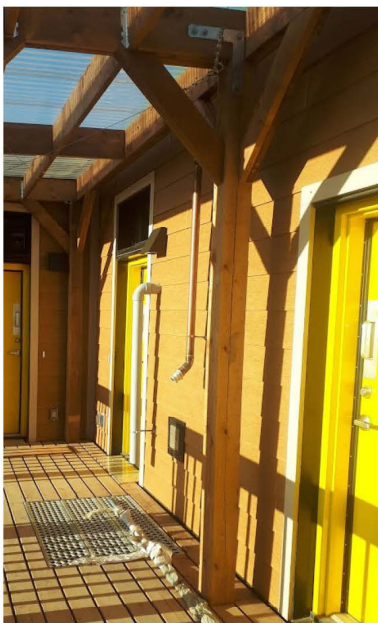




2022-2023

Annual Report



Housing Northwest Territories

Annual Report 2022-2023

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Norman Wells Duplexes were built in conjunction with CAB Construction out of Hay River and the Norman Wells Claimant Corporation.

Minister's Message



My fellow Northerners,
2022-2023 was a year of leaning hard into the renewed Mission of Housing NWT: to increase the well-being of individuals and communities by providing fair access to quality housing support for people most in need. Strengthening relationships with Indigenous Governments resulted in innovative partnering like never before. We particularly thank the Council of Leaders' housing working group. Their invaluable feedback and advice on our policies and programs drove many of our changes and will lead to better outcomes.

We have been pleased to watch Distinctions Based Funding unfold, meaning, the Crown increasingly funds Indigenous Governments directly, giving full autonomy over Housing decisions to the First Nations, Métis and Inuit who lived here for generations. When this happens, Housing NWT remains fully available to support as requested.

Sometimes parties prefer to formalize the nature of working together, such as the Sahtu Secretariat Incorporated Memorandum of Agreement, the Tlicho Government Memorandum of Understanding, and the Délı̨ne Got'ı̨ne Government Memorandum of Understanding. These agreements set out a formal framework for collaboration on housing planning and initiatives and are all historic and promising new ways of working together. It is reconciliation in action, and it reflects this Government's mandate to implement the United Nations Declaration on the Rights of Indigenous Peoples.

These are all inspiring developments that will profoundly shape the future of housing in the north. But I would be remiss not to acknowledge the 50 years of housing work that has already been done, with the ongoing support of our other partner, the Government of Canada. These 50 years were celebrated on National Housing Day. Most recently, under Budget 2022 Housing NWT received a \$60 million funding allocation from Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC) over two years that directly supported our government's Mandate in increasing the number of affordable housing units for the territory, and also address much-needed repairs to aging housing infrastructure.

As I often say, the NWT housing crisis cannot be solved by Housing NWT alone. But by collaborating with our partners, I am hopeful that we are closer to meeting the housing needs of our NWT residents. I look forward to watching how the next Government builds upon this solid foundation.

Mahsi,

A handwritten signature in black ink, appearing to read 'Paullie Chinna', written over a thin horizontal line.

Honourable Paullie Chinna
Minister Responsible For
Housing Northwest Territories

President's Message

This is my third Annual Report on the housing activities that have occurred during my role as President. It has been gratifying to witness the Housing NWT Renewal from its inception to now seeing the specific program and process changes growing out of it.

The Minister enumerated the evolving political and partnership approaches; here I will describe some of the resulting practical changes in how we operate in a renewed way.

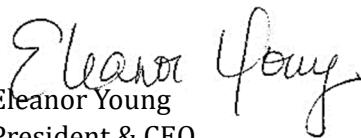
Where to start? Perhaps with the unexpected all-hands-on-deck, beyond-their-job-description assistance our Housing NWT staff provided to the residents of Hay River who experienced sudden dislocation due to flooding. This was client-focused responsiveness in action.

This same responsiveness was also evident in the ongoing work in supporting communities as they developed their individual housing plans. Communities took the lead in this important aspect of finding resident-centred housing solutions. I am pleased that Hay River, Kátł'odeeche First Nation, and Nahanni Butte completed theirs with the support of Housing NWT staff. Congratulations to each of the communities who exercised their local control over such a core part of living.

As part of Housing NWT's renewal, we eliminated the co-pay requirement for emergency repairs. We understood that requiring funds in the midst of needing an emergency repair caused further burden. So we eliminated it enabling individuals to return to a safe, properly repaired home without added financial stress.

We are all too aware of the climate change impacts in the North, where temperatures are warming at many times the global average. Housing NWT is getting ahead of this by developing an Energy Strategy specific to building housing to be finalized in 2023. Our Energy Strategy supports the core value of Housing NWT's mandate to *look for environmental and fiscal sustainability in all aspects of our work*. This strategy also focuses on innovation in construction programs taking into account cultural appropriateness, energy efficiency, climate change, greenhouse gas reduction, and changing technology and demographics.

I wish to thank the staff at Housing NWT for their continued work in carrying out our business activities with a renewed mindset of reconciliation and collaboration, all with an eye to the challenges the future will bring. We look forward to continuing to build tomorrow.


Eleanor Young
President & CEO,
Housing NWT



Mandate

Mission

Increasing the well-being of individuals and communities by providing fair access to quality housing support for people most in need.

Vision

We are a respected partner in providing effective housing support for people most in need.

Values

Client-Focused

- We are fair, respectful, and compassionate
- We recognize that everyone has a unique lived experience that may include past trauma
- We communicate clearly and often

Collaboration

- We look for and accept opportunities to collaborate
- We recognize that greater success comes from working together
- We take steps to build and maintain partnerships

Accountability

- We are accountable to our clients, to our employees, to our partners and to the public for our conduct and our use of public resources
- We are transparent
- We look for accountability in others

Innovation

- We strive to continue to improve
- We are creative, adaptable, and flexible
- We measure our effectiveness

Reconciliation

- We acknowledge the Indigenous inherent right of self-government
- We engage with Indigenous Governments on a government-to-government basis
- We educate ourselves about the NWT's history of colonization
- We strive for cultural appropriateness in our work

Sustainability

- We look for environmental and fiscal sustainability in all aspects of our work.

Corporate Structure

Corporate Summary

Housing NWT provides public and market housing programs and services including subsidized rental and homeownership programs (including purchase and repairs), and unsubsidized rental housing in rural and remote communities. Policy and program development play a key role in creating appropriate programs to address the core housing needs of NWT residents and to promote self-reliance. Housing NWT incorporates energy-efficient technologies in its housing design and in the retrofitting of housing to improve its sustainability and energy efficiency. Housing NWT also works in partnership with the Canada Mortgage and Housing Corporation to cost share the development and improvement of housing infrastructure across the NWT. At the community level, Housing NWT partners with Local Housing Organizations, and municipal and Indigenous governments to manage and administer community housing services in 33 communities.

Branches:

The Executive

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

The President's Office

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

Policy and Planning

The Policy and Planning Division provides support regarding long-term strategic direction and planning for Housing NWT. This Division is also responsible for strategic and business planning, policy development, qualitative and quantitative research, corporate communications, and homelessness initiatives. This Division represents Housing NWT at the Federal/Provincial/Territorial level, on interdepartmental working groups and other committees.

Finance and Infrastructure Services

Comprised of the Finance and Administration Division, Financial Planning Section, the Infrastructures Services Division and the Occupational Health and Safety (OH&S) Section.

Finance and Administration Division

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

Infrastructure Services Division

The Infrastructure Services Division is responsible for planning, designing, and coordinating the delivery of Housing NWT's capital infrastructure projects, advising on, and supporting

homeownership project delivery, securing suitable land for the delivery of housing programs and services and the overall maintenance management of Housing NWT's housing portfolio.

Occupational Health and Safety Section

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

Programs and District Operations

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

The Programs Development and Implementation Section

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



In March 2023, Housing NWT staff and representatives from 5 communities met in Dettah for a workshop on the designs of a new singles duplex that will be built in their communities this year.

The goal of this process is to produce good quality, sustainable housing that is suitable for the people of the NWT and their lifestyles.

Housing NWT would like to thank all attendees for their valuable input!

District Operations

District Offices are responsible for the administration of district capital and program delivery. District Offices also play a pivotal role in lands acquisition and development, maintenance, training and working closely with stakeholders at the community level. District Offices work with LHOs and NWT residents to identify options for programming to assist individuals and families in decision-making regarding their housing needs. This assistance includes the delivery of Housing NWT's Home Purchase Program, Homeownership Initiative, Major Repairs, Mobility Enhancements, and Preventative Maintenance programs.

North Slave District Office:

This District Office supports the communities of Behchokò, Dettah, N'dilò, Gamètì, Łutselk'e, Wekweètì, Whatì and Yellowknife.

South Slave District Office:

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

Nahendeh District Office:

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

Sahtú District Office:

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

Beaufort Delta District Office:

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

Local Housing Organizations (LHOs)

Housing NWT, in partnership with 24 LHOs and community organizations, administers approximately 2,500 public housing units across the NWT. The LHOs, under agreement with Housing NWT, provide property management services including the allocation of units, the assessment of rent, the collection of rents, and the provision of preventative and demand maintenance services.

