

Housing NWT 2021-2022 Annual Report



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MINISTER'S MESSAGE



As Minister Responsible for Housing NWT, I am proud to release Housing NWT's 2021-2022 Annual Report. This year was significant for several different reasons. One major development is the *Strategy for Renewal of the Northwest Territories Housing Corporation* has been released and work on the goals it sets out is underway. With a new mandate, values and vision, Housing NWT is focused on increasing the wellbeing of individuals and communities by providing fair access to quality housing support for people most in need. The 19th Legislative Assembly has made it a priority to increase the number of affordable homes and reduce core housing need. This is something we, at Housing NWT, are fully committed to. Of course, we cannot take this on alone; only by working in partnership with Indigenous governments, community governments, Non-governmental organizations (NGOs), and the federal government are we able to create housing solutions for northerners.

Thanks in large part to the partnership between the GNWT and the federal government we have recently been able to undertake the largest expansion of Public Housing units in over 20 years. This is no small feat and is significant in providing more housing options in communities throughout the NWT. Our partnerships are vital to securing a better future for housing in the Northwest Territories and we thank all our partners for taking these steps to a better housing future together.

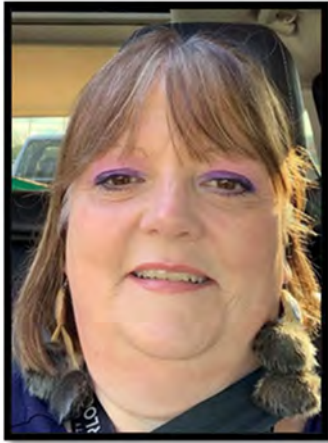
This year also marks the 50th anniversary of the GNWT creating a housing department. We kicked off the anniversary on April 1, 2022, with some significant changes in Housing NWT. Most notably we went from being the Northwest Territories Housing Corporation to Housing NWT. While the history of housing in the territory is a complex one, there are milestones and accomplishments that should be recognized and celebrated. Thanks to the efforts of Housing NWT, many northern individuals and communities have made strides towards better housing. I look forward to seeing this work continue well into the future.

Thank you.

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

Honourable Paulie Chinna
Minister Responsible For
Housing Northwest Territories

PRESIDENT'S MESSAGE



As President and CEO of Housing NWT, I am pleased to release our 2021-22 Annual Report. This year was a significant one for Housing NWT; this year represents the 50th anniversary of the GNWT creating a housing department. This is a time to both look back at the successes we've had in the past and to the future, exemplified by our new name and new mandate.

Housing NWT has worked hard towards the 19th Legislative Assembly's mandate, namely the priority to increase the number of affordable homes and reduce core housing need. The Canada-NWT Housing Benefit (CNHB), which began in April 2021, is one way Housing NWT has worked towards reaching this goal. The CNHB is a portable housing benefit which aims to bring participants' sheltering costs to an affordable level below 30% of their gross income.

Housing NWT has also made amendments to its homeownership programs to support people living independently as much as possible, and for as long as possible. Programming is slightly different between major centers and rural and remote communities. Major centers have greater access to immediate supplies and services. Homeowners gain equity, have greater ability to borrow funds for renovations, and have ready access to home insurance, and formal land tenure. In rural and remote communities, supplies and services are often limited to Local Housing Organizations (LHO) for the maintenance of the public housing units. Rural and Remote Communities have an increased focus on the sale of detached inventory to expand homeownership to those who have lived in these homes long term.

This will alleviate pressures to expand public housing by moving people into homeownership and building replacement public housing that will reduce waiting lists. In major centres (Yellowknife, Inuvik, Fort Simpson, Fort Smith, Hay River, Inuvik, Norman Wells) Housing NWT will continue to offer Seniors Aging in Place, Fuel Tank Replacement, preventative maintenance, and emergency repairs. I am happy to see these programs made more accessible for the residents of the Northwest Territories.



Eleanor Young
President & CEO,
Housing Northwest Territories



Mandate

Mission

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

Vision

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

Values

- Client-Focused
 - We are fair, respectful, and compassionate
 - We recognize that everyone has a unique lived experience that may include past trauma
 - We communicate clearly and often
- Collaboration
 - We look for and accept opportunities to collaborate
 - We recognize that greater success comes from working together
 - We take steps to build and maintain partnerships
- Accountability
 - We are accountable to our clients, to our employees, to our partners and to the public for our conduct and our use of public resources
 - We are transparent
 - We look for accountability in others
- Innovation
 - We strive to continue to improve
 - We are creative, adaptable and flexible
 - We measure our effectiveness

- Reconciliation
 - o We acknowledge the Indigenous inherent right of self-government
 - o We engage with Indigenous Governments on a government-to-government basis
 - o We educate ourselves about the NWT's history of colonization
 - o We strive for cultural appropriateness in our work
- Sustainability
 - o We look for environmental and fiscal sustainability in all aspects of our work.



Corporate Structure

Corporate Summary

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

Branches:

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

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

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

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

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

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

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

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

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 Housing NWT's Home Purchase Program, Homeownership Initiative, Major Repairs, Mobility Enhancements, and Preventative Maintenance programs.

North Slave District Office:

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

South Slave District Office:

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

Nahendeh District Office:

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

Sahtú District Office:

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

Beaufort Delta District Office:

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

Local Housing Organizations (LHOs) – Housing NWT, in partnership with 24 LHOs and community organizations, administers approximately 2,400 public housing units across the NWT. The LHOs, under agreement with Housing NWT, provide property management services including the allocation of units, the assessment of rent, the collection of rents, and the provision of preventative and demand maintenance services. Each LHO has an advisory board that oversees their operations. Housing NWT's district offices are responsible for these operations in communities where an LHO has not been established.

