on construction projects and rental housing damage deposits held in trust in the amount of \$2,788 (2019 - \$2,713) which are also included in accounts payable and accrued liabilities (Note 8).

	<u>2020</u>	<u>2019</u>
Cash	\$ 26,745	\$ 20,525
Short-term investments	<u>18,529</u>	<u>27,312</u>
	<u>\$ 45,274</u>	<u>\$ 47,837</u>

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2020 (in thousands)

5. PORTFOLIO INVESTMENTS

Issuer	2020			2019
	Stated interest rate	Remaining term	Carrying amount	Carrying amount
Banker's acceptances, fixed rate	1% to 2%	< 1 year	\$ 13,707	\$ -
Banker's acceptances, fixed rate	1% to 1.25%	1 to 2 years	473	11,526
Banker's acceptances, fixed rate	2.10% to 2.25%	2 years	14,484	16,885
Banker's acceptances, fixed rate	1.20% to 2.85%	6 years	12,350	12,350
Provincial government bonds, fixed rate	2.30%	< 1 year	991	968
Ontario Hydro Zero Coupon Bonds, fixed rate	2.70%	3 years	<u>1,389</u>	<u>1,352</u>
			<u>\$ 43,394</u>	<u>\$ 43,081</u>

The weighted average effective yield of this portfolio was 2.18% (2019 – 2.18%). Investments in bankers' acceptances are investments with terms to maturities of greater than 90 days. Fair value of investments was \$43,218 (2019 – \$42,622).

6. ACCOUNTS RECEIVABLE

	2020	2019
Trade accounts receivable	\$ 4,900	\$ 4,350
Tenant rents receivable	<u>12,277</u>	<u>11,819</u>
	17,177	16,169
Less allowance for doubtful accounts	<u>(11,872)</u>	<u>(11,548)</u>
	5,305	4,621
Receivables from CMHC	6,283	5,657
Receivables from related parties:		
Government of the Northwest Territories	<u>309</u>	<u>81</u>
	<u>\$ 11,897</u>	<u>\$ 10,359</u>

Of the allowance for doubtful accounts balance disclosed above, \$950 (2019 - \$980) relates to trade accounts receivable and \$10,922 (2019 - \$10,568) relates to tenant rents receivable.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2020

(in thousands)

7. MORTGAGES AND LOANS RECEIVABLE

Mortgages and loans receivable

	2020	2019
Corporate loans, repayable in monthly installments at interest rates of 0.00% and 3.00%, secured, with an original term of 10 years	\$ 365	\$ 409
Mortgages based on Income Assessment before valuation allowance of \$119 (2019 - \$316), repayable in monthly installments at interest rates varying between 6.35% and 10.50%, secured by registered charges against real property, with a term over a maximum of 15 years	137	336
Loans based on Income Assessment before valuation allowance of \$2,926 (2019 - \$3,362), repayable in monthly installments at an interest rate varying between 0.00% and 12.00%, unsecured, with a term over a maximum of 15 years	3,180	3,480
Restructured mortgages before valuation allowance of \$874 (2019 - \$738), repayable in monthly installments at interest rates of 3.00%, secured by registered charges against real property, with a term over a maximum of 25 years	1,158	1,071
Restructured loans before valuation allowance of \$5,619 (2019 - \$5,573), repayable in monthly installments at interest rates varying between 0.00% and 7.20%, unsecured, with a term over a maximum of 25 years	<u>7,773</u>	<u>8,190</u>
Mortgages and loans receivable	12,613	13,486
Less allowance for impaired mortgages and loans receivable	<u>(9,538)</u>	<u>(9,989)</u>
	<u>\$ 3,075</u>	<u>\$ 3,497</u>

The carrying value of the mortgages and loans receivable that are past due but not classified as impaired is \$674 (2019 - \$571). There were no write-offs in the current year (2019 - none).

