

Northwest Territories Housing Corporation Annual Report 2018-2019



*Northwest Territories
Housing Corporation
Annual Report 2018-2019*

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MESSAGE FROM THE MINISTER

The NWT HC has made progress in 2018-19 through partnerships with Indigenous governments, Non-Governmental Organizations (NGOs) and the Federal Government. This can be demonstrated through various projects such as the Community Housing Support Initiative (CHSI), National Housing Strategy Bi-lateral agreement, and community housing plans.

In 2018-19 great strides were made in strengthening partnerships with the federal government through the National Housing Strategy. We have signed a bilateral agreement with Canada on the National Housing Strategy. This agreement represents a significant incremental federal investment of \$84.1 million over a 9-year period (2019 -20 to 2027-28). Although an agreement has been signed the work is far from over, and senior officials at the NWT HC are developing a three-year action-plan to meet the requirements of the bilateral agreement.

In 2018-19 the NWT HC has also began its work towards the development of 33 community housing plans for the NWT. The focus for the first six Community Housing Plans will be to combine the knowledge of community residents with housing data, statistics, and other information relevant to housing needs like; health, education, employment and land. The goal of the plans will be to develop a planning tool that will support Indigenous, federal territorial and municipal governments with future investments and direction in housing goals.

So far, the NWT HC has engaged in preplanning work including; meeting with stakeholders to discuss potential resources, partnerships, information gathering, has conducted housing research and developed methodology to guide the approach to select six communities. To date the NWT HC has met with leadership in six communities and has signed three Agreement to Participate in Housing Planning with the communities of Whati, Fort Liard, and Paulatuk.

I am proud of the work we have done this past year in forging new partnerships with community governments, Indigenous governments, NGOs and the federal government. Despite this progress there is still work to be done in order to ensure the housing needs of NWT residents are met.



A handwritten signature in black ink, appearing to read 'Alfred Moses'.

The Honourable Alfred Moses
Minister Responsible for the Northwest Territories Housing Corporation

MESSAGE FROM THE PRESIDENT AND CEO

During the past year the Northwest Territories Housing Corporation (NWTHC) responded to a wide range of housing challenges across the territory. These challenges ranged from emergency home repairs to major events such as the March 2019 Mackenzie Place High Rise Fire in Hay River that displaced over 80 households. Through these challenges the NWTHC managed to quickly adapt and respond to meet the needs of those impacted.



In 2018-19, the NWTHC spent over \$99.4 million on housing operations in the NWT. In addition to this amount, approximately \$35.5 million was invested by or on behalf of the NWTHC on capital projects that included the construction of eight market housing units; 20 public housing unit replacements and 47 major modernization and improvement projects.

These investments included much needed market housing for community workers in a number of our communities, such as Uluhaktok, a four unit transitional supportive house in Aklavik for the Northern Pathways Program and 10 additional public housing replacement units (Inuvik 6-plex, Aklavik duplex, Tuktoyaktuk duplex) delivered under the NWTHC's strategic partnership with the Inuvialuit Regional Corporation. The Corporation looks forward to continuing to foster the IRC partnership that will see an additional 20 public housing replacement units delivered in 2019-20.

In 2018-2019, the NWTHC's Community Housing Support Initiative program has again supported a number of community lead housing solutions. Under this program, the NWTHC entered into housing partnerships with Salt River First Nation and Jean Marie River First Nation that supported the delivery of two new much needed housing units for each of their communities.

Most recently, the NWTHC had the great pleasure of hosting a Northern Housing Summit in Inuvik. This Summit was a landmark event that brought together all orders of government, development corporations, private industry, non-governmental organizations, and other key stakeholders to discuss housing in the Northwest Territories and share information on NWTHC programs and services.

I am very pleased with the progress we have made this past year and look forward to another year committed to customer service excellence in the delivery of all our housing programs and services.

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

Mr. Tom R. Williams
President and CEO
Northwest Territories Housing Corporation

CORPORATE PROFILE

Mission Statement

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

Goals:

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

CORPORATE STRUCTURE

Corporate Summary

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

Branches

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

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

CORPORATE STRUCTURE

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

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

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

The Information Services Section - utilizes the latest in information management tools and methodologies to support the business processes of the Corporation and its community partners. This section develops NWT HC-specific information tools as well as system training, critical to the delivery of housing programs and services.

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

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

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

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

CORPORATE STRUCTURE

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

North Slave District Office:

This District Office supports the communities of: Behchoko, Detah/N'dilo, Gamèti, Lutselk'e, Wekweèti, Whatì and Yellowknife.

South Slave District Office:

This District Office supports the communities of: Enterprise, Hay River, K'atl'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, Sambaa K'e and Wrigley.

Sahtu District Office:

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

Beaufort-Delta District Office:

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

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

CORPORATE STRUCTURE

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

The following is a list of all LHOs:

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



NWTHC PROGRAMS

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

Public Housing

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

Market Housing and HELP

The NWTHC provides rental housing throughout the NWT through the delivery of the Homeownership Entry Level Program (HELP) and the Market Housing Program. In 2018-19 the NWTHC approximately had 220 units in the HELP program and 170 units in the Market Housing Program.

The HELP Program assists prospective first-time homebuyers who are not able to secure mortgage financing or are unsure of their responsibilities as homeowners, by providing the opportunity to lease subsidized units from the NWTHC at affordable standardized rents based on geographic zones. Tenants are responsible for the payment of utilities. The program also offers homeownership educational opportunities through STEP courses.

A unit is leased to eligible applicants (tenant) who pay a subsidized rent depending on the Community they reside in. After completing a six-month lease period, the tenant is eligible to receive an "equity contribution" of up to \$20,000, to purchase a unit, provided that the tenant: is not in default of the HELP Agreement or the Residential Tenancy Agreement, has no outstanding rental arrears or tenant related damages and has completed the required courses of the STEP Program.

A lack of market housing options in small communities has been a key challenge in delivering GNWT programs and services, especially in the case of front-line workers like teachers and nurses. In order to support non-market communities, the NWTHC operates approximately 170 units under the Market Housing Program. Under the program, the NWTHC provides rental housing units at market rental rates intended to increase the availability of housing in smaller communities for community workers.

NWTHC PROGRAMS

Transitional Rent Supplement Program

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

Homeownership

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

The simplified structure of the homeownership programs offers flexible delivery options to NWT residents and also meets the needs of seniors, and those with accessibility challenges. These programs use education and counselling to help residents in becoming successful homeowners.

Recently, program application intake changed to a year-round intake to better provide timely supports to residents in need. These one-on-one discussions between residents and staff of the NWTHC is necessary in order to explore program requirements, help individuals in identifying their housing needs and to determine the program that will best fit an individual's or a household's needs.

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

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

STEP

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

NWTHC PROGRAMS

PATH

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

CARE

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

CARE Mobility

CARE Mobility assists low-income homeowners with disabilities by providing up to \$100,000 to carry out modifications to their home to improve accessibility and support independent living.

Modifications must be directly related to the disability of the homeowner or a family member residing in the unit. Such modifications may include:

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

CARE PM

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

SAFE

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

NWTHC PROGRAMS

Seniors Aging in Place

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

Fuel Tank Replacement Initiative

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

NWTHC Homelessness Programs

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

SEF (Shelter Enhancement Fund)

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

SCHF (Small Community Homelessness Fund)

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

HAF (Homelessness Assistance Fund)

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

NWTHC PROGRAMS

Housing First

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

Northern Pathways to Housing

To address homelessness in small communities outside of Yellowknife NWTHC 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 works with communities to develop wrap around systems of support to encourage integration of individuals into the community. The result of this work over the last years include the three new residential units, provided rent-free to community and indigenous groups to operate, the units include four fully furnished, bachelor suites. There have been funding agreements to support a Housing Stability worker program that includes home visits, support to increase good tenancy practices and housing knowledge, development of housing plans and system navigation support to access services required to stabilize their housing.



Housing Stability Worker

Under the NWTHC Strategic Renewal, the NWTHC is piloting a new Housing Stability Worker program for Public Housing tenants to improve their tenancy skills and knowledge, increase housing stabilization. So far in 2018, the Housing Stability Worker in Behchoko is providing support to 13 Public Housing tenants.

Programming is voluntary, once a participant signs an agreement to participate in the program, the Housing Stability Worker works with the participant to develop a housing plan. Housing Plans include the development of goals that may address financial literacy, employment, housing arrears, health and wellness, food security and is provided using a person centered approach. Two tenants have not been actively participating in the program, but receive engagement check -ins from the Housing stability worker. Two more program orientation meetings with public housing tenants have occurred and work to encourage their participation in the program continues. Currently, six of the thirteen participants have developed and signed housing plans. Four more housing plans are under development, for a total of ten.

The program is intended to increase participant's system navigation skills, tenancy knowledge, and collaboration between housing and existing service providers to address a range of social issues thought to affect housing instability. Referrals into the program are done through the Local Housing Office (LHO). The program has set a maximum target of twenty-four households for the program.