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

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

LHO LIST

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



Housing NWT Programs

Rental Programs

Public Housing

The Public Housing Program provides income-based subsidies for the rental of housing for residents in need. Housing NWT provides financial, administrative, maintenance, construction and repair support to its community partners who deliver the program on behalf of Housing NWT. Housing NWT utilizes management/services agreements with LHOs or community services organizations to manage its affordable housing portfolio. Currently, Housing NWT operates approximately 2,400 public housing units, which are managed by LHOs and community organizations, located in 31 communities throughout the NWT.

Canada-NWT Housing Benefit

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

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

Market Housing Program

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

Homeownership Programs

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

STEP – Educational Programs

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 Housing NWT applicants and clients, but also to NWT residents at large. Although priority is given to applicants or clients, space permitting, residents are encouraged to sign up for the courses through their District Offices.

Homeownership Initiative

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

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

Home Purchase Program

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

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

Home Repair Program

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

Mobility Modifications Program

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

Preventative Maintenance Program

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

Emergency Repair Program

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

Seniors Aging in Place

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

Fuel Tank Replacement Initiative

Provides financial assistance to eligible households to upgrade their ageing above ground fuel tanks.

The home must be the applicant's permanent, principal, and sole residence.

Homelessness Programs**Rapid Rehousing Pilot Program**

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

Under the Rapid Rehousing approach, the focus is to assist people (both individuals and

families) who are experiencing homelessness to quickly access and maintain market housing through the provision of rental assistance and programming.

Emergency Overnight Shelters

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

SCHF (Small Community Homelessness Fund)

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

HAF (Homelessness Assistance Fund)

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

Housing First

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

Northern Pathways to Housing

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

Partnerships

Community Housing Support Initiative

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

Homeownership Program Statistics

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

Beaufort-Delta District

<u>Program</u>	<u>Number of Programs</u>
Home Repair Program	0
Preventative Maintenance Program	97
Mobility Modifications Program	0
Fuel Tank Replacement	5
Homeownership Initiative	0
Home Purchase Program	0
Emergency Repair Program	54
Seniors Aging in Place	6
Total	162

Nahendeh District

<u>Program</u>	<u>Number of Programs</u>
Home Repair Program	0
Preventative Maintenance Program	10
Mobility Modifications Program	0
Fuel Tank Replacement	4
Homeownership Initiative	0
Home Purchase Program	0
Emergency Repair Program	51
Seniors Aging in Place	22
Total	87

North Slave District

<u>Program</u>	<u>Number of Programs</u>
Home Repair Program	5
Preventative Maintenance Program	119
Mobility Modifications Program	2
Fuel Tank Replacement	15
Homeownership Initiative	4
Home Purchase Program	3
Emergency Repair Program	65
Seniors Aging in Place	66
Total	279

Sahtú District

<u>Program</u>	<u>Number of Programs</u>
Home Repair Program	4
Preventative Maintenance Program	60
Mobility Modifications Program	0
Fuel Tank Replacement	9
Homeownership Initiative	0
Home Purchase Program	4
Emergency Repair Program	37
Seniors Aging in Place	13
Total	127

South Slave District

<u>Program</u>	<u>Number of Programs</u>
Home Repair Program	0
Preventative Maintenance Program	111
Mobility Modifications Program	0
Fuel Tank Replacement	11
Homeownership Initiative	0
Home Purchase Program	1
Emergency Repair Program	72
Seniors Aging in Place	21
Total	216

Total NWT

<u>Program</u>	<u>Number of Programs</u>
Home Repair Program	9
Preventative Maintenance Program	397
Mobility Modifications Program	2
Fuel Tank Replacement	44
Homeownership Initiative	4
Home Purchase Program	8
Emergency Repair Program	279
Seniors Aging in Place	128
Total	871

Forgiveness

Type of obligation	Community	Amount, \$
Mortgage	Aklavik	2,918,940
Mortgage	Behchokò	750,690
Mortgage	Colville Lake	364,752
Mortgage	Dettah/N'Dilo	1,460,737
Mortgage	Fort Liard	169,169
Mortgage	Fort Providence	55,613
Mortgage	Fort Resolution	262,716
Mortgage	Fort Simpson	194,195
Mortgage	Fort Smith	509,015
Mortgage	Gamètì	560,591
Mortgage	Hay River	868,789
Mortgage	Inuvik	49,480
Mortgage	Kát'odeeche First Nation	601,512
Mortgage	Lutselk'e	454,531
Mortgage	Nahanni Butte	166,205
Mortgage	Norman Wells	114,890
Mortgage	Sambaa K'e	112,382
Mortgage	Tuktoyaktuk	51,058
Mortgage	Tulita	39,709
Mortgage	UluKhaktok	252
Mortgage	Wekweètì	312,023
Mortgage	Whatì	54,635
Mortgage	Wrigley	110,604
Mortgage	Yellowknife	221,767
Rental Arrears	Behchokò	12,423
Rental Arrears	Délıne	39,730
Rental Arrears	Dettah/N'Dilo	236,071
Rental Arrears	Fort Providence	2,599
Rental Arrears	Lutselk'e	97,309
Rental Arrears	Tulita	17,902
Rental Arrears	Whatì	1,806
Rental Arrears	Yellowknife	302
Rental Arrears & Tenant Damages	Dettah/N'Dilo	5,498
Rental Arrears & Tenant Damages	Sachs Harbour	1,660
Rental Arrears & Tenant Damages	Tulita	8,173
Rental Arrears & Tenant Damages	Yellowknife	9,311

Total

\$10,837,041



Appendix A:
Management Discussion and Analysis
Fiscal Year 2021-2022

Management Discussion and Analysis – Fiscal Year 2021-22

Managing Risk / Pressures

There are both external and internal pressures and risks that influence how the NWT HC (Housing NWT) 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 operational and maintenance (O&M) funding for public housing operations from Canada Mortgage and Housing Corporation (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.

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

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

During 2021-2022, the NWT HC signed a funding agreement with CIRNAC providing an additional \$25 million in federal funding for further investment in new public housing infrastructure. The delivery of these new energy efficient public housing units will assist the Corporation in managing public housing unit operating costs.