Each LHO has an advisory board that oversees their operations. Housing NWT's district offices are responsible for these operations in communities where an LHO has not been established.



Housing NWT brought together Local Housing Organization (LHO) Managers from across the territory in October 2022. Everyone took part in a meeting at the Chateau Nova in Yellowknife, bringing together ideas, perspectives, and unique voices.

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

The following is a list of all LHOs and Indigenous Governments that support the delivery of Housing NWT's programs and services via a Housing Division:

Community	Local Housing Organization
Aklavik	Aklavik Housing Association
Behchokò	Behchokò Ko Gha K'àodèe
Colville Lake	Housing NWT Sahtu District Office
Déłıne	Déłıne Housing Association
Dettah/N'Dilo	Yellowknives Dene Band Housing Division
Enterprise	Housing NWT South Slave District Office
Fort Good Hope	Radilih Koe Housing Association
Fort Liard	Liard Housing Authority
Fort McPherson	Fort McPherson Housing Association
Fort Providence	Fort Providence Housing Association
Fort Resolution	Fort Resolution Housing Authority
Fort Simpson	Fort Simpson Housing Authority
Fort Smith	Fort Smith Housing Authority
Gamèti	Gamèti Housing Authority
Hay River	Hay River Housing Authority
Inuvik	Inuvik Housing Authority
Jean Marie River	Fort Simpson Housing Authority
Kakisa	Housing NWT South Slave District Office
Kát'odeeche First Nation	Kát'odeeche First Nation
Lutselk'e	Lutsel K'e Housing Authority
Nahanni Butte	Fort Simpson Housing Authority
Norman Wells	Norman Wells Housing Authority
Paulatuk	Paulatuk Housing Association
Sachs Harbour	Sachs Harbour Housing Association
Sambaa K'e	Fort Simpson Housing Authority
Tsiigehtchic	Tsiigehtchic Housing Association
Tuktoyaktuk	Tuktoyaktuk Housing Association
Tulita	Tulita Housing Association
Ulukhaktok	Ulukhaktok Housing Association
Wekweètì	Housing NWT North Slave District Office
Whatì	Whatì Housing Authority
Wrigley	Fort Simpson Housing Authority
Yellowknife	Yellowknife Housing Authority

Housing NWT Programs

Rental Programs

Public Housing

The Public Housing Program provides income-based subsidies for the rental of housing for residents in need. Housing NWT provides financial, administrative, maintenance, construction and repair support to its community partners who deliver the program on behalf of Housing NWT. Housing NWT utilizes management and service agreements with LHOs or community service organizations to manage its affordable housing portfolio. Currently, Housing NWT operates approximately 2,500 public housing units, which are managed by LHOs and community organizations, located in 31 communities throughout the NWT.

Canada-NWT Housing Benefit

The Canada-NWT Housing Benefit (CNHB) is a funding program administered by Housing NWT that began on April 1, 2021. CNHB provides a benefit to assist with rental costs. This benefit is available to eligible applicants who are paying more than 30% of their gross income towards rent. This benefit is not available to homeowners at this time.

The CNHB pays a portion of the difference between 30% of the household’s income and the average market rent in the area, up to a maximum of \$800 per month for no longer than two years.

Market Housing Program

A lack of market housing options in NWT communities has been a key challenge in delivering programs and services for the Government of the Northwest Territories (GNWT). To support non-market communities, Housing NWT operates several units under the Market Housing Program. Under the program, Housing NWT provides rental housing units at rental rates set by Housing NWT, which is intended to increase the availability of housing in smaller communities for community workers.



Housing NWT works closely with stakeholders to collaborate on the planning and design of new buildings to ensure community needs are met.

In December 2022, Housing NWT design staff worked with community stakeholders in a collaborative process on the designs of 5 new Seniors duplexes that will be built in Fort McPherson, Fort Simpson, Fort Resolution, Tulita and Behchokò. The duplexes are planned to be completed in 2024.

Housing NWT would like to thank all attendees for their efforts!

Homeownership Programs

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

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

STEP – Educational Programs

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

Homeownership Initiative

Supports Housing NWT's objective of increasing private homeownership in rural and remote communities where there are families with enough income to own and operate their own home through:

- The existing homeownership rental portfolio will be converted to homeownership units for eligible tenants who wish to become homeowners.
- The NWTHC will provide eligible public housing tenants in detached units the opportunity to purchase their units to become homeowners if they have sufficient income to pay for the operating and maintenance costs.

Home Purchase Program

Provides an opportunity for clients to become homeowners by aiding the purchase of a modest home. A forgivable loan is available to subsidize the costs of purchasing an existing home.

- A maximum of up to 5% is available for homeowners in market communities.
- Market communities include Fort Simpson, Fort Smith, Hay River, Inuvik, Norman Wells and Yellowknife.

Home Repair Program

This provides financial assistance to eligible homeowners to make necessary health and safety-related repairs to their existing homes.

Mobility Modifications Program

Provides financial assistance to eligible households with a household member with a housing-related disability, to support modifications that will promote continued independent living.

Preventative Maintenance Program

Provides financial assistance to eligible households to complete preventative maintenance checks and make minor servicing or repairs to ensure a safe and healthy residence. A forgivable loan is available to subsidize the costs of preventative maintenance checks and minor repairs.

Emergency Repair Program

Provides financial assistance to eligible households to address emergency repairs that are urgently required to support the continued safe occupancy of the home. A forgivable loan is available to address emergency health and safety repairs.

Seniors Aging in Place

Provides financial assistance to eligible households to support repairs/upgrades that make their homes less expensive to operate so that they can live independently for as long as possible in their communities.

Fuel Tank Replacement Initiative

Provides financial assistance to eligible households to upgrade their ageing above-ground fuel tanks. The home must be the applicant's permanent, principal, and sole residence.



In December 2022, District and Local Housing Organization staff from across the NWT came together in Yellowknife for a maintenance and technical workshop. All 5 District Offices and 24 LHO Offices had staff attend. Staff were able to connect, learn together, and share best practices.

Homelessness Programs

Rapid Rehousing Pilot Program

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

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

Emergency Overnight Shelters

Housing NWT provides NWT emergency overnight shelters funding to assist shelter providers with the cost of rent and food to temporarily house people in need. There are eight emergency overnight shelters supported by the Housing NWT: three in Yellowknife, two in Inuvik, one in Fort Simpson, one in Hay River, and one with the Salt River First Nation.

SCHF (Small Community Homelessness Fund)

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

HAF (Homelessness Assistance Fund)

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

Housing First

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

Northern Pathways to Housing

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

Partnerships

Community Housing Support Initiative

Housing NWT continues to offer the Community Housing Support Initiative (CHSI) to provide funding to municipalities or other community corporate bodies for community-based housing projects that contribute to the delivery of affordable, adequate, suitable, and culturally appropriate housing for families, seniors and single-member households or delivers programs that promote community prosperity and the health and well-being of community residents.

Homeownership Program Statistics

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

Beaufort-Delta District

Program	Number of Programs
Home Repair Program	-
Preventative Maintenance Program	11
Mobility Modifications Program	5
Fuel Tank Replacement	20
Homeownership Initiative	13
Home Purchase Program	-
Emergency Repair Program	59
Seniors Aging in Place	70
Total	178

Nahendeh District

Program	Number of Programs
Home Repair Program	12
Preventative Maintenance Program	12
Mobility Modifications Program	-
Fuel Tank Replacement	10
Homeownership Initiative	1
Home Purchase Program	-
Emergency Repair Program	49
Seniors Aging in Place	10
Total	94

North Slave District

Program	Number of Programs
Home Repair Program	17
Preventative Maintenance Program	141
Mobility Modifications Program	2
Fuel Tank Replacement	15

Homeownership Initiative	10
Home Purchase Program	3
Emergency Repair Program	119
Seniors Aging in Place	79
Total	386

Sahtú District

Program	Number of Programs
Home Repair Program	6
Preventative Maintenance Program	72
Mobility Modifications Program	-
Fuel Tank Replacement	11
Homeownership Initiative	3
Home Purchase Program	3
Emergency Repair Program	43
Seniors Aging in Place	8
Total	146

South Slave District

Program	Number of Programs
Home Repair Program	3
Preventative Maintenance Program	115
Mobility Modifications Program	5
Fuel Tank Replacement	14
Homeownership Initiative	1
Home Purchase Program	1
Emergency Repair Program	51
Seniors Aging in Place	29
Total	219

Total NWT

Program	Number of Programs
Home Repair Program	38
Preventative Maintenance Program	351
Mobility Modifications Program	12
Fuel Tank Replacement	70
Homeownership Initiative	28
Home Purchase Program	7
Emergency Repair Program	321
Seniors Aging in Place	196
Total	1,023