NWTHC PROGRAM DELIVERY IN A SNAPSHOT

Homeownership Programs

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

Beaufort Delta District

Program	Number of Programs
CARE Major	1
CARE PM	60
CARE Mobility	1
Fuel Tank Replacement	0
HELP	2
PATH	3
SAFE	22
Seniors Aging In Place	24
Total	129

Sahtu District

Program	Number of Programs
CARE Major	0
CARE PM	27
CARE Mobility	0
Fuel Tank Replacement	9
HELP	3
PATH	1
SAFE	36
Seniors Aging In Place	9
Total	85

Nahendeh District

Program	Number of Programs
CARE Major	0
CARE PM	14
CARE Mobility	0
Fuel Tank Replacement	2
HELP	4
PATH	0
SAFE	37
Seniors Aging In Place	6
Total	63

South Slave District

Program	Number of Programs
CARE Major	4
CARE PM	68
CARE Mobility	8
Fuel Tank Replacement	15
HELP	1
PATH	0
SAFE	65
Seniors Aging In Place	17
Total	178

North Slave District

Program	Number of Programs
CARE Major	10
CARE PM	89
CARE Mobility	0
Fuel Tank Replacement	18
HELP	0
PATH	4
SAFE	52
Seniors Aging In Place	46
Total	219

Northwest Territories

Program	Number of Programs
CARE Major	15
CARE PM	258
CARE Mobility	9
Fuel Tank Replacement	60
HELP	10
PATH	8
SAFE	212
Seniors Aging In Place	102
Total	674

NWTHC PROGRAM DELIVERY IN A SNAPSHOT

Public Housing Program

Expenditures for the Public Housing Program in 2018-2019 totaled approximately \$61.4 million. Public Housing refers to public programs that provide income-based subsidies for the rental of housing for residents in need. The NWTHC provides financial, administrative, maintenance, construction and repair support to community partners so they can deliver Public Housing on behalf of the NWTHC. The NWTHC has signed Partnership Agreements with LHOs to manage the Public Housing portfolio. The Partnership Agreements between LHOs and the NWTHC cover the areas of financial administration, tenant relations and operations and maintenance of Public Housing in the NWT. Currently the NWTHC operates approximately 2400 Public Housing units located in 32 communities throughout the NWT, which are managed by LHOs and community service agents.



PUBLIC HOUSING UNIT CONDITION RATINGS

Each year, the NWTHC and LHOs conduct unit condition ratings on NWTHC owned public housing units.

Unit condition ratings provide the NWTHC with valuable information as to the state of its assets. The ratings are one source of information that helps support the NWTHC on how best to utilize its scarce financial resources to improve the quality of housing across the NWT.

The unit condition ratings influence the capital planning process. The yearly capital planning process directs future modernization and improvements projects based on the condition of our existing public housing stock. These projects are done in order to maintain the quality of housing for our tenants.



Condition ratings are also done to determine when older units need to be replaced or scheduled for demolition. In addition, the data collected through the unit condition ratings allow a planned approach to mitigate the financial pressures in the longer term while maintaining our assets in good condition. A systematic walk-through inspection is conducted to complete the condition rating of a unit. A standardized condition rating form is used that lists the components that make up the unit. The condition of each component is documented to assist in prioritizing repairs and estimating their cost.

The NWTHC has also implemented a training, monitoring, and reporting process so this annual inspection can be utilized as an opportunity for both quality control in ensuring that all LHOs across the NWT are completing the inspections consistently as per NWTHC guidelines and a training opportunity where required.

Units with low condition ratings undergo a more detailed evaluation. This additional evaluation determines the cost benefit of investing further dollars to modernize and improve the unit to extend its useful life or to dispose of the unit and replace it.

The NWTHC plans for a 50-year life of new units with two major renovation/repair milestones; the first at 20 years and the second at 35 years. As well, regular maintenance is performed on its public housing assets.

The table provides a snapshot of the condition of the NWTHC's approximate 2,600 owned housing units for the fiscal year 2018-19.

PUBLIC HOUSING UNIT CONDITION RATINGS

Condition Ratings for NWTHC-Owned Housing Units (as of January 2, 2019)

District/Community	Below 60%	60% - 69%	70% and higher	Total UCRs Completed
Beaufort Delta	72	109	739	920
Aklavik	-	1	152	153
Fort McPherson	13	26	103	142
Inuvik	36	28	165	229
Paulatuk	2	5	60	67
Sachs Harbour	1	4	22	26
Tsiigehtchic	-	-	27	27
Tuktoyaktuk	9	40	123	172
Ulukhaktok	12	5	87	104
Nahendeh	4	5	186	195
Fort Liard	1	1	52	54
Fort Simpson	2	4	104	110
Jean Marie River	-	-	5	5
Nahanni Butte	1	-	2	3
Trout Lake	-	-	6	6
Wrigley	-	-	17	17
North Slave	6	20	626	652
Behchoko (Edzo)	1	-	17	18
Behchoko (Rae)	3	8	191	202
Dettah	-	1	42	43
Gameti	-	1	28	29
Lutselk'e	-	5	61	66
N'dilo	-	-	30	30
Wekweeti	-	-	8	8
Whati	-	2	47	49
Yellowknife	2	3	202	207
Sahtu	27	39	261	327
Colville Lake	-	2	7	9
Deline	6	7	81	104
Fort Good Hope	2	2	56	60
Norman Wells	1	2	66	69
Tulita	18	16	51	85
South Slave	15	38	520	573
Fort Providence	3	4	113	120
Fort Resolution	1	6	87	94
Fort Smith	-	1	155	156
Hay River	5	24	143	172
Kakisa	-	1	3	4
K'atloodeeche First Nation	6	2	19	27
Grand Total	124	211	2332	2,667

*Note: Approved surplus and pending surplus units have been removed from this summary. UCRs are not completed on units leased from private landlords.

COMMUNITY HOUSING SUPPORT INITIATIVE

The Northwest Territories Housing Corporation (NWTHC) has established a 3-year pilot program to fund municipalities or other community corporate bodies for the purpose of improving community housing through the acquisition or construction of housing units. This funding, for financial reporting purposes, will be deemed to be a grant, grant-in-kind, a contribution or a loan depending on the circumstances. These housing projects will provide community benefits such as affordable housing for families, seniors and single member households.



Under the priority of Cost of Living of the 18th Legislative Assembly, the GNWT is committed to continuing to implement northern solutions for northern housing by developing options to support Aboriginal and local governments, in this case the Salt River First Nation (SRFN), in their housing aspirations and initiatives to address homelessness. The NWTHC is currently engaged in a strategic renewal process, and programs such as the Community Housing Support (CHIS) Initiative will be key parts of this process.

The Salt River First Nation is constructing two units that will house members of their Nation as selected through an application process. The NWTHC will fund material packages for these units and the community will be supplying the land and labour.



This past year, the NWTHC supported another CHIS proposal from Jean Marie River First Nation. This proposal included the construction of two modular two-bedroom units in Jean Marie River. These units will be utilized to respond to communities needs for market housing rentals. This CHIS supported project has had several positive impacts on the community, attracting workers, retaining residents in the community and supporting elders to age-in-place.

COMMUNITY HOUSING PLANS

Under the NWT HC Strategic Renewal, the NWT HC will work with communities to develop Community Housing Plans to guide and support strategic development and investment intended to address housing needs. To guide planning, the NWT HC is utilizing planning principals: community-led, skills development, strength-based, flexible, holistic, culturally-relevant, partnership, and sustainable. The goal of the plans will be to develop a planning tool that will support Indigenous, federal, territorial and municipal governments with direction for future housing investments.

So far, the NWT HC has engaged in preplanning work including; meeting with stakeholders to discuss potential resources, partnerships, information gathering, has conducted housing research and developed methodology to guide the approach to select six communities. To date the NWT HC has met with leadership in nine communities and has signed six Agreement to Participate in Housing Planning with the communities of Whati, Paulatuk, Fort Liard, Kakisa, Hay River Reserve, and Enterprise. The NWT HC will continue to work with other communities as they meet to review the terms of the Agreements to Participate with councils and discuss working with the NWT HC on the development of housing plans.

The focus for the Community Housing Plans is to synthesize the knowledge of community residents with housing data, statistics, and other information relevant to housing needs like; health, education, employment and land. To demonstrate the partnership approach, all communities must sign an Agreement to Participation prior to lay out the roles and responsibilities for each partner and to initiate the planning process.



The NWT HC will ask each community partner to designate a council member to work directly with the NWT HC to support the housing planning activities and community engagements. The NWT HC is building community capacity that promotes ownership of housing plans, including; working with local leadership to coordinate and plan activities that are suitable for the community and hiring local housing facilitators to assist with community planning.

NWT HC continues work on the concluding the first phase of housing planning through the coordination of community visits to document needs and meet with community members. The NWT HC will provide a housing needs report back presentation and report to leadership and start the second phase of housing planning; goal setting.

To help along with the goals setting phase, the NWT HC has coordinated two conference calls with CMHC providing two communities involved with planning a presentation on the National Housing Strategy and potential funding streams and investment opportunities.

The NWT HC will work with each individual community to engage appropriate stakeholders to participate in local housing forums in each community to share information, develop partnerships, and establish a strategic planning direction.

NATIONAL HOUSING STRATEGY

On April 9, 2018, Minister Moses, along with his provincial, territorial, and federal counterparts, met in Toronto to endorse a multilateral Housing Partnership Framework. The partnership framework further advances the National Housing Strategy and sets the foundation for federal, provincial, and territorial governments to work together toward achieving a long-term, shared vision for housing.

On April 1, 2018, the NWT HC and CMHC signed a 2018/19 Northern Funding Agreement under the Investment in Affordable Housing Agreement. This initial one year agreement provided \$3.6 million bridge funding for social housing until the new Northern Housing Strategy Agreement was fully implemented. CMHC and the NWT HC concluded negotiations, effective April 1, 2018, and entered into a 10 year bilateral agreement in support of the National Housing Strategy. This agreement provides an additional nine years (2019/20 – 2027/28) of federal funding in the amount of \$84.1 million that will assist the NWT HC in responding to the territory’s housing priorities, including helping to mitigate the continued decline in CMHC funding.

In addition to this bilateral agreement funding, the NWT HC was successful in negotiating a dedicated “carve-off” of \$60 million under the national co-investment fund for the Northwest Territories. This “carve-off” is unique to the Northwest Territories, with no other province or territory, besides Yukon, receiving this “carve-off”.