Core Need (Quality of Housing and Affordability)

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

Utility Costs

The NWT HC 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 NWT HC ensured the energy efficiency standards for new construction met, or exceeded, EnerGuide for Housing (EGH) 80 design standards. The NWT HC also continues to invest in energy efficiency technologies, such as biomass and photovoltaic solar systems, to help offset the high cost of energy.

Land Development

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

Credit Risk

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

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

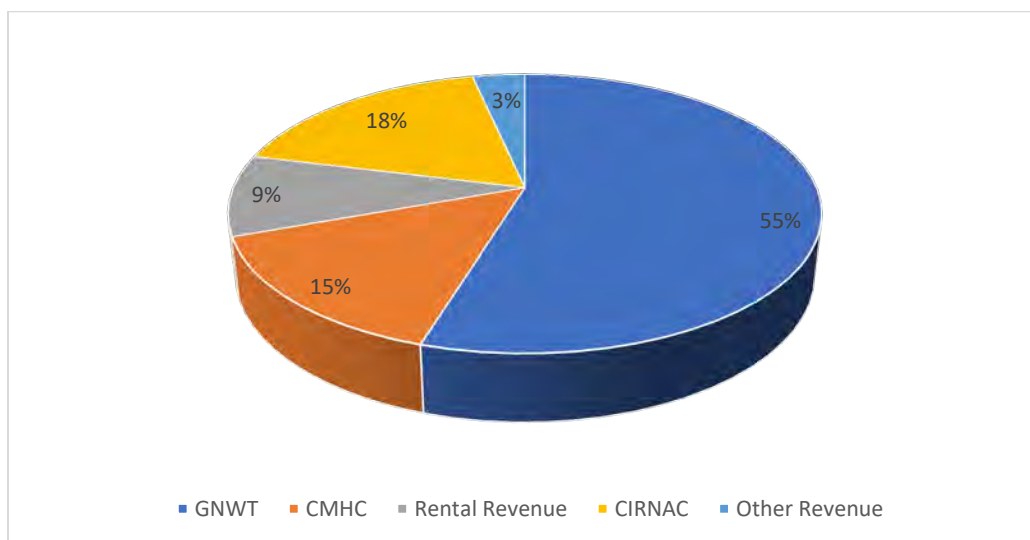
Financial Results

Revenues

The total revenues for the Corporation in 2021-22 were \$141.1 million, an increase of \$5 million from the previous year's total of \$136.1 million.

Government funding from the GNWT, CMHC, CIRNAC and other transfers increased by approximately \$1.2 million, from \$122.3 million to \$123.5 million. This increase was largely due to an increase in bi-lateral agreement funding (\$819k) and an increase in GNWT funding related to the Collective Agreement (\$438k).

Revenue generated from operations amounted to \$17.6 million in 2021-22, an increase of \$3.8 million over the \$13.8 million in revenue generated in 2020-21. This increase was primarily related to increases in recoveries relating to allowance on mortgages, market rental revenue, portfolio investment income and tenant rental assessments.



Expenses

The Corporation's total expenses for 2021-22 were \$117.9 million, a \$9.5 million increase over the 2020-21 year's expenses of \$108.4 million. The cost of operating the Public Housing program this past year increased by approximately 8.2% primarily due to increases in environmental remediation activities, utility rate increases and an increase in LHO compensation and benefits related to union-negotiated wage increases. The Public Housing program costs continue to be the largest component of the Corporation's expenses, representing 58% of the annual expenses, including amortization.

Expenses for the HELP and market housing programs were \$10 million in 2021-22 including amortization, a \$0.8 million or 8.4% increase over the \$9.2 million expended in 2020-21. This increase was primarily attributable to a \$0.4 million increase of losses on disposal of assets during the year and approximately \$0.2 million attributable to increases in LHO expenses for compensation and benefits related to union-negotiated wage increases.

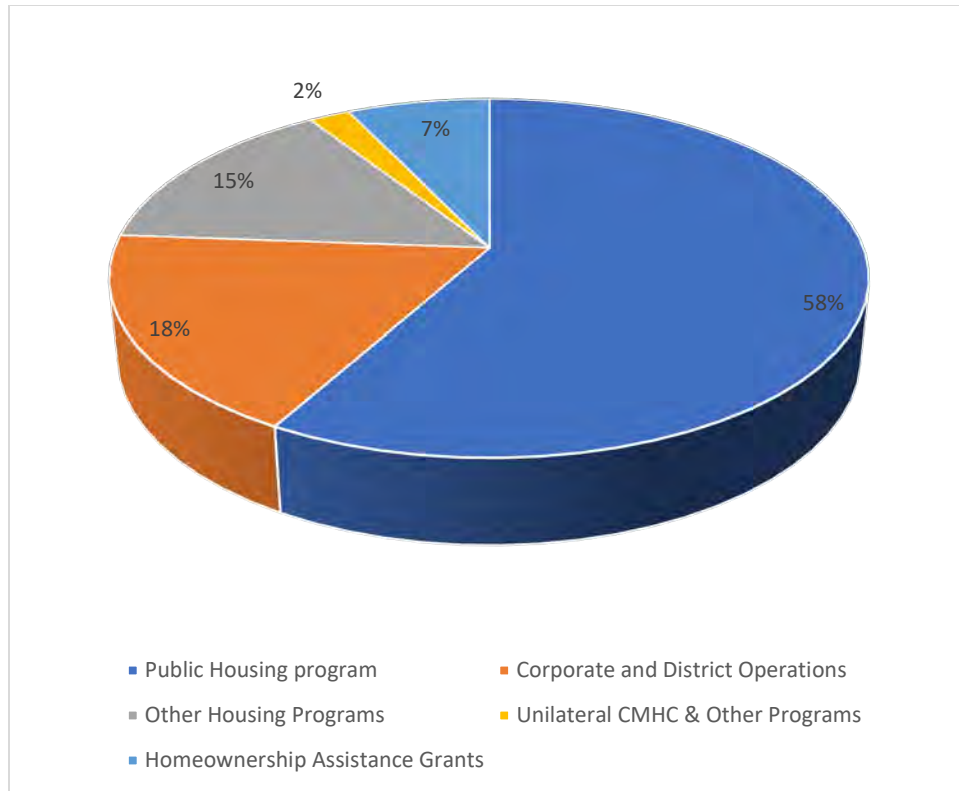
Homeownership assistance grants were \$8.4 million in 2021-22, an increase of \$1.8 million or 28.2% over the previous year's amount of \$6.6 million. This program funding supports private households in purchasing and repairing their homes. The increase in 2021-22 was largely due to an approximate \$1 million increase in core homeownership program expenses and a further increase of \$0.8 million in the Community Housing Support Initiative program.