Forgiveness

Type of obligation	Community	Amount, \$
Mortgage	Behchokò	946,029
Mortgage	Déłıne	600,577
Mortgage	Dettah/N'Dilo	1,068,942
Mortgage	Enterprise	157,833
Mortgage	Fort Good Hope	6,991
Mortgage	Fort Liard	709,034
Mortgage	Fort McPherson	310,022
Mortgage	Fort Resolution	509,631
Mortgage	Fort Smith	120,897
Mortgage	Ft. McPherson	26,627
Mortgage	Hay River	94,231
Mortgage	Kát'odeeche First Nation	351,135
Mortgage	Łutselk'e	821,570
Mortgage	Nahanni Butte	221,307
Mortgage	Sambaa K'e	198,899
Mortgage	Wekweèti	165,441
Mortgage	Whatì	151,886
Mortgage	Yellowknife	78,989
Rental Arrears	Aklavik	20,643
Rental Arrears	Behchokò	646,205
Rental Arrears	Colville Lake	39,996
Rental Arrears	Déłıne	29,455
Rental Arrears	Dettah/N'Dilo	32,168
Rental Arrears	Fort Liard	2,747
Rental Arrears	Fort Providence	16,168
Rental Arrears	Fort Resolution	286,130
Rental Arrears	Fort Simpson	31,246
Rental Arrears	Fort Smith	75,190
Rental Arrears	Gamèti	44,251
Rental Arrears	Hay River	12,934
Rental Arrears	Inuvik	116,871
Rental Arrears	Łutselk'e	16,907
Rental Arrears	Norman Wells	5,757
Rental Arrears	Paulatuk	129,713
Rental Arrears	Sachs Harbour	22,092

Rental Arrears	Tsiigehtchic	61,988
Rental Arrears	Tuktoyaktuk	71,777
Rental Arrears	Tulita	86,691
Rental Arrears	Ulukhaktok	86,181
Rental Arrears	Whati	145,720
Rental Arrears	Wrigley/Yellowknife	1,851
Rental Arrears	Yellowknife	149,848

Total **\$8,672,570**

Appendix A:
Management Discussion and Analysis
Fiscal Year 2022-2023

Management Discussion and Analysis – Fiscal Year 2022/23

Managing Risk / Pressures

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

Climate Change

Weather events brought on by climate change, including but not limited to low water levels, wildfires, and permafrost degradation, are increasingly disrupting Housing NWT's regular operations and capital delivery. Housing NWT continues to consider these factors in planning its programs and services delivery as well as managing cash flow and budgets. Looking toward to the future, Housing NWT has developed a 2030 Energy Management Strategy that has set out specific goals and actions that Housing NWT will be taking to help mitigate these risks into the future.

CMHC Funding

Base operational and maintenance (O&M) funding for public housing operations from Canada Mortgage and Housing Corporation (CMHC) reduces annually and will reach zero by 2038-39. This funding continues to decline at varying amounts annually, depending on when the housing stock was initially constructed in partnership with the federal government.

A multi-year bilateral agreement with CMHC, in support of the National Housing Strategy, provided an additional nine years (2019/20 – 2027/28) of federal funding certainty that will assist Housing NWT in responding to the territory's housing priorities, including helping to mitigate the continued annual decline in CMHC O&M funding for public housing operations.

Another mitigation strategy to help offset CMHC's declining O&M funding is the Royal Canadian Mounted Police (RCMP) market housing initiative. This initiative involves the delivery of 45 additional market housing units for RCMP Members stationed throughout the NWT. This initiative not only increased the availability of market housing units for the territory but also generated additional own source revenues for Housing NWT to help mitigate declines in CMHC O&M funding.

During 2022-2023, Housing NWT signed a funding agreement with CIRNAC providing an additional \$30 million in federal funding for further investment in new public housing infrastructure and operational requirements. The delivery of these new energy efficient public housing units will assist Housing NWT in managing public housing unit operating costs.

Core Need (Quality of Housing and Affordability)

The level of core housing need in the NWT, according to *the 2019 NWT Community Survey*, is 23.6%. To assist in addressing this situation, Housing NWT continues to support capital investments to replace and to retrofit older and less energy-efficient housing units. In addition to existing housing stock investment, Housing NWT continues to deliver a wide range of housing programs for private homeowners. For example, the Canada-NWT Housing Benefit Program is utilized to address market rental challenges for NWT residents and the Securing Assistance for Emergencies (SAFE) repair program is delivering financial assistance for low to moderate-income households to address their emergency home repairs.

Utility Costs

Housing NWT continues to invest in improving the overall quality and energy-efficiency of its owned housing assets. New construction for the replacement of aging, single detached Public Housing is now primarily multi-unit buildings, resulting in reduced utility costs. For the past number of years, Housing NWT ensured the energy efficiency standards for new construction met, or exceeded, EnerGuide for Housing (EGH) 80 design standards. Housing NWT also continues to invest in energy efficiency technologies, such as biomass and photovoltaic solar systems, to help offset the high cost of energy.

Land Development

Land availability for both current and future housing construction projects is an ongoing challenge. Land development in many Northwest Territories communities has not kept pace with the ongoing demand for suitable building lots. Housing NWT continues to work with community governments to identify and develop suitable land for residential construction and ensures compliance with zoning bylaws and local development approval processes.

Credit Risk

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

Since 2012, Housing NWT has worked with clients to restructure their mortgages with a view to improving overall collections rates. Working with program participants, Housing NWT was able to restructure a number of existing mortgages to date to assist homeowners in satisfying their mortgage payment obligations.

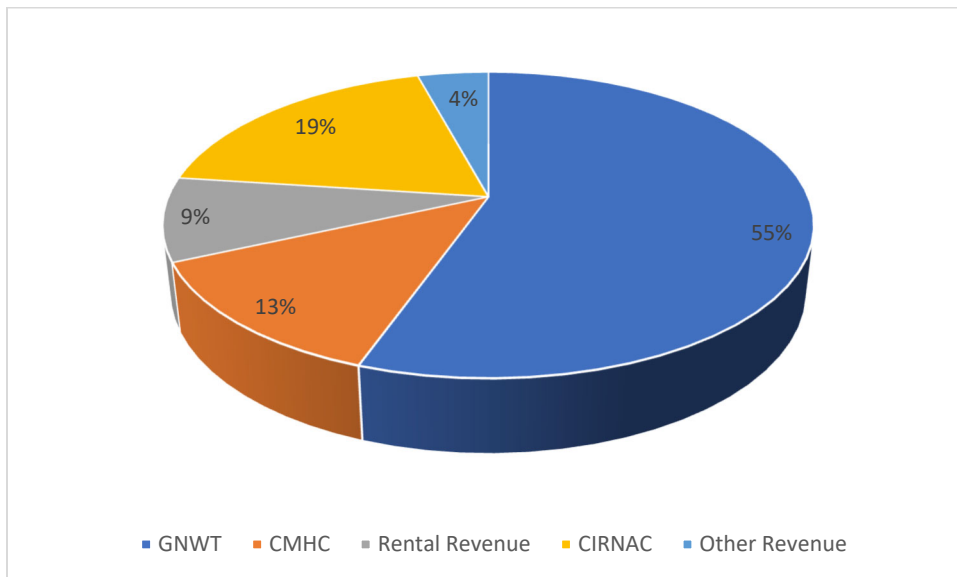
Financial Results

Revenues

The total revenues for Housing NWT in 2022/23 were \$160.3 million, an increase of \$19.2 million from the previous year's total of \$141.1 million.

Government funding from the GNWT, CMHC, CIRNAC and other transfers increased by approximately \$16.9 million, from \$123.5 million to \$140.4 million. This was due to increased funding for Homeownership Grants and Contribution core programs of \$4 million, Emergency Shelter and Homelessness funding of \$2.2 million, a \$3.25 million reimbursement for Hay River flood costs, \$5 million increase as per agreement with CIRNAC, \$0.9 million increase per collective agreement, \$0.4 million funding for biomass feasibility study, \$0.3m funding for public housing renovations, and \$0.3 million increase due to IRC revenue.

Revenue generated from operations amounted to \$19.9 million in 2022/23, an increase of \$2.3 million over the \$17.6 million in revenue generated in 2021/22. This increase was primarily related to increases in portfolio investment income due to higher interest rates in 2022/23.



Expenses

Housing NWT's total expenses for 2022/23 were \$125 million, \$8.5 million increase over the 2021/22 year's expenses of \$119.2 million.

The cost of operating the Public Housing program this past year increased by \$1.3 million or approximately 1.89% primarily due to \$2 million increases in utility rates, \$3 million increase in minor M&I related to Hay River flood, \$1.5 million decrease on environmental contracts, and around \$2 million decrease mainly related to lower amortization in current year as a result of asset retirement obligations / asset retirement cost valuation adjustments. The Public Housing program costs continue to be the largest component of Housing NWT's expenses, representing 57% of the annual expenses, including amortization.