The National Co-Investment Fund is application- and partnership-based, and will support the construction of new affordable housing and the repair and renewal of existing community and affordable housing. Furthermore, the federal contribution to a project in the Northwest Territories can be up to 75 percent. In comparison, provinces only qualify for a federal contribution of up to 40 percent for approved projects.

Through the life of the National Housing Strategy, which expires in 2028, this \$60 million "carve off" and the co-investment fund as a whole has the potential to bring significant investments into communities all across the Northwest Territories, working in partnership with all governments, private market investors, and non-governmental organizations. This funding will impact all aspects of housing in the Northwest Territories, from homelessness to affordable homeownership, while providing a wide array of benefits from businesses in communities to residents who need housing.



EMPLOYEE PROFILE - ANDREAS MEYER

Andreas Meyer is a member of the Architectural, Design Section within the Infrastructure Services Division in the role of the Technical Officer, Architectural. The function of this role is to support design review and development for new construction and major renovation housing projects. Moreover, Meyer ensures housing projects satisfy the NWT HC design guidelines.

Andreas has been with the division for just under two years. The Architectural, Design Development division ensures projects meet the NWT HC guidelines, as well as national building code and bylaws. Meyer believes the division is unique because “we help change a set of electronic and paper documents into actual buildings.” The division’s primary challenge is “building and designing houses and buildings that are affordable, meet the client’s needs and budget, as well as time schedule”, according to Meyer. Meyer tries to thoroughly plan and review each project; “Through its stages of development we adjust it and provide feedback as required”.



Meyer asserts that the “variety of projects and their locations” is the best part about working for the division. For example, ensuring a design of a four-bedroom house will work in not just Yellowknife, but also other locations, such as

EMPLOYEE PROFILE - TODD MORAN

Todd Moran is currently the Manager of Maintenance Service at the NWT HC headquarters office, a position he has held since 2012. Moran is responsible for the planning, development, implementation and operations of the maintenance program.

The maintenance management officer is responsible for administration and assisting with the ongoing development of the Northwest Territories Housing Corporation’s (NWT HC) Computer Maintenance Management System (CMMS) to ensure that maintenance work orders are generated, distributed, completed and recorded in an accurate manner. The maintenance division ensures that maintenance work orders and preventative maintenance work orders are being completed in a timely fashion. Working closely with 24 Local Housing Organizations across the NWT.

During his time as manager Moran believes that the introduction of the Computer Maintenance Management System (CMMS) has been the most significant change to his department. CMMS has streamlined various processes in the division, including tracking assets and preventative maintenance on vehicles and units. The CMMS also makes it possible to see how much we spend on maintenance on each house. Moran brings an abundance of housing knowledge and experience to the manager position. Prior to working at headquarters, Todd worked for the Inuvik Housing Authority. One thing he enjoys about his current position is his ability to serve every community in the NWT and he has been to every community in the territory.

PROGRAM PROFILE - HOUSING STABILITY WORKER

Working as the NWT Housing Corporation's Housing Stability Worker, Margaret Bell brings a wealth of knowledge to the position, having extensive training and experience in person centered planning, case management and therapeutic interventions with vulnerable individuals - individuals with cognitive, Neurobehavioural and Physical disabilities, concurrent disorders, Dual diagnosis, FASD & Traumatic brain injuries.

Bell believes the position is unique as it "supports the LHO, the District as well as HQ in addressing the tenants and the Corporation needs as well as bridges the gap between the different levels". Moreover, the Housing Stability Worker operates on a community based level to help support the policies and procedures consistent with the Corporation's mission and values

Bell applauds how the NWT HC is taking a proactive approach as part of the Social envelop departments to build appropriate programs for all NWT residents, regardless of socio-economic status. There have been creative partnerships developed to help establish community housing goals. Strategic renewal has played a valuable role in shaping the direction and response - to meeting those needs on a territorial wide level.



Eviction prevention is a proactive approach to reduce homelessness. It's exciting to see the shift in programs to an individualized approach in meeting our tenants where they are at. Previous programming involved the client to take the initiative to find assistance and found that approach resulted in closed doors. The 'No wrong door approach' allows for an integrated service approach. There are so many fantastic local workshops and training opportunities being delivered by NGOs, Indigenous and local governments and agencies. I'd suggest you attend a few to see how that fits with your personal philosophy and career goals.

Bell believes the NWT HC is moving into exciting and innovative times, shaping the future for all NWT residents through program development. Personally, the Corporation has the opportunity to create housing models that may very well be used in other parts of the country as creating housing based solutions for Northern communities.

Based on Bell's current research, the NWT HC is the first government body in Canada to pilot a supportive housing model to support public housing tenants in remaining housed. Building good tenancy skills, supporting a tenant's self-reliance to manage unstable housing circumstances within our communities ultimately contributes to addressing some of root causes of Homelessness. She is very proud to be a part of building of this program using her skills and expertise in this area.

Going forward, Bell looks forward to contributing to building a supportive housing program model, supporting education and training of staff to reflect the changes in the integrated service approach currently being implemented.

LHO PROFILE – FORT PROVIDENCE HOUSING ASSOCIATION



The Fort Providence Housing Association is responsible for the administration of approximately 108 NWT HC public housing units in the community of Fort Providence. There are currently six people employed at the Fort Providence Housing Association office. Of the six employees, five are full time and one is part time/indeterminate.

One of the key areas of the LHO is to tend to the tenant. Rose Vandell emphasized the importance of the tenants in the operation of the LHO, stating that they “keep our job thriving”. Duties with the tenant include collecting rent payments, home visits, and ensuring tenants are satisfied. In Fort Providence letter writing is seldom used to contact tenants, as home visits are the preferred method of communication.

The Fort Providence Housing Association is unique due to its history and current structure. The LHO has been established for over thirty years, and LHO manager Rosemary Vandell still has a copy of the first set of bylaws. Furthermore, the structure of our LHO is also relatively uncommon, being an association rather than an authority.

Rosemary stated that since being manager there have been a lot of changes. For example, rent assessments used to be done by the LHO; this has since changed, with rental assessments being provided from headquarters. Furthermore, the introduction of new technologies has made various tasks much more efficient.. The Territorial Housing System (THS) has been a major change. Rosemary recognizes that THS makes everything a lot easier when an inquiry or complaint arises. Everything is streamlined, with the ability to check account balances online; this leads to an increase in transparency with headquarters through a shared information system. Furthermore, asset management and web works is useful, being centralized to headquarters. “These changes have resulted in less paperwork for the LHO, allowing us to better serve our tenants” Rosemary said.

Rosemary believes that the best thing about our community is the collaboration which is shown between the LHO and other organizations. For example, “we often work with the Hamlet for conflict resolution”. This has resulted in overall high morale.

Rosemary emphasized the community’s excitement for the senior’s centre renovations. During the design process the contractor and NWT HC invited local employees for consultations on the renovations, in order to better address the needs of the elders. This boosted the morale of the elders, making them feel special and have a facility tailored to their needs. For example, the renovations outside have led to the common areas being used more, with common activities taking place; this has led to an increase in interaction between seniors and youth/children which enriches our community.



DISTRICT PROFILE: SAHTU DISTRICT OFFICE

The Sahtu district office currently has eight staff members involved in several work areas, including administering NWT HC programs and scheduling MNIs. On a daily basis the activities of the Sahtu District Office (SDO) can differ greatly, addressing unexpected day-to-day issues that arise. Moreover, the SDO works with the LHOs in the region to ensure programs are managed, as well as monitoring that they are completed on time.

The relationships with the LHOs are considered of paramount importance for the District Office, and they maintain a positive and mutually beneficial working relationship. This relationship with the LHOs is one of the unique characteristics of the Sahtu District. Sarah Baker, the current district manager, works hard on building a good working relationship with communities and the LHOs. Staff members from the district office fly in to communities quite regularly for support and to ensure the programs are managed efficiently; while visiting they are welcomed with open arms, staff always have somebody to pick them up at the airport, and communication is oftentimes conducted on a first-name basis. This friendly relationship is important, as it ensures people are comfortable with coming forward whenever issues arise.

Another unique aspect of the Sahtu District is the challenge posed by transportation and the lack of an all-season road servicing the district's communities. The lack of all-season road access means that the district office and LHOs must depend on the winter road in the winter and barge in the summer. This has been challenging in recent years, with low water the past couple summers making it difficult for barges to access several communities. One way the district has addressed this challenge is by hiring Buffalo, although this is used only as a last resort, due to cost concerns. The challenges with the transportation infrastructure in the region has meant a different strategic outlook, in order to get supplies in as early as possible; the district office has learned from these challenges, and is now proactive in their approach to ensuring supplies arrive on time and projects are completed. Early tendering has been introduced recently, allowing the SDO to bring in supplies the year before a project begins, allowing a lot more projects to be completed on time. In contrast, previously projects would often face lengthy delays due to these challenges.

Over the past five years there have been lots of changes in LHO management in the Sahtu. People are now more comfortable coming forward with concerns. Along with administrative changes there have also been major upgrades to several LHO offices to ensure staff members have a comfortable work environment. For example, the LHOs in Tulita and Deline have both had major renovations; in Deline major changes to the maintenance shop and offices has allowed administration staff to better manage the maintenance of NWT HC assets. These changes have improved communication between administration and maintenance staff, while also improving overall work ethics and morale.

Baker believes an emphasis on team building is a strength of the Sahtu SDO. The district office works hard to incorporate new staff and ensure they understand how the district operates and the interconnected nature of district operations.

The Sahtu strives to engage with community members through open houses at the district office and LHO office. Moreover, staff at the DO have also attended community AGMs, NGOs meetings, as well as band government meetings. In Norman Wells the SDO has previously taken on the role of organizing Christmas hampers for families in need.