Homelessness assistance grants were \$4.7 million, an increase of \$0.8 million or 20.7% over previous year's amount of \$3.9 million. This program funding supports homelessness grants and contributions. The increased spending in 2021-22 is primarily attributable to higher emergency shelter operating costs in Inuvik.

Rent subsidy program grants were \$1.7 million, an increase of \$0.9 million or 121% over previous year's amount of \$0.7 million. This funding provides rent assistance grants to renters in the private market. This notable increase is primarily related to the launch of the new Canada-NWT Housing Benefit on April 1, 2021.

The Corporation expensed \$21.2 million on Housing Operations and Support in 2021-22, a decrease of \$0.2 million or 0.7% from the \$21.4 million expended in 2020-21. Costs include program development and delivery and technical and administrative support for both the district office and headquarters. There is no notable changes in this program area.

The acquisition or construction of new housing assets and the renovation of existing housing is typically funded by the GNWT, CMHC, and NWTHC's own source revenues. During the year, revenues, including NWTHC generated revenues, exceeded expenses resulting in an annual surplus of \$21.8 million. Annual surpluses help resource NWTHC's capital investments and housing programming.



Financial Position

The Corporation continued to maintain a sound financial position in 2021-22, with net financial assets of \$106.9 million, a \$10.9 million increase from the \$96 million in 2020-21.

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 housing projects and initiatives.

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 (\$53.8 million in 2022 as per Note 13 to the 2021-22 Consolidated Financial Statements) and to mitigate financial risk associated with the \$4.8 million third party loans (Note 14 to the 2021-22 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 total outstanding balance of loans guaranteed was \$0.3 million, as of March 31, 2022.

The cash and cash equivalents balance of \$91.5 million (\$49 million at March 31, 2021) represents the March 31, 2022, 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, 2022, \$37.5 million (\$37.4 million at March 31, 2021) was invested in portfolio investments with a weighted average rate of return of 1.49%.

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 increased from \$2.8 million as at March 31, 2021, to \$4 million as at March 31, 2022, mainly relates to \$1.4 million adjustment to the valuation allowance on mortgage as a result of mortgage collection reassessment.

Investment in Housing

As at March 31, 2022, the Corporation had \$338 million of investments in land and buildings and other property and equipment, representing the amortized book value of approximately 2,600 owned public housing, homeownership rentals, and market rental units. During the year, the NWT HC acquired \$30.3 million in tangible capital assets and disposed of \$5.8 million.

APPENDIX B:

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

Northwest Territories Housing Corporation
Consolidated Financial Statements
March 31, 2022

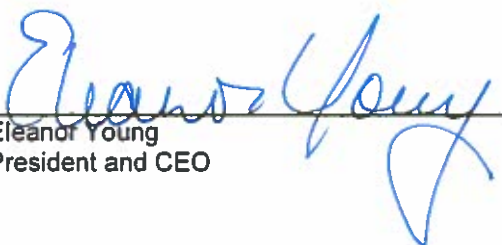
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

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

On behalf of the Northwest Territories Housing Corporation


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

Yellowknife, Northwest Territories
August 22, 2022



Office of the
Auditor General
of Canada

Bureau du
vérificateur général
du Canada

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 controlled entities (the Group), which comprise the consolidated statement of financial position as at 31 March 2022, 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 2022, and the consolidated results of its operations, consolidated changes in its net financial assets, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

Other Information

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

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

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

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

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

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

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

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

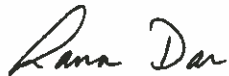
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not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

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

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

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

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



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

Vancouver, Canada
22 August 2022

NORTHWEST TERRITORIES HOUSING CORPORATION

Consolidated Statement of Financial Position As at March 31, 2022 (in thousands)

	<u>2022</u>	<u>2021</u>
Financial assets		
Cash and cash equivalents	\$ 91,465	\$ 48,996
Portfolio investments (Note 3)	37,467	37,406
Accounts receivable (Note 4)	6,126	41,775
Mortgages and loans receivable (Note 5)	<u>3,969</u>	<u>2,787</u>
	<u>139,027</u>	<u>130,964</u>
Liabilities		
Accounts payable and accrued liabilities (Note 6)	24,000	25,920
Deferred revenue	359	261
Loans and mortgages payable to CMHC (Note 7)	4,645	5,270
Environmental liabilities (Note 8)	913	1,106
Retirement, post-employment, and other leave benefits (Note 9)	<u>2,236</u>	<u>2,383</u>
	<u>32,153</u>	<u>34,940</u>
Net financial assets	106,874	96,024
Non-financial assets		
Tangible capital assets (Schedule A)	337,981	325,550
Inventories held for use	2,529	2,635
Prepaid expenses	<u>116</u>	<u>69</u>
	<u>340,626</u>	<u>328,254</u>
Accumulated surplus	<u>\$ 447,500</u>	<u>\$ 424,278</u>
Contractual rights, obligations and contingencies (Notes 12, 13 and 14)		

Approved by:



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



Eleanor Young
President and CEO

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, 2022

(in thousands)