Net recoveries on mortgages, loans receivable, and conditional grants

	2020	2019
Recoveries on impaired mortgages and loans	\$ 464	\$ 491
Adjustment to allowance for impaired mortgages and loans	(172)	236
Recoveries from conditional grants (Note 2)	<u>216</u>	<u>194</u>
	<u>\$ 508</u>	<u>\$ 921</u>

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2020

(in thousands)

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2020	2019
Trade payables	\$ 8,535	\$ 8,322
Contractor holdbacks	2,063	2,281
Tender and security deposits	401	445
Wages and employee benefits	1,984	1,965
Accrued interest	89	110
Damage deposits	2,387	2,268
Payables to related parties:		
Government of the Northwest Territories	4,200	4,878
	\$ 19,659	\$ 20,269

9. LOANS AND MORTGAGES PAYABLE TO CANADA MORTGAGE AND HOUSING CORPORATION (CMHC)

	2020		2019	
	Debt balance	CMHC funded portion	Net debt balance	Net debt balance
Mortgages payable to CMHC (NHA Section 79 debt), repayable in monthly or quarterly installments, maturing from 2021 to 2038, at interest rates from 5.94% to 19.00% (2019 - 5.94% to 19.00%).	\$ 20,884	\$ (20,884)	\$ -	\$ -
Loans payable to CMHC (NHA Section 82 debt), repayable in annual installments until the year 2033, bearing interest of 6.97% (2019 - 6.97%). These loans are guaranteed by the Government.	11,008	(6,115)	4,893	5,359
Mortgages payable to CMHC for three housing projects acquired from third parties in accordance with the provisions of the SHA related to third party loans, maturing in 2026 and 2027, at interest rates from 1.05% to 3.13%, (2019 - 1.05% to 3.13%).	965	-	965	1,096
	\$ 32,857	\$ (26,999)	\$ 5,858	\$ 6,455

Under the terms of the 1999 Social Housing Agreement (SHA), CMHC originally provided funding to the Corporation to build public housing assets in the form of long-term mortgages payable to CMHC (referred to as *National Housing Act* (NHA) Section 79 debt under the SHA) and loans payable to CMHC (referred to as *National Housing Act* (NHA) Section 82 debt under the SHA). Under the SHA, CMHC also agreed to provide additional funding to the Corporation to reduce 100% of the NHA Section 79 debt and to reduce by 5/9th the NHA Section 82 debt, and to fund the related interest repayments that the Corporation would make each year to CMHC. This additional funding receivable from CMHC and the related payments due by the Corporation each year on the long-term debt payable to CMHC are offset, resulting in no exchange of cash between the Corporation and CMHC.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2020 (in thousands)

9. LOANS AND MORTGAGES PAYABLE TO CANADA MORTGAGE AND HOUSING CORPORATION (CMHC) (continued)

Had CMHC not funded the repayments of the long-term debt principal and interests payable to CMHC, the Corporation would have incurred additional interest expense of \$3,183 (2019 - \$3,313) and would have made additional principal long-term debt repayments to CMHC of \$1,406 (2019 - \$1,363).

The above mortgages and loans payable to CMHC are not secured.

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

	Principal	Interest	Total
2021	\$ 585	\$ 370	\$ 955
2022	620	335	955
2023	658	297	955
2024	698	257	955
2025	713	214	927
2026-2030	2,319	472	2,791
2031-2038	<u>265</u>	<u>32</u>	<u>297</u>
	<u>\$ 5,858</u>	<u>\$ 1,977</u>	<u>\$ 7,835</u>

10. ENVIRONMENTAL LIABILITIES

The Corporation has identified nine fuel spills sites and no other contaminated site (2019 - eight fuel spills sites and no other contaminated site) for which an environmental liability has been recorded. One site was fully remediated during the year and two new sites identified. The liability is calculated as costs remaining to remediate the sites to the required environmental standard. The sites are expected to be remediated within the two years subsequent to year end. The estimated amount of recoveries is nil (2019 - nil). The Corporation has not identified any sites where an environmental liability may exist but no liability has been recorded.

11. RETIREMENT, POST-EMPLOYMENT, AND OTHER LEAVE BENEFITS

Pension benefits

Employees of the Corporation participate in Canada's Public Service Pension Plan (the "Plan"). The Plan provides benefits based on the number of years of pensionable service to a maximum of 35 years. Benefits are determined by a formula set out in legislation; they are not based on the financial status of the pension plan. The basic benefit formula is two percent per year of pensionable service multiplied by the average of the best five consecutive years of earnings.