2018-2019 LONG SERVICE AWARD RECIPIENTS

Five Years

Paul Clarke - Technical Advisor, Nahendeh
Joletta Larocque - District Director, South Slave
Ginette, Markowski, Yellowknife
Trevor Smith, Program Advisor, Sahtu
Siddik Mohammad, Norman Wells
Daniel R. Hunter, Yellowknife

Ten Years

Michelle Brown-Reddick, Yellowknife
Tom R. Williams, President & CEO

Fifteen Years

Tanice Turner - Senior Contracting Specialist
Terry Fisher - Manager, Housing Programs & District Operations
Erin Shea - Manager, Community Planning and Homelessness

Twenty Years

Karen J. Wasicuna, Yellowknife
Penelope Anne Kocik - District Controller, North Slave
Norelda Ann Sorensen - Administrative Assistant, North Slave

Twenty-five Years

Anita L. Lenoir - Manager, Land Planning & Administration
Revi Lau-a - Director, Strategic Policy, Planning and Communications

Thirty Years

Darleen A. Conroy - Data Entry & Mail Administrator



Appendix A:
Management Discussion and Analysis
Fiscal Year 2018-2019

MANAGEMENT DISCUSSION AND ANALYSIS - FISCAL YEAR 2018-2019

Managing Risk / Pressures

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

CMHC Funding

Base funding for social housing operations from CMHC is scheduled to decline to zero by 2038-39. This funding continues to decline at varying amounts annually, depending on when the housing stock was initially constructed in partnership with the federal government. For the next term of the 19th Legislative Assembly, CMHC federal funding for public housing operations will see a further decline of over \$2.2 Million.

The NWT HC continues to actively engage CMHC in finding ways to help minimize the impacts of this declining funding. One of the important venues where this is done is the Provincial – Territorial Housing Forum that leads the inter-jurisdictional efforts to engage the federal government in meaningful discussions regarding sustainable social housing.

On April 1, 2018 the NWT HC and CMHC signed a 2018/19 Northern Funding Agreement under the Investment in Affordable Housing Agreement. This initial one year agreement provided \$3.6 million bridge funding for social housing until the new Northern Housing Strategy Agreement was fully implemented. Later in 2018/19, CMHC and the NWT HC concluded negotiations and, effective April 1, 2018, entered into a 10 year bilateral agreement in support of the National Housing Strategy. This agreement provided an additional nine years (2019/20 – 2027/28) of federal funding in the amount of \$84.1 million will assist the NWT HC in responding to the territory's housing priorities, including helping to mitigate the continued decline in CMHC funding.

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

In addition, during 2018/19 the NWT HC completed the implementation of the remaining rate adjustments to have tenants assume greater responsibility for their utility consumption. Public housing tenants now pay the same electricity rates as private households under the GNWT's Territorial Power Support Program. In addition to assisting with the decline in CMHC funding, this initiative is also helping to promote tenant self-reliance and environmental stewardship through reduced power consumption.

MANAGEMENT DISCUSSION AND ANALYSIS - FISCAL YEAR 2018-2019

Core Need (Quality of Housing and Affordability)

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

Utility Costs

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

Land Development

Land availability for both current and future housing construction projects is an ongoing challenge. Land development in many Northwest Territories communities has not kept pace with the ongoing demand for suitable building lots. The NWTHC continues to work with community governments to identify and develop suitable land for residential construction.

Credit Risk

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

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

MANAGEMENT DISCUSSION AND ANALYSIS - FISCAL YEAR 2018-2019

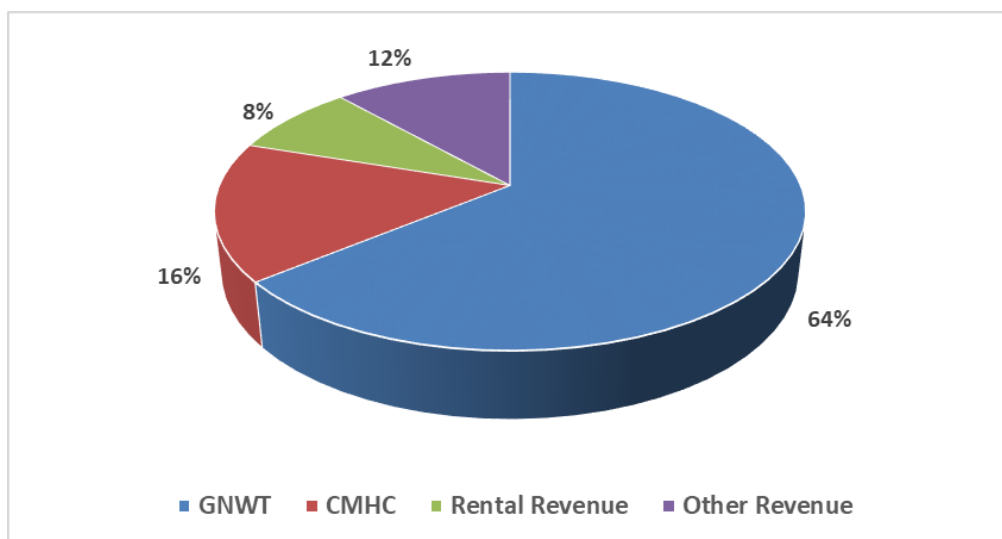
Financial Results

Revenues

The total revenues for the Corporation in 2018/19 were \$122.1 million, an increase of \$4.2 million from the previous year's total of \$117.9million.

Government funding from the GNWT, CMHC and other transfers increased by \$3.9 million, from \$104.3 million to \$108.2 million. This net increase is primarily due to additional other transfers revenue associated with additional units the Inuvialuit Regional Corporation (IRC) constructed for the NWT HC during 2018/19 for the delivery of public housing.

Revenue generated from operations amounted to \$13.8 million in 2018/19, an increase of \$0.2 million over the \$13.6 million in revenue generated in 2017/18. This increase was primarily related to higher revenue from portfolio investments.



Expenses

The Corporation's total expenses for 2018/19 were \$99.5 million, a \$2.1 million increase over the 2017-18 year's expenses of \$97.4 million. The cost of operating the Public Housing program this past year increased by approximately 1.1%. This increase is primarily attributable to additional annual amortization expense as newly constructed public housing units are brought into service. The Public Housing program costs continue to be the largest component of the Corporation's expenses, representing 61.8% of the annual expenses, including amortization.

MANAGEMENT DISCUSSION AND ANALYSIS - FISCAL YEAR 2018-2019

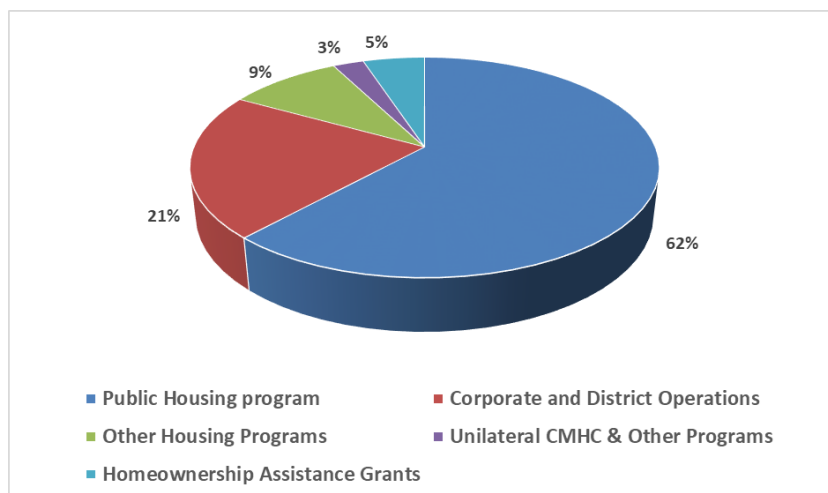
Expenses for the HELP and market housing programs were \$7.1 million in 2018/19 including amortization, a \$0.8 million or 10.2% decrease over the \$7.9 million expended in 2017/18. This decrease was primarily attributable to an amortization policy change that was implemented in 2017/18 resulting in lower annual amortization expense for the HELP and market housing programs. The NWT HC also contributed \$2.5 million to unilateral CMHC programs and other programs this past year, a decrease of 33.4% over the \$3.8 million contributed in 2017/18. This decrease is primarily explained by the incremental Budget 2016 federal funding that was available in 2017/18 for allocation to the unilateral program to complete priority renovation and repair projects.

Homeownership assistance grants were \$5.0 million in 2018/19, an increase of \$2.3 million or 88.7% over the previous year's amount of \$2.7 million. This funding provides homeownership grants and contributions to support increased homeownership units, and improvements to existing homeownership units. During 2018/19, there has been a notable increase in the number of client applications for homeownership grant funding primarily due to the policy changes (e.g. reduced co-pay requirements) that the NWT HC has implemented as part of the strategic policy renewal initiative.

The Corporation had losses from disposals of tangible capital assets of \$0.7 million compared to the loss of \$0.3 million in 2017/18. These losses result from buildings being disposed of at sale prices lower than the remaining net book value of the assets.

The Corporation expensed \$21.2 million on corporate and district operations in 2018/19, an increase of \$0.6 million or 2.6% from the \$20.6 million expended in 2017/18. Costs include program development and delivery and technical and administrative support at the district office and headquarters. This increase is primarily attributable to increased compensation and benefits expenses associated with additional term staffing to support the NWT HC's strategic renewal efforts and casual hires for project delivery requirements.

The acquisition or construction of new housing assets and the renovation of existing housing is typically funded by the GNWT, CMHC, and NWT HC's own source revenues. During the year, revenues, including NWT HC generated revenues, exceeded expenses resulting in an annual surplus of \$22.6 million. Annual surpluses support the NWT HC's capital investments and housing programming.



MANAGEMENT DISCUSSION AND ANALYSIS - FISCAL YEAR 2018-2019

Financial Position

The Corporation continued to maintain a sound financial position in 2018/19, with net financial assets of \$74.4 million, an increase of \$2.5 million over the prior year.

