

# Northwest Territories Housing Corporation Annual Report 2009-2010



## SHAPING NORTHERN HOUSING OPTIONS





# SHAPING NORTHERN HOUSING OPTIONS

The Northwest Territories Housing Corporation Annual Report 2009-2010



# Message from the Minister

---

The Honourable Robert C. McLeod, Minister Responsible for the Northwest Territories Housing Corporation

---



It is my pleasure as Minister Responsible for the Northwest Territories Housing Corporation (NWT HC) to present the NWT HC 2009-2010 Annual Report.

This year, the NWT HC was pleased to co-host the Northern Housing Forum (NHF) with Canada Mortgage and Housing Corporation (CMHC), which was held March 22-25, 2010, in Inuvik. The NHF provided an excellent opportunity to consider the work and progress being made in the area of housing design by various jurisdictions around the circumpolar world. There was a valuable exchange of information regarding research and experience in the development of housing options and strategic approaches to housing design to meet the needs of northern residents. In the future we hope to continue with the ideals of the NHF: sharing northern housing issues,

challenges, and best practices across the circumpolar region that represent successful advancements in design and technology for northern housing.

We are pleased to announce that the responsibility for the administration of the Public Housing Rental Subsidy (PHRS) will be transferred back to the NWT HC and Local Housing Organizations (LHOs) this year. Rental assessments will be the responsibility of the NWT HC starting on June 1, 2010, and the NWT HC and LHOs will progressively take over the administration of PHRS by April 1, 2011. We anticipate that this will improve the rent assessment process for our public housing tenants by offering a single point of access for their housing needs.

Infrastructure investment and the construction, renovation and repair of homes across the NWT was the main focus of the 2009-2010 year for the NWT HC. The Government of the Northwest Territories, through NWT HC, has matched the federal government's investment through Canada's Economic Action Plan (CEAP). This investment will carry through 2010-2011 also and make a significant impact in the provision of adequate, suitable and affordable housing to residents of the NWT.

We are committed to improving NWT HC programs and services through actions such as these and look forward to another busy year of housing construction that will benefit NWT residents in need.

A handwritten signature in black ink that reads "Robert C. McLeod".



# Message from the President/CEO

Jeff Polakoff, President and CEO of the Northwest Territories Housing Corporation

I am proud to reflect on the key highlights that were achieved during the 2009-2010 year, such as the Northern Housing Forum, the large housing infrastructure investment by the federal and territorial governments, and the transfer of the responsibility for the Public Housing Rental Subsidy (PHRS) back to the NWTCH.

The NWTCH, with support from Canada Mortgage and Housing Corporation (CMHC), hosted the Northern Housing Forum in Inuvik (NHF), March 2010. The purpose of the Northern Housing Forum was to create a venue for sharing northern housing issues, challenges, and solutions. It highlighted northern housing research, design, and construction while fostering relationships with others involved in the northern circumpolar housing industry. The NHF attracted a wide range of people including designers, architects, planners, researchers, builders, policy developers, suppliers, housing professionals and representatives from other circumpolar regions, territories, and countries. Feedback from those who attended the forum indicate the event was very successful. Compliments on the organization of the event, as well as, the relevance of the content of the various presentations were received. A copy of the presentations that were made available to the NWTCH are now posted on our website ([www.nhf2010.ca](http://www.nhf2010.ca)).



Through Canada's Economic Action Plan (CEAP) and the Affordable Housing Initiative (AHI), Canada Mortgage and Housing Corporation, with matching investment through the NWTCH, provided capital investment to increase and improve the supply of affordable housing in the NWT. This commitment made a significant, positive impact on the overall housing situation throughout the territory. 460 new housing units have been built under the NWTCH's Affordable Housing Initiative (over the period 2006-2007 up to and including 2009-2010) with an additional 41 housing units scheduled for completion in 2010-2011. Under CEAP, the NWTCH has planned for the construction of 207 units and the renovation or repairs to approximately 1,200 of the NWTCH's social housing units, over a three year period. In year one (2009-10), 114 new units have been constructed and there have been repairs/renovations to 226 units.

The administration of the Public Housing Program's PHRS has come under significant scrutiny since it was transferred in 2006 from the NWTCH to the Department of Education, Culture and Employment (ECE). It has been determined that change is needed to focus on improvements to local client service. The administration of PHRS will be phased into the NWTCH and LHO operations over the course of the 2010-2011 fiscal year. The NWTCH will assume the responsibility for assessments on June 1, 2010 and the transfer of the administration of PHRS to the NWTCH will be completed and program changes implemented by April 1, 2011.

The NWTCH and ECE are currently finalizing a strategic workplan to guide the transfer and development of any necessary tools related to activities associated with the transfer of the PHRS to the NWTCH to achieve full implementation by April 2011. The NWTCH has developed a planning and tracking tool for the strategic workplan for the transfer of PHRS. This plan has not yet been released but will cover all the outstanding issues of the program transfer, including a communications plan. By continuing to invest in housing infrastructure and improving the NWTCH's programs and services, we hope to capitalize on these improvements for the benefit of northern housing.

A handwritten signature in black ink, appearing to read 'Jeff Polakoff', written in a cursive style.





# TABLE OF CONTENTS

Corporate Profile	1
Corporate Structure	2-4
Housing Infrastructure Investment Through CEAP and the NWTHC	5
2009 NWT Community Survey	6
2009 Housing Needs Results	7
Responsibility for the Public Housing Program rent assessment	8
2010 Northern Housing Forum	9
NWTHC official builder of EnerGuide rated homes	10
Trades Training in Tuktoyaktuk and Aklavik	11-12
From Rental to Homeowner	13
Our People Profile: Tom Gross	14
District Profile: Beaufort Delta	15
Long Service Awards	16
Appendix A: Financials	17



# Corporate Profile

---

## OUR VISION

The Northwest Territories Housing Corporation (NWTHC) provides access to adequate, suitable and affordable housing. Through the provision of housing programs and services, the NWTHC contributes to the health and education of NWT residents and to the development of sustainable, vibrant and safe communities.

## OUR GOALS

The long-term goals of the NWTHC support the goals set out by the 16th Legislative Assembly in its strategic plan “Northerners Working Together”:

1. Increase the supply of adequate, suitable and affordable housing in communities to address the housing needs of NWT residents;
2. Acquire and plan for sufficient land for the purpose of providing affordable housing;
3. Provide homeownership and rental programs and services that are effective and appropriate;
4. Enhance the long term sustainability and energy efficiency of housing in the NWT, and;
5. Promote personal responsibility and accountability for housing through community based training and support.

---

## Framework for Action 2008-2011

The NWTHC’s Framework for Action 2008-2011 sets out the following guiding principles:

- All residents of the Northwest Territories should have access to housing that they can afford, that is of suitable quality, and that is adequate to meet their individual shelter needs.
- Housing should be a key component in the development of safe, healthy and sustainable Northern communities.

- Programs and services delivered by the NWTHC should provide easy access for clients and promote greater personal responsibility for housing through community based training and support.
- Public funds designated for housing should be used in a manner that ensures the security of investments made, maximizes available resources, and balances affordability with the utilization of local labour and materials.
- Housing should be constructed in a manner which meets all national and territorial construction standards, maximizes energy efficiency, minimizes environmental impact, and contributes to lowering the cost of living.
- The NWTHC should clearly communicate with stakeholders, and ensure that the input and views of stakeholders are heard and are acted upon.



# Corporate Structure of the Northwest Territories Housing Corporation (NWTHC)

## Corporate Summary

The Northwest Territories Housing Corporation provides social and market housing programs and services, including subsidized rental housing, subsidized homeownership programs (including purchase and repairs), and the provision of 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 Corporation incorporates energy efficient technologies in its housing design and in the retrofitting of housing to improve its sustainability and energy efficiency. The Corporation continues to work in partnership with the Canada Mortgage and Housing Corporation (CMHC) to cost – share the development and improvement of housing infrastructure across the NWT. At the community level, the Corporation partners with Local Housing Organizations, municipalities and bands to manage and administer the public housing portfolio in 26 communities.

## Divisions

1. Executive – The Executive provides overall leadership and management of the NWTHC and coordinates with government departments and agencies in addressing the housing needs across the NWT. This includes the provision of essential oversight and direction of the NWTHC in strategic planning, policy, corporate communications and operations. The Executive is also responsible for providing support to the Minister Responsible for the Northwest Territories Housing Corporation in carrying out the strategic direction of the Legislative Assembly.

o Strategic Planning, Policy and Communications - The Strategic Planning, Policy and Communications Branch of the Executive provides support with regard to long-term strategic direction and planning for the NWTHC. This Branch is also responsible for strategic and business planning, policy development, qualitative and quantitative research, and corporate communications. This section represents the NWTHC on a Federal/Provincial/Territorial (F/P/T) level, on interdepartmental working groups, and on other committees.

2. Finance and Infrastructure Services Division – The Finance and Infrastructure Services Division is comprised of two branches: 1) Finance and Administration; and, 2) Infrastructures Services. Through these two branches, the Division manages and administers the NWTHC's financial services, capital planning, land acquisition and planning, information services, asset management and infrastructure delivery.





o Finance and Administration Branch- This Branch has oversight of the financial affairs of the Corporation and LHOs includes controllership functions, financial planning, capital planning and budget development, the provision of accounting services, reporting and monitoring, treasury services, audit support, mortgage and debt administration, revenue administration, and providing financial advice to senior management and stakeholders. Finance and Administration is also responsible for the Corporation's information systems, information management, and safeguarding the Corporation's assets, which includes mortgage interests.

o Infrastructure Services Branch - The Branch is responsible for the planning, design, procurement, and leads the delivery of capital infrastructure projects in support of the Corporation's rental and homeownership programs. This Branch is also responsible for planning for and acquiring tenured lands and for land administration in support of the Corporation's construction activities. Infrastructure Services is also responsible for the Maintenance Management Program of the Corporation's rental housing portfolio in order to ensure its long-term sustainability and energy efficiency.

3. Programs and District Operations - This Division provides corporate support to the NWTCH'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 optimize the NWTCH's responsiveness to housing needs in the NWT, and to ensure a continuity of approach to program delivery and implementation. The Programs and District Operations Division works closely with district and community housing providers, Local Housing Organizations (LHOs), to ensure compliance with existing policies and procedures, as well as developing and updating operational policies while ensuring that District Offices and LHOs have the support and capacity required to effectively deliver the NWTCH's programs and services.

o NWTCH District Offices - The five District Offices support communities in program and service delivery. District Offices are responsible for the administration of district capital activities and program delivery. District Offices also play a pivotal role in lands acquisition and development, maintenance, and training, and work closely with external stakeholders at the community level. District Offices work with LHOs and NWT residents to identify options and programming to assist individuals in decision making regarding their housing needs. An important component of the relationship between districts and clients are the services related to mortgage advice and counseling, as well as services provided to clients under the Homeownership Entry Level Program (HELP) designed to prepare them for future homeownership.

**Beaufort-Delta District Office:**

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

**Sahtu District Office:**

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



### **North Slave District Office:**

This District Office supports the communities of: Behchoko, Dettah, Gameti, Lutselk'e, N'dilo, Wekweeti, Whati, and Yellowknife.

### **South Slave District Office:**

This District Office supports the communities of: Enterprise, Hay River, Hay River Reserve, Kakisa, Fort Providence, Fort Resolution, Fort Smith, and Salt River Reserve.