The public service pension plan was amended during 2013 which raised the normal retirement age and other age related thresholds from age 60 to age 65 for new members joining the plan on or after January 1, 2013. For members with start dates before January 1, 2013, the normal retirement age remains age 60. Furthermore, contributions rates for current service for all members of the public service increased to an employer: employee cost sharing of 50:50 in 2017. The Corporation contributed \$1,233 (2019 - \$1,333) to the Public Service Pension Plan. The employees' contributions to this plan were \$1,134 (2019 - \$1,207). Total contributions were recognized as an expense in the current year.

Other benefits include survivor pensions, minimum benefits in the event of death, unreduced early retirement pensions, and disability pensions.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2020 (in thousands)

11. RETIREMENT, POST-EMPLOYMENT, AND OTHER LEAVE BENEFITS (continued)

Other employee future benefits and compensated absences

In addition to pension benefits, the Corporation provides severance (resignation and retirement), removal and compensated absence (sick, special, maternity and parental leave) benefits to its employees. The benefit plans are not pre-funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

Severance benefits are paid to the Corporation's employees based on the type of termination (e.g. resignation versus retirement) and inputs such as when the employee was hired, the rate of pay, the number of years of continuous employment and age and the benefit is subject to maximum benefit limits. Removal benefits are subject to several criteria, the main ones being location of hire, employee category and length of service. The benefits under these two categories were valued using the projected unit credit methodology.

Compensated absence benefits generally accrue as employees render service and are paid upon the occurrence of an event resulting in eligibility for benefits under the terms of the plan. Events include, but are not limited to employee or dependent illness and death of an immediate family member. Non-accruing benefits include maternity and parental leave. Accrued compensated absence benefits were valued actuarially using the expected utilization methodology.

Valuation results

The most recent actuarial valuation was completed as at March 31, 2020. This valuation was based on data completed as at February 15, 2019 that has been extrapolated to year-end. The effective date of the next actuarial valuation is March 31, 2022. The values presented below are for all of the benefits under the severance and removal and compensated absences for the Corporation.

Changes in Obligation	2020	2019
Accrued benefit obligation, beginning of year	\$ 2,907	\$ 2,421
Current period benefit cost	400	443
Accrued interest	45	41
Benefits payments	(425)	(578)
Actuarial (gains)/loss	<u>(418)</u>	<u>580</u>
Accrued benefit obligation, end of year	2,509	2,907
Unamortized net actuarial (gain)/loss	<u>257</u>	<u>(167)</u>
Retirement, post-employment, and other leave benefits*	<u>\$ 2,766</u>	<u>\$ 2,740</u>

*Total retirement, post-employment, and other leave benefits includes \$2,539 (2019 – \$2,460) related to severance and removal and \$227 (2019 – \$279) related to compensated absences.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2020 (in thousands)

11. RETIREMENT, POST-EMPLOYMENT, AND OTHER LEAVE BENEFITS (continued)

Benefits Expense	2020	2019
Current period benefit cost	\$ 400	\$ 443
Accrued interest	45	41
Actuarial losses (gains)	<u>6</u>	<u>(63)</u>
	<u>\$ 451</u>	<u>\$ 421</u>

The discount rate used to determine the accrued benefit obligation is an average of 2.70% (2019 - 3.20%). The assumed rate of compensation increase is 2% (2019 - 2%). Unamortized actuarial gains and losses are amortized straight line over the expected average remaining service lives of active employees which is 8 years (2019 - 8 years). No inflation rate was applied.

Northern Employees Benefits Services (NEBS) Pension Plan

Eligible employees of member LHOs are covered by the Northern Employee Benefits Services (NEBS) Pension Plan, a contributory defined benefit plan. NEBS is a member owned, not-for profit corporation that sponsors an insurance and health care benefits plan and a pension plan for public sector employees in the north. The employer and employee contribution rates effective at year end were both 8% (2019 - 8%). The Corporation's and employees' contribution to the NEBS Pension Plan for the year were \$420 and \$420 (2019 - \$416 and \$416 respectively).