	<u>2022</u> <u>Budget</u>	<u>2022</u> <u>Actual</u>	<u>2021</u> <u>Actual</u>
Revenues			
Government funding:			
Government of the Northwest Territories	\$ 76,781	\$ 77,286	\$ 76,600
CMHC (Note 10)	20,703	20,725	45,086
CIRNAC (Note 11)	-	25,000	-
Other grants and transfers	<u>-</u>	<u>532</u>	<u>583</u>
	<u>97,484</u>	<u>123,543</u>	<u>122,269</u>
Generated revenues:			
Rental revenue	9,754	13,338	10,654
Recoveries from mortgages and loans	475	692	605
Income from portfolio investments	440	735	686
Other revenue and recoveries	419	2,759	1,808
Interest revenue on mortgages and loans	<u>120</u>	<u>82</u>	<u>94</u>
	<u>11,208</u>	<u>17,606</u>	<u>13,847</u>
	<u>108,692</u>	<u>141,149</u>	<u>136,116</u>
Expenses (Note 15)			
Public housing program	69,817	68,532	63,335
Unilateral CMHC programs and other programs	2,533	2,419	2,199
HELP and market housing	6,400	10,021	9,243
Non-residential building operations	200	925	971
Rent subsidy program	1,750	1,658	749
Homelessness fund program	3,876	4,677	3,874
Homeownership assistance grants	14,858	8,410	6,558
Housing operations and support	<u>18,875</u>	<u>21,285</u>	<u>21,435</u>
	<u>118,309</u>	<u>117,927</u>	<u>108,364</u>
Annual (deficit) surplus	<u>\$ (9,617)</u>	<u>\$ 23,222</u>	<u>\$ 27,752</u>
Accumulated surplus, beginning of year	<u>424,278</u>	<u>424,278</u>	<u>396,526</u>
Accumulated surplus, end of year	<u>\$ 414,661</u>	<u>\$ 447,500</u>	<u>\$ 424,278</u>

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, 2022 (in thousands)

	<u>2022</u> <u>Budget</u>	<u>2022</u> <u>Actual</u>	<u>2021</u> <u>Actual</u>
Net financial assets, beginning of the year	\$ 96,024	\$ 96,024	\$ 74,390
Items affecting net financial assets:			
Annual (deficit) surplus	(9,617)	23,222	27,752
Acquisition of tangible capital assets	(10,625)	(30,297)	(22,043)
Amortization of tangible capital assets	14,800	15,495	15,373
Proceeds from disposal of tangible capital assets	-	441	249
Loss on disposal of tangible capital assets	-	1,018	369
Grants in kind	-	912	-
Acquisition of inventories held for use	-	(1,614)	(1,428)
Consumption of inventories held for use	-	1,720	1,361
Acquisition of prepaid expenses	-	(106)	(54)
Consumption of prepaid expenses	-	59	55
Increase/(decrease) in net financial assets	<u>(5,442)</u>	<u>10,850</u>	<u>21,634</u>
Net financial assets, end of the year	<u>\$ 90,582</u>	<u>\$ 106,874</u>	<u>\$ 96,024</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, 2022 (in thousands)

	2022	2021
Operating transactions		
Annual surplus	\$ 23,222	\$ 27,752
Items not affecting cash:		
Amortization of tangible capital assets	15,495	15,373
Other grants and transfers	-	(583)
Building from foreclosure	-	(110)
Loss on disposal of tangible capital assets	1,018	369
Grant in kind	912	-
Non-cash portfolio investment income	39	47
Non-cash mortgage funding	(88)	(45)
Change in valuation allowance for doubtful accounts	104	180
Change in valuation allowance for mortgages and loans receivable	<u>(1,432)</u>	<u>-</u>
	16,048	15,231
Change in non-cash assets and liabilities:		
Change in accounts receivable	35,649	(29,878)
Change in inventories held for use	106	(67)
Change in prepaid expenses	(47)	1
Change in accounts payable and accrued liabilities	229	4,308
Change in deferred revenue	98	(148)
Change in environmental liabilities	(193)	548
Change in retirement, post-employment, and other leave benefits	<u>(147)</u>	<u>(383)</u>
	<u>35,695</u>	<u>(25,619)</u>
Cash provided by operating transactions	<u>74,965</u>	<u>17,364</u>
Capital transactions		
Acquisition of tangible capital assets	(32,504)	(19,501)
Proceeds from disposal of tangible capital assets	<u>441</u>	<u>249</u>
Cash used for capital transactions	<u>(32,063)</u>	<u>(19,252)</u>
Financing transactions		
Repayment of loans payable to CMHC	<u>(625)</u>	<u>(588)</u>
Cash used for financing transactions	<u>(625)</u>	<u>(588)</u>

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

NORTHWEST TERRITORIES HOUSING CORPORATION

Consolidated Statement of Cash Flow (continued)

For the year ended March 31, 2022

(in thousands)

	<u>2022</u>	<u>2021</u>
Investing transactions		
Proceeds from sale of portfolio investments	5,000	44,421
Acquisition of portfolio investments	(5,058)	(38,511)
Repayments of mortgages and loans receivable	<u>250</u>	<u>288</u>
Cash provided by investing transactions	<u>192</u>	<u>6,198</u>
Increase in cash and cash equivalents	<u>42,469</u>	<u>3,722</u>
Cash and cash equivalents at beginning of the year	<u>48,996</u>	<u>45,274</u>
Cash and cash equivalents at end of the year	<u>\$ 91,465</u>	<u>\$ 48,996</u>

Total interest paid during the year was \$312 (2021 - \$354).

Total interest received during the year was \$817 (2021 - \$879).

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

Cash and cash equivalents are comprised of \$65,840 (2021 - \$28,165) of cash and \$25,625 (2021 - \$20,831) of cash equivalents.

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, 2022 (in thousands)

1. PURPOSE OF THE ORGANIZATION

(a) Authority and reporting entity

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.

(b) Economic dependence

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.