### **Nahendeh District Office:**

This District Office supports the communities of: Fort Liard, Fort Simpson, Jean Marie River, Nahanni Butte, Trout Lake, and Wrigley

### **Local Housing Organizations (LHO)**

LHOs, operating as agents of the NWTHC, are responsible for the administration of social housing rental units in the majority of the communities across the NWT. This includes public housing units as well as rental units under the Social Housing Agreement between NWTHC and Canada Mortgage and Housing Corporation (CMHC). 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. The NWTHC, in partnership with 23 LHOs, administers approximately 2,400 social housing units in 26 communities across the NWT. LHOs provide, under agreement with the NWTHC, 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. Each local housing organization has an advisory board which oversees LHO operations. The NWTHC's district offices are responsible for these operations in communities without an LHO.

- Aklavik Housing Association
- Behchoko Ko Gha K'òdèè
- Deline Housing Association
- Fort Liard Social Housing
- Fort McPherson Housing Assoc.
- Fort Providence Housing Assoc.
- Fort Resolution Housing Authority
- Fort Simpson Housing Authority
- Fort Smith Housing Authority
- Hay River Housing Authority
- Katlodeeche First Nation
- Inuvik Housing Authority
- Lutselk'e Housing Authority
- Norman Wells Housing Authority
- Paulatuk Housing Association
- Radilih Koe Housing Association
- Sachs Harbour Housing Assoc.
- Tsiigehtchic Housing
- Tuktoyaktuk Housing Assoc.
- Tulita Housing Association
- Ulukhaktok Housin Association
- Yellowknives Dene Band
- Yellowknife Housing Authority

# Housing Infrastructure Investment Through CEAP and the NWTHC

In 2009 the federal government, through Canada's Economic Action Plan (CEAP) announced the provisions of approximately two billion dollars over two years to address the need for housing across Canada. In recognition of the distinctive needs of the North, CEAP provides \$200 million, over two years. This includes \$50 million for the Northwest Territories (NWT) to support the construction of new social housing units and to upgrade existing units. This will not only assist in providing affordable housing but also provide an immediate economic stimulus to the NWT, especially in smaller communities.

As part of its effort to reduce the cost of living and improve housing conditions in its communities, the Government of the Northwest Territories (GNWT), through the Northwest Territories Housing Corporation (NWTHC), has committed to match the federal investment to housing in the territory; bringing the total investment to \$110 million, between the two levels of government. The federal commitment to housing in the NWT is substantial and has required significant adjustments to NWTHC's delivery plans for 2009-10 and 2010-11 in order to fast-track previously planned delivery and to identify new projects. Specific and substantial investments in housing in the North need to be made on a more predictable and sustainable basis. The recent 2009 Community Needs Survey in the NWT suggests that the investments made over the last four years have not reduced the level of core need in many communities. The GNWT and NWTHC continue to urge the federal government for continued sustainable funding on housing.

## An example of the many projects funded through this investment includes renovations to Northern United Place (NUP)

In July 2009, The NWTHC and Canada Mortgage and Housing Corporation (CMHC) provided the NWT Community Services Corporation with \$495,000 to retrofit the Northern United Place (NUP). The \$495,000 contribution was shared equally between the NWTHC and CMHC and was used to replace the siding on the building, replace windows, and to purchase and install a new boiler system. This work was completed in October 2009.



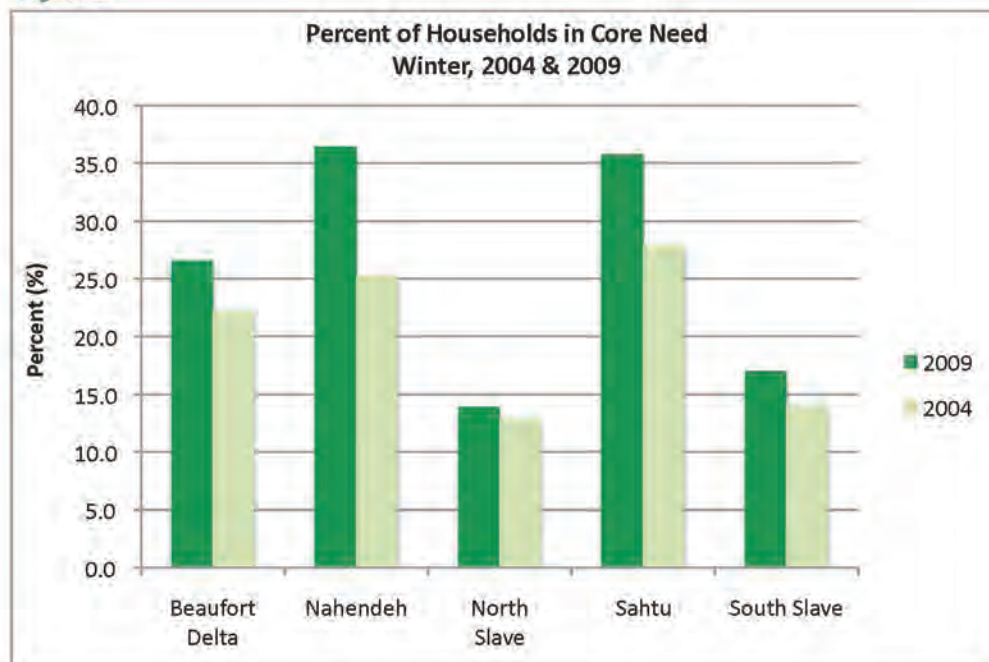


# 2009 NWT Community Survey

## Housing Needs Component – Highlights

The Northwest Territories Community Survey is conducted as part of the NWTCHC's legislated mandate to address and to continue to improve the state of housing across the NWT. The 2009 NWT Community Survey – Housing Component is a tool to monitor changes in housing conditions, assist in targeting resources to communities, guide program development for specific housing programs, and identify the incidence of need through various demographic groups across the NWT.

Figure 1



The 2009 NWT Community Survey – Housing Component shows that 19% of dwellings are now considered to be in core need. A household is in core need when it has a housing problem and an income below the Core Need Income Threshold (CNIT). The survey is conducted every five years and the survey data shows the housing need in the communities. The graph below illustrates these results.

These results indicate an increase in the number of households in core need between the years 2004-2009, from 16% to 19% despite the significant investment in housing infrastructure in recent years. It is clear that this level of investment is still not sufficient to keep up with the evolving housing conditions in NWT communities.



# 2009 Housing Need Results

- The Nahendeh and Sahtu districts have the highest proportion of households in core need (36%)
- Core need rose between 2004 in all 5 districts.
- Eight communities in the NWT saw their overall core need decline from 2004 to 2009. Those communities are Fort McPherson, Sachs Harbour, Tsiigehtchic, Norman Wells, Hay River, Hay River Reserve, Lutsel K'e and Kakisa.
- Four communities (Fort McPherson, Sachs Harbour, Tsiigehtchic and Kakisa) now have less than 30% of their households in core need.

Recent Federal investment in housing infrastructure, through the Northern Housing Trust and Canada's Economic Action Plan, which was matched by the Government of the Northwest Territories, has assisted the territories in addressing core need. However, long-term predictable funding from the federal government is needed:

- o to ensure a sufficient supply of affordable and social housing that recognizes the diverse and growing housing needs, priorities and conditions of the Territories; and,

- o for the operation and maintenance funding to ensure the viability of the public housing units across the NWT.

The Federal government's current per capita social housing funding formula is also not sufficient to address the increasing housing needs of the NWT. It is important for funding arrangements to take into account the higher cost of providing programs and services to northern remote communities. There is also a higher level of need in the territories as compared to southern jurisdictions.

The NWT continues to work with its Yukon and Nunavut partners to urge the Federal government, through Canada Mortgage and Housing Corporation (CMHC), of the need for a new approach to Northern Housing including long-term predictable funding, allocated according to need rather than per-capita, and including funding for operation and maintenance of the public housing units.





## *Responsibility for the Public Housing Program Rent Assessment*

On June 1, 2010 the Government of the Northwest Territories will return the responsibility for Public Housing Program rental assessments to the Northwest Territories Housing Corporation (NWT HC). The Department of Education, Culture and Employment (ECE) currently has responsibility for assessing tenant income in order to calculate monthly public housing rent. The administration of the Public Housing Rental Subsidy (PHRS) by the ECE will be transferred back to the NWT HC. The Local Housing Organizations (LHOs), as agents of the NWT HC in the delivery of the Public Housing Program in 26 communities, will be conducting these assessments.

In the months leading up to the June 01, 2010 transfer, the number of assessments conducted by ECE declined from 73% in January 2010 to 65% on May 2010. Public housing tenants who were not assessed for the PHRS subsidy were assessed maximum unit rent. All public housing tenants must report their monthly income because public housing rent is assessed as a percentage of monthly income. If income is not reported, the maximum rent is charged, as the LHO does not know the amount a client should receive as a subsidy.

Upon the June 1st transfer, ECE and the NWT HC will implement a process for rent reassessment by the LHOs. Public housing tenants have an opportunity to have their rent reviewed for the period of time when the NWT HC was not responsible for rent assessments. This will assist in determining if any corrections are required. The Northwest Territories Housing Corporation (NWT HC) and ECE continue to cooperate in providing assistance to those LHOs requiring additional support and assistance to complete rent re-assessments.



# 2010 Northern Housing Forum

The 2010 Northern Housing Forum (NHF) was hosted jointly by the Northwest Territories Housing Corporation (NWTCHC) and Canada Mortgage Housing Corporation (CMHC). Delegates from countries as far away as Norway, Scotland, Finland and the United States joined participants from across Canada on March 22- 25 in Inuvik. It was the latest in a series of Northern Housing Forums hosted in various circumpolar countries and the first time it was held in Canada. The theme of the forum, “Sustainable Solutions: The Future of Northern Housing” attracted a wide range of people including designers, architects, planners, researchers, builders, policy developers, suppliers, housing professionals and representatives. The NHF is an alliance of private and public sector organizations with the shared vision of bringing together experts in northern housing currently addressing the challenges of constructing northern shelter and empowering northern communities to build energy efficient, sustainable, culturally and geographically appropriate, healthy homes and communities. For much of the 20th century, housing in cold climates was addressed by technologies and materials from temperate climates, often with little understanding of how these might perform in extreme cold conditions. In the 21st century, climate change, rising energy costs, declining fossil fuel resources and other external pressures make it imperative to find innovative and appropriate solutions to these problems.

Over 150 people attended the NHF, creating a venue for sharing current and relevant northern housing issues, challenges, and solutions. It was a forum where projects across the Circumpolar Arctic could be highlighted to show advancement in research, design and technologies that work in the NWT and other northern regions.

Keynote speakers and panelists from around the circumpolar north addressed building sustainable and appropriate buildings and communities, energy efficient technologies and materials, building science, energy systems and alternative energy options. Forum Sessions included:

- o Climate Change and Adaptation Strategies for the North
- o Strategies for Existing Buildings
- o Costing Lessons and Strategies
- o Capacity Building in Northern Communities
- o Slices of Time (Past & Present Northern Housing Projects)
- o Northern Design

The NWTCHC’s commitment to reduce fossil fuel consumption, by retrofitting our existing buildings and building new homes, exceeds Canada’s most stringent energy efficiency standards. The NHF is one way to help the NWTCHC and other participants learn what is working, what to avoid as we move forward, and share what we know about building homes in the north. The next NHF is to take place in Norway. The NWTCHC, Alaska Housing Financial Corporation (AHFC), and CMHC have committed to work with the Norwegian delegation to provide assistance in organizing the next NHF.