The plan serves 1,930 Employee Members and 111 Employer Members. As of April 2004, the Office of the Superintendent of Financial Institutions (OSFI) exempted NEBS from compliance with the *Pension Benefits Standards Act* (PBSA). NEBS has agreed to voluntarily comply with PBSA until the plan can be registered under Territorial legislation. The Governments of the NWT and Nunavut passed the *NEBS Pension Plan Protection Act* in February 2014 which sets rules to protect Plan Members funds. As of December 31, 2019, the plan had a surplus of \$42,537 (December 31, 2018 - \$15,124).

12. FUNDING FROM CANADA MORTGAGE AND HOUSING CORPORATION (CMHC)

	<u>2020</u>	<u>2019</u>
Funding received from the CMHC recognized as government funding under the:		
Social Housing Agreement (Note 16):		
Contributions for public housing rental subsidies	\$ 8,840	\$ 8,936
Contributions to non-profit housing sponsor groups and cooperatives	3,722	3,892
Repairs, maintenance and other costs	1,223	1,258
Investment in Affordable Housing Agreement	-	1,840
Northern funding agreement	-	3,600
Bilateral Agreement (Note 16)	<u>6,069</u>	<u>-</u>
	<u>\$ 19,854</u>	<u>\$ 19,526</u>

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2020 (in thousands)

12. FUNDING FROM CANADA MORTGAGE AND HOUSING CORPORATION (CMHC) (continued)

Under the terms of the 1999 Social Housing Agreement with CMHC, the Corporation assumed full responsibility for the management of various public housing programs specified in the SHA. CMHC provides annual funding to the Corporation to manage these programs. The SHA and the funding expire in 2038.

On December 20, 2011 the Corporation and CMHC signed the Agreement for Investment in Affordable Housing. This \$11,627 three year agreement amalgamated two existing agreements between the Corporation and CMHC: the Housing Renovation Program Agreement and the Affordable Housing Agreement Extension. Funding under this agreement was utilized under four specific housing programs: CARE, PATH, HELP and Shelter Enhancement. This Agreement was extended on February 2, 2015 for a period of five years (2014/2015 to 2018/2019) for \$18,400. Both parties to the Agreement provided a total of \$14,720 over the eight year period from 2011/2012 to 2018/2019.

On April 1, 2018 the Corporation and CMHC signed the 2018/19 Northern Funding Agreement under the Investment in Affordable Housing Agreement. This \$3,600 one year agreement provided bridge funding for social housing until the new Northern Housing Strategy Agreement was fully implemented.

On April 1, 2018, the Corporation signed the Bilateral Agreement under the 2017 National Housing Strategy. Funding under this agreement is provided to increase access to housing, reduce housing needs, and achieve better housing solutions. An action plan for the 3 year period 2019-2022 has been developed, within the Bilateral Agreement parameters, with a priority of focusing on maintaining or increasing social housing stock, replacing existing housing stock, and providing homeownership repair programs.

13. PUBLIC HOUSING

	2020	2019
Utilities, taxes, land and rental housing leases	\$ 29,852	\$ 28,953
Repairs, maintenance and other costs	7,528	6,713
Compensation and benefits	11,978	11,430
Administration	993	1,063
Contribution for public housing	649	826
Interest on long-term debt	372	406
Amortization	10,392	11,440
Loss from disposal of tangible capital assets	309	573
Write-down of tangible capital assets	-	29
	\$ 62,073	\$ 61,433

14. HELP AND MARKET HOUSING

	2020	2019
Utilities, taxes, land and rental housing leases	\$ 1,914	\$ 1,212
Repairs, maintenance and other costs	1,084	770
Compensation and benefits	2,643	2,611
Contribution for affordable housing	226	-
Amortization	3,472	2,374
Loss from disposal of tangible capital assets	226	131
	\$ 9,565	\$ 7,098

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2020 (in thousands)

15. CORPORATE AND DISTRICT OPERATIONS

	2020	2019
Compensation and benefits	\$ 14,539	\$ 15,422
Building and equipment rentals	2,444	2,433
Professional and special services	1,598	1,283
Training and workshops, travel and other support	1,066	1,104
Computer services	87	96
Material and supplies	317	369
Communications	300	246
Amortization	115	218
	\$ 20,466	\$ 21,171