Expenses for the HELP and market housing programs including amortization were \$11.2 million in 2022/23, a \$1.2 million or 12% increase over the \$10 million expended in 2021/22. This increase was primarily attributable to a \$0.3 million increase of amortization as a result of more assets being brought into service, \$0.4 million attributable to increases in M&I expenses, and \$0.2 million attributable to increase in utility costs due to higher costs of fuel.

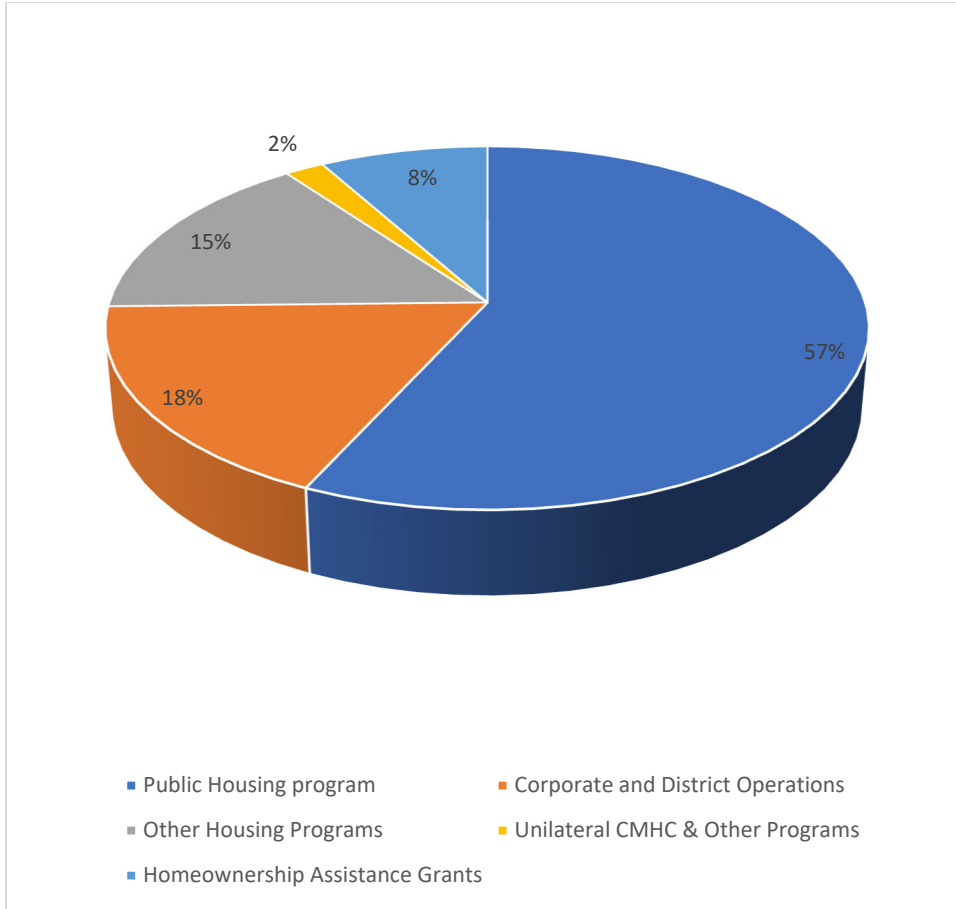
Homeownership assistance grants were \$10.2 million in 2022/23, an increase of \$1.8 million or 21.1% over the previous year's amount of \$8.4 million. This program funding supports private households in purchasing and repairing their homes. The increase in 2022/23 was largely attributable to increased program intake in 2022/23 revisions.

Homelessness assistance grants were \$6 million, an increase of \$1.3 million or 27.5% over previous year's amount of \$4.7 million. This program funding supports homelessness grants and contributions. Over \$0.9m increase is attributable to 2022/23 being the first full year of Housing NWT operating the Inuvik shelter with own forces and another \$0.3 million increase in emergency shelter grants and contributions.

Rent subsidy program grants were \$1.1 million, a decrease of \$0.6 million or 36.4% under previous year's amount of \$1.7 million. This funding provides rent assistance grants to renters in the private market. This decrease is due to the program being under subscribed in 2022/23.

Housing NWT expensed \$22.2 million on Housing Operations and Support in 2022/23, an increase of \$0.9 million or 4.5% from the \$21.3 million expended in 2021/22. Costs include program development and delivery and technical and administrative support for both the district offices and headquarters. Increase of \$0.3 million due to increased travel following the ease of COVID-19 restrictions, approximately \$0.3 million increase in contract services spending for the Energy Management Strategy and an approximate \$0.2 million increase due to increased insurance costs as a result of increased rates.

The acquisition or construction of new housing assets and the renovation of existing housing is typically funded by the GNWT, CMHC, and Housing NWT's own source revenues. During the year, revenues, including Housing NWT generated revenues, exceeded expenses resulting in an annual surplus of \$33 million. Annual surpluses help resource Housing NWT's capital investments and housing programming.



Financial Position

Housing NWT continued to maintain a sound financial position in 2022/23, with net financial assets of \$56 million, a \$1 million increase from the \$55 million in 2021/22. This increase is mainly due to \$5.2 million decrease in cash and portfolio investments, \$10.7 million increase in account receivable, \$8.3 million increase in account payable, and \$3.3 million decrease in asset retirement obligation (ARO). ARO a non-cash adjustment to reflect future obligation to retire hazardous materials. This year’s adjustment was a result of using a higher discount rate in 2022/23 than the prior year.

Housing NWT recognizes the importance of having sufficient net financial assets to address contractual obligations and to complete the implementation of priority housing projects and initiatives.

The cash and cash equivalents balance of \$61.7 million (\$91.5 million on March 31, 2022) represents the March 31, 2023, bank balance for 23 LHOs and Housing NWT. Housing NWT invests excess cash flow in portfolio investments that meet the terms of the investment policy. As at March 31, 2023, \$62 million (\$37.5 million at March 31, 2021) was invested in portfolio investments with a weighted average rate of return of 2.87%. These investments continue to be liquidated to support Housing NWT’s capital delivery and other program needs.

Since 2012, Housing NWT has been assisting mortgage program participants in restructuring their loans. This approach has assisted homeowners in satisfying their mortgage payment obligations while supporting the on-going delivery of housing programs and services. The total mortgage and loans receivable balance decreased from \$4 million as at March 31, 2022, to \$3.8 million as at March 31, 2023, due to approved forgiveness adjustments in 2022/23.

Investment in Housing

As at March 31, 2023, Housing NWT had \$375 million of investments in land and buildings and other property and equipment, representing the amortized book value of approximately 2,600 owned public housing, homeownership rentals, and market rental units. During the year, Housing NWT acquired \$52.2 million in tangible capital assets.

Appendix B:

**Independent Auditor's Report and
Consolidated Financial Statements**

**Housing Northwest Territories
Consolidated Financial Statements
March 31, 2023**

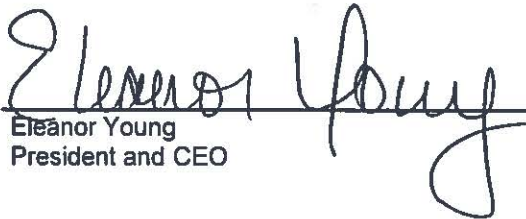
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are properly authorized and recorded, proper records are maintained, assets are safeguarded, and Housing NWT 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 Housing NWT's statutory requirements and policies.

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

On behalf of Housing NWT



Eleanor Young
President and CEO



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

Yellowknife, Northwest Territories
October 10, 2023



Office of the
Auditor General
of Canada

Bureau du
vérificateur général
du Canada

INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for Housing Northwest Territories

Opinion

We have audited the consolidated financial statements of Housing Northwest Territories and its controlled entities (the Group), which comprise the consolidated statement of financial position as at 31 March 2023, and the consolidated statement of operations and accumulated surplus, consolidated statement of change in net financial assets and consolidated statement of cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2023, and the consolidated results of its operations, consolidated changes in its net financial assets, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists,

we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Lana Dar, CPA, CA
Principal
for the Auditor General of Canada


Vancouver, Canada
10 October 2023

HOUSING NORTHWEST TERRITORIES

Consolidated Statement of Financial Position As at March 31, 2023 (in thousands)

	2023	2022
		(Restated - Note 3)
Financial assets		
Cash and cash equivalents	\$ 61,748	\$ 91,465
Portfolio investments (Note 4)	61,964	37,467
Accounts receivable (Note 5)	16,828	6,126
Mortgages and loans receivable (Note 6)	<u>3,783</u>	<u>3,969</u>
	<u>144,323</u>	<u>139,027</u>
Liabilities		
Accounts payable and accrued liabilities (Note 7)	32,273	24,000
Deferred revenue	326	359
Loans and mortgages payable to CMHC (Note 8)	3,984	4,645
Environmental liabilities (Note 10)	967	913
Retirement, post-employment, and other leave benefits	2,197	2,236
Asset retirement obligations (Note 9)	<u>48,552</u>	<u>51,817</u>
	<u>88,299</u>	<u>83,970</u>
Net financial assets	56,024	55,057
Non-financial assets		
Tangible capital assets (Schedule A)	375,375	341,555
Inventories held for use	2,731	2,529
Prepaid expenses	<u>485</u>	<u>116</u>
	<u>378,591</u>	<u>344,200</u>
Accumulated surplus	<u>\$ 434,615</u>	<u>\$ 399,257</u>
Contractual rights, contractual obligations and contingencies (Notes 13, 14 and 15)		