## *Natural Resources Canada accepts NWTCHC as an official builder of EnerGuide rated homes*

Natural Resources Canada has granted the NWTCHC a license that officially recognizes the NWTCHC as a builder of EnerGuide rated homes. This recognition signifies that the NWTCHC is a builder of houses that meet or exceed the minimum requirements for high energy efficiency under the EnerGuide for Houses initiative. After taking into consideration the commitment made by the NWTCHC to build the Northern Sustainable House to an EnerGuide rating of 80 or better, the license was granted on March 15th, 2009.

Natural Resources Canada established the EnerGuide for Houses as a system and means for measuring energy efficiency. Resources Canada's website states that the EnerGuide Rating System (ERS) "is calculated based on standard operation assumptions so that you can compare the energy performance of one house against another. The EnerGuide rating system is a standard measure of a home's energy performance that provides a score from EGH 0 to EGH 100. A rating of 0 represents a home with major air leakage, no insulation and extremely high energy consumption. A rating of 100 represents a house that is airtight, well insulated, sufficiently ventilated and requires no purchased energy on an annual basis. An average 20-year home in Canada will typically score 66 on the EnerGuide scale. NWTCHC houses typically score higher than the national average with energy profiling indicating that NWTCHC current house designs rate at approximately EGH 77 and houses constructed in 1985 rate at EGH 72.

To become an officially recognized EnerGuide builder, an independent advisor must be brought in to evaluate a project either underway or completed to ensure the builder can meet the standard. In the case of the Northern Sustainable House in Inuvik, an advisor was provided by the Arctic Energy Alliance to model all the energy-using aspects of the proposed home. The results indicated that once completed, the Northern Sustainable House was expected to achieve an EnerGuide Rating of 88.

The license allows the NWTCHC to promote the EnerGuide for Houses program, and include the EnerGuide Rating System as part of its marketing activities. It also means that all new structures constructed by the NWTCHC must meet, or exceed, the EnerGuide standard.



# Trades Training in Tuktoyaktuk and Aklavik

The Northwest Territories Housing Corporation (NWT HC), in partnership with Aurora College (AC) in Inuvik, provided hands-on trades training at the community level in both Tuktoyaktuk and Aklavik during 2009-2010. Both communities have high incidences of unemployment. Only 44% of Tuktoyaktuk's population and 36% of Aklavik's population are employed (2009 Community Statistics). The hope of the project was that residents of the community would gain experience in the construction trade and be able to work on other projects and/or pursue apprenticeships.



The availability of qualified labour is a critical issue to the success of the NWT HC's delivery of programs and services in NWT communities, and the NWT HC recognizes the need to support increased trades and skills training options for people interested in pursuing a career in construction. Projects such as this will have positive long term and short term benefits for both organizations. The NWT HC will have projects completed at a reduced cost and Aurora College can train their students on a real construction site.

## Tuktoyaktuk

The agreement between NWT HC and Aurora College was finalized and signed in June 2009. It was a 22 week training program based on Aurora College's accredited Building Trades Helper (BTH) program. There was classroom training followed by 12 to 16 weeks of hands-on training to construct a new 2-bedroom house. Classroom instruction was based out of Aurora College's Mobile Trades Training Lab. The NWT HC supplied a housing material package for the students' building project. The NWT HC retained ownership of the completed unit and the house was allocated to a client through the NWT HC's Housing Choices program as a 'Homeownership Entry Level Program' (HELP) unit.

NWT HC's contribution:

- Provided a 2-bedroom detached material package.
- Provided a NWT HC owned lot for the construction of this unit.
- Provided gravel for the building foundation pad.
- Provided the power and heat (fuel oil) for the house at the jobsite.
- Finished the construction of the unit after the BTH program was complete.

Ten students successfully completed the program. Although construction is generally a male dominated profession, one female student participated as well. Students built the entire frame and completed all the roofing for the house over a period of eight (8) weeks working six (6) hours a day. Everyone that undertook the training are now registered by the local voluntary employment registry. For the NWT HC, it was a cost effective venture, saving the NWT HC between \$15,000 - \$20,000 in labour costs. The remaining work was subcontracted to a local contractor who was encouraged to hire from among the students participating in the training. As the first innovative collaborative project of its kind, it was a success and seen as a model/template that could be incorporated in other communities. At least one student has gone on to register for Aurora College's pre-apprenticeship carpentry program.



## Aklavik

The NWT HC continues to support training in the construction field by partnering with Aurora College in Inuvik on a renovation project in Aklavik. This is the second partnership with Aurora College (Inuvik Campus) this year. Similar to the project in Tuktoyaktuk, Aurora College provided the instruction, students and on-the-job training, while the NWT HC provided the job site and materials. There was classroom training followed by 12 to 16 weeks of hands-on training renovating a 3-bedroom house.



NWTHC's contribution:

- Provided a 3-bedroom unit that required renovation.
- Provided materials required for the renovation.
- Provided the power and heat (fuel oil) for the house at the jobsite.
- NWTHC will finish the renovation of the unit after the BTH program is completed.

Ten students successfully completed the course. Students 'gutted' the interior of the building; removing all the studding, flooring, drywall, removing materials, removing windows and two exterior doors. They then replaced the windows and doors, rebuilt the interior framing and added a new beam foundation. The NWTHC retained ownership of the completed unit.

This innovative approach to trades training is of benefit to both partners, as well as a meaningful way of contributing to economic sustainability in the communities through the training and employment of community members. Positive life skills learned by participants in the projects, included: teambuilding, how to take direction and take initiative.

The NWTHC obtains an asset at a reduced cost of production and in the future may also realize a reduced or sustainably constant cost level of contract bids with the utilization of more local workers. The communities in the Beaufort Delta region gained potential experienced workers in the construction trade and may increase the capacity for a local contractor which could help decrease construction costs. The NWTHC's Local Housing Organizations (LHO) gained potential new full/part-time employees with training and experience, and local and regional contractors may gain future workers.

# From Rental to Homeowner

Margaret Lafferty was born and raised in Fort Simpson. The life-long resident has made her home in the community. She has also been a tenant of the Northwest Territories Housing Corporation (NWTHC) until recently when she made the move to become a homeowner, having successfully completed one of the NWTHC's homeownership programs.

"We first moved here as (renters)," said Mrs. Lafferty. She said her family moved into the home in 1971 and has now purchased the home through an NWTHC homeownership program. After renting her home for over thirty years, Lafferty was accepted to the homeownership program. She explained that she and her family had been renting the house for so many years they asked the NWTHC if they could purchase it.

The objective of the NWTHC's homeownership programs, is to assist NWT residents in need with a forgivable loan to purchase or rent to purchase a modest home. On August 1, 2011 Mrs. Lafferty earned her forgiveness for the loan provided to her under one of the NWTHC's homeownership programs. The mother of ten said the NWTHC staff has been very helpful.



"They did repairs for me here," she said. "They made sure my furnace was OK, gave me a new fuel tank and put new roofing on the house. That was really good." The NWTHC is pleased that Mrs. Lafferty has reached her goal of becoming a homeowner and had such success with the homeownership program.

NWT residents interested in homeownership can apply to the NWTHC for assistance under its Housing Choices homeownership programs. The Homeownership Entry Level Program (HELP) provides assistance to potential first-time home buyers. Clients who are not able to secure mortgage financing or are unsure of their responsibilities as homeowners are provided the opportunity of experiencing homeownership commitments before purchasing a home.

There is also the Providing Assistance for Territorial Homeownership (PATH) program that provides individuals the chance to become homeowners by assisting in the construction or purchase of a modest house. Clients also obtain additional funding from an approved financial institution or other verifiable sources.

Anyone interested in the NWTHC's programs should contact their NWTHC District Office or call 1-866-956-9842 to find out when the intake period for applications takes place.

Further information is also available at [www.nwthc.gov.nt.ca](http://www.nwthc.gov.nt.ca)

# OUR PEOPLE

## Tom Gross

With a life-long interest in architecture and design, Tom Gross has spent his career working in housing in the north. Tom, the Northwest Territories Housing Corporation's (NWTHC) Senior Technical Advisor out of the NWTHC's South Slave office, based in Hay River, is responsible for major capital projects that are undertaken by the Local Housing Organizations in the South Slave communities. He has been with the NWTHC for over 30 years.

Tom first came to the Northwest Territories from Ontario in 1977, sparking a love and interest in the north that would last a lifetime. He was just a teenager when he first arrived in the NWT, gaining employment with a construction company that sent him to build public housing in Ulukhaktuk, which at the time known as Holman. He also went to Cambridge Bay in the eastern arctic to work for the same construction company. The son of a carpenter, it seemed natural that Tom would also have a career in building.

In 1979 Tom went back to Ulukhaktok to work administering and maintaining public housing for the Holman Housing Association, which was an agent of the NWTHC.

Tom was at the forefront of real changes to housing in the territory. He witnessed the transition from "matchbox" houses, basic housing with no running water or much insulation, to houses with plumbing and electricity. He said it was very interesting to be in the north during this transition period.

In 1984 Tom relocated to Cambridge Bay to work as a Technical Coordinator for the NWTHC, where he oversaw maintenance for the Kitikmeot region. He moved up to the position of Maintenance Manager two years later.

In 1994, after spending roughly ten years in Cambridge Bay, Tom moved to Hay River, initially as a project officer and a land officer, eventually moving into his current position. He is the supervisor of two technical advisors. He and his team see to the tendering and completion of projects from start to finish. For example the construction, renovation and repair of homes, whether they are for the NWTHC's homeownership and public housing program or private dwellings. They also help the Local Housing Organizations (LHOs) with maintenance and repairs of public housing units, and conduct monitoring and inspections of all projects.

Tom said design and energy efficiency are his passion, specifically new developments that can reduce energy costs. He said he keeps an eye on new technology and if it can be incorporated into what the NWTHC is doing.







## *Beaufort Delta District Profile*

Loretta Hopkins is the Northwest Territories Housing Corporation's District Director for the Beaufort Delta, which is comprised of eight communities: Inuvik, Aklavik, Fort MacPherson, Tsiigehtic, Tuktoyaktuk, Sachs Harbour, Ulukhaktuk, and Paulatuk. The Beaufort Delta district, with the main office located in Inuvik, has the distinction of being the most northerly district, with many of its communities located above the Arctic Circle.

Hopkins said that of all the Housing Choices programs, Homeownership Entry Level Program (HELP) has been most vital to the communities in the Beaufort Delta. HELP provides assistance to prospective first-time homebuyers who are unable to get a mortgage or are unsure of the responsibilities that come with owning a home. The program, part of the suite of Housing Choices, provides the opportunity to experience homeownership commitments before purchasing a home. According to Hopkins, the biggest challenge is delivering housing programs to the most northerly communities, specifically Paulatuk, Ulukhaktuk and Sachs Harbour. Those three communities can only have construction materials brought in by barge during the fall months, meaning construction season is in winter. Hopkins also noted the difficulties in cost when dealing with the three communities, which are only accessible by plane. She said it makes it hard to deliver housing programs, particularly Contributing Assistance for Repairs and Enhancements (CARE), as the cost of flying in a contractor alone is very expensive. The Beaufort Delta does have an advantage in that a lot of their staff have been in their jobs for a very long time, which has allowed them to build strong, long-term relationships with the residents and community governments.

In March 2010 the Northern Housing Forum (NHF) was hosted by the Northwest Territories Housing Corporation (NWTHC) with support from the Canadian Mortgage and Housing Corporation (CMHC), in Inuvik. Hopkins said it was well received, with attendees coming in from all over the circumpolar regions of the world. Hopkins said the Aklavik Drummers and Dancers were an entertainment highlight for the forum, with one of the members also being an employee of the Aklavik Local Housing Organization. The forum was hailed as a success, attracting over 150 delegates, including architects, energy experts, contractors and city planners. The goal of the NHF was to generate discussion and explore northern housing issues and solutions, and foster relationships between individuals involved in the circumpolar housing industry. Reports from attendees said the forum was well organized and that the various presentations were current and the information was valuable.