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

The requirement for the Corporation to maintain a positive net financial resources position is necessary to ensure future obligations can be met, particularly related to contractual commitments (\$20.6 million in 2020 as per Note 17 to the 2018/19 Consolidated Financial Statements) and to mitigate financial risk associated with the \$12.4 million third party loans (Note 18 to the 2018/19 Consolidated Financial Statements) that the Corporation administers on behalf of the CMHC. The Corporation indemnifies and holds harmless the CMHC from all losses, costs, and expenses related to these loans, as provided under the Social Housing Agreement (SHA). The Corporation has also provided loan guarantees to private sector companies and households in support of new construction or improvements in residential housing across the north.

The cash and cash equivalents balance of \$47.8 million (\$43.9 million at March 31, 2018) represents the March 31, 2019 bank balance for 23 LHOs and the Corporation. The Corporation invests excess cash flow in portfolio investments that meet the terms of the investment policy. As at March 31, 2019, \$43.1 million (\$42.8 million at March 31, 2018) was invested in portfolio investments with a weighted average rate of return of 2.18%.

As of March 31, 2019, \$39.6 million of these cash reserves and portfolio investments have been designated (Note 4 to the 2018/19 Consolidated Financial Statements) by the Minister responsible for the Corporation to support planned investments in the public housing, HELP and market housing, homelessness and homeownership programs.

Since 2012, the Corporation has been assisting mortgage program participants in restructuring their loans. This approach has assisted homeowners in satisfying their mortgage payment obligations while supporting the on-going delivery of housing programs and services. The total mortgage and loans receivable balance decreased from \$3.6 million as at March 31, 2018, to \$3.5 million as at March 31, 2019 as the principal balances continue to be paid.

MANAGEMENT DISCUSSION AND ANALYSIS - FISCAL YEAR 2018-2019

Investment in Housing

As at March 31, 2019, the Corporation had \$313.2 million of investments in land and buildings and other property and equipment, representing the amortized book value of approximately 2,600 owned public housing, homeownership rental, and market rental units. During the year, the NWT HC acquired \$35.5 million in tangible capital assets, including a \$10.9 million transfer received from the Inuvialuit Regional Corporation (IRC) representing the value of the housing units constructed by the IRC on behalf of the NWT HC during 2018-19.

Summary of Financial Results (in millions of dollars)

	2014-2015	2015-2016	2016-2017	2016-2017 (Restated ¹)	2017-2018	2017-2018 (Restated ³)	2018-2019
Revenues							
GNWT	85.1	85.8	81.6	81.6	74.9	74.9	77.8
CMHC	17.4	17.3	28.7	28.7	25.1	25.1	19.5
Other	15.1	12.6	12.2	12.2	13.6	17.9	24.8
Total Revenues	117.6	115.7	122.5	122.5	113.6	117.9	122.1
Expenses							
Public Housing Programs	52.7	54.0	53.2	53.2	50.8	50.8	49.4
Other Housing Programs	8.3	7.7	8.3	8.3	9.9	9.9	9.3
Homeownership Assistance Programs	5.6	2.9	2.5	2.5	2.7	2.7	5.0
Impairment/ Disposal Loss on TCAs	1.6	0.6	-	-	0.5	0.5	0.7
Amortization ²	11.7	12.8	13.3	12.6	13.0	13	14.3
Administrative, Program and Technical Services	19.8	19.8	18.5	18.5	20.5	20.5	20.8
Total Expenses	99.7	97.8	95.8	95.1	97.4	97.4	99.5
Annual Surplus (Deficit)	17.9	17.9	26.7	27.4	16.2	20.5	22.6

1. The restatement is a result of a change in accounting policy to align with the amortization policy of the GNWT

2. Amortization reported separately

3. The restatement is a result of a prior year correction (Note 3 to the 2019 Consolidated Financial Statements)

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



INDEPENDENT AUDITOR'S REPORT

To the Minister Responsible for the Northwest Territories Housing Corporation

Opinion

We have audited the consolidated financial statements of the Northwest Territories Housing Corporation and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 March 2019, 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 2019, and the consolidated results of its operations, consolidated changes in its net financial assets, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

Other Information

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

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

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

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

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

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

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

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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



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

Edmonton, Canada
28 August 2019

Northwest Territories Housing Corporation
Consolidated Financial Statements
March 31, 2019

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

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

On behalf of the Northwest Territories Housing Corporation



Jim Martin, FCPA, FCGA, MBA, MA Acting for
Tom R. Williams
President and CEO



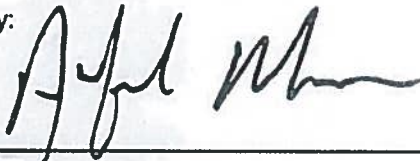
Konstantin Khasanov, CPA, CGA Acting for
Jim Martin, FCPA, FCGA, MBA, MA
Vice President
Finance and Infrastructure Services

NORTHWEST TERRITORIES HOUSING CORPORATION

Consolidated Statement of Financial Position As at March 31, 2019 (in thousands)

	2019	2018 (Restated- Note 3)
Financial assets		
Cash (Note 5)	\$ 47,837	\$ 43,896
Portfolio investments (Note 6)	43,081	42,825
Accounts receivable (Note 7)	10,359	13,431
Mortgages and loans receivable (Note 8)	3,497	3,611
	104,774	103,763
Liabilities		
Accounts payable and accrued liabilities (Note 9)	20,269	19,941
Deferred revenue	404	360
Loans and mortgages payable to Canada Mortgage and Housing Corporation (Note 10)	6,455	8,256
Environmental liabilities (Note 11)	513	461
Retirement, post-employment, and other leave benefits (Note 12)	2,740	2,897
	30,381	31,915
Net financial assets	74,393	71,848
Non-financial assets		
Tangible capital assets (Schedule A)	313,227	292,970
Inventories held for use	2,671	2,657
Prepaid expenses	86	284
	315,984	295,911
Accumulated surplus	\$ 390,377	\$ 367,759
Contractual obligations and contingencies (Notes 17 and 18)		

Approved by:



Alfred Moses
Minister Responsible for the
Northwest Territories Housing Corporation



Jim Martin, FCPA, FCGA, MBA, MA Acting for
Tom R. Williams
President and CEO

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

NORTHWEST TERRITORIES HOUSING CORPORATION

Consolidated Statement of Change in Net Financial Assets For the year ended March 31, 2019 (in thousands)

	2019	2019	2018
	Budget	Actual	Actual (Restated- Note 3)
Net financial assets, beginning of the year	\$ 71,848	\$ 71,848	\$ 60,414
Items affecting net financial assets:			
Annual surplus	5,077	22,618	20,493
Acquisition of tangible capital assets	(26,507)	(35,511)	(22,992)
Amortization	14,300	14,265	13,038
Proceeds from disposal of tangible capital assets	-	256	277
Loss from disposal of tangible capital assets	-	704	261
Write-down of tangible capital assets	-	29	246
Acquisition of inventories held for use	-	(1,350)	(1,311)
Consumption of inventories held for use	-	1,336	1,663
Acquisition of prepaid expenses	-	(79)	(292)
Consumption of prepaid expenses	-	277	51
Increase in net financial assets	<u>(7,130)</u>	<u>2,545</u>	<u>11,434</u>
Net financial assets, end of the year	<u>\$ 64,718</u>	<u>\$ 74,393</u>	<u>\$ 71,848</u>

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

NORTHWEST TERRITORIES HOUSING CORPORATION

Consolidated Statement of Operations and Accumulated Surplus For the year ended March 31, 2019 (in thousands)

	2019	2019	2018
	Budget	Actual	Actual (Restated- Note 3)
Revenues			
Government funding:			
Government of the Northwest Territories	\$ 76,423	\$ 77,786	\$ 74,883
Canada Mortgage and Housing Corporation (CMHC) (Note 13)	19,620	19,526	25,105
Other Transfers (Note 3)	-	10,935	4,324
	<u>96,043</u>	<u>108,247</u>	<u>104,312</u>
Generated revenues:			
Rental revenue	9,805	10,048	10,480
Recoveries from mortgages and loans (Note 8)	475	921	795
Income from portfolio investments	691	1,570	1,105
Gain on disposal of tangible capital assets	800	62	-
Other revenue and recoveries	19	1,114	1,080
Interest revenue on mortgages and loans	120	114	122
	<u>11,910</u>	<u>13,829</u>	<u>13,582</u>
	<u>107,953</u>	<u>122,076</u>	<u>117,894</u>
Expenses (Note 19)			
Public housing program (Note 14)	65,481	61,433	60,753
Unilateral CMHC programs and other programs	2,494	2,516	3,779
HELP and market housing (Note 15)	6,736	7,098	7,906
Non-residential building operations	303	695	654
Rent subsidy program	600	247	215
Homelessness fund program	855	1,268	794
Homeownership assistance grants	8,807	5,030	2,665
Corporate and district operations (Note 16)	17,600	21,171	20,635
	<u>102,876</u>	<u>99,458</u>	<u>97,401</u>
Annual surplus	<u>\$ 5,077</u>	<u>\$ 22,618</u>	<u>\$ 20,493</u>
Accumulated surplus, beginning of year	<u>367,759</u>	<u>367,759</u>	<u>347,266</u>
Accumulated surplus, end of year	<u>\$ 372,836</u>	<u>\$ 390,377</u>	<u>\$ 367,759</u>

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

NORTHWEST TERRITORIES HOUSING CORPORATION

Consolidated Statement of Cash Flow For the year ended March 31, 2019 (in thousands)