(c) Budget

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

The significant accounting policies are as follows:

(a) Measurement uncertainty

The preparation of the consolidated financial statements in accordance with Canadian public sector accounting standards requires 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 allowance for tenant rent receivables, the useful lives of tangible capital assets, and contingencies.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2022 (in thousands)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Reporting entity

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

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

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

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

(c) Revenue recognition

The Corporation receives funding for operating and capital purposes from the Government.

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

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

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

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

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

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2022 (in thousands)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

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

(d) Programs

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

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.

ii) Contributions for unilateral Canada Mortgage and Housing Corporation (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.

iii) Homeownership assistance grants

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

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

(e) Cash and cash equivalents

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

(f) Portfolio investments

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

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

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements **For the year ended March 31, 2022** (in thousands)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Mortgages and loans receivable

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

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

Borrowers in arrears may choose to settle their obligation with a quit claim. A quit claim is an agreement between the owner of a housing unit and 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.

(h) Loan guarantees

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

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2022 (in thousands)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Tangible capital assets

i) 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.

ii) Property and equipment

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

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

(j) 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.

(k) Employee future benefits

i) 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, 2022 (in thousands)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee future benefits (continued)

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

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

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

iii) Northern Employee Benefits Service (NEBS) Pension Plan

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

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

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

(I) Environmental liabilities

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

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

The liability is recognized net of any expected recoveries.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements **For the year ended March 31, 2022** (in thousands)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) 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.

i) Inter-entity transactions

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

ii) Other related party transactions

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

iii) Services provided without charge

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.

(n) Future accounting changes

Effective April 1, 2022, the Corporation will be required to adopt PS 3280 Asset Retirement Obligations. This standard provides guidance on how to account for and report liabilities for retirement of tangible capital assets. The Corporation is currently assessing the potential future impact of this standard and anticipates that it will significantly impact liabilities, tangible capital assets, opening accumulated surplus and accumulated amortization. The Corporation will not early adopt this standard.

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

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2022 (in thousands)

3. PORTFOLIO INVESTMENTS

	<u>2022</u>	<u>2021</u>
Marketable Securities (fair value \$35,989; 2021 - \$37,463)	\$ <u>37,467</u>	\$ <u>37,406</u>

4. ACCOUNTS RECEIVABLE

	<u>2022</u>	<u>2021</u>
Trade accounts receivable	\$ 3,503	\$ 5,110
Tenant rents receivable	<u>13,482</u>	<u>12,407</u>
	16,985	17,517
Less allowance for doubtful accounts	<u>(12,534)</u>	<u>(12,334)</u>
	4,451	5,183
Receivables from CMHC	1,095	31,903
Receivables from related parties:		
Government of the Northwest Territories	<u>580</u>	<u>4,689</u>
	<u>\$ 6,126</u>	<u>\$ 41,775</u>

Of the allowance for doubtful accounts balance disclosed above, \$954 (2021 - \$950) relates to trade accounts receivable and \$11,580 (2021 - \$11,384) relates to tenant rents receivable. Tenant rents receivable of \$191 were forgiven (2021 - \$1,009) during the year.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2022 (in thousands)

5. MORTGAGES AND LOANS RECEIVABLE

	<u>2022</u>	<u>2021</u>
The Corporation's mortgages and loans to individuals are receivable over a maximum of 25 years, some of which are unsecured and others are secured by registered charges against real property, bearing fixed interest rates between 0.00% and 10.50% (2021 - 0.00% and 12.00%).	\$ 11,479	\$ 12,383
Less allowance for impaired mortgages and loans receivable	<u>(7,510)</u>	<u>(9,596)</u>
	<u>\$ 3,969</u>	<u>\$ 2,787</u>

There were 28 write-offs in the current year totalling \$1,447 (2021 - two write-offs totalling \$37).

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2022</u>	<u>2021</u>
Trade payables	\$ 11,138	\$ 13,874
Contractor holdbacks	1,364	1,830
Tender and security deposits	596	442
Wages and employee benefits	2,450	2,438
Accrued interest	79	79
Damage deposits	2,536	2,469
Payables to related parties:		
Government of the Northwest Territories	<u>5,837</u>	<u>4,788</u>
	<u>\$ 24,000</u>	<u>\$ 25,920</u>

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2022 (in thousands)

7. LOANS AND MORTGAGES PAYABLE TO CMHC

	<u>2022</u>			<u>2021</u>
	<u>Debt balance</u>	<u>CMHC funded portion</u>	<u>Net debt balance</u>	<u>Net debt balance</u>
Mortgages payable to CMHC (NHA Section 79 debt), repayable in monthly or quarterly installments, maturing from 2023 to 2038, at interest rates from 7.63% to 19.00% (2021 - 6.88% to 19.00%).	\$ 19,230	\$ (19,230)	\$ -	\$ -
Loans payable to CMHC (NHA Section 82 debt), repayable in annual installments until the year 2033, bearing interest of 6.97% (2021 - 6.97%). These loans are guaranteed by the Government.	8,907	(4,948)	3,959	4,441
Mortgages payable to CMHC for housing projects acquired from third parties in accordance with the provisions of the SHA related to third party loans, maturing in 2026 and 2027, at interest rates from 0.68% to 1.01%, (2021 - 0.68% to 1.05%).	686	-	686	829
	<u>\$ 28,823</u>	<u>\$ (24,178)</u>	<u>\$ 4,645</u>	<u>\$ 5,270</u>

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 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 \$2,913 (2021 - \$3,048) and would have made additional principal long-term debt repayments to CMHC of \$1,353 (2021 - \$1,467).

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

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2022 (in thousands)

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

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 661	\$ 285	\$ 946
2024	699	248	947
2025	711	207	918
2026	695	166	861
2027	638	126	764
2027-2031	1,197	206	1,403
2032-2038	44	3	47
	<u>\$ 4,645</u>	<u>\$ 1,241</u>	<u>\$ 5,886</u>

8. ENVIRONMENTAL LIABILITIES

The Corporation has identified fourteen fuel spill sites and no other contaminated sites (2021 - eleven fuel spill sites and no other contaminated sites) for which an environmental liability has been recorded. There were two sites (2021 - one) closed during the fiscal year as it has been remediated. Five new sites (2021 - four) were identified during the year. The liability is calculated as costs remaining to remediate the sites to the required environmental standard. The estimated amount of recoveries is nil (2021 - nil). The Corporation has not identified any sites where an environmental liability may exist but no liability has been recorded.