Approved by:



 Hon. Paulie Chinna
 Minister Responsible for Housing Northwest
 Territories



 Eleanor Young
 President and CEO

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

HOUSING NORTHWEST TERRITORIES

Consolidated Statement of Operations and Accumulated Surplus For the year ended March 31, 2023 (in thousands)

	2023	2023	2022
	Budget	Actual	(Restated - Note 3) Actual
Revenues			
Government funding:			
Government of the Northwest Territories	\$ 78,358	\$ 88,869	\$ 77,286
CMHC (Note 11)	21,178	20,566	20,725
CIRNAC (Note 12)	-	30,000	25,000
Other grants and transfers	<u>-</u>	<u>968</u>	<u>532</u>
	<u>99,536</u>	<u>140,403</u>	<u>123,543</u>
Generated revenues:			
Rental revenue	10,620	14,159	13,338
Recoveries from mortgages and loans	475	807	692
Income from portfolio investments	440	3,160	735
Other revenue and recoveries	419	1,721	2,759
Interest revenue on mortgages and loans	<u>90</u>	<u>82</u>	<u>82</u>
	<u>12,044</u>	<u>19,929</u>	<u>17,606</u>
	<u>111,580</u>	<u>160,332</u>	<u>141,149</u>
Expenses (Note 16)			
Public housing program	73,417	71,068	69,748
Unilateral CMHC programs and other programs	2,533	2,386	2,419
HELP and market housing	6,232	11,186	10,064
Non-residential building operations	180	897	926
Rent subsidy program	2,588	1,054	1,658
Homelessness fund program	4,252	5,961	4,677
Homeownership assistance grants	12,407	10,188	8,410
Housing operations and support	<u>19,536</u>	<u>22,234</u>	<u>21,285</u>
	<u>121,145</u>	<u>124,974</u>	<u>119,187</u>
Annual (deficit) surplus	<u>\$ (9,565)</u>	<u>\$ 35,358</u>	<u>\$ 21,962</u>
Accumulated surplus, beginning of year	<u>399,257</u>	<u>399,257</u>	<u>377,295</u>
Accumulated surplus, end of year	<u>\$ 389,692</u>	<u>\$ 434,615</u>	<u>\$ 399,257</u>

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

HOUSING NORTHWEST TERRITORIES

Consolidated Statement of Change in Net Financial Assets For the year ended March 31, 2023 (in thousands)

	2023	2023	2022
	Budget	Actual	(Restated - Note 3) Actual
Net financial assets, beginning of the year	\$ 55,057	\$ 55,057	\$ 45,196
Items affecting net financial assets:			
Annual (deficit) surplus	(9,565)	35,358	21,962
Acquisition of tangible capital assets	(10,625)	(51,895)	(30,297)
Amortization of tangible capital assets	15,900	12,896	15,683
Proceeds from disposal of tangible capital assets	-	357	441
Loss on disposal of tangible capital assets and write-down	-	150	448
Asset retirement cost adjustment (Note 9)	-	4,952	653
Other transfers (Note 18)	-	(280)	-
Grants in kind	-	-	912
Acquisition of inventories held for use	-	(2,080)	(1,614)
Consumption of inventories held for use	-	1,878	1,720
Acquisition of prepaid expenses	-	(439)	(106)
Consumption of prepaid expenses	-	70	59
Increase (decrease) in net financial assets	<u>(4,290)</u>	<u>967</u>	<u>9,861</u>
Net financial assets, end of the year	<u>\$ 50,767</u>	<u>\$ 56,024</u>	<u>\$ 55,057</u>

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

HOUSING NORTHWEST TERRITORIES

Consolidated Statement of Cash Flow For the year ended March 31, 2023 (in thousands)

	2023	2022
		(Restated - Note 3)
Operating transactions		
Annual surplus	\$ 35,358	\$ 21,962
Items not affecting cash:		
Amortization of tangible capital assets	12,896	15,683
Accretion of asset retirement obligations	1,687	1,642
Other grants and transfers	(280)	-
Loss on disposal of tangible capital assets and write-down	150	448
Grant in kind	-	912
Non-cash portfolio investment income	-	39
Non-cash mortgage funding	113	(88)
Change in valuation allowance for doubtful accounts	34	104
Change in valuation allowance for mortgages and loans receivable	-	(1,432)
	14,600	17,308
Change in non-cash assets and liabilities:		
Change in accounts receivable	(10,702)	35,649
Change in inventories held for use	(202)	106
Change in prepaid expenses	(369)	(47)
Change in accounts payable and accrued liabilities	1,691	229
Change in deferred revenue	(33)	98
Change in environmental liabilities	54	(193)
Change in retirement, post-employment, and other leave benefits	(39)	(147)
	(9,600)	35,695
Cash provided by operating transactions	40,358	74,965
Capital transactions		
Acquisition of tangible capital assets	(45,479)	(32,504)
Proceeds from disposal of tangible capital assets	357	441
Cash used for capital transactions	(45,122)	(32,063)
Financing transactions		
Repayment of loans payable to CMHC	(661)	(625)
Cash used for financing transactions	(661)	(625)

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

HOUSING NORTHWEST TERRITORIES

Consolidated Statement of Cash Flow (continued) For the year ended March 31, 2023 (in thousands)

	2023	2022 (Restated - Note 3)
Investing transactions		
Proceeds from sale of portfolio investments	6,522	5,000
Acquisition of portfolio investments	(31,000)	(5,058)
Repayments of mortgages and loans receivable	186	250
Cash (used for) provided by investing transactions	(24,292)	192
(Decrease) increase in cash and cash equivalents	(29,717)	42,469
Cash and cash equivalents at beginning of the year	91,465	48,996
Cash and cash equivalents at end of the year	\$ 61,748	\$ 91,465

Total interest paid during the year was \$276 (2022 - \$312).

Total interest received during the year was \$3,242 (2022 - \$817).

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

Cash and cash equivalents are comprised of \$60,170 (2022 - \$65,840) of cash and \$1,578 (2022 - \$25,625) of cash equivalents.

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

HOUSING NORTHWEST TERRITORIES

Notes to Consolidated Financial Statements For the year ended March 31, 2023 (in thousands)

1. PURPOSE OF THE ORGANIZATION

(a) Authority and reporting entity

The passing of Bill 56 on April 1, 2023 to the *Northwest Territories Housing Corporation Act* resulted in renaming of that Act as well as the entity, to Housing Northwest Territories ("Housing NWT"). Housing NWT is a territorial corporation, established under the *Housing Northwest Territories Act* (the "Act") and named in Schedule B of the *Financial Administration Act* (FAA) of the Northwest Territories (NWT). Accordingly, Housing NWT operates in accordance with its Act and regulations, the FAA, and any directives issued to it by the Minister responsible for Housing NWT. Housing NWT is exempt from income tax but is subject to Goods and Services Tax.

Housing NWT'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. Housing NWT 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.

(b) Economic dependence

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

Housing NWT 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.

(c) Budget

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

The significant accounting policies are as follows:

(a) Measurement uncertainty

The preparation of the consolidated financial statements in accordance with Canadian public sector accounting standards requires Housing NWT to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the consolidated financial statements and accompanying notes. By their nature, these estimates are subject to measurement uncertainty. Actual results could differ significantly from the estimates. The more significant management estimates relate to the provision of asset retirement obligations, the valuation of tangible capital assets transfers, the allowance for impaired mortgages and loans receivable, the allowance for tenant rent receivables, the useful lives of tangible capital assets, and contingencies.

HOUSING NORTHWEST TERRITORIES

Notes to Consolidated Financial Statements For the year ended March 31, 2023 (in thousands)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Reporting entity

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

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

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

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

(c) Revenue recognition

Housing NWT receives funding for operating and capital purposes from the Government.

Housing NWT also receives funding from the Government of Canada for the operation and maintenance of the various public housing programs, the acquisition of public housing and to provide assistance to eligible homeowners and landlords for repair and rehabilitation of properties.

Government transfer revenues are recognized as revenue in the period in which events giving rise to the transfer occurred as long as:

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

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

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

HOUSING NORTHWEST TERRITORIES

Notes to Consolidated Financial Statements For the year ended March 31, 2023 (in thousands)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

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

(d) Programs

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

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

ii) Contributions for unilateral Canada Mortgage and Housing Corporation (CMHC) programs and other programs

Housing NWT 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.

iii) Homeownership assistance grants

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

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

(e) Cash and cash equivalents

Cash and cash equivalents are comprised of bank account balances net of outstanding cheques and short-term investments that have terms to maturity of less than or equal to 90 days from the date of acquisition. Included in cash are tender and security deposits from contractors on construction projects and rental housing damage deposits held in trust.