# Long Service Awards

## **FIVE YEARS**

Jody Chatman  
Property Management Administrator  
Finance and Administration

Loraine Hewlett  
Program Development Specialist  
Programs and District Operations

John Kivi  
Technical Manager  
Sahtu District Office

Anita Lenoir  
Senior Lands Officer  
Infrastructure Services

Lorayne Menichoche-Moses  
Programs Advisor  
Nahendeh District Office

Doris Minoza  
Directors Secretary  
South Slave District Office

Terry Piwowar  
Technical Advisor  
South Slave District Office

Charles Sanders  
Policy Analyst  
Strategic Planning, Policy and Communications

## **TEN YEARS**

Ian Henderson  
Manager, Construction Services  
Infrastructure Services

Chris Hewitt  
Director  
Nahendeh District Office

Cheryl Kaglik  
Administrative Assistan  
Beaufort-Delta District Office

Scott Reid  
Director  
Infrastructure Services

## **TWENTY-FIVE YEARS**

Glen Collins  
Technical Officer, Architectural  
Infrastructure Services

Colin Kipling  
IT Systems Specialist  
Finance and Administration



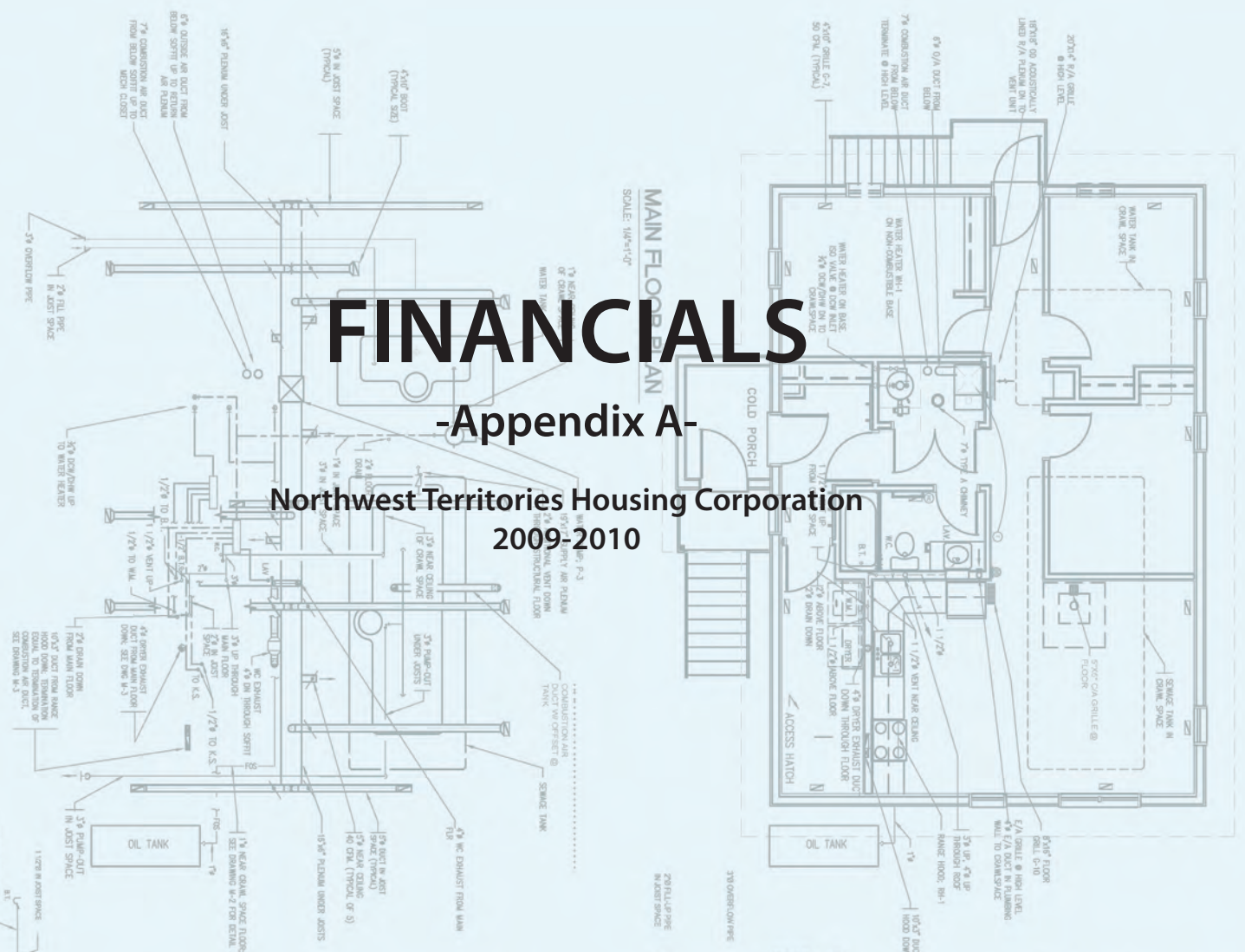


# FINANCIALS

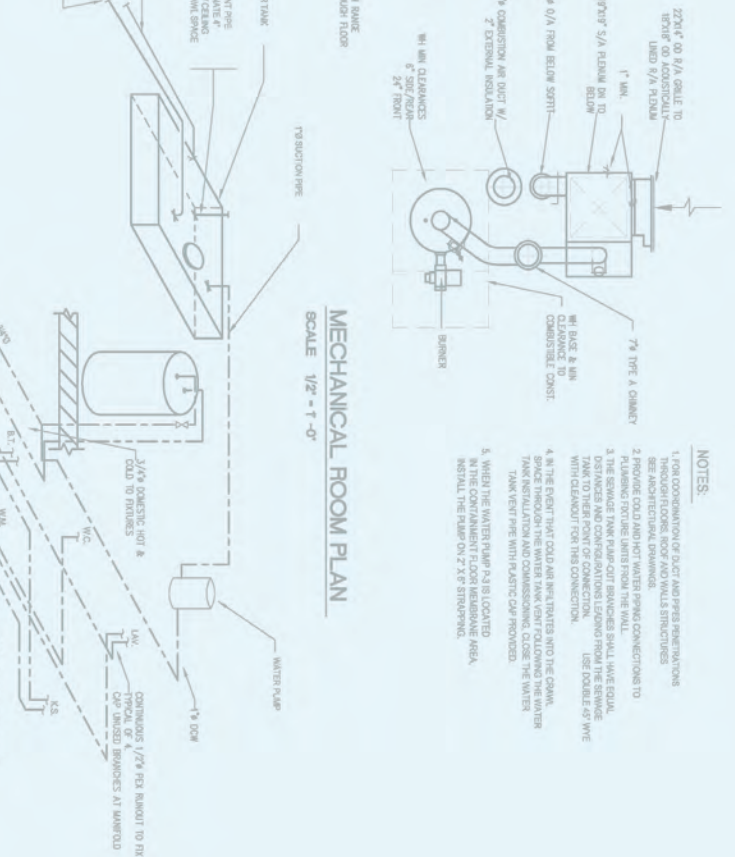
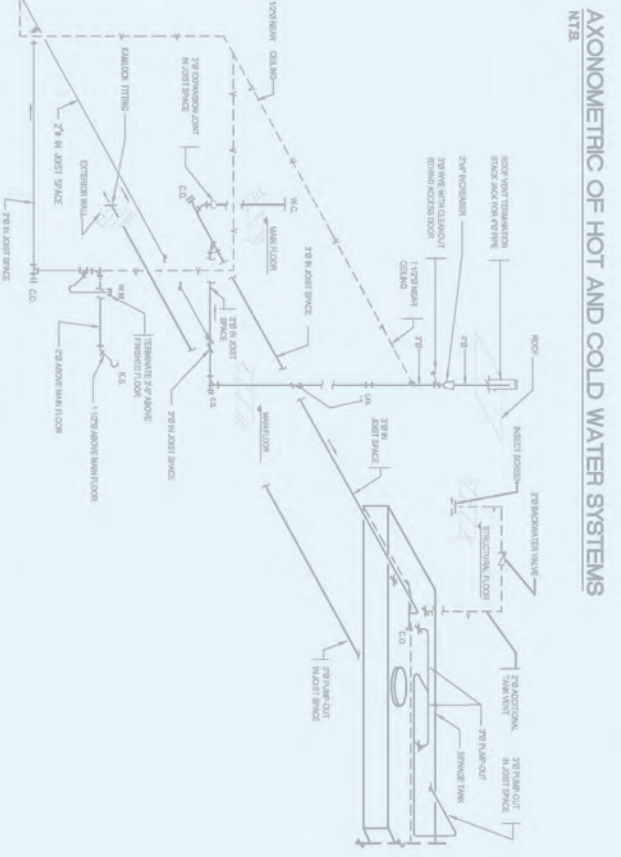
## -Appendix A-

### Northwest Territories Housing Corporation 2009-2010

CRAWL SPACE PLAN  
SCALE: 1/4"=1'-0"



AXONOMETRIC OF DRAINAGE AND VENTING SYSTEMS  
N.T.S.



- NOTES:
1. FOR CONNECTION OF DUCT AND PRESS PENETRATIONS THROUGH FLOOR, ROOF AND WALLS STRUCTURES SEE ARCHITECTURAL DRAWINGS.
  2. PROVIDE COOL DRY AIR DUCT WATER SPRING CONNECTIONS TO THE MECHANICAL ROOM.
  3. THE BRANCH LINE FROM THE MAIN DUCT SHALL HAVE EQUAL DISTANCES AND CONNECTIONS LEADING FROM THE SWIRGE TANK TO THE POINT OF CONNECTION. USE DOUBLE 45° W/VE WITH CLEANOUT FOR THE CONNECTION.
  4. IN THE EVENT THAT COLD AIR INTRUSION INTO THE CRAWL SPACE THROUGH THE WATER TANK (NOT FOLLOWING THE WATER TANK INSTALLATION) AND COMBUSTION GASES FROM THE WATER TANK VENT PIPE WITH POINTS OF PENETRATION.
  5. WHEN THE WATER TANK P-1 IS LOCATED IN THE CONTAINMENT FLOOR REARWARD AREA, INSTALL THE TRAP ON 2" X 6" STRAPPING.

# Management Discussion and Analysis

## Fiscal Year 2009-2010

### Highlights

#### Affordable Housing Initiative

During fiscal year 2009-2010, the Northwest Territories Housing Corporation (NWT HC) and Canada Mortgage and Housing Corporation (CMHC) signed an amendment to the Affordable Housing Initiative (AHI) Program Agreement under Canada's Economic Action Plan (CEAP). This amendment to the AHI Program supports building new affordable housing and assists low-income households with needed renovations to their homes across the north. It enables the Corporation to receive funding of \$58 million in total from CMHC over a two-year period. The Government of Northwest Territories also committed \$58 million to the Corporation to match the funding from CMHC, with \$8 million required to be cost-shared as per the terms of the AHI Agreement.

For fiscal year 2009-2010, the AHI Program supported construction of 114 new units and renovation of 226 existing units under the public housing and homeownership portfolio, with \$28 million spent to date. A further 169 new units and renovations to 387 existing units are planned for completion during the next fiscal year.