16. CONTRACTUAL RIGHTS

	Expiry Date	2021	2022	2023	2024	2025	2026+	Total
CMHC SHA	2039	\$ 13,391	\$ 12,814	\$ 11,868	\$ 11,068	\$ 9,659	\$ 42,258	\$101,058
CMHC Bilateral	2028	6,195	7,014	8,016	8,450	10,090	38,278	78,043
		\$ 19,586	\$ 19,828	\$ 19,884	\$ 19,518	\$ 19,749	\$ 80,536	\$179,101

In addition to the contractual rights disclosed in the table above, on June 24, 2019 the Corporation and RCMP entered into a framework agreement that the Corporation shall construct and lease to the RCMP 45 housing units. Under the framework agreement, 20 year individual leases will be signed upon delivery of the units, at which a contractual right will be recognized. Due to the COVID-19 outbreak (Note 23), the timing of construction completion is difficult to estimate.

17. CONTRACTUAL OBLIGATIONS

The Corporation leases office space and rents supplemental public housing units and is committed to basic rental payments. The leases contain escalation clauses for operating costs and property taxes, which may cause the payments to exceed the basic rental.

	Expiry Date	2021	2022	2023	2024	2025	2026+	Total
Lease	2029	\$ 3,723	\$ 3,439	\$ 3,246	\$ 2,604	\$ 1,311	\$ 1,193	\$ 15,516
Capital obligation	2021	7,174	-	-	-	-	-	7,174
		\$ 10,897	\$ 3,439	\$ 3,246	\$ 2,604	\$ 1,311	\$ 1,193	\$ 22,690

In addition to the contractual obligation disclosed in the table above, the Minister has approved \$36,593 in capital carryovers expected to be expended in 2021 for capital projects. Of the capital carryovers approved, \$7,174 are recognized contractual obligations as they have signed contracts. The remaining \$29,419 do not yet have signed contracts and, therefore, do not meet the definition of a contractual obligation.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2020

(in thousands)

18. CONTINGENCIES

The Corporation provided guarantees to banks in financing certain new or renovated residential housing construction. The Corporation has the authority to provide loan guarantees to a limit of \$30,000 as established by Regulation made pursuant to the *Northwest Territories Housing Corporation Act*. As at March 31, 2020 a total of 9 (2019 - 13) loan guarantees were in effect, and the outstanding balance of loans guaranteed was \$380 (2019 - \$555). In 2020, one of these loans was a corporate loan guarantee with a total outstanding balance of \$12 (2019 - \$30). All of these loans are secured by registered charges against real property. The period covered by these guarantees extends up to 2028.

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, cost and expenses related to these loans. The outstanding balance of these third party loans as at March 31, 2020 was \$8,203 (2019 - \$12,389), including \$367 (2019 - \$446) to a related party Hay River Community Health Board. The period covered by these related loans extends up to 2029.

The outstanding balances represent the maximum amount of future loan principal payments under the guarantees and indemnities. In the event of default by the borrowers, the lenders could request payment from the Corporation. The obligation under loan guarantees as at March 31, 2020 is nil (2019 - nil).

19. EXPENSES BY OBJECT

	2020	2019
Amortization (schedule A)	\$ 14,528	\$ 14,265
Compensation and benefits	29,203	29,568
Computer costs	91	103
Contract services	6,006	5,563
Controllable assets	95	73
Fees and payments	260	225
Grants and contributions	14,944	9,589
Housing operations and maintenance	36,591	34,438
Interest on long-term debt	398	463
Loss from disposal of tangible capital assets	535	704
Materials and supplies	2,479	2,523
Other expenses	624	729
Purchased services	792	657
Travel	868	884
Valuation allowances	(77)	(355)
Write-down of tangible capital assets	-	29
	\$ 107,337	\$ 99,458

20. FINANCIAL RISK MANAGEMENT

The Corporation's financial instruments consist of cash and cash equivalents, portfolio investments, accounts receivable, mortgages and loans receivable, accounts payable and accrued liabilities, and loans payable to CMHC and are measured at amortized cost. The Corporation has exposure to the following risks from its use of financial instruments:

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2020 (in thousands)

20. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities or cash outflow obligations as they come due. The Corporation manages its liquidity risk by regularly monitoring forecasted and actual cash flows. The Corporation does not believe that it will encounter difficulty in meeting its future obligations associated with its financial liabilities. The table below shows when various financial liabilities mature.