(f) Portfolio investments

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

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

HOUSING NORTHWEST TERRITORIES

Notes to Consolidated Financial Statements For the year ended March 31, 2023 (in thousands)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Mortgages and loans receivable

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

Valuation allowances for impaired loans are established by management based on past events, current conditions and all circumstances known at the date of the preparation of the consolidated financial statements and are adjusted annually to reflect the current circumstances by recording write downs or recoveries, as appropriate. Mortgages are classified as impaired when Housing NWT no longer has reasonable assurance of timely collection of the full amount of principal and interest due. The valuation allowance adjusts a mortgage's carrying value to its net recoverable value. Valuation allowance writedowns are recognized when the loans have been deemed uncollectable. Valuation allowance recoveries are recorded when loans previously written down are subsequently collected or when loans revert to a performing status. Interest revenue is not accrued when the collectability of either principal or interest is not reasonably assured.

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

(h) 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.

(i) Asset retirement obligations

A liability for an asset retirement obligation (ARO) is recognized at the best estimate of the amount required to retire a tangible capital asset at the financial statement date when there is a legal obligation for Housing NWT to incur retirement costs, a past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at year-end. The best estimate of an ARO incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an ARO are expected to occur over extended future periods. The discount rate used reflects Housing NWT's cost of borrowing associated with the estimated number of years to complete the retirement or remediation.

When a liability for an ARO is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset and amortized consistent with the tangible capital asset policy discussed below. An ARO may arise in connection with a tangible capital asset that is not recognized or

HOUSING NORTHWEST TERRITORIES

Notes to Consolidated Financial Statements For the year ended March 31, 2023 (in thousands)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

no longer in productive use. In this case, the asset retirement cost would be expensed.

At each financial reporting date, the carrying amount of the liability is reviewed. Housing NWT recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. Once the related tangible capital asset is no longer in productive use, changes to the liability are recognized as an expense in the period they are incurred. Housing NWT continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when made.

(j) Tangible capital assets

i) Land and buildings

Land and housing units constructed or purchased by Housing NWT are recorded at cost. Housing materials are also recorded at cost and included in work in progress.

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

When Housing NWT enters into lease agreements where the risks and benefits of ownership are transferred to Housing NWT, the public and affordable (HELP and market) housing units are recorded as capital leases. In such cases, the cost of the asset is determined as the discounted net present value of the minimum lease payments and is amortized using the straight-line method over the lease term. Obligations recorded under capital leases are reduced by rental payments net of imputed interest and executory costs.

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

ii) Property and equipment

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

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

(k) 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.

HOUSING NORTHWEST TERRITORIES

Notes to Consolidated Financial Statements For the year ended March 31, 2023 (in thousands)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(I) Employee future benefits

i) Pension Benefits

(a) Public Service Pension Plan

All eligible employees of Housing NWT are covered in the Public Service Pension Plan (the "Plan") a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and Housing NWT to cover current service cost. Housing NWT's contributions are charged as an expense on a current year basis and represent the total pension obligations. Housing NWT is not required under present legislation to make contributions with respect to actuarial deficiencies of the Plan.

(b) Northern Employee Benefits Service (NEBS) Pension Plan

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

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

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

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

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

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

HOUSING NORTHWEST TERRITORIES

Notes to Consolidated Financial Statements For the year ended March 31, 2023 (in thousands)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Environmental liabilities

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

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

(n) Related party transactions

Housing NWT is related to all Government of the Northwest Territories departments, territorial corporations and public agencies, and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of Housing NWT. Significant transactions with related parties and balances at year-end are disclosed separately in the consolidated financial statements and notes thereto.

i) Inter-entity transactions

Inter-entity transactions are transactions between commonly controlled entities. Inter-entity transactions are recorded on a gross basis and are measured at the carrying amount, except for the following: when inter-entity transactions are undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length, or where costs provided are recovered, they are measured at the exchange amount.

ii) Other related party transactions

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

iii) Services provided without charge

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

(o) Future accounting changes

Effective April 1, 2023, Housing NWT is required to adopt PS 3400 Revenue. This accounting standard provides guidance on how to account for and report on revenue, and specifically, it differentiates between revenue arising from exchange and non-exchange transactions. It is not expected to have a significant impact on the consolidated financial statements.

HOUSING NORTHWEST TERRITORIES

Notes to Consolidated Financial Statements For the year ended March 31, 2023 (in thousands)

3. Adoption of new accounting standard

Effective April 1, 2022, Housing NWT adopted the new Canadian Public Sector Accounting Standard PS 3280 Asset Retirement Obligations (ARO). This standard requires public sector entities to recognize liabilities for legal obligations to incur costs associated with the retirement of tangible capital assets on their acquisition, construction, development, or through their normal use and to expense those costs systematically over the life of the asset. Housing NWT recognized ARO relating to owned buildings that contain either asbestos or lead. Housing NWT applied the modified retrospective application approach with restatement of prior year comparative information. On initial application of the standard, the following were recognized:

- i. an ARO, adjusted for accumulated accretion to the effective date;
- ii. an asset retirement cost capitalized as an increase to the carrying amount of the related tangible capital assets;
- iii. accumulated amortization on the capitalized cost; and
- iv. an adjustment to the opening balance of net financial assets.

Amounts are measured using information, assumptions and discount rates that were current at the beginning of the current fiscal year.

The amount recognized as an asset retirement cost is measured as of the date the ARO was incurred. Accumulated accretion and amortization are measured for the period from the date the liability would have been recognized as if the provisions of this standard had been in effect to the date of transition.

The impact on the prior year's consolidated financial statements as a result of adopting this accounting standard is as follows:

	2022		
	As previously reported	Adjustments made	As restated
Consolidated Statement of Financial Position			
Asset retirement obligations	-	51,817	51,817
Tangible capital assets	337,981	3,574	341,555
Accumulated surplus	447,500	(48,243)	399,257

	2022		
	As previously reported	Adjustments made	As restated
Consolidated Statement of Operations and Accumulated Surplus			
Public housing program	68,532	1,216	69,748
HELP and market housing	10,021	43	10,064
Non-residential building operations	925	1	926
Annual (deficit) surplus	23,222	(1,260)	21,962
Accumulated surplus, beginning of year	424,278	(46,983)	377,295
Accumulated surplus, end of year	447,500	(48,243)	399,257

HOUSING NORTHWEST TERRITORIES

Notes to Consolidated Financial Statements For the year ended March 31, 2023 (in thousands)

	2022		
	As previously reported	Adjustments made	As restated
Consolidated Statement of Change in Net Financial Assets			
Annual (deficit) surplus	23,222	(1,260)	21,962
Amortization of tangible capital assets	15,495	188	15,683
Loss on disposal of tangible capital assets and writedown	1,018	(570)	448
Asset retirement cost adjustment	-	653	653
Net financial assets, beginning of year	96,024	(50,828)	45,196
Net financial assets, end of year	106,874	(51,817)	55,057

	2022		
	As previously reported	Adjustments made	As restated
Consolidated Statement of Cash Flow			
Annual (deficit) surplus	23,222	(1,260)	21,962
Amortization of tangible capital assets	15,495	188	15,683
Accretion of asset retirement obligations	-	1,642	1,642

	2022		
	As previously reported	Adjustments made	As restated
Note 16 Expenses by object			
Amortization	15,495	188	15,683
Accretion of asset retirement obligations	-	1,642	1,642
Loss on disposal of tangible capital assets and writedown	1,018	(570)	448

	2022		
	As previously reported	Adjustments made	As restated
Schedule A			
Public housing			
Opening balance, cost	412,192	16,731	428,923
Opening balance, accumulated amortization	194,758	13,322	208,080
Net book value	217,434	3,409	220,843
HELP and Market Housing			
Opening balance, cost	110,706	450	111,156
Opening balance, accumulated amortization	38,718	285	39,003
Net book value	71,988	165	72,153
Non-residential properties			
Opening balance, cost	6,234	6	6,240
Opening balance, accumulated amortization	3,312	6	3,318
Net book value	2,922	-	2,922

HOUSING NORTHWEST TERRITORIES

Notes to Consolidated Financial Statements For the year ended March 31, 2023 (in thousands)

4. PORTFOLIO INVESTMENTS

	2023	2022
Marketable securities (fair value \$60,281; 2022 - \$35,989)	\$ <u>61,964</u>	\$ <u>37,467</u>

5. ACCOUNTS RECEIVABLE

	2023	2022
Tenant rents receivable, before allowance of \$9,874 (2022 - \$11,580)	12,559	13,482
Trade accounts receivable, before allowance of \$1,205 (2022 - \$954)	\$ <u>4,667</u>	\$ <u>3,503</u>
	17,226	16,985
Less allowance for doubtful accounts	<u>(11,079)</u>	<u>(12,534)</u>
	6,147	4,451
Receivables from CMHC	8,777	1,095
Receivables from related parties:		
Government of the Northwest Territories	<u>1,904</u>	<u>580</u>
	\$ <u>16,828</u>	\$ <u>6,126</u>

Tenant rents receivable of \$2,133 were forgiven (2022 - \$191) during the year.