#### Mortgage Payment Plan

The NWT HC has developed a collection initiative that provides opportunities for homeownership clients with mortgage arrears to become successful homeowners. The payment plan offers many of the same benefits realized under the Corporation's Housing Choices programs and is intended to improve the collections rates on the mortgage portfolio. All clients will be offered counseling on their mortgage through this plan and have the opportunity to select a payment plan that works for both the client and the NWT HC.

### Managing Risk / Pressures

The following table outlines the key pressures facing the Corporation and the strategies being employed to mitigate, to the extent possible, these risks:

Key Risks / Pressures	Mitigation Strategies
Declining CMHC Funding	<ul style="list-style-type: none"> <li>• Involvement with an inter-jurisdictional working group (provincial/territorial) to develop a strategic approach to engaging the Federal government.</li> <li>• Implementing a retrofit strategy that extends the design life of each public housing unit from 25 to 50 years by performing complete retrofits at years 20 and 35 after construction.</li> <li>• Build new multiplex units rather than fully detached units which are more cost effective to maintain.</li> </ul>
Increase in Core Need (Quality of Housing)	<ul style="list-style-type: none"> <li>• Continued allocation of funding under the Capital Budget towards the retrofit of the older public housing units.</li> </ul>

Increased Utility Costs	<ul style="list-style-type: none"> <li>Improved energy efficiency by having all new housing designs comply with the EnerGuide for Houses (EGH) 80 rating by 2010.</li> <li>Targeting all major retrofits to public housing units to be as close to the EGH 80 rating as possible.</li> <li>Build new multiplex units rather than fully detached units, which are more cost effective to maintain.</li> </ul>
Land Development Issues	<ul style="list-style-type: none"> <li>Continue to work with community governments and the Department of Municipal and Community Affairs (MACA) to identify and develop suitable land for residential construction.</li> </ul>

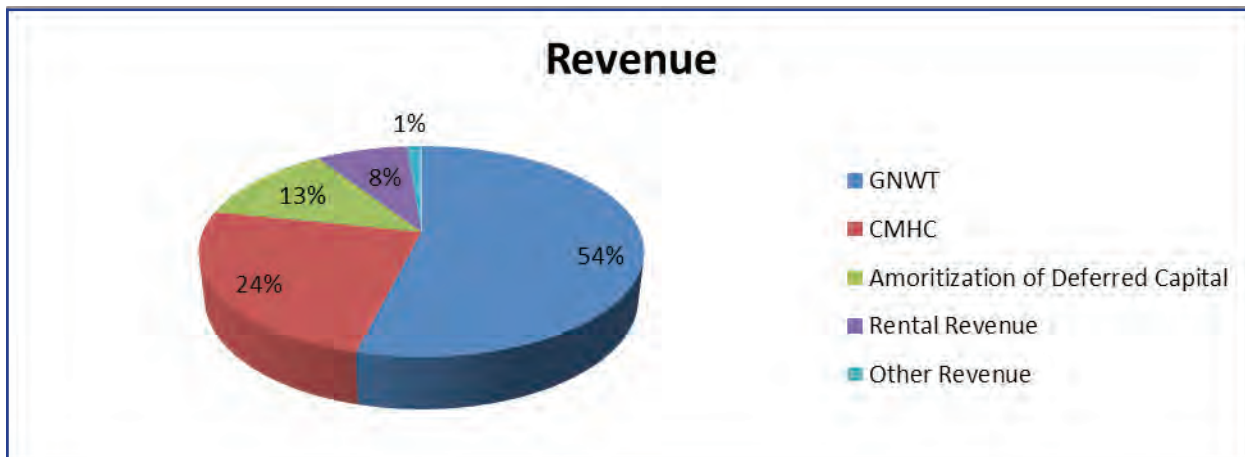
## Financial Results

### Revenues

Overall revenues for the Corporation were \$92.3 million in 2009-2010, an increase of \$0.6 million over the previous year's total of \$91.7 million. Government funding consisted of funding from the GNWT of \$49.8 million, federal contributions of \$22.4 million, as provided under the Social Housing Agreement (SHA) with CMHC, and the amortization of deferred capital funding of \$11.6 million.

In addition, the Corporation recorded \$24.8 million in funding under CEAP which was used to build and replace public housing during the current year as deferred capital funding.

Revenue generated from operations amounted to \$8.5 million in 2009-2010, of which \$7.3 million is the unsubsidized portion of rent revenue (tenant portion) received from public housing and homeownership rental programs. Other sources of revenue of \$1.2 million consisted of investment revenue, gain on disposal of tangible capital assets, mortgage interest revenue and other miscellaneous revenue and recoveries.



### Operating Expenditures

The Corporation's total operating expenditures for 2009-2010 were \$84.4 million, an 11% increase over the previous year (2008-2009 - \$75.8 million). The cost of operating the rental program was \$50.2 million which represents 59% of the annual operating costs of the Corporation.

Rental housing expenditures on utilities, taxes and land leases were \$19.3 million in 2009-2010, a slight increase over the \$18.9 million spent in 2008-2009.

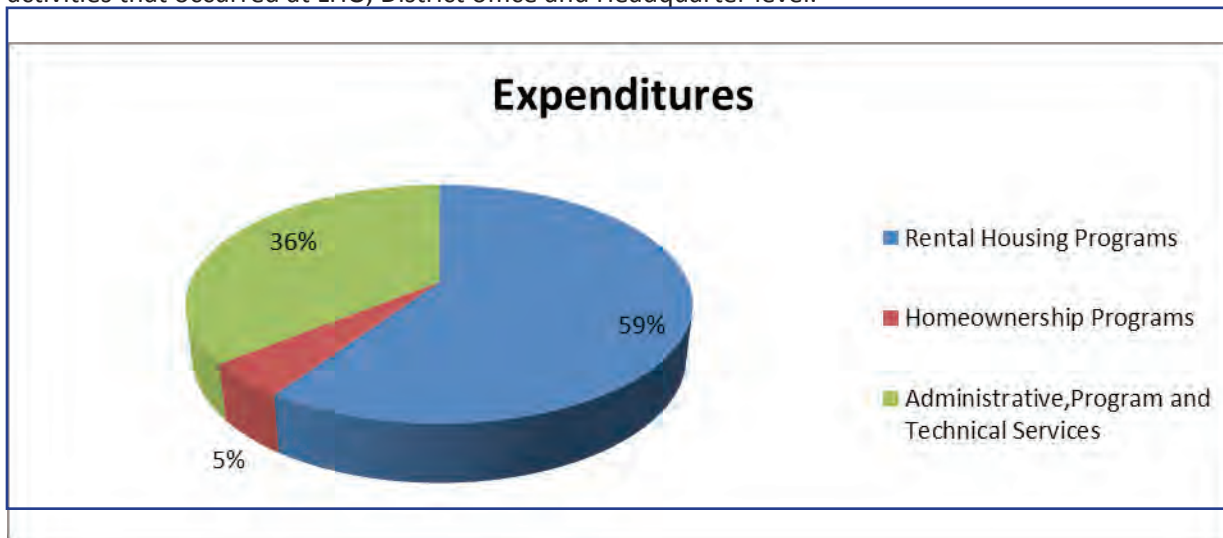
Building repairs and maintenance costs related to rental housing were \$8.8 million in 2009-2010, an increase of \$2.6 million from the \$6.2 million spent in 2008-2009. Funding under CEAP for renovations to social housing, cost shared by the NWT HC, resulted in additional funding available for minor improvement projects.

Homeownership assistance grants were \$4.7 million in 2009-2010, an increase of \$2.2 million over the previous year



amount of \$2.5 million. This funding is used for the provision of homeownership grants and contributions to support improvements to existing homeownership units. The Corporation also had a net recovery, related to mortgage impairment charges, of \$710,000 in 2009-2010 which compares favorably to the net recovery of \$308,000 in 2008-2009.

The Corporation spent \$30.2 million in Administrative, Program and Technical Services in 2009-2010, an increase of \$3 million from the \$27.2 million spent in 2008-2009. This increase is due mainly to the impact of collective agreement increases at the Corporation and LHO level and to the addition of nine term positions to support CEAP delivery. Costs include administration support, program development and delivery, technical support services and maintenance activities that occurred at LHO, District office and Headquarter level.



### Financial Position

The Corporation continues to maintain a positive financial position in 2009-2010. The accumulated surplus has improved from \$41.4 million as of March 31, 2009 to \$49.3 million as of March 31, 2010 and the net financial resources increased from \$21.8 million as of March 31, 2009 to \$25.8 million as of March 31, 2010. This increase is due primarily to delays in the delivery of the Corporation's Infrastructure Plan and the requirement to carry over and defer capital projects.

The Corporation continues to maintain a positive net financial resources position to ensure future obligations can be met, particularly related to capital projects and contractual commitments and to mitigate financial risk associated with the \$29.4 million third party loans that the Corporation administers on behalf of CMHC. The Corporation indemnifies and save CMHC harmless from all losses, costs and expenses related to these loans, as provided under the SHA. The Corporation also provided loan guarantees to private sector companies in support of new construction or improvements of residential housing across the north. The total outstanding balance of loans guaranteed was \$5.9 million as at March 31, 2010.

### Investment in Housing

As at March 31, 2010 the Corporation had \$221.2 million of investments in land and buildings, representing the amortized book value of 2,675 owned public housing, homeownership rental and market rental units. During the year, an additional investment of \$33.9 million was made in new properties or major renovation of existing properties. There were 29 housing units, with a carrying value of \$1.7 million, disposed of during the year through sale or demolition and \$11.1 million of property costs were amortized during the year.

Summary of Financial Results and Budget Projection (in millions of dollars)

	2005- 2006	2006- 2007	2007- 2008	2008- 2009	2009- 2010	2010-2011 Budget
<b>Revenues</b>						
GNWT	50.5	58.2	52.3	50.3	49.8	49.4
CMHC	6.5	6.4	6.4	20.3	22.4	20.2
Amortization of Deferred Capital	8.1	7.2	8.3	11.6	11.6	12.8
Other	11.2	8.2	13.0	9.5	8.5	10.5
<b>Total Revenues</b>	<b>76.3</b>	<b>80.0</b>	<b>80.0</b>	<b>91.7</b>	<b>92.3</b>	<b>92.9</b>
<b>Expenses</b>						
Public Housing Programs	48.5	50.3	54.0	46.4	50.2	51.1
Homeownership Assistance Programs	9.0	6.2	3.7	2.2	4.0	13.3
Administrative, Program and Technical Services	19.4	20.0	23.0	27.2	30.2	28.5
<b>Total Expenses</b>	<b>76.9</b>	<b>76.5</b>	<b>80.7</b>	<b>75.8</b>	<b>84.4</b>	<b>92.9</b>
<b>Annual Surplus(Deficit)</b>	(0.6)	3.5	(0.7)	15.9	7.9	-

Explanation of major variances over the five year period

Revenues

CMHC – with the Department of Education, Culture & Employment responsible for the administration of the Public Housing Rental Subsidy (PHRS) program, the CMHC operating funding provided under the SHA was accounted for as being provided by the GNWT for fiscal years 2005-2006 through 2007-2008. This accounting treatment changed in 2008-2009 and the funding was accounted for as being provided by CMHC, consistent with the SHA.

Expenses

Homeownership Assistance Programs – the funding available to provide as grants to homeowners (for the purchase or repair of homeownership units), varies from year to year depending on the total funding available and priority of this program versus increased investment in housing.

Administration, Program and Technical Services - from fiscal year 2005-2006 to 2007-2008, administration costs did not include the salaries & wages for maintenance staff at the LHO level. These costs were categorized as repairs and maintenance under the Public Housing program. This was changed in fiscal year 2008-2009, with all salaries & wages accounted for under administration.