	2019	2018 (Restated- Note 3)
Operating transactions		
Annual surplus	\$ 22,618	\$ 20,493
Items not affecting cash:		
Amortization	14,265	13,038
Other transfers	(10,935)	(4,324)
Write-down of tangible capital assets	29	246
Loss from disposal of tangible capital assets	704	261
Loss on disposal of portfolio investments	-	368
Non-cash portfolio investment (loss) income	50	(172)
Non-cash mortgage funding	(105)	(24)
Change in valuation allowance for doubtful accounts	(118)	(903)
Change in valuation allowance for mortgages and loans receivable	(563)	102
	3,327	8,592
Change in non-cash assets and liabilities:		
Decrease in accounts receivable	3,072	975
Decrease (increase) in inventories held for use	(14)	352
Decrease (increase) in prepaid expenses	198	(241)
Increase in accounts payable and accrued liabilities	(775)	4,001
Increase in deferred revenue	44	104
Increase (decrease) in environmental liabilities	52	(154)
Increase (decrease) in retirement, post-employment, and other leave benefits	(157)	92
	2,420	5,129
Cash provided by operating transactions	28,365	34,214
Capital transactions		
Acquisition of tangible capital assets	(23,455)	(20,580)
Proceeds from disposal of tangible capital assets	256	277
Cash used for capital transactions	(23,199)	(20,303)
Financing transactions		
Repayment of loans payable to CMHC	(1,801)	(807)
Cash used for financing transactions	(1,801)	(807)

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

NORTHWEST TERRITORIES HOUSING CORPORATION

Consolidated Statement of Cash Flow (continued) For the year ended March 31, 2019 (in thousands)

	2019	2018
		(Restated- Note 3)
Investing transactions		
Proceeds from sale of portfolio investments	-	16,242
Acquisition of portfolio investments	(206)	(2,819)
Repayments of mortgages and loans receivable	782	483
Cash provided by investing transactions	576	13,906
Increase in cash	3,941	27,010
Cash at beginning of the year	43,896	16,886
Cash at end of the year	\$ 47,837	\$ 43,896

Total interest paid during the year was \$488 (2018 - \$533).

Total interest received during the year was \$1,343 (2018 - \$1,473).

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

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

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2019

(in thousands)

1. PURPOSE OF THE ORGANIZATION

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

The significant accounting policies are as follows:

Measurement uncertainty

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

Reporting entity

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

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2019

(in thousands)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Reporting entity (continued)

Aklavik Housing Association	Lutsel K'e Housing Authority
Behchokö Kö Gha K'òdèè	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	Tsiigehtchic Housing Association
Fort Resolution Housing Authority	Tuktoyaktuk Housing Association
Fort Simpson Housing Authority	Tulita Housing Association
Fort Smith Housing Authority	Ulukhaktok Housing Association
Gameti Housing Authority	Whati Housing Authority
Hay River Housing Authority	Yellowknife Housing Authority
Inuvik Housing Authority	

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

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

Revenue recognition

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

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

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

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

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

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

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

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2019

(in thousands)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Programs

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

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

b) Contributions for unilateral CMHC programs and other programs

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

c) Homeownership assistance grants

The Corporation, under section 44(1) of its Act, may make a homeownership assistance grant in the form of a forgivable loan to eligible homeowners on terms and conditions that may be imposed by the Corporation. The conditional grants, which vary in amount depending on the income or community of the applicant and are not expected to be repaid unless certain conditions are not met, are expensed in the year the grant is approved. Any recoveries on the conditional grants are recognized in the year the amount is recovered from the borrower (Note 8).

The Corporation is not currently providing any new repayable mortgages/loans or loan guarantees to eligible homeowners under its Homeownership Assistance program.

Cash and cash equivalents

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

Portfolio investments

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

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

Mortgages and loans receivable

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

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2019

(in thousands)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Mortgages and loans receivable (continued)

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

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

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

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

Loan guarantees

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

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2019

(in thousands)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Tangible capital assets

a) Land and buildings

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

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

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

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

b) Property and equipment

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

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

Inventories held for use

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

Employee future benefits

a) Pension benefits

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

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2019 (in thousands)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee future benefits (continued)

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

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

Employees earn other benefits including maternity and parental leave and non-vesting accumulating sick leave benefits. Accumulating non-vesting and special leave are recognized in the period the employee provides services, whereas parental and maternity leave are event driven and are recognized when the leave commences.

An actuarial valuation of the cost of these benefits has been prepared under the projected unit credit methodology using data provided by management and assumptions based on management's best estimate.

c) Northern Employee Benefits Service (NEBS) Pension Plan

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

Behchokö Kö Gha K'àodèe	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. Contributions are recorded as an expense in the year when the employees have rendered service.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2019 (in thousands)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Environmental liabilities

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

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

The liability is recognized net of any expected recoveries.

Related Party Transactions

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

a) Inter-entity transactions

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

b) Other related party transactions

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

c) Services provided without charge

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

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2019

(in thousands)

3. RESTATEMENT

In accordance with agreements signed in 2017 and 2018, the Corporation has and will receive public housing units from the Inuvialuit Regional Corporation (IRC). The IRC constructs the units on land owned or leased by the Corporation using funding provided directly to the IRC by Indigenous and Northern Affairs Canada. The units are transferred to the Corporation on completion for a nominal fee. The Corporation treats these tangible capital assets received as government transfers and accrues the tangible capital asset (including work in progress) and the related government transfer revenues as the units are constructed. Information obtained in the current year indicates the estimated fair value of tangible capital assets transfers received from IRC and not previously recorded at March 31, 2018 was \$4,324. The financial statements have been corrected retroactively and the comparative figures have been restated. The effect of this change is as follows:

	<u>2018 as previously reported</u>	<u>Restatement</u>	<u>2018 restated</u>
Consolidated Statement of Financial Position			
Tangible capital assets	\$ 288,646	\$ 4,324	\$ 292,970
Non-financial assets - total	291,587	4,324	295,911
Accumulated surplus	363,435	4,324	367,759
Consolidated Statement of Change in Net Financial Assets			
Annual surplus	16,169	4,324	20,493
Acquisition of tangible capital assets	(18,668)	(4,324)	(22,992)
Consolidated Statement of Operations and Accumulated Surplus			
Other transfers	-	4,324	4,324
Government funding - total	99,988	4,324	104,312
Revenues - total	113,570	4,324	117,894
Annual surplus	16,169	4,324	20,493
Accumulated surplus, end of year	363,435	4,324	367,759
Consolidated Statement of Cash Flow			
Annual surplus	16,169	4,324	20,493
Other Transfers	-	(4,324)	(4,324)
Items not affecting cash - total	12,916	(4,324)	8,592
Consolidated Schedule of Tangible Capital Assets (Schedule A)			
Public housing	178,717	1,805	180,522
Work in progress	23,726	2,519	26,245
Land and buildings - sub-total	280,831	4,324	285,155
Tangible capital assets - total	288,646	4,324	292,970

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2019

(in thousands)

4. DESIGNATED ASSETS

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

Public Housing (\$2,060)

To complete a biomass project in Yellowknife by 2020-2021 that will replace up to 45 oil fired furnaces, to complete up to an additional 50 oil furnace replacements by 2020-2021 and to establish a reserve for the replacement of the Mary Murphy seniors home in Yellowknife within five years.

HELP and Market Housing (\$26,531)

Pursuant to the Memorandum of Agreement between the Corporation and the Royal Canadian Mounted Police, the Corporation plans to provide 45 housing units for lease by 2021-2022 and also plans to support the delivery of additional seniors housing in Yellowknife and Hay River within the next five years.

Homelessness (\$3,330)

To fund renovation projects for a Sahtu Homeless Shelter and the Salvation Army in Yellowknife by 2020-2021, to support the development of community housing plans over the next three years and to fund three new initiative positions (Housing Stability Worker-Behchoko, Homelessness Program Officer and Community Housing Planner).

Homeownership (\$7,670)

To support the delivery of the rent supplement and rapid re-housing programs in 2019-2020, to complete the development of a new homeownership maintenance training program in 2019-2020, to complete up to 50 lot surveys within the next two years to convert equity leases to fee simple title, to renovate up to 60 existing public housing units over the next three years for the sale of public housing (lease to own) program and to construct up to five new multi-generational homes for the New Home Program over the next three years.

5. CASH

Included in cash are tender and security deposits from contractors on construction projects and rental housing damage deposits held in trust in the amount of \$2,713 (2018 - \$2,628) which are also included in accounts payable and accrued liabilities (Note 9).

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2019 (in thousands)

6. PORTFOLIO INVESTMENTS

Issuer	2019		2018	
	Stated interest rate	Remaining term	Carrying amount	Carrying amount
Fixed income investments:				
Banker's acceptances, fixed rate	1.50% to 1.95%	1 to 2 years	\$ 11,526	\$ 419
Banker's acceptances, fixed rate	1.80% to 2.10%	2 to 4 years	16,885	25,384
Banker's acceptances, fixed rate	2.20% to 2.80%	6 years	12,350	14,750
Provincial governments bonds, fixed rate	2.30%	1 to 2 years	968	949
Ontario Hydro Zero Coupon Bonds, fixed rate	2.70%	3 years	<u>1,352</u>	<u>1,323</u>
			<u>\$ 43,081</u>	<u>\$ 42,825</u>

The weighted average effective yield of this portfolio in 2019 was 2.18% (2018 – 2.06%). Investments in bankers' acceptances are highly liquid investments with original terms to maturities of greater than 90 days.