6. MORTGAGES AND LOANS RECEIVABLE

	2023	2022
Housing NWT's mortgages and loans to individuals are receivable over a maximum of 25 years, some of which are unsecured and others are secured by registered charges against real property, bearing fixed interest rates between 0.00% and 10.50% (2022 - 0.00% and 10.50%).	\$ 10,615	\$ 11,479
Less allowance for impaired mortgages and loans receivable	<u>(6,832)</u>	<u>(7,510)</u>
	\$ <u>3,783</u>	\$ <u>3,969</u>

There were 20 accounts forgiven in the current year totalling \$989 (2022 - 28 write-offs totalling \$1,447).

HOUSING NORTHWEST TERRITORIES

Notes to Consolidated Financial Statements For the year ended March 31, 2023 (in thousands)

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2023	2022
Trade payables	\$ 17,645	\$ 11,138
Contractor holdbacks	3,254	1,364
Wages and employee benefits	2,555	2,450
Damage deposits	2,537	2,536
Tender and security deposits	981	596
Accrued interest	61	79
Payables to related parties:		
Government of the Northwest Territories	5,240	5,837
	\$ 32,273	\$ 24,000

8. LOANS AND MORTGAGES PAYABLE TO CMHC

	2023		2022	
	Debt balance	CMHC funded portion	Net debt balance	Net debt balance
Mortgages payable to CMHC (NHA Section 79 debt), repayable in monthly or quarterly installments, maturing from 2024 to 2038, at interest rates from 7.63% to 19.00% (2022 - 7.63% to 19.00%).	\$ 18,475	\$ (18,475)	\$ -	\$ -
Loans payable to CMHC (NHA Section 82 debt), repayable in annual installments until the year 2033, bearing interest of 6.97% (2022 - 6.97%). These loans are guaranteed by the Government.	7,743	(4,302)	3,441	3,959
Mortgages payable to CMHC for 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 0.68% to 1.01%, (2022 - 0.68% to 1.01%).	543	-	543	686
	\$ 26,761	\$ (22,777)	\$ 3,984	\$ 4,645

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

HOUSING NORTHWEST TERRITORIES

Notes to Consolidated Financial Statements For the year ended March 31, 2023 (in thousands)

8. LOANS AND MORTGAGES PAYABLE TO CMHC (continued)

Had CMHC not funded the repayments of the debt principal and interests payable to CMHC, Housing NWT would have incurred additional interest expense of \$2,785 (2022 - \$2,913) and would have made additional principal debt repayments to CMHC of \$1,402 (2022 - \$1,353).

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

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

	Principal	Interest	Total
2024	\$ 699	\$ 248	\$ 947
2025	711	207	918
2026	695	166	861
2027	638	126	764
2028	458	88	546
2029-2033	783	121	904
	\$ 3,984	\$ 956	\$ 4,940

9. ASSET RETIREMENT OBLIGATIONS

AROs include estimated remediation costs to remove asbestos and lead from buildings. The amount recognized is the net present value of estimated future expenditures required to fund the decommissioning of the assets. The obligation is calculated using the current estimated costs to retire the asset inflated to the estimated retirement date and discounted to current present value. The retirement obligation is being provided for over the accreted value from the initial obligation to the end of the useful life of the asset. Future retirement expenditures will be charged against the accumulated liability as incurred.

Following is a summary of the key assumptions upon which the carrying amount of the ARO is based:

- Total expected future cash flows - \$88,671 (2022 - \$88,735)
- Expected timing of payments of the cash flow - asset removal and/or site remediation is expected to occur between 2025 and 2050 (2022 - 2025 and 2050) with the majority occurring after 2037 (2022 - 2037).
- The discount rate is the year-end cost of borrowing of 3.92% (2022 - 3.27%).
- The inflation rate is based on the Bank of Canada's targeted inflation rate of 2.00% (2022 - 2.00%). This provision is highly sensitive to the discount rate and inflation rate used.
- A 1% increase in the discount rate would decrease the obligation by \$6,238
- A 1% decrease in the discount rate would increase the obligation by \$7,429
- A 1% increase in the inflation rate would increase the obligation by \$7,501
- A 1% decrease in the inflation rate would decrease the obligation by \$6,402

Following is a summary of the ARO:

	2023	2022 (Restated - Note 3)
Opening Balance	\$ 51,817	\$ 50,828
Accretion expense	1,687	1,642
Valuation adjustment	(4,952)	(653)
Balance, end of year	\$ 48,552	\$ 51,817

HOUSING NORTHWEST TERRITORIES

Notes to Consolidated Financial Statements For the year ended March 31, 2023 (in thousands)

The valuation adjustment is comprised of:

- \$ 4,717 (2022 - nil) due to 0.65% increase (2022 - 0%) in the discount rate
- \$ 235 (2022 - \$653) due to the disposition of assets where no remediation was required and the liability is now extinguished.

10. ENVIRONMENTAL LIABILITIES

Housing NWT has identified sixteen fuel spill sites and no other contaminated sites (2022 - fourteen fuel spill sites and no other contaminated sites) for which an environmental liability has been recorded. There were no sites (2022 - two) closed during the fiscal year. Two new sites (2022 - five) were identified during the year. The liability is calculated as costs remaining to remediate the sites to the required environmental standard. The estimated amount of recoveries is nil (2022 - nil). Housing NWT has not identified any sites where an environmental liability may exist but no liability has been recorded.

11. FUNDING FROM CMHC

	<u>2023</u>	<u>2022</u>
Funding from CMHC recognized as government funding under the:		
SHA:		
Contributions for public housing rental subsidies	\$ 7,415	\$ 8,147
Contributions to non-profit housing sponsor groups and cooperatives	3,406	3,600
Repairs, maintenance and other costs	1,047	1,068
Bilateral Agreement	<u>8,698</u>	<u>7,910</u>
	<u>\$ 20,566</u>	<u>\$ 20,725</u>

Under the terms of the SHA, Housing NWT assumed full responsibility for the management of various public housing programs specified in the SHA. CMHC provides annual funding to Housing NWT to manage these programs. The SHA and the funding expire in 2038 (Note 13).

On April 1, 2018, Housing NWT signed the Bilateral Agreement under the 2017 NHS. Funding under this agreement is provided to increase access to housing, reduce housing needs, and achieve better housing solutions. An action plan for the 3 year period 2023-2026 has been developed, within the Bilateral Agreement parameters, with a priority of focusing on maintaining or increasing social housing stock, replacing existing housing stock, and providing homeownership repair programs. The Bilateral Agreement funding expires in 2028 (Note 13).

12. FUNDING FROM CROWN-INDIGENOUS RELATIONS AND NORTHERN AFFAIRS CANADA (CIRNAC)

On August 24, 2022 (2022 - August 21, 2021), Housing NWT signed the CIRNAC Agreement with the Government of Canada to provide one-time funding in the amount of \$30,000 (2022 - \$25,000). Funding under these agreements are provided to assist with financing of expenditures related to infrastructure including housing needs.

HOUSING NORTHWEST TERRITORIES

Notes to Consolidated Financial Statements For the year ended March 31, 2023 (in thousands)

13. CONTRACTUAL RIGHTS

	Expiry Date	2024	2025	2026	2027	2028	2029+	Total
CMHC SHA	2038	\$ 11,068	\$ 9,659	\$ 8,394	\$ 7,346	\$ 5,753	\$ 20,764	\$ 62,984
CMHC Bilateral	2028	10,591	11,485	12,847	14,305	15,697	-	64,925
RCMP Lease	2043	991	991	991	991	991	13,766	18,721
Other Lease	2027	517	298	249	54	-	-	1,118
		<u>\$ 23,167</u>	<u>\$ 22,433</u>	<u>\$ 22,481</u>	<u>\$ 22,696</u>	<u>\$ 22,441</u>	<u>\$ 34,530</u>	<u>\$147,748</u>

14. CONTRACTUAL OBLIGATIONS

Housing NWT leases office space and rents supplemental public housing units and is committed to basic rental payments. The leases contain escalation clauses for operating costs and property taxes, which may cause the payments to exceed the basic rental. Also included in the 2024 contractual obligations are capital construction commitments for housing construction projects with contracts signed prior to year-end.