Annual Surplus (Deficit)

For fiscal years 2008-2009 and 2009-2010, the Corporation incurred significant surpluses. This is due, in large part to the significant influx of Federal funding provided over this period and the incapacity of the Corporation to complete all projects as budgeted with various projects being deferred or carried over to future years.

## Inventory Held for Use

During the year ended March 31, 2009, the Corporation changed the basis of accounting from Canadian Generally Accepted Accounting Principles (GAAP) for the private sector to Canadian GAAP for the public sector, as recommended by the Public Sector Accounting Board (PSAB). In accordance with Canadian GAAP for the public sector, the Corporation was required to record materials and supplies stored at the LHO level on the consolidated financial statements as "inventory held for use", rather than being expensed as in previous years. As at year end 2009-2010, the Corporation recorded \$2.1 million as inventory held for use.

The majority of the LHOs performed a comprehensive inventory count at the 2009-2010 year-end, however, the inventory system being currently used at the LHOs was not originally designed for year-end accounting and reporting purpose and as a result, there were inventory valuation issues at year-end. This led to a qualification on the audited financial statements of some individual LHOs and subsequently, the Corporation's 2009-2010 consolidated financial statements were qualified by the auditors due to indeterminable opening inventory quantities and valuation of ending inventory balances.

## Write-off of Corporate Debt

As indicated in Part IX, Public Agencies, Section 84 of the *Financial Administration Act* any asset, debt or obligation written-off during the financial year that exceeds \$500 must be reported in the annual report of the public agency.

As indicated in Section 82 of the *Financial Administration Act*, a public agency such as the NWTTC has the authority to write-off debts or obligations up to \$20,000. Any write-off requests above \$20,000 require the express authority of an Act through the Legislative Assembly. The Corporation has delegated the authority to write-off debts or obligations up to \$10,000 to LHOs. When debts are written off it does not mean these debts are forgiven and the NWTTC can still collect on them.

Listed below are the tenant damage and rental arrears approved for write-off in fiscal year 2009-2010:

<u>Client Name</u>	(\$) Amount	<u>Client name</u>	(\$) Amount
<u>Fort McPherson</u>		<u>Fort Simpson</u>	
Shawna Nerysoo	2,671	Kevin Allen	7,147
John Simon	2,198	Wayne Boutilier	1,684
Lisa Neyando/Brian Norman	2,796	Leo Jr Norwegian	681
		Paul Allooloo	2,749
<u>Inuvik</u>		Jonathoan Squirrel	7,089
Beatrice Amos	4,100	Dennis Tanche	10,000
Amanda Bernhardt/Dennis Hoover	1,281	Archie Villeneuve	641
Andrew Beveridge	1,871	Edward Villeneuve	1,162
Mary Day	2,875		
Danny Dillon	6,163		
Janice Elanik	885		
Raymond Firth	529		
Richard Firth/Deanna Larocque	8,405		
Robert Kendi	1,710		
Natasha Rogers	1,377		





## AUDITOR'S REPORT

To the Minister responsible for the Northwest Territories Housing Corporation

I have audited the consolidated statement of financial position of the Northwest Territories Housing Corporation as at March 31, 2010 and the consolidated statements of change in net financial resources, operations and accumulated surplus and cash flow for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

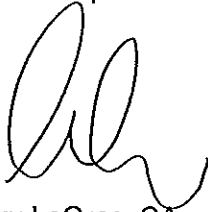
Except as explained in the following paragraph, I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit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

Section PS 1300 Government Reporting Entity in the Public Sector Accounting Handbook requires the Northwest Territories Housing Corporation to consolidate the financial statements of twenty Local Housing Organizations which are controlled by the Corporation. The inventories held for use by the Local Housing Organizations were not counted at the beginning of the year and I was not able to satisfy myself concerning the opening inventory quantities by alternative means. The ending inventory quantities were counted; however, I was unable to obtain sufficient appropriate audit evidence to satisfy myself concerning the valuation of the ending inventory balances held for use. Since inventories impact the statement of financial position and enter into the determination of the annual surplus and cash flows, I was unable to determine whether adjustments to the statement of financial position, maintenance expense, annual surplus, accumulated surplus and net cash provided by operating activities might be necessary. The Auditor's Report for the 2009 fiscal year also contained a qualification because the opening and ending inventory balances were not counted.

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to examine the opening inventory quantities and value the ending inventory balances, as described in the preceding paragraph, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2010 and the changes in its net financial resources, the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Financial Administration Act* of the Northwest Territories, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Corporation and the consolidated financial statements are in agreement therewith. In addition, the transactions of the Corporation that have come to my notice during my audit of the consolidated financial statements have, in all significant respects, been in accordance with Part IX of the *Financial Administration Act* of the Northwest Territories and regulations and the *Northwest Territories Housing Corporation Act* and regulations, with the exception that the Corporation did not meet its statutory deadline for submitting its annual report to its Minister as described in the following paragraph.

Section 100 of the *Financial Administration Act* of the Northwest Territories requires the Corporation to submit its annual report to its Minister not later than 90 days after the end of its financial year, or an additional period, not exceeding 60 days, that the Minister of Finance may allow. The Corporation did not meet its statutory deadline for submitting its annual report to its Minister for the current fiscal year.

A handwritten signature in black ink, appearing to read 'Guy LeGras', written in a cursive style.

Guy LeGras, CA  
Principal  
for the Auditor General of Canada

Edmonton, Canada  
February 24, 2011

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management is responsible for the integrity and fairness of the consolidated financial statements of the Northwest Territories Housing Corporation and the information contained in the annual report. The consolidated financial statements include some amounts that are necessarily based on management's best estimates and judgements, such as the allowance for impaired mortgages receivable, the valuation of the housing units acquired in the quit claims process and the liability for post-employment benefits.

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for the public sector. Financial information presented elsewhere in the annual report is also consistent with that contained in the consolidated financial statements.

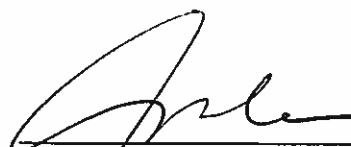
In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are properly authorized and recorded, proper records are 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, is responsible for auditing the transactions and consolidated financial statements of the Corporation and for issuing her report thereon.



---

Jeff Polakoff  
President & CEO



---

J.B. (Jeff) Anderson, CGA, CPA  
Vice President  
Finance & Infrastructure Services

Yellowknife, Northwest Territories  
February 24, 2011

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Consolidated Statement of Financial Position

As at March 31, 2010

(in thousands)

	2010	2009
<b>Financial assets</b>		
Cash and cash equivalents (Note 3)	\$ 22,779	\$ 36,001
Portfolio investments (Note 4)	36,377	20,098
Accounts receivable (Note 5)	10,987	4,673
Mortgages receivable (Note 6)	1,348	1,438
	71,491	62,210
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 7)	22,651	16,508
Loans payable to Canada Mortgage and Housing Corporation (Note 8)	14,133	14,726
Obligations under capital leases (Note 9)	6,337	7,065
Post-employment benefits (Note 10)	2,600	2,101
	45,721	40,400
<b>Net financial resources</b>	<b>\$ 25,770</b>	<b>\$ 21,810</b>
<b>Non-financial assets</b>		
Tangible capital assets (Schedule A)	221,217	198,312
Deferred capital funding (Note 11)	(199,918)	(178,823)
Inventories held for use	2,094	-
Prepaid expenses	169	77
	23,562	19,566
<b>Accumulated surplus</b>	<b>\$ 49,332</b>	<b>\$ 41,376</b>

Contractual obligations and contingencies (Notes 15 and 16)

Approved by management:

\_\_\_\_\_  
President & CEO

\_\_\_\_\_  
Vice President, Finance & Infrastructure Services

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

**NORTHWEST TERRITORIES HOUSING CORPORATION**  
**Consolidated Statement of Change in Net Financial Resources**  
**For the year ended March 31, 2010**  
(in thousands)

	<u>2010</u> <b>Budget</b>	<u>2010</u> <b>Actual</b>	<u>2009</u> <b>Actual</b>
<b>Net financial resources, beginning of the year</b>	\$ 7,090	\$ 21,810	\$ 5,975
Items affecting net financial resources:			
Annual surplus	-	7,956	15,937
Acquisition of tangible capital assets	(58,310)	(35,661)	(21,623)
Amortization of tangible capital assets	11,718	11,062	10,041
Disposal of tangible capital assets	-	1,694	2,485
Increase in deferred capital funding	58,310	32,713	20,571
Amortization of deferred capital funding	(11,718)	(11,618)	(11,573)
Increase in inventories held for use	-	(2,094)	-
Increase in prepaid expenses	-	(92)	(3)
<b>Net financial resources, end of year</b>	<u>\$ 7,090</u>	<u>\$ 25,770</u>	<u>\$ 21,810</u>

The accompanying notes 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, 2010**  
(in thousands)

	<u>2010</u>	<u>2010</u>	<u>2009</u>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
<b>Revenues</b>			
Government funding:			
Government of the Northwest Territories	\$ 48,759	\$ 49,756	\$ 50,288
Canada Mortgage and Housing Corporation (Note 12)	22,235	22,428	20,298
Amortization of deferred capital funding (Note 11)	11,718	11,618	11,573
	<u>82,712</u>	<u>83,802</u>	<u>82,159</u>
Generated revenues:			
Rental revenue	6,897	7,261	6,959
Other revenue and recoveries	2,361	135	1,425
Investment revenue	1,272	917	1,327
Gain (loss) on disposal of tangible capital assets	-	127	(251)
Mortgage interest revenue	100	88	83
	<u>10,630</u>	<u>8,528</u>	<u>9,543</u>
	<u>93,342</u>	<u>92,330</u>	<u>91,702</u>
<b>Expenses</b>			
Public housing programs:			
Utilities, taxes and land leases	17,897	19,326	18,924
Repairs, maintenance and other costs	13,982	8,781	6,214
Amortization	11,718	11,062	10,041
Contributions for public housing	8,118	5,551	6,339
Leasing	3,868	2,957	2,547
Interest on long-term debt	1,505	1,432	1,587
Contributions for market housing	1,020	1,068	754
Homeownership assistance programs:			
Homeownership assistance grants	14,001	4,704	2,462
Mortgage expense, net of recoveries	-	(710)	(308)
Administration (Note 13)	21,233	30,203	27,205
	<u>93,342</u>	<u>84,374</u>	<u>75,765</u>
<b>Annual surplus</b>	\$ <u>-</u>	\$ <u>7,956</u>	\$ <u>15,937</u>
<b>Accumulated surplus, beginning of year</b>		<u>41,376</u>	<u>25,439</u>
<b>Accumulated surplus, end of year</b>		\$ <u>49,332</u>	\$ <u>41,376</u>

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

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Consolidated Statement of Cash Flow For the year ended March 31, 2010 (in thousands)

	2010	2009
<b>Operating transactions</b>		
Cash received from:		
Government of the Northwest Territories	\$ 49,466	\$ 50,638
Canada Mortgage and Housing Corporation	20,529	20,302
Rental revenue	6,059	7,285
Miscellaneous revenue and recoveries	1,140	2,835
	77,194	81,060
Cash paid for:		
Administration	(26,464)	(27,874)
Utilities, taxes and land leases	(19,418)	(18,927)
Repairs, maintenance and other costs	(10,875)	(6,214)
Contributions for public housing	(5,551)	(6,339)
Homeownership grants and contributions	(4,704)	(2,462)
Leasing	(2,957)	(2,547)
Interest on long-term debt	(1,452)	(1,607)
Contributions for market housing	(1,068)	(754)
	(72,489)	(66,724)
Cash provided by operating transactions	4,705	14,336
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(35,661)	(25,248)
Proceeds on disposal of tangible capital assets	1,821	2,234
Cash used in capital transactions	(33,840)	(23,014)
<b>Financing transactions</b>		
Government funding used to acquire tangible capital assets	32,713	20,571
Repayment of long-term debt and capital leases	(1,321)	(1,292)
Cash provided by financing transactions	31,392	19,279
<b>Investing transactions</b>		
Redemption of portfolio investments	6,971	1,015
Purchases of portfolio investments	(23,250)	(14,651)
Mortgage payments received	800	133
Cash used in investing transactions	(15,479)	(13,503)
<b>(Decrease) in cash and cash equivalents</b>	(13,222)	(2,902)
<b>Cash and cash equivalents, beginning of year</b>	36,001	38,903
<b>Cash and cash equivalents, end of year</b>	\$ 22,779	\$ 36,001

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

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

March 31, 2010

(all figures 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, Part IX of 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-three 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

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) for the public sector as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. GAAP also requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ significantly from those estimates. The more significant management estimates relate to the allowance for impaired mortgages receivable, the valuation of the housing units acquired in the quit claims process and the liability for post-employment benefits.