Financial Liabilities	<u>Up to 1 year</u>	<u>1 to 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
Accounts payable and accrued liabilities	\$ 19,659	\$ -	\$ -	\$ 19,659
Loans payable to CMHC	<u>585</u>	<u>2,689</u>	<u>2,584</u>	<u>5,858</u>
Total financial liabilities	<u>\$ 20,244</u>	<u>\$ 2,689</u>	<u>\$ 2,584</u>	<u>\$ 25,517</u>

Credit risk

The Corporation is exposed to credit risk on its cash and cash equivalents, portfolio investments, accounts receivable and mortgages and loans receivable.

Cash and cash equivalents and portfolio investments

Credit risk on cash equivalents and portfolio investments arises from the possibility that the counter-party to the instrument fails to meet their obligations. In order to manage this risk, the Corporation only invests in high quality fixed income investments. The maximum exposure to credit risk is \$61,923 (2019 - \$70,393).

Accounts receivable

Credit risk on accounts receivable arises from the possibility that the customer fails to meet their obligations. In order to manage this risk, the Corporation actively monitors the age of accounts receivable and initiates collection action. The maximum exposure to credit risk is \$11,897 (2019 - \$10,359).

Mortgages and loans receivable

Credit risk on mortgages and loans receivable arises from the possibility that the borrower fails to meet their obligations. In order to manage this risk, the Corporation actively monitors mortgage and loan payments and works with borrowers to develop payment plans to resolve outstanding arrears issues. In 2013 the Corporation developed the Revised Mortgage Approach to determine new repayable loan amounts. The maximum exposure to credit risk is \$3,075 (2019 - \$3,497).

As at March 31, 2020, \$953 (2019 - \$1,059) of the impaired mortgages and loans are secured by homes the Corporation has the ability to sell or use in its operations in order to satisfy borrowers' commitments. The fair value of the security is not readily determinable.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2020 (in thousands)

20. FINANCIAL RISK MANAGEMENT (continued)

As at March 31, 2020, the following financial assets were past due but not impaired:

Financial assets	30 days	60 days	90 days	120+ days
Tenants rent receivable	\$ 242	\$ 238	\$ 8	\$ 516
Trade accounts receivable	59	54	22	449
Mortgages and loans receivable	157	9	244	265

Interest rate risk

Interest rate risk is the risk that the fair value or cash flows of a financial instrument will fluctuate in the future because of interest rate changes. The Corporation is exposed to interest rate risk primarily through its investment in fixed income investments. Fluctuations in interest rates can affect the fair value of the fixed income investments, as well as shift investor preferences among asset classes. Because the Corporation accounts for its fixed rate instruments at amortized cost, a change in interest rates would not affect the consolidated statement of operations and accumulated surplus with respect to these fixed rate instruments.

Interest rate risk is minimized by actively managing the duration of the fixed income investments.

Term						Carrying Value	
	Within 1 year	1 to 2 years	2 to 5 years	5 to 10 years	Over 10 years	2020	2019
Portfolio							
Investments	\$ 14,698	\$ 473	\$ 15,873	\$ 12,350	\$ -	\$ 43,394	\$ 43,081

The Corporation does not face cash flow interest rate risk on its loans payable to the Canada Mortgage and Housing Corporation because these interest rates are fixed for the full term of the loans. Because the Corporation accounts for these loans at amortized cost, a change in interest rates would not affect the consolidated statement of operations and accumulated surplus with respect to these loans payable.

21. OTHER TRANSFERS

In accordance with agreements signed in 2017 and 2018, the Corporation has and will receive public housing units from the Inuvialuit Regional Corporation (IRC). The IRC constructs the units on land owned or leased by the Corporation using funding provided directly to the IRC by Indigenous and Northern Affairs Canada. The units are transferred to the Corporation on completion for a nominal fee. The Corporation treats these tangible capital assets received as government transfers and accrues the tangible capital asset (including work in progress) and the related government transfer revenues as the units are constructed. During the year, IRC constructed and transferred to the Corporation five public housing units (2019 - four units) with two units still under construction (2019 - seven units).