7. ACCOUNTS RECEIVABLE

	2019	2018
Trade accounts receivable	\$ 4,350	\$ 2,752
Tenant rents receivable	<u>11,819</u>	<u>11,954</u>
	16,169	14,706
Less allowance for doubtful accounts	<u>(11,548)</u>	<u>(11,666)</u>
	4,621	3,040
Receivables from CMHC	5,657	10,384
Receivables from related parties:		
Government of the Northwest Territories	<u>81</u>	<u>7</u>
	<u>\$ 10,359</u>	<u>\$ 13,431</u>

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2019

(in thousands)

8. MORTGAGES AND LOANS RECEIVABLE

Mortgages and loans receivable

	2019	2018
Corporate loans, repayable in monthly installments at interest rates of 0.00% and 3.00%, secured, with an original term of 10 years	\$ 409	\$ 454
Mortgages based on Income Assessment, repayable in monthly installments at interest rates varying between 6.35% and 10.50%, secured by registered charges against real property, with a term over a maximum of 15 years	336	451
Loans based on Income Assessment, repayable in monthly installments at an interest rate varying between 0.00% and 12.00%, unsecured, with a term over a maximum of 15 years	3,480	3,666
Restructured mortgages, repayable in monthly installments at interest rates of 3.00%, secured by registered charges against real property, with a term over a maximum of 25 years	1,071	1,124
Restructured loans, repayable in monthly installments at interest rates varying between 3.00% and 7.20%, unsecured, with a term over a maximum of 25 years	8,190	8,468
Mortgages and loans receivable	13,486	14,163
Less allowance for impaired mortgages and loans receivable	(9,989)	(10,552)
	\$ 3,497	\$ 3,611

The carrying value of the mortgages and loans receivable that are past due but not classified as impaired is \$571 (2018 - \$922). There were no write-offs in the current year (2018 - none).

The allowance for impaired mortgages and loans that were restructured is \$6,311 (2018 - \$6,800) and the allowance for impaired subsidized mortgages and loans advanced based on Income Assessment is \$3,677 (2018 - \$3,752).

Homeownership assistance grants

Conditional grants have been provided by the Corporation to eligible homeowners, which are fully forgivable on the condition that the property remain the principal residence and the annual income remain below the core need income threshold for the term of the agreement. If the conditions are not met, the grants are repayable to the Corporation. Conditional grants comprise the Homeownership Assistance grants of \$5,030 (2018 - \$2,665), which are expensed on the consolidated statement of operations and accumulated surplus.

Net recoveries on mortgages, loans receivable, and conditional grants

	2019	2018
Recoveries on impaired mortgages and loans	\$ 491	\$ 375
Adjustment to allowance for impaired mortgages and loans	236	(76)
Recoveries from conditional grants	194	496
	\$ 921	\$ 795

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2019

(in thousands)

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2019	2018
Trade payables	\$ 8,322	\$ 9,750
Contractor holdbacks	2,281	1,372
Tender and security deposits	445	415
Wages and employee benefits	1,965	1,756
Accrued interest	110	110
Damage deposits	2,268	2,213
Payables to related parties:		
Trade payables to Government of the Northwest Territories	4,878	4,325
	\$ 20,269	\$ 19,941

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

	2019	2018		
	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 2020 to 2038, at interest rates from 5.94% to 19.00% (2018 - 5.94% to 19.00%).	\$ 21,706	\$ (21,706)	\$ -	\$ -
Loans payable to CMHC (NHA Section 82 debt), repayable in annual installments until the year 2033, bearing interest of 6.97% (2018 - 6.97%). These loans are guaranteed by the Government.	12,059	(6,700)	5,359	5,847
Mortgages payable to CMHC for three housing projects acquired from third parties in accordance with the provisions of the SHA related to third party loans, maturing in 2026 and 2027, at interest rates from 1.05% to 3.13%, (2018 - 2.78% to 3.68%).	1,096	-	1,096	2,409
	\$ 34,861	\$ (28,406)	\$ 6,455	\$ 8,256

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2019

(in thousands)

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

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

Had CMHC not funded the repayments of the long-term debt principal and interests payable to CMHC, the Corporation would have incurred additional interest expense of \$3,313 in 2019 (2018 - \$3,443) and would have made additional principal long-term debt repayments to CMHC of \$1,363 in 2019 (2018 - \$1,466).

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
2020	\$ 597	\$ 407	\$ 1,004
2021	585	370	955
2022	620	335	955
2023	658	297	955
2024	698	257	955
Thereafter	3,297	719	4,016
	\$ 6,455	\$ 2,385	\$ 8,840

11. ENVIRONMENTAL LIABILITIES

The Corporation has identified eight fuel spills sites and no other contaminated site (2018 - six fuel spills sites and no other contaminated site) for which an environmental liability has been recorded. The liability is calculated as costs remaining to remediate the spills to the required environmental standard. The spills are expected to be remediated within the twelve months subsequent to year end. The estimated amount of recoveries is nil (2018 - nil). The Corporation has not identified any sites where an environmental liability may exist but no liability has been recorded.

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

Pension benefits

Employees of the Corporation participate in Canada's Public Service Pension Plan (the "Plan"). The Plan provides benefits based on the number of years of pensionable service to a maximum of 35 years. Benefits are determined by a formula set out in legislation; they are not based on the financial status of the pension plan. The basic benefit formula is 2 percent per year of pensionable service multiplied by the average of the best five consecutive years of earnings.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2019 (in thousands)

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

Pension benefits (continued)

The Plan was amended during 2013 which raised the normal retirement age and other age related thresholds from age 60 to age 65 for new members joining the plan on or after January 1, 2013. The Corporation's contribution rate effective at the end of the year is 1.01 times (2018 - 1.01) the employee's contribution for employees who started prior to January 2013 and 1.00 times (2018 - 1.00) the employee's contribution for all other employees. The Corporation's and employees' contributions for the year were \$1,333 and \$1,207 (2018 - \$1,337 and \$1,339 respectively). Total contributions of \$1,333 (2018 - \$1,337) were recognized as an expense in the current year.

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

Other employee future benefits and compensated absences

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

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

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

Valuation results

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

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2019 (in thousands)

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

Changes in Obligation

	2019	2018
Accrued benefit obligation, beginning of year	\$ 2,421	\$ 2,797
Current period benefit cost	443	243
Accrued interest	41	47
Benefits payments	(578)	(269)
Actuarial (gains)/loss	<u>580</u>	<u>(397)</u>
Accrued benefit obligation, end of year	2,907	2,421
Unamortized net actuarial (gain)/loss	<u>(167)</u>	<u>476</u>
Retirement, post-employment, and other leave benefits*	<u>\$ 2,740</u>	<u>\$ 2,897</u>

*Total retirement, post-employment, and other leave benefits includes \$2,460 (2018 – \$2,549) related to severance and removal and \$279 (2018 – \$348) related to compensated absences.

Benefits Expense

	2019	2018
Current period benefit cost	\$ 443	\$ 243
Accrued interest	41	47
Actuarial gains	<u>(63)</u>	<u>(14)</u>
	<u>\$ 421</u>	<u>\$ 276</u>

The discount rate used to determine the accrued benefit obligation is an average of 3.20% (2018 - 3.80%). The assumed rate of compensation increase is 2% (2018 – 2%). Unamortized actuarial gains and losses are amortized straight line over the expected average remaining service lives of active employees which is 8 years (2018 – 8 years). No inflation rate was applied.

Northern Employees Benefits Services (NEBS) Pension Plan

Eligible employees of member LHOs are covered by the Northern Employee Benefits Services (NEBS) Pension Plan, a contributory defined benefit plan. NEBS is a member owned, not-for profit corporation that sponsors an insurance and health care benefits plan and a pension plan for public sector employees in the north. The employer and employee contribution rates effective at year end were both 8% (2018 - 8%). The Corporation's and employees' contribution to the NEBS Pension Plan for the year were \$416 and \$416 (2018 - \$405 and \$405 respectively).

The plan serves 1,930 Employee Members and 111 Employer Members. As of April 2004, the Office of the Superintendent of Financial Institutions (OSFI) exempted NEBS from compliance with the Pension Benefits Standards Act (PBSA). NEBS has agreed to voluntarily comply with PBSA until the plan can be registered under Territorial legislation. The Governments of the NWT and Nunavut passed the NEBS Pension Plan Protection Act in February 2014 which sets rules to protect Plan Members funds. As of December 31, 2018, the plan had a surplus of \$15,124 (December 31, 2017 - \$31,927).

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2019 (in thousands)

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

	2019	2018
Funding received from the CMHC recognized as government funding under the:		
Social Housing Agreement:		
Contributions for public housing rental subsidies	\$ 8,936	\$ 9,262
Contributions to non-profit housing sponsor groups and cooperatives	3,892	3,916
Repairs, maintenance and other costs	1,258	1,294
Agreement for Investment in Affordable Housing	1,840	10,633
Northern funding agreement	3,600	-
	\$ 19,526	\$ 25,105

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

On December 20, 2011 the Corporation and CMHC signed the Agreement for Investment in Affordable Housing. This \$11,627 three year agreement amalgamated two existing agreements between the Corporation and CMHC: the Housing Renovation Program Agreement and the Affordable Housing Agreement Extension. Funding under this agreement can be utilized under four specific housing programs: CARE, PATH, HELP and Shelter Enhancement. This Agreement was extended on February 2, 2015 for a period of five years (2014/2015 to 2018/2019) for \$18,400. The annual funding is cost shared with CMHC and the Corporation each contributing \$1,840 per year for this program. Both parties to the Agreement will provide a total of \$14,720 over the eight year period from 2011/2012 to 2018/2019.

On September 29, 2016 the Corporation signed the Amended Social Infrastructure Fund Agreement under the Investment in Affordable Housing Agreement with the CMHC. Under this Agreement, \$20,420 in funding has been allocated to the Corporation from 2016 to 2018 of which the Corporation will be required to cost share \$3,866. The Amended Agreement had \$15,000 removed from the original \$35,000 Federal allocation under the Social Infrastructure Fund Agreement signed on June 8, 2016. The total funding earned under this agreement during the year is nil (2018 - \$8,792).

