

LEGISLATIVE ASSEMBLY OF THE
NORTHWEST TERRITORIES
8TH ASSEMBLY, 61ST SESSION

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Report to the Council of the
Northwest Territories
on the examination of the accounts and
financial statements of

THE NORTHWEST TERRITORIES HOUSING CORPORATION

for the year ended December 31, 1975



AUDITOR GENERAL OF CANADA

AUDITEUR GÉNÉRAL DU CANADA

Ottawa, Ontario
May 3, 1976

Council of the Northwest Territories,
Yellowknife, Northwest Territories.

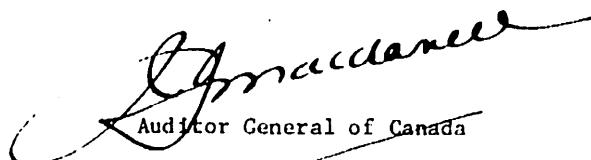
Dear Sirs,

I have examined the balance sheet of the Northwest Territories Housing Corporation as at December 31, 1975 and the statements of income and expense, equity and changes in financial position for the year then ended. My examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as I considered necessary in the circumstances.

In my opinion these financial statements give a true and fair view of the financial position of the Northwest Territories Housing Corporation as at December 31, 1975 and the results of its operations and the changes in financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

I further report that, in my opinion, proper books of account have been kept by the Northwest Territories Housing Corporation, the financial statements are in agreement therewith and the transactions that have come under my notice have been within its statutory powers.

Yours sincerely,


Auditor General of Canada

Northwest Territories Housing Corporation

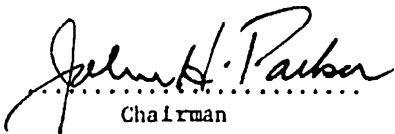
Balance Sheet

As at December 31, 1975

	<u>1975</u>	<u>1974</u>
<u>Assets</u>		
Current Assets		
Cash and short term deposits	\$ 2,441,281	\$ 2,962,556
Accounts receivable	<u>633,697</u>	<u>130,428</u>
	3,074,978	3,092,984
Investment in Projects - Schedule 1	28,624,843	20,370,205
Fixed Assets, at cost less accumulated depreciation	<u>137,809</u>	<u>83,278</u>
	<u>\$ 31,837,630</u>	<u>\$ 23,546,467</u>
<u>Liabilities</u>		
Current Liabilities		
Accounts payable and accrued liabilities Due to the Government of the Northwest Territories	\$ 1,314,368	\$ 938,806
	42,167	1,110,058
Holdbacks payable	599,985	223,405
Current portion of long-term debt	<u>47,749</u>	<u>39,826</u>
	2,004,269	2,312,095
Long-term Debt (Note 3)		
Mortgages payable to Central Mortgage and Housing Corporation less principal of \$14,250 due within one year	4,349,319	1,256,940
Advances from Central Mortgage and Housing Corporation	5,120,980	2,653,063
Loans payable to Canada less principal of \$33,499 due within one year	<u>645,220</u>	<u>678,718</u>
	<u>10,115,519</u>	<u>4,588,721</u>
<u>Equity</u>		
Equity of the Northwest Territories	<u>19,717,842</u>	<u>16,645,651</u>
	<u>\$ 31,837,630</u>	<u>\$ 23,546,467</u>

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

On behalf of the board


.....
Chairman


.....
Managing Director

Northwest Territories Housing Corporation

Statement of Income and Expense

For the year ended December 31, 1975

	<u>1975</u>	<u>1974</u>
Expense:		
Program		
Operating grants - Housing Authorities	\$ 5,226,946	\$ 3,074,814
Special programs and subsidies	86,444	168,669
Interest on long-term debt	384,460	121,760
Depreciation	35,150	9,566
Mortgage forgiveness and administration	4,422	5,992
	<u>5,737,422</u>	<u>3,380,801</u>
Extraordinary maintenance and home ownership assistance	<u>173,073</u>	<u>244,860</u>
Residual costs on ancillary operations - Schedule 2	<u>82,483</u>	<u>8,684</u>
Administration		
Salaries and employee benefits	481,218	301,518
Travel	104,410	57,328
Professional and special services	47,323	74,266
Rentals - buildings and equipment	45,950	28,250
Materials and supplies	41,388	18,387
Communications	33,593	21,325
Recruitment and removal	28,389	55,139
Repairs and maintenance	22,700	239
Directors' fees and expenses	12,343	9,607
Depreciation	6,213	2,731
Interest	3,300	1,824
Other	3,992	699
	<u>830,819</u>	<u>571,313</u>

Northwest Territories Housing Corporation
Statement of Changes in Financial Position
For the year ended December 31, 1975

	<u>1975</u>	<u>1974</u>
Source of funds:		
Operations		
Surplus for the year	\$	\$ 254,970
Items not involving an outlay or receipt of funds (net)	<u>16,996</u>	<u>12,125</u>
	16,996	267,095
Capital funds received from the Northwest Territories	3,209,665	3,618,870
Proceeds of long-term borrowing	5,414,037	1,873,501
Excess of principal payments over mortgage loans granted	31,418	(121,747)
Disposal of capital assets	<u>-</u>	<u>3,100</u>
	<u>8,672,116</u>	<u>5,640,819</u>
Application of funds:		
Capital project expenditures	8,272,718	4,535,858
Acquisition of fixed assets	68,762	87,510
Principal reduction of long-term debt	40,816	138,162
Project liabilities transferred from the Northwest Territories	<u>-</u>	<u>98,400</u>
	<u>8,382,296</u>	<u>4,859,930</u>
Increase in working capital	289,820	780,889
Working capital at beginning of year	<u>780,889</u>	<u>-</u>
Working capital at end of year	<u>\$ 1,070,709</u>	<u>\$ 780,889</u>