	Expiry Date	2024	2025	2026	2027	2028	2029+	Total
Lease	2031	\$ 4,249	\$ 2,793	\$ 955	\$ 709	\$ 598	\$ 1,391	\$ 10,695
Construction	2024	47,426	-	-	-	-	-	47,426
		<u>\$ 51,675</u>	<u>\$ 2,793</u>	<u>\$ 955</u>	<u>\$ 709</u>	<u>\$ 598</u>	<u>\$ 1,391</u>	<u>\$ 58,121</u>

15. CONTINGENCIES

Housing NWT provided guarantees to banks in financing certain new or renovated residential housing construction. As at March 31, 2023 a total of five (2022 - five) loan guarantees were in effect, and the outstanding balance of loans guaranteed was \$223 (2022 - \$262). All of these loans are secured by registered charges against real property. The period covered by these guarantees extends up to 2028 (2022 - 2026).

Under the terms of the SHA with CMHC, Housing NWT 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 Housing NWT shall indemnify and reimburse CMHC for and save it harmless from all losses, cost and expenses related to these loans. The outstanding balance of these third party loans as at March 31, 2023 was \$3,236 (2022 - \$4,781). The period covered by these related loans extends up to 2029.

The outstanding balances represent the maximum amount of future loan principal payments under the guarantees and indemnities. In the event of default by the borrowers, the lenders could request payment from Housing NWT. The obligation under loan guarantees as at March 31, 2023 is nil (2022 - nil).

HOUSING NORTHWEST TERRITORIES

Notes to Consolidated Financial Statements For the year ended March 31, 2023 (in thousands)

16. EXPENSES BY OBJECT

	2023	2022 (Restated - Note 3)
Amortization	\$ 12,896	\$ 15,683
Accretion of AROs	1,687	1,642
Compensation and benefits	33,313	31,452
Computer costs	90	84
Contract services	7,345	8,658
Controllable assets	271	224
Fees and payments	334	166
Grants and contributions	18,449	16,815
Interest on long-term debt	276	312
Loss on disposal of tangible capital assets	150	448
Materials and supplies	3,232	2,951
Minor modernization and improvements	7,605	5,535
Other expenses	1,186	984
Property taxes and land leases	2,506	2,256
Purchased services	1,066	924
Rental leasing	4,243	3,755
Travel	954	557
Utilities	29,337	26,637
Valuation allowances	34	104
	\$ 124,974	\$ 119,187

Public Service Pension Plan

Total employer contributions to the Public Service Pension Plan of \$1,476 (2022 - \$1,285) and to the NEBS of \$488 (2022 - \$439) were recognized as an expense in the current year. Total employee contributions were \$1,362 and \$487 respectively (2022 - \$1,199 and \$440).

17. FINANCIAL RISK MANAGEMENT

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

HOUSING NORTHWEST TERRITORIES

Notes to Consolidated Financial Statements For the year ended March 31, 2023 (in thousands)

17. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities or cash outflow obligations as they come due. Housing NWT manages its liquidity risk by maintaining adequate cash balances and investing in money market instruments. These instruments are readily convertible into known amounts of cash. Housing NWT does not believe that it will encounter difficulty in meeting its future obligations associated with its financial liabilities. The table below shows when various financial liabilities mature.

Financial Liabilities	<u>Up to 1 year</u>	<u>1 to 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
Accounts payable and accrued liabilities	\$ 32,273	\$ -	\$ -	\$ 32,273
Loans and mortgages payable to CMHC	<u>699</u>	<u>2,502</u>	<u>783</u>	<u>3,984</u>
Total financial liabilities	<u>\$ 32,972</u>	<u>\$ 2,502</u>	<u>\$ 783</u>	<u>\$ 36,257</u>

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Housing NWT is exposed to credit risk on its cash and cash equivalents, portfolio investments, accounts receivable and mortgages and loans receivable.

Housing NWT manages its credit risk on cash and cash equivalents and portfolio investments by dealing only with reputable and credit worthy financial institutions. The maximum exposure to credit risk held in cash and cash equivalents and portfolio investments is \$123,712 (2022 - \$128,932).

In order to manage credit risk on accounts receivable, Housing NWT actively monitors the age of accounts receivable and initiates collection action. The maximum exposure to credit risk in accounts receivable is \$16,828 (2022 - \$6,126).

In order to manage credit risk on mortgages and loans receivable, Housing NWT actively monitors mortgage and loan payments and works with borrowers to develop payment plans to resolve outstanding arrears issues. The maximum exposure to credit risk in mortgage and loans receivable is \$3,783 (2022 - \$3,969).

As at March 31, 2023, \$995 (2022 - \$1,212) of the impaired mortgages and loans are secured by homes Housing NWT has the ability to sell or use in its operations in order to satisfy borrowers' commitments. The fair value of the security is not readily determinable.

As at March 31, 2023, the following financial assets were past due but not impaired:

Financial assets	<u>30 days</u>	<u>60 days</u>	<u>90 days</u>	<u>120+ days</u>	<u>Total</u>
Tenants rent receivable	\$ 390	\$ 260	\$ 1,496	\$ 11	\$ 2,157
Trade accounts receivable	70	3	425	171	669
Mortgages and loans receivable	-	147	58	230	435

HOUSING NORTHWEST TERRITORIES

Notes to Consolidated Financial Statements For the year ended March 31, 2023 (in thousands)

17. FINANCIAL RISK MANAGEMENT (continued)

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

18. OTHER TRANSFERS

In accordance with agreements signed in 2017 and 2018, Housing NWT has received public housing units from the Inuvialuit Regional Corporation (IRC). The IRC constructs the units on land owned or leased by Housing NWT using funding provided directly to the IRC by Indigenous and Northern Affairs Canada. The units are transferred to Housing NWT on completion for a nominal fee. Housing NWT treats these tangible capital assets received as government transfers and accrues the tangible capital asset (including work in progress) and the related government transfer revenues as the units are constructed. During the year, IRC finished constructing and transferred one housing unit to Housing NWT (2022 - nil). This is the last unit delivery from IRC with no further units expected in future years.

19. RELATED PARTY TRANSACTIONS

Housing NWT enters into transactions with related parties in the normal course of business under terms and conditions similar to those with unrelated parties. Balances receivable and payable resulting from transactions that Housing NWT had with related parties during the year are disclosed in Notes 5 and 7.

	<u>2023</u>	<u>2022</u>
Related party expenses		
Arctic Energy Alliance	\$ 50	\$ 159
Aurora College	1	-
Fuel Services Division	3,624	2,968
Government of the Northwest Territories Departments	4,260	3,304
Marine Transportation Services	-	3
Northwest Territories Power Corporation	<u>7,334</u>	<u>7,177</u>
	<u>\$ 15,269</u>	<u>\$ 13,611</u>

HOUSING NORTHWEST TERRITORIES

Consolidated Schedule of Tangible Capital Assets As at March 31, 2023 (in thousands)

	Cost				Accumulated amortization					Schedule A Net Book Value (NBV)	
	Opening balance	Acquisitions	Transfers	Disposals	Closing balance	Opening balance	Amortization	Disposals	Closing balance	2023	2022
	(Restated - Note 3)				(Restated - Note 3)	(Restated - Note 3)					(Restated - Note 3)
Lands and Buildings:											
Land	\$ 10,570	\$ -	\$ 417	\$ (16)	\$ 10,971	\$ -	\$ -	\$ -	\$ -	\$ 10,971	\$ 10,570
Public Housing ¹	428,923	-	9,993	(5,634)	433,282	208,080	8,195	(1,433)	214,842	218,440	220,843
HELP and market housing	111,156	-	11,828	(1,043)	121,941	39,003	3,905	(425)	42,483	79,458	72,153
Non-residential properties	6,240	-	-	(3)	6,237	3,318	144	-	3,462	2,775	2,922
Work in Progress	27,883	51,387	(22,859)	-	56,411	-	-	-	-	56,411	27,883
Sub-total	584,772	51,387	(621)	(6,696)	328,842	250,401	12,244	(1,858)	260,787	368,055	334,371
Property and equipment:											
Warehouses and offices	12,623	-	(88)	-	12,535	6,943	279	(88)	7,134	5,401	5,680
Mobile equipment	3,914	788	-	-	4,702	2,792	303	-	3,095	1,607	1,122
Leasehold improvements	1,030	-	709	-	1,739	868	33	709	1,610	129	162
Office furniture and equipment	6,073	-	-	-	6,073	5,868	26	-	5,894	179	205
Software	114	-	-	-	114	99	11	-	110	4	15
Sub-total	23,754	788	621	-	25,163	16,570	652	621	17,843	7,320	7,184
Total	\$ 608,526	\$ 52,175	\$ -	\$ (6,696)	\$554,005	\$ 266,971	\$ 12,896	\$ (1,237)	\$ 278,630	\$ 375,375	\$ 341,555

(1) Includes tangible capital assets transfers received from IRC with a value of \$2,799 (2022 - Nil) in Public Housing and \$0 (2022 - \$2,519) in Work in Progress.

(2) Included in the disposals of accumulated amortization is a transfer of \$709 to Leasehold Improvements from Public Housing \$544, Help and Market Housing \$78 and Warehouse \$88.

(3) Not included in acquisition of tangible capital assets on the Consolidated Statement of Cash Flow are non-cash items of \$nil (2022 - \$nil)

(4) There were no capital leases as at March 31, 2023