The significant accounting policies are as follows:

#### Reporting entity

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



# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

March 31, 2010

(all figures in thousands)

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Aklavik Housing Association	Lutsel K'e Housing Authority
Deline Housing Association	Norman Wells Housing Authority
Fort McPherson Housing Association	Paulatuk Housing Association
Fort Providence Housing Association	Radilih Koe' Housing Association
Fort Resolution Housing Authority	Rae Edzo Housing Authority
Fort Simpson Housing Authority	Sachs Harbour Housing Association
Fort Smith Housing Authority	Tsiigehtchic Housing Association
Hay River Housing Authority	Tuktoyaktuk Housing Association
Inuvik Housing Authority	Tulita Housing Association
Lac La Martre Housing Association	Yellowknife Housing Authority

The following three LHOs: Yellowknife Dene Band (Housing Division); Hay River Dene Band Housing Society; and Uluhaktuk Hamlet (Housing Division) have been excluded from the reporting entity since they are considered to be part of a separate level of government and thus should be excluded from the reporting entity of any other government or government organization.

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

#### Revenue recognition

Funding provided by the Government for operating purposes is recognized as government funding in the fiscal year when received or receivable.

The portion of the funding provided by the Government for operating purposes used to acquire depreciable tangible capital assets is recorded as deferred capital funding and is recognized as government funding on the same basis as the related tangible capital assets are amortized. The portion of the funding used to acquire non-depreciable tangible capital assets, such as land, is recognized as government funding in the same period the land was acquired.

Funding received from the Canada Mortgage and Housing Corporation (CMHC) under the Social Housing Agreement (SHA), Affordable Housing Program Agreement and Housing Renovation Program Agreement between CMHC and the Corporation:

- for the operations and maintenance of the various public housing programs is recognized as government funding in the fiscal year in which the related expenses are incurred;
- for the acquisition of public housing is initially recorded as deferred revenue and transferred to deferred capital funding once construction begins and is recognized as government funding on the same basis as the related tangible capital assets are amortized; and
- to provide assistance to eligible homeowners and landlords for repairs and rehabilitation of properties is recognized as government funding in the fiscal year the assistance is provided.

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

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

March 31, 2010

(all figures in thousands)

### 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Contributions for public and market housing and homeownership assistance grants

The contributions provided by the Corporation to the LHOs included in the reporting entity for the operation of the public housing program and maintenance of the public housing units are eliminated upon the preparation of the consolidated financial statements. The contributions provided by the Corporation to the three LHOs which are excluded from the reporting entity are recognized on an accrual basis, but only to the extent of the Corporation's agreed upon contributions to them.

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

The grants and contributions provided by the Corporation to eligible homeowners are recognized on an accrual basis based on the terms and conditions of the Corporation's homeownership assistance programs.

#### Cash and cash equivalents

Cash and cash equivalents are comprised of bank account balances net of outstanding cheques and highly liquid short-term investments with original maturities at the date of acquisition of 90 days or less.

#### Portfolio investments

Portfolio investments are long-term investments in organizations that do not form part of the reporting entity and are accounted for using the cost method. Such investments are normally in shares or bonds of the investee and do not include temporary investments.

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 receivable

##### a) Mortgage subsidies

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

Accordingly, the mortgages receivable balance represents the present value of the expected future payments from clients on the mortgages, prior to an allowance for impairment. Subsequent changes to the amount of subsidy provided, resulting from changes in income of the mortgagee, are recognized in the year the changes occur.

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

March 31, 2010

(all figures in thousands)

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### b) Allowance for impaired mortgages

Mortgages are considered impaired when deterioration in credit quality has occurred and there is reasonable doubt as to the timely collection of principal and interest. A mortgage is considered impaired when a payment is six months in arrears. Based on management's judgment and the Corporation's historical loss experience on impaired mortgages, an allowance of 100% is established to reduce the carrying amount of mortgages identified as impaired to their estimated recoverable value of nil. The allowance for impairment is recognized in the statement of operations and is included in mortgages expense, net of recoveries.

Write-offs of impaired mortgages occur after the homeowner and the Corporation have signed the quit claim agreement and the Corporation has obtained the housing unit in exchange for the debt owed.

#### c) Mortgage interest revenue

Interest income on mortgages is recognized on the accrual basis. When a mortgage becomes impaired, recognition of interest ceases and any previously accrued but unpaid interest revenue is reversed against the mortgage interest revenue. Interest income would be recognized on impaired mortgages only when all charges for impairment have been reversed.

### Tangible capital assets

#### a) Land and buildings

Land and housing units constructed or purchased by the Corporation for public housing, including construction in progress, are recorded at cost. Housing units previously transferred from CMHC or the Government were also recognized at net book value which was considered a reasonable estimate of fair value at the time of the transfer. Housing materials are also recorded at cost and included in construction in progress.

Public housing units are recorded as capital leases when the Corporation enters into lease agreements where, in effect, the risks and benefits of ownership are transferred to the Corporation. In such cases, the cost of the asset is determined 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. Interest expense is included in interest on long-term debt.

Housing for sale is carried at lower of cost and estimated net realizable value.

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 and is taken for the full year. Housing for sale and construction in progress are not amortized.

A quit claim is an agreement between the owner of a housing unit and the Corporation to transfer title to 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 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.

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

March 31, 2010

(all figures in thousands)

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### b) Property and equipment

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

Office furniture and equipment	Declining balance	20%
Warehouses and offices	Declining balance	5%
Mobile equipment	Declining balance	20%
Leaseholds	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

Employees participate in the Public Service Pension Plan (the Plan) administered by the Government of Canada. The Corporation's contributions reflect the full cost as employer. This amount is based on a multiple of employee contributions and may fluctuate over time, depending on the experience of the Plan. The Corporation's contributions are expensed during the year in which the services are rendered and represent the total pension obligation. The Corporation is not required to make contributions with respect to actuarial deficiencies of the Plan.

##### b) Post-employment benefits

Under the terms and conditions of employment, employees may earn leave, severance and removal benefits based on years of service. The benefits are paid upon resignation, retirement, or death of an employee. The cost of these post-employment benefits has been determined based on management's best estimates and accrued as a liability as employees render service.

#### Obligation under 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.

#### Future accounting changes

PSAB approved Section PS 3260, Liability for Contaminated Sites in March 2010. This new standard requires a government or government organization to recognize a liability for a contaminated site when an environmental standard exists, the contamination exceeds the environmental standard, the government or government organization is directly responsible or accepts responsibility for remediation of the contaminated site, and a reasonable estimate of the amount can be made. The new standard is effective for fiscal years beginning on or after April 1, 2014. Earlier adoption is encouraged.

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

March 31, 2010

(all figures in thousands)

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

PSAB also approved Section PS 3410, Government Transfers in March 2011 which revises and replaces the existing standard. The new standard requires a recipient to recognize the transfer in revenue when it has been authorized and the recipient has met all eligibility criteria set by the transferor, unless the transfer creates a liability for the recipient. In some cases a liability may exist because the transfer stipulations direct the use of the funds for specific purposes. In other cases, a liability may exist because the transfer stipulations and the actions and communications of the recipient government direct the use of the funds for specific purposes. In both of these cases, revenue would be recognized as the liability is settled. The same accounting principles would apply to all types of transfers. The new standard is effective for fiscal years beginning on or after April 1, 2012. Earlier adoption is encouraged and the new standard maybe applied retroactively or prospectively.

Management is currently assessing the impact of the new standards.

### 3. CASH and CASH EQUIVALENTS

	2010	2009
Cash	\$ 12,384	\$ 13,614
Short-term investments	10,395	22,387
	\$ 22,779	\$ 36,001

The Corporation invests in the short-term money market. The market yield of this portfolio ranged from 0.16% to 0.30% in 2010 (2009 - 0.34% to 0.41%). All instruments held are in high quality debt obligations with a weighted average remaining term to maturity of 34 days (2009 - 35 days).

Included in cash and cash equivalents are security deposits held in trust in the amount of \$1,444 (2009 - \$1,435).

### 4. PORTFOLIO INVESTMENTS

Issuer	Stated interest rate	2010 Term to maturity	Carrying amount	2009 Carrying amount
Provincial government Business Development	2.5% to 8.50%	2 to 12 years	\$ 22,355	\$ 17,998
Bank of Canada	Variable	4 years	1,100	1,100
Canada Mortgage and Housing Corporation	3.32%	6 years	1,630	-
Government of Canada	3.57%	9 years	1,071	1,000
Trust company	1.32%	1 year	10,221	-
			\$ 36,377	\$ 20,098

The weighted average effective yield of this portfolio in 2010 was 2.71% (2009 - 4.10%).



# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

March 31, 2010

(all figures in thousands)

### 5. ACCOUNTS RECEIVABLES

	2010	2009
Trade accounts receivable	\$ 3,164	\$ 2,260
Tenant rents receivable	1,694	1,381
Receivables from CMHC (Note 12)	5,399	797
Receivables from related parties:		
Government of the Northwest Territories	730	235
	\$ 10,987	\$ 4,673

### 6. MORTGAGES RECEIVABLE

	2010	2009
Mortgages, interest at rates varying between 5.0% and 13.75% per annum, repayable over a maximum of 25 years	\$ 15,284	\$ 15,499
Less allowance for impaired mortgages	(13,936)	(14,061)
	\$ 1,348	\$ 1,438

There were no write-offs in the current year (2009 - nil).

### 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2010	2009
Trade payables	\$ 14,990	\$ 11,824
Security deposits	1,444	1,435
Employee leave benefits	1,193	1,132
Wages and benefits	581	568
Accrued interest	228	248
Prepaid rent	82	76
Deferred revenues - CMHC (Note 12)	2,703	-
Payables to related parties:		
Government of the Northwest Territories	1,430	1,225
	\$ 22,651	\$ 16,508

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

March 31, 2010

(all figures in thousands)

### 8. LOANS PAYABLE TO CANADA MORTGAGE AND HOUSING CORPORATION

	2010	2009
Loans payable to CMHC (NHA Section 82 debt), repayable in annual installments until the year 2033, bearing interest of 6.97% (2009 - 6.97%). These loans are guaranteed by the Government.	\$ 9,917	\$ 10,296
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 0.42% to 3.68%, (2009 - 0.47% and 3.68%).	4,216	4,430
	\$ 14,133	\$ 14,726

Under the terms of the 1999 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 NHA Section 79 debt under the SHA) and loans payable to CMHC (referred to as NHA Section 82 debt under the SHA). Under the SHA, CMHC also agreed to provide additional funding to the Corporation to reduce 100% or \$34,459 (2009 - \$38,560) of the NHA Section 79 debt and to reduce by 5/9<sup>th</sup> or \$12,396 (2009 - \$12,870) 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.