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

The National Housing Strategy Agreement was signed effective April 1, 2018. Maximum CMHC funding available under the Agreement is \$19,278 over the three year period from 2019/2020 to 2021/2022 and \$64,835 over the six year period from 2022/2023 to 2027/2028.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2019

(in thousands)

14. PUBLIC HOUSING

	2019	2018
Utilities, taxes, land and rental housing leases	\$ 28,953	\$ 29,647
Repairs, maintenance and other costs	6,713	7,384
Compensation and benefits	11,430	11,249
Administration	1,063	824
Contribution for public housing	826	1,233
Interest on long-term debt	406	444
Amortization	11,440	9,465
Loss from disposal of tangible capital assets	573	261
Write-down of tangible capital assets	29	246
	<u>\$ 61,433</u>	<u>\$ 60,753</u>

15. HELP AND MARKET HOUSING

	2019	2018
Utilities, taxes, land and rental housing leases	\$ 1,212	\$ 1,099
Repairs, maintenance and other costs	770	826
Compensation and benefits	2,611	2,485
Contribution for affordable housing	-	250
Amortization	2,374	3,246
Loss from disposal of tangible capital assets	131	-
	<u>\$ 7,098</u>	<u>\$ 7,906</u>

16. CORPORATE AND DISTRICT OPERATIONS

	2019	2018
Compensation and benefits	\$ 15,422	\$ 14,348
Building and equipment rentals	2,433	2,397
Professional and special services	1,283	1,386
Training and workshops, travel and other support	1,104	1,406
Computer services	96	480
Material and supplies	369	287
Communications	246	202
Amortization	218	129
	<u>\$ 21,171</u>	<u>\$ 20,635</u>

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2019 (in thousands)

17. CONTRACTUAL OBLIGATIONS

The Corporation leases office space and rents supplemental public housing units and is committed to basic rental payments. The leases contain escalation clauses for operating costs and property taxes, which may cause the payments to exceed the basic rental. Included in the contractual obligations below are ongoing maintenance contributions funded by the Government of Northwest Territories. Also included in the 2020 contractual obligations are construction commitments of \$16,623 (2018 - \$20,063).

	<u>Total</u>
2020	\$ 20,631
2021	2,414
2022	2,133
2023	1,963
2024	1,335
After	<u>1,716</u>
	<u>\$ 30,192</u>

18. CONTINGENCIES

The Corporation provided guarantees to banks in financing certain new or renovated residential housing construction. The Corporation has the authority to provide loan guarantees to a limit of \$30,000 as established by Regulation made pursuant to the *Northwest Territories Housing Corporation Act*. As at March 31, 2019 a total of 13 (2018 - 17) loan guarantees were in effect, and the outstanding balance of loans guaranteed was \$555 (2018 - \$751). In 2019, one of these loans was a corporate loan guarantee with a total outstanding balance of \$30 (2018 - \$47). All of these loans are secured by registered charges against real property.

The period covered by these guarantees extends up to 2028.

Under the terms of the Social Housing Agreement with CMHC, the Corporation is responsible for the administration of a number of loans to third parties, where CMHC is the lender or insurer of these loans. The agreement provides that the Corporation shall indemnify and reimburse CMHC for and save it harmless from all losses, cost and expenses related to these loans. The outstanding balance of these third party loans as at March 31, 2019 was \$12,389 (2018 - \$14,415).

The period covered by these related loans extends up to 2029.

The outstanding balances represent the maximum amount of future loan principal payments under the guarantees and indemnities. In the event of default by the borrowers, the lenders could request payment from the Corporation. The obligation under loan guarantees as at March 31, 2019 is nil (2018 - nil).

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2019 (in thousands)

19. EXPENSES BY OBJECT

	2019	2018
Amortization	\$ 14,265	\$ 13,038
Compensation and benefits	29,568	28,190
Computer costs	103	485
Contract services	5,563	5,621
Controllable assets	73	95
Fees and payments	225	300
Grants and contributions	5,141	6,180
Interest on long-term debt	463	522
Housing operations and maintenance	38,886	37,939
Materials and supplies	2,523	2,412
Other expenses	729	240
Purchased services	657	706
Travel	884	703
Valuation allowances	(355)	463
Write-down of tangible capital assets	29	246
Loss from disposal of tangible capital assets	704	261
	\$ 99,458	\$ 97,401

20. FINANCIAL RISK MANAGEMENT

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

Liquidity Risk

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

Financial Liabilities	Up to 6 months	6 months to 1 year	1 to 5 years	Over 5 years	Total
Accounts payable and accrued liabilities	\$ 20,269	\$ -	\$ -	\$ -	\$ 20,269
Loans payable to CMHC	597	-	2,561	3,297	6,455
Total liabilities	\$ 20,866	\$ -	\$ 2,561	\$ 3,297	\$ 26,724

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2019

(in thousands)

20. FINANCIAL RISK MANAGEMENT (continued)

Credit risk

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

Cash and portfolio investments

Credit risk on cash and portfolio investments arises from the possibility that the counter-party to the instrument fails to meet their obligations. In order to manage this risk, the Corporation only invests in high quality fixed income investments. The maximum exposure to credit risk is \$90,918 (2018 - \$86,721).

Accounts receivable

Credit risk on accounts receivable arises from the possibility that the customer fails to meet their obligations. In order to manage this risk, the Corporation actively monitors the age of accounts receivable and initiates collection action. The maximum exposure to credit risk is \$10,359 (2018 - \$13,431).

Mortgages and loans receivable

Credit risk on mortgages and loans receivable arises from the possibility that the borrower fails to meet their obligations. In order to manage this risk, the Corporation actively monitors mortgage and loan payments and works with borrowers to develop payment plans to resolve outstanding arrears issues. In 2013 the Corporation developed the Revised Mortgage Approach to determine new repayable loan amounts. The maximum exposure to credit risk is \$3,497 (2018 - \$3,611).

As at March 31, 2019, \$1,059 (2018 - \$1,098) of the impaired mortgages and loans are secured by homes the Corporation has the ability to sell or use in its operations in order to satisfy borrowers' commitments. The value of the security is not readily determinable.

As at March 31, 2019, 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>
Tenants rent receivable	\$ 153	\$ 147	\$ 3	\$ 594
Trade accounts receivable	27	1,849	-	80
Mortgages and loans receivable	233	110	184	44

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2019 (in thousands)

20. FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk

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

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

Term	Within 1 year	1 to 2 years	2 to 5 years	5 to 10 years	Over 10 years	Carrying Value	
						2019	2018
Portfolio Investments	\$ -	\$ 12,494	\$ 18,237	\$ 12,350	\$ -	\$ 43,081	\$ 42,825

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

21. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

	2019		2018	
	Carrying amount	Fair Value	Carrying Amount	Fair Value
Portfolio investments	\$ 43,081	\$ 42,622	\$ 42,825	\$ 41,292
Loans payable to CMHC	5,359	5,013	5,847	6,282
Mortgages payable to CMHC	1,096	1,085	2,409	2,417

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

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

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

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

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2019 (in thousands)

22. RELATED PARTY TRANSACTIONS

In addition to the related party transactions previously disclosed, some employees of the Corporation are paid by the Government. The Corporation reimburses the Government for these costs which are incurred on the Corporation's behalf. Reimbursements are measured at the exchange amount and are included in compensation and benefits expenses. During the year, the Corporation reimbursed the Government for \$15,422 (2018 - \$14,348).

23. BUDGETED FIGURES

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

NORTHWEST TERRITORIES HOUSING CORPORATION

**Consolidated Schedule of Tangible Capital Assets
As at March 31, 2019
(in thousands)**

Schedule A

Lands and Buildings:

	Cost					Accumulated amortization				Net Book Value	
	Opening balance (Restated- Note 3)	Acquisitions	Write-downs and Transfers*	Disposals	Closing balance	Opening balance	Amortization	Disposals	Closing balance	2019	2018 (Restated- Note 3)
Land Public Housing**	\$ 8,611	\$ -	\$ 366	\$ -	\$ 8,977	\$ -	\$ -	\$ -	\$ -	\$ 8,977	\$ 8,611
HELP and market housing Non-residential properties	338,998	-	15,242	(2,936)	351,304	158,476	11,078	(2,322)	167,232	184,072	180,522
Work in Progress**	92,502	-	4,243	(637)	96,108	27,223	2,374	(291)	29,306	66,802	65,279
	8,048	-	198	-	8,246	3,550	233	-	3,783	4,463	4,498
	26,245	35,511	(20,653)	-	41,103	-	-	-	-	41,103	26,245
Sub-total	474,404	35,511	(604)	(3,573)	505,738	189,249	13,685	(2,613)	200,321	305,417	285,155
Property and equipment:											
Warehouses and offices	12,408	-	-	-	12,408	5,961	172	-	6,133	6,275	6,447
Mobile equipment	2,611	-	379	-	2,990	1,831	231	-	2,062	928	780
Leasehold improvements	771	-	-	-	771	742	6	-	748	23	29
Office furniture and equipment	5,877	-	196	-	6,073	5,377	160	-	5,537	536	500
Software	114	-	-	-	114	55	11	-	66	48	59
Sub-total	21,781	-	575	-	22,356	13,966	580	-	14,546	7,810	7,815
Total	\$ 496,185	\$ 35,511	\$ (29)	\$ (3,573)	\$528,094	\$ 203,215	\$ 14,265	\$ (2,613)	\$ 214,867	\$ 313,227	\$ 292,970

* There was a \$29 write-down in the current year (2018 - \$246).

** Includes tangible capital assets transfers received from IRC with a value of \$7,325 (2018 - \$1,805) in Public Housing and \$7,934 (2018 - \$2,519) in Work in Progress (see Note 3).



NORTHWEST TERRITORIES
HOUSING CORPORATION