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

Pension benefits

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

The plan was amended during 2013 which raised the normal retirement age and other age related thresholds from age 60 to age 65 for new members joining the plan on or after January 1, 2013. For members with start dates before January 1, 2013, the normal retirement age remains age 60. Furthermore, contributions rates for current service for all members of the public service increased to an employer: employee cost sharing of 50:50 in 2017. The Corporation contributed \$1,285 (2021 - \$1,170) to the Public Service Pension Plan. The employees' contributions to this plan were \$1,199 (2021 - \$1,121). Total contributions were recognized as an expense in the current year.

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

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2022 (in thousands)

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

Other employee future benefits and compensated absences

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

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

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

Valuation results

The most recent actuarial valuation was completed as at February 11, 2022 and extrapolated to March 31, 2022. The effective date of the next actuarial valuation is March 31, 2023. The values presented below are for all of the benefits under the severance and removal and compensated absences for the Corporation.

Changes in Obligation	2022	2021
Accrued benefit obligation, beginning of year	\$ 1,927	\$ 2,509
Current period benefit cost	130	94
Accrued interest	29	29
Benefits payments	(232)	(462)
Actuarial losses/(gains)	<u>701</u>	<u>(243)</u>
Accrued benefit obligation, end of year	2,555	1,927
Unamortized net actuarial (gains)/loss	<u>(319)</u>	<u>456</u>
Retirement, post-employment, and other leave benefits*	<u>\$ 2,236</u>	<u>\$ 2,383</u>

*Total retirement, post-employment, and other leave benefits includes \$2,121 (2021 – \$2,278) related to severance and removal and \$115 (2021 – \$105) related to compensated absences.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2022 (in thousands)

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

Benefits Expense	2022	2021
Current period benefit cost	\$ 130	\$ 94
Accrued interest	29	29
Actuarial gains	<u>(74)</u>	<u>(44)</u>
	<u>\$ 85</u>	<u>\$ 79</u>

The discount rate used to determine the accrued benefit obligation is an average of 4.10% (2021 - 3.30%). The assumed rate of compensation increase is 2% (2021 - 2%). Unamortized actuarial gains and losses are amortized straight line over the expected average remaining service lives of active employees which is ten years (2021 - eight 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% (2021 - 8%). The Corporation's and employees' contribution to the NEBS Pension Plan for the year were \$439 and \$440 (2021 - \$414 and \$406 respectively).

The plan serves 3,655 Employee Members and 118 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, 2021, the plan had a surplus of \$102,750 (December 31, 2020 - \$64,776).

10. FUNDING FROM CMHC

	<u>2022</u>	<u>2021</u>
Funding from CMHC recognized as government funding under the:		
SHA (Note 12):		
Contributions for public housing rental subsidies	\$ 8,147	\$ 8,659
Contributions to non-profit housing sponsor groups and cooperatives	3,600	3,600
Repairs, maintenance and other costs	1,068	1,132
Bilateral Agreement (Note 12)	7,910	6,195
Co-Investment Fund Agreement	<u>-</u>	<u>25,500</u>
	<u>\$ 20,725</u>	<u>\$ 45,086</u>

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

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2022 (in thousands)

10. FUNDING FROM CMHC (continued)

On March 31, 2021, the Corporation signed the Co-Investment Fund Agreement under National Housing Co-Investment Fund. Funding under this agreement is provided to assist with financing the construction of a portfolio of new construction projects of 60 housing units.

On April 1, 2018, the Corporation signed the Bilateral Agreement under the 2017 NHS. Funding under this agreement is provided to increase access to housing, reduce housing needs, and achieve better housing solutions. An action plan for the 3 year period 2019-2022 has been developed, within the Bilateral Agreement parameters, with a priority of focusing on maintaining or increasing social housing stock, replacing existing housing stock, and providing homeownership repair programs. The Bilateral Agreement funding expires in 2028.

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

On August 12, 2021, the Corporation signed the CIRNAC Agreement with the Government of Canada to provide one-time funding in the amount of \$25,000. Funding under this agreement is provided to assist with financing of expenditures related to infrastructure including housing needs.

12. CONTRACTUAL RIGHTS

	Expiry Date	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028+</u>	<u>Total</u>
CMHC SHA	2039	\$ 11,868	\$ 11,068	\$ 9,659	\$ 8,394	\$ 7,346	\$ 26,517	\$ 74,852
CMHC Bilateral	2028	9,310	9,804	11,485	12,847	14,305	15,697	73,448
RCMP Lease	2042	<u>530</u>	<u>530</u>	<u>530</u>	<u>530</u>	<u>530</u>	<u>7,677</u>	<u>10,327</u>
		<u>\$ 21,708</u>	<u>\$ 21,402</u>	<u>\$ 21,674</u>	<u>\$ 21,771</u>	<u>\$ 22,181</u>	<u>\$ 49,891</u>	<u>\$158,627</u>

13. 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. Also included in the 2023 contractual obligations are capital construction commitments for housing construction projects with contracts signed prior to year-end.

	Expiry Date	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028+</u>	<u>Total</u>
Lease	2031	\$ 4,368	\$ 3,700	\$ 2,409	\$ 565	\$ 448	\$ 1,119	\$ 12,609
Construction	2023	<u>41,220</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,220</u>
		<u>\$ 45,588</u>	<u>\$ 3,700</u>	<u>\$ 2,409</u>	<u>\$ 565</u>	<u>\$ 448</u>	<u>\$ 1,119</u>	<u>\$ 53,829</u>

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2022 (in thousands)

14. CONTINGENCIES

The Corporation provided guarantees to banks in financing certain new or renovated residential housing construction. As at March 31, 2022 a total of five (2021 - seven) loan guarantees were in effect, and the outstanding balance of loans guaranteed was \$262 (2021 - \$322). All of these loans are secured by registered charges against real property. The period covered by these guarantees extends up to 2026.