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2020

(in thousands)

22. RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed elsewhere in these financial statements, some employees of the Corporation are paid by the Government. The Corporation reimburses the Government for these costs which are incurred on the Corporation's behalf. Reimbursements are measured at the exchange amount and are included in compensation and benefits expenses. During the year, the Corporation reimbursed the Government for \$14,539 (2019 - \$15,422).

23. IMPACT OF COVID-19

On March 11, 2020, the World Health Organization declared the Coronavirus COVID-19 (COVID-19) outbreak a pandemic which resulted in a series of public health and emergency measures that have been put in place. As part of the Corporation's COVID-19 response, the Corporation has created temporary housing for homeless persons to self-isolate in an effort to reduce the spread of COVID-19. In addition, to help mitigate the risk of virus spread, the Corporation has accelerated the repair of vacant housing units to help house families and individuals now on the public housing wait list and to also reduce instances of overcrowding in NWT communities.

Furthermore, recognizing that some tenants and mortgage and loan clients may be impacted by COVID-19 and unable to pay their rental and loan payments the Corporation has offered tenants and mortgage and loan clients an ability to enter into affordable re-payment plans to have their rental and loan payments fully re-paid at a later date. Due to the timing of these announcements, which occurred late in 2019-2020 fiscal year, it had no impact on the current year.

The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact on the operations, financial results and condition of the Corporation in future periods.

24. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year. Prior year homeownership contribution was included in Housing operations and maintenance in expense by object (Note 19), which was reclassified into grants and contributions in current year to better reflect nature of expenses.

25. BUDGETED FIGURES

Budgeted figures have been provided for comparison purposes and have been derived from the Main Estimates approved by the Legislative Assembly.

NORTHWEST TERRITORIES HOUSING CORPORATION

Consolidated Schedule of Tangible Capital Assets

As at March 31, 2020

(in thousands)

Schedule A

Lands and Buildings:

	Cost					Accumulated amortization				Net Book Value (NBV)	
	Opening balance	Acquisitions	Write-downs and Transfers ¹	Disposals ³	Closing balance	Opening balance	Amortization	Disposals	Closing balance	2020	2019
Land Public Housing ²	\$ 8,977	\$ -	\$ 372	\$ -	\$ 9,349	\$ -	\$ -	\$ -	\$ -	\$ 9,349	\$ 8,977
HELP and market housing	351,304	51	38,062	(936)	388,481	167,232	10,101	(653)	176,680	211,801	184,072
Non-residential properties	96,108	-	4,061	(1,370)	98,799	29,306	3,472	(515)	32,263	66,536	66,802
Work in Progress ²	8,246	-	-	-	8,246	3,783	223	-	4,006	4,240	4,463
	41,103	21,482	(43,236)	-	19,349	-	-	-	-	19,349	41,103
Sub-total	505,738	21,533	(741)	(2,306)	524,224	200,321	13,796	(1,168)	212,949	311,275	305,417
Property and equipment:											
Warehouses and offices	12,408	-	482	-	12,890	6,133	326	-	6,459	6,431	6,275
Mobile equipment	2,990	404	-	-	3,394	2,062	226	-	2,288	1,106	928
Leasehold improvements	771	-	259	-	1,030	748	30	-	778	252	23
Office furniture and equipment	6,073	-	-	-	6,073	5,537	139	-	5,676	397	536
Software	114	-	-	-	114	66	11	-	77	37	48
Sub-total	22,356	404	741	-	23,501	14,546	732	-	15,278	8,223	7,810
Total	\$ 528,094	\$ 21,937	\$ -	\$ (2,306)	\$547,725	\$ 214,867	\$ 14,528	\$ (1,168)	\$ 228,227	\$ 319,498	\$ 313,227

(1) There was nil write-down in the current year (2019 - \$29).

(2) Includes tangible capital assets transfers received from IRC with a value of \$16,147 (2019 - \$7,325) in Public Housing and \$4,258 (2019 - \$7,934) in Work in Progress.

(3) Six buildings with total NBV \$543 were transferred to K'at'l'odeeche First Nation through grant in kind.

(4) Not included in acquisition of tangible capital assets on the Consolidated Statement of Cash Flow are non-cash items of \$1,133 (2019 - \$1,034)