Northwest Territories Housing Corporation

Statement of Equity

For the year ended December 31, 1975

	<u>1975</u>	<u>1974</u>
Equity at beginning of year	\$ 16,645,651	\$ -
Surplus for the year	-	254,970
Grants for capital projects	3,209,665	3,618,870
Transfer of assets and liabilities from the Northwest Territories	<u>-</u>	<u>12,771,811</u>
	19,855,316	16,645,651
Adjustment of cost of assets transferred	<u>137,474</u>	<u>-</u>
Equity at end of year	<u>\$ 19,717,842</u>	<u>\$ 16,645,651</u>

Northwest Territories Housing Corporation

Notes to Financial Statements

December 31, 1975

1. Objectives of the Corporation and Principal Accounting Policies

The objective of the Corporation is the development, maintenance and management of housing in the Northwest Territories.

The cost of projects constructed by the Corporation is financed from proceeds of loans from Central Mortgage and Housing Corporation and by capital appropriation from the Government of the Northwest Territories.

The Corporation follows generally accepted accounting principles and had adopted the following practices where a choice of methods was available:

a) Transfer of Indian and Eskimo Northern Rental Houses.

Indian and Eskimo northern rental houses constructed by the Northwest Territories have been recorded on the books of the Corporation at their cost to the Northwest Territories. Other houses under this program have also been transferred to the Corporation and will be recorded in the Corporation's accounts when a complete inventory is taken.

b) Depreciation on Investment in Projects.

In the current year depreciation on housing projects was applied on those completed projects constructed under terms of the National Housing Act. Provision for depreciation reflected in the financial statements has been computed by using the sinking fund method related to principal repayment of applicable long-term loans.

Depreciation on northern rental houses has not been provided for in the accounts of the Corporation during the current year.

2. Lease-option deposit

The Corporation has agreed to lease for 15 years two apartment blocks in Yellowknife upon completion of construction. The Corporation has an option to purchase the buildings upon expiration of the lease. To this end the Corporation has deposited \$165,000 in 1975. A further \$162,862 was paid early in 1976. The total payment of \$327,862 will represent:

Purchase option	\$ 87,000
Notes receivable	<u>240,862</u>
	<u>\$ 327,862</u>

The Corporation will lease the buildings at a rate of \$258,869 per year. Upon expiration of the lease the Corporation has the option to purchase the buildings at a cost of \$327,862 plus balances due on the first mortgages at that time.

3. Long-term Debt

Mortgages are payable to Central Mortgage and Housing Corporation over periods of 30 to 50 years at interest rates between 7 3/4% and 8%. Advances from Central Mortgage and Housing Corporation represent interim financing for construction of Housing Projects and will be recorded as mortgages payable upon completion of applicable projects. The repayment of principal and interest on borrowings by the Corporation are guaranteed by the Commissioner of the Northwest Territories Housing Corporation Ordinance. Loans from Canada bear interest at rates varying between 5 1/8% and 7 11/16%.

Principal repayment on outstanding loans exclusive of advances, over the next 5 years amount to \$47,749 in 1976, \$52,181 in 1977, \$55,889 in 1978, \$59,718 in 1979 and \$63,865 in 1980.

4. Directors Remuneration

The Corporation had eight directors whose total remuneration for the year as directors was \$4,050 (1974 - \$4,050). One of the directors was also an officer.

5. Restatement of Comparative Figures

During 1975, changes were made to improve the classification of certain items and for comparative purposes the related figures for 1974 have been restated.

Schedule 1

Northwest Territories Housing Corporation

Investment in Projects

December 31, 1975

	<u>Housing Loans</u>	<u>Northern Rental Houses</u>	<u>Public Housing</u>	<u>Senior Citizens Housing</u>	<u>Total 1975</u>	<u>Total 1974</u>
Mortgages	\$ 649,882	\$	\$	\$	\$ 649,882	\$ 683,300
Buildings, at cost, less accumulated depreciation		12,643,785	5,086,887		17,730,672	16,143,880
Advances to Federal Territorial, Municipal Housing Projects, at cost, less accumulated amortization			633,168	444,861	1,078,029	1,211,945
Construction in progress at cost		710,564	8,290,696		9,001,260	2,331,080
Deposit on lease-purchase agreement (Note 2)			165,000		165,000	
Total 1975	\$ 649,882	\$ 13,354,349	\$ 14,175,751	\$ 444,861	\$ 28,624,843	\$ 20,370,205
Total 1974	\$ 683,300	\$ 13,092,161	\$ 6,140,129	\$ 454,615	\$ -	\$ 20,370,205

Schedule 2

Northwest Territories Housing Corporation

Ancillary Operations

For the year ended December 31, 1975

	<u>1975</u>	<u>1974</u>
Expenditure of log machine operations		
Labour and employee benefits	\$ 45,448	\$ 6,768
Materials	44,024	10,730
Equipment rental	22,119	-
Relocation	9,252	-
Depreciation	8,018	1,500
Sales tax and royalties	5,377	1,144
Utilities	4,690	1,236
Travel	2,536	3,964
Freight	795	896
Consulting	560	1,335
Supervision	-	3,986
	<u>142,819</u>	<u>31,559</u>
Costs transferred to construction projects	55,663	22,875
Sales to others	4,673	-
	<u>60,336</u>	<u>22,875</u>
Costs transferred to statement of income and expense	<u>\$ 82,483</u>	<u>\$ 8,684</u>