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, 2022 was \$4,781 (2021 - \$6,426). 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, 2022 is nil (2021 - nil).

15. EXPENSES BY OBJECT

	<u>2022</u>	<u>2021</u>
Amortization	\$ 15,495	\$ 15,373
Compensation and benefits	31,452	28,928
Computer costs	84	54
Contract services	8,658	6,633
Controllable assets	224	341
Fees and payments	166	157
Grants and contributions	16,815	14,195
Interest on long-term debt	312	354
Loss on TCA Disposal	1,018	369
Materials and supplies	2,951	2,563
Minor modernization and improvements	5,535	5,489
Other expenses	984	928
Property taxes and land leases	2,256	2,245
Purchased services	924	841
Rental leasing	3,755	3,738
Travel	557	420
Utilities	26,637	25,556
Valuation allowances	<u>104</u>	<u>180</u>
	<u>\$ 117,927</u>	<u>\$ 108,364</u>

16. FINANCIAL RISK MANAGEMENT

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

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2022 (in thousands)

16. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

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

Financial Liabilities	<u>Up to 1 year</u>	<u>1 to 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
Accounts payable and accrued liabilities	\$ 24,000	\$ -	\$ -	\$ 24,000
Loans and mortgages payable to CMHC	<u>661</u>	<u>2,743</u>	<u>1,241</u>	<u>4,645</u>
Total financial liabilities	<u>\$ 24,661</u>	<u>\$ 2,743</u>	<u>\$ 1,241</u>	<u>\$ 28,645</u>

Credit risk

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

Cash and cash equivalents and portfolio investments

Credit risk on cash equivalents and portfolio investments arises from the possibility that the counter-party to the instrument fails to meet their obligations. In order to manage this risk, the Corporation only invests in high quality fixed income investments. The maximum exposure to credit risk held in cash and cash equivalents and portfolio investments is \$63,092 (2021 - \$58,237).

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 \$6,126 (2021 - \$41,775).

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. The maximum exposure to credit risk is \$3,969 (2021 - \$2,787).

As at March 31, 2022, \$1,212 (2021 - \$1,142) of the impaired mortgages and loans are secured by homes the Corporation has the ability to sell or use in its operations in order to satisfy borrowers' commitments. The fair value of the security is not readily determinable.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2022 (in thousands)

16. FINANCIAL RISK MANAGEMENT (continued)

As at March 31, 2022, the following financial assets were past due but not impaired:

Financial assets	30 days	60 days	90 days	120+ days	Total
Tenants rent receivable	\$ 387	\$ 292	\$ 171	\$ 560	1,410
Trade accounts receivable	64	5	11	205	285
Mortgages and loans receivable	20	152	205	194	571

The Corporation does not face cash flow interest rate risk on its loans payable to the CMHC because these interest rates are fixed for the full term of the loans. Because 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.

17. RELATED PARTY TRANSACTIONS

The Corporation enters into transactions with related parties in the normal course of business under terms and conditions similar to those with unrelated parties. Balances receivable and payable resulting from transactions that the Corporation had with related parties during the year are disclosed in Notes 4 and 6.

	2022	2021
Related party expenses		
Arctic Energy Alliance	\$ 159	\$ 50
Aurora College	-	2
Fuel Services Division	2,968	3,183
Government of the Northwest Territories Departments	3,304	2,099
Marine Transportation Services	3	-
Northwest Territories Power Corporation	7,177	7,244
	<u>\$ 13,611</u>	<u>\$ 12,578</u>

NORTHWEST TERRITORIES HOUSING CORPORATION

Consolidated Schedule of Tangible Capital Assets

As at March 31, 2022

(in thousands)

Schedule A

Lands and Buildings:

	Cost					Accumulated amortization				Net Book Value (NBV)	
	Opening balance	Acquisitions	Transfers	Disposals	Closing balance	Opening balance	Amortization	Disposals	Closing balance	2022	2021
Land	\$ 9,375	\$ 972	\$ 223	\$ -	\$ 10,570	\$ -	\$ -	\$ -	\$ -	\$ 10,570	\$ 9,375
Public Housing ¹	403,272	1,078	10,352	(2,510)	412,192	185,514	11,067	(1,823)	194,758	217,434	217,758
HELP and market housing	101,733	-	10,016	(1,043)	110,706	35,556	3,602	(440)	38,718	71,988	66,177
Non-residential properties	8,246	-	-	(2,012)	6,234	4,218	155	(1,061)	3,312	2,922	4,028
Work in Progress	20,445	28,029	(20,591)	-	27,883	-	-	-	-	27,883	20,445
Sub-total	543,071	30,079	-	(5,565)	567,585	225,288	14,824	(3,324)	236,788	330,797	317,783
Property and equipment:											
Warehouses and offices	12,890	-	-	(267)	12,623	6,781	299	(137)	6,943	5,680	6,109
Mobile equipment	3,697	218	-	-	3,915	2,540	253	-	2,793	1,122	1,157
Leasehold improvements	1,030	-	-	-	1,030	828	40	-	868	162	202
Office furniture and equipment	6,073	-	-	-	6,073	5,800	68	-	5,868	205	273
Software	114	-	-	-	114	88	11	-	99	15	26
Sub-total	23,804	218	-	(267)	23,755	16,037	671	(137)	16,571	7,184	7,767
Total	\$ 566,875	\$ 30,297	\$ -	\$ (5,832)	\$591,340	\$ 241,325	\$ 15,495	\$ (3,461)	\$ 253,359	\$ 337,981	\$ 325,550

(1) Not included in acquisition of tangible capital assets on the Consolidated Statement of Cash Flow are non-cash items of \$nil (2021 - \$2,063)

(2) There were no capital leases as at March 31, 2022