The additional funding receivable is recorded as a reduction of the corresponding long-term debt payable. At March 31, 2010, the funding receivable from CMHC that has been netted against the corresponding long-term debt owing to CMHC amounted to \$46,855 (2009 - \$51,430). 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 \$5,178 in 2010 (2009 - \$5,691), and would have made additional principal long-term debt repayments to CMHC of \$4,575 in 2010 (2009 - \$4,905).

As the additional funding from CMHC and the corresponding repayments of long-term debt are non-cash transactions, they have not been recorded in the consolidated statement of cash flow.

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

	Principal	Interest	Total
2011	\$ 629	\$ 787	\$ 1,416
2012	662	754	1,416
2013	697	719	1,416
2014	734	681	1,415
2015	774	641	1,415
2016 - 2019	3,959	2,537	6,496
2020 - 2038	6,678	2,006	8,684
	\$ 14,133	\$ 8,125	\$ 22,258

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

March 31, 2010

(all figures in thousands)

### OBLIGATIONS UNDER CAPITAL LEASES

The Corporation is committed, in aggregate, to payments of approximately \$1,766 per annum for fifteen lease agreements for housing units that were initiated to support the Public Housing and Senior Citizens' Rent Supplement Programs and three lease agreements for market housing units. These lease agreements are based on implicit interest rates varying from 6.6% to 11.5% and expiry dates ranging from 2012 to 2023. The lease payments may be renegotiated every five years for changes in specific operating costs such as interest rates and cost of utilities. The Corporation is also responsible for other operating costs not included in the annual lease payment.

	<u>Future minimum lease payments</u>	<u>Executory costs</u>	<u>Imputed interest</u>	<u>Lease obligation</u>
2011	\$ 1,766	\$ 416	\$ 553	\$ 797
2012	1,766	416	478	872
2013	1,749	416	395	938
2014	1,682	401	307	974
2015	1,318	340	224	754
2016 - 2023	<u>3,689</u>	<u>1,035</u>	<u>652</u>	<u>2,002</u>
<b>Total</b>	<b>\$ <u>11,970</u></b>	<b>\$ <u>3,024</u></b>	<b>\$ <u>2,609</u></b>	<b>\$ <u>6,337</u></b>

The value of the leased housing units which are included as part of the Corporation's tangible capital assets and the related accumulated amortization as at March 31, 2010 is \$11,004 and \$6,646 respectively (2009 - \$11,004 and \$5,950, respectively).

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

March 31, 2010

(all figures in thousands)

### 10. RETIREMENT AND POST-EMPLOYMENT BENEFITS

#### Pension benefits

The Corporation and all eligible employees contribute to the Public Service Pension Plan (the Plan). The Plan provides benefits based on years of service and average earnings at retirement. The benefits are fully indexed to the increase in the Consumer Price Index.

Contributions to the Plan were as follows:

	2010		2009
Employer contributions	\$ 1,167	\$	1,221
Employee contributions	594		582

#### Post-employment benefits

The Corporation provides leave, severance and removal benefits to its employees based on years of service and final salary. This benefit plan is not pre-funded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation.

Liability for leave, severance, and removal benefits is as follows:

	2010		2009
Accrued benefit obligation, beginning of year	\$ 2,101	\$	2,491
Costs for the year, net of benefit paid	499		(390)
Accrued benefit obligation, end of year	\$ 2,600	\$	2,101

### 11. DEFERRED CAPITAL FUNDING

	2010		2009
Balance, beginning of year	\$ 178,823	\$	169,825
Portion of funding used to acquire tangible capital assets:			
- Provided by the Government	7,954		20,571
- Provided by CMHC - (Note 12)	24,759		-
Amortization of deferred capital funding	(11,618)		(11,573)
Balance, end of year	\$ 199,918	\$	178,823

Under the terms of the 1999 SHA between CMHC and the Corporation, the Corporation originally received funding from CMHC in the form of long-term mortgages and loans payable, to build public housing in the NWT. Under the SHA, the Corporation also received additional funding from CMHC to cover the long-term debt principal and interest payments due to CMHC as described in Note 8. The original funding has been recorded as deferred capital funding on the consolidated balance sheet and is being recognized as government funding in the consolidated statement of operations on the same basis as amortization of the related tangible capital assets. The Corporation also receives funding from the Government to build public housing.

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

March 31, 2010

(all figures in thousands)

### 11. DEFERRED CAPITAL FUNDING (continued)

Included in the above totals are opening deferred capital funding of \$134,384 (2009 - \$122,521) from the Government and \$44,439 (2009 - \$47,304) from CMHC. Amortization of deferred capital funding includes \$8,734 (2008 - \$8,708) from the Government and \$2,884 (2009 - \$2,865) from CMHC. The Government comprises \$133,603 (2009 - \$134,384) and CMHC comprises \$66,315 (2009 - \$44,439) of the balance at March 31, 2010.

### 12. FUNDING FROM CANADA MORTGAGE AND HOUSING CORPORATION

	2010	2009
Funding received from CMHC recognized as government funding under the:		
Social Housing Agreement:		
Contributions for public housing rental subsidies	\$ 13,307	\$ 13,969
Contributions to non-profit housing sponsor groups and cooperatives	3,919	3,926
Repairs, maintenance and other costs	2,012	1,913
Housing Renovation Program Agreement	490	490
Affordable Housing Agreement Extension	2,700	-
	\$ 22,428	\$ 20,298

Under the terms of the 1999 SHA 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.

The Housing Renovation Program Agreement with CMHC establishes a structure for cost-shared programs that provide assistance to eligible homeowners and landlords for repairs and rehabilitation of properties. CMHC contributes up to 75% of the funding for eligible repairs.

On May 22, 2009, under Canada's Economic Action Plan, CMHC and the Corporation signed an amendment to the Affordable Housing Program Agreement and an extension to the Housing Renovation Program Agreement to build new affordable housing and assist low-income households with needed renovations to their homes. The federal government will contribute \$59,000 over the next two years.

In 2010, the Corporation was entitled to receive \$27,600 in funding from CMHC for project commitments made to acquire public housing. The Corporation received \$ 23,300 during the current year and recorded a receivable for the remaining \$4,300 in funding still owing at March 31, 2010. The Corporation also recorded \$24,800 which was used to acquire public housing during the current year as deferred capital funding and recorded the remaining \$2,700 as deferred revenues until such time as the funds are spent for the purposes intended.



# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

**March 31, 2010**

(all figures in thousands)

### 13. ADMINISTRATION EXPENSES

	<b>2010</b>	<b>2009</b>
Salaries and benefits	\$ 24,377	\$ 21,699
LHO administration	1,227	1,154
Building and equipment rentals	1,720	1,767
Travel and relocation	614	625
Professional and special services	1,093	953
Computer services	464	247
Communications	252	239
Materials and supplies	324	288
Land title fees and expenses	-	195
Workshops and studies	132	38
	\$ 30,203	\$ 27,205

### 14. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The fair value of the Corporation's financial assets and liabilities is estimated as follows:

	<b>2010</b>		<b>2009</b>	
	<b>Carrying amount</b>	<b>Fair value</b>	<b>Carrying amount</b>	<b>Fair value</b>
Portfolio investments	\$ 36,377	\$ 36,101	\$ 20,098	\$ 20,244
Loans payable to CMHC	9,917	11,852	10,296	12,153
Mortgages payable to CMHC	4,216	3,357	4,430	3,816

The fair value of the portfolio investments are the market values as at March 31.

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

The fair value of the mortgages receivable is estimated to be the carrying amount due to the significant valuation allowances provided.

The fair values of the cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate their carrying amounts because of the short term to maturity.

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

March 31, 2010

(all figures in thousands)

### 15. CONTRACTUAL OBLIGATIONS

The Corporation leases office space and rents supplemental public housing units and is committed to basic rental payments as follows. The leases contain escalation clauses for operating costs and property taxes, which may cause the payments to exceed the basic rental. Also included in the 2011 contractual obligations are construction commitments of \$8,769 (2009 - \$5,400).

	<u>Total</u>
2011	13,701
2012	4,125
2013	3,346
2014	2,206
2015	629
After	<u>702</u>
Total	<u>\$ 24,709</u>

### 16. CONTINGENCIES

The Corporation provided guarantees to banks in financing certain new or renovated residential housing construction. As at March 31, 2010 a total of 37 (2009 - 37) loan guarantees were in effect, and the outstanding balance of loans guaranteed was \$5,946 (2009 - \$6,310).

Under the terms of the SHA with CMHC, the Corporation is responsible for the administration of a number of loans to third parties, where CMHC is the lender or insurer of these loans. The agreement provides that the Corporation shall indemnify and reimburse CMHC for and save it harmless from all losses, costs and expenses related to these loans. The outstanding balance of these third party loans as at March 31, 2010 was \$29,365 (2009 - \$30,685).

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, 2010 is nil (2009 - nil).

### 17. RELATED PARTY TRANSACTIONS

The Corporation is related in terms of common ownership to all Government of the Northwest Territories created departments, territorial corporations and public agencies. The Corporation enters into transactions with these entities in the normal course of business, under terms and conditions similar to those with unrelated parties. Significant transactions with related parties and balances at year-end are disclosed separately in the consolidated financial statements and notes thereto.

### 18. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year.

**NORTHWEST TERRITORIES HOUSING CORPORATION**

**Schedule A**

**Consolidated Schedule of Tangible Capital Assets**  
**March 31, 2010**  
(all figures in thousands)

**Land and buildings:**

	Opening balance	Cost		Closing balance	Opening balance	Accumulated amortization		Closing balance	Net book value	
		Acquisitions	Disposals			Amortization	Disposals		2010	2009
Land	2,155	1,923	(83)	3,995	-	-	-	-	3,995	2,155
Public housing	283,109	31,869	(2,812)	312,166	110,509	10,485	(1,323)	119,671	192,495	172,600
House for sale	720	408	-	1,128	-	-	-	-	1,128	720
Construction in progress	17,951	(328)	-	17,623	-	-	-	-	17,623	17,951
<b>Sub-total</b>	<b>303,935</b>	<b>33,872</b>	<b>(2,895)</b>	<b>334,912</b>	<b>110,509</b>	<b>10,485</b>	<b>(1,323)</b>	<b>119,671</b>	<b>215,241</b>	<b>193,426</b>
<b>Property and equipment:</b>										
Warehouses and offices	6,971	1,647	(357)	8,261	3,594	245	(235)	3,604	4,657	3,377
Office furniture and equipment	4,995	107	-	5,102	4,209	179	-	4,388	714	786
Mobile equipment	655	35	-	690	131	112	-	243	447	524
Leaseholds	728	-	-	728	529	41	-	570	158	199
<b>Sub-total</b>	<b>13,349</b>	<b>1,789</b>	<b>(357)</b>	<b>14,781</b>	<b>8,463</b>	<b>577</b>	<b>(235)</b>	<b>8,805</b>	<b>5,976</b>	<b>4,886</b>
<b>Total</b>	<b>317,284</b>	<b>35,661</b>	<b>(3,252)</b>	<b>349,693</b>	<b>118,972</b>	<b>11,062</b>	<b>(1,558)</b>	<b>128,476</b>	<b>221,217</b>	<b>198,312</b>