

Northwest Territories
Housing Corporation
Annual Report 2014/2015



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MESSAGE FROM THE MINISTER

This past year, the Northwest Territories Housing Corporation (NWTHC) continues to build on its programs. The Community Needs Survey, which included a Housing component completed this year, demonstrated some of the success of the NWTHC. The actions of the NWTHC are being guided by *Building for the Future*, its strategic plan, and the priorities of the 17th Legislative Assembly. Together they lay out a blueprint for what we have to do to move forward in providing the residents of the NWT with safe and affordable housing.



The community needs survey indicates that core need dropped by 24% in our rural and remote communities between 2009 – 2014 with 20 out of the 33 communities having improved housing conditions, illustrating the hard work of the NWTHC. The NWTHC invested heavily into renovating public housing units and other capital projects, expending over \$40 million in this fiscal year.

Meeting the needs of the residents across the housing continuum means providing affordable housing options such as the transitional rent supplement program, which continues to provide rental subsidies to low to middle income families. In response to the housing needs of community workers for more affordable rental options in communities where there are limited market rental options, the NWTHC has started building 100 market rental units over three years. A new program has also been initiated, Rental Housing for Rural and Remote Communities, offering incentives to developers interested in entering the private rental market. There have also been changes to the homeownership and repair programs making them more accessible for residents.

The number of seniors in the NWT has been growing and is indeed one of the fastest growing demographics in the NWT. In response the NWTHC designed and planned for the construction of 5 new independent living seniors' complexes in small communities that will allow our elders to continue to live independently and with dignity. The first of these units began construction in Aklavik. On the homelessness front, the NWTHC continues to assist persons who are homeless on the street or at risk of homelessness and need assistance returning to their home community. Community homelessness initiatives are supported by the Small Communities Homelessness Fund. Capital and equipment needs of shelters may be addressed through a new fund introduced this year called the Shelter Enhancement Fund.

From homelessness to subsidized rental to market housing to homeownership, the Northwest Territories Housing Corporation will continue to address the housing needs of the residents across the NWT, promoting housing stability and encouraging self - sufficiency.

A handwritten signature in black ink, appearing to read "Robert McLeod".

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

MESSAGE FROM THE PRESIDENT AND CEO

The Northwest Territories Housing Corporation (NWTHC) continued to create, revise and deliver programming in line with its priorities that are derived from our strategic framework, *Building for the Future*, and the priorities of the 17th Assembly.

To strengthen public housing, significant investments were made replacing, renovating and repairing homes in the portfolio, expending \$26 million on these projects. Now, less than 7% of NWTHC-owned public housing requires major repair (less than 60% condition rating) and many of these units are scheduled for disposal through either sale or demolition.

Renewal of homeownership programming was also a focus for the year with homeownership purchase being enhanced overall, but specifically for clients in smaller communities and existing public housing clients interested in purchasing their units.



Unsubsidized rental housing in non-market communities, by nature of capacity challenges in these areas, may often be limited as they may involve high risk for private local investors. The NWTHC, recognizing the importance of supporting labour markets in small communities, especially for critical front-line staff, began an initiative to provide 100 new market units over the next 3 years.

Homelessness support is an area of the housing continuum that requires more support and coordination. The NWTHC continued important programming under the Homelessness Assistance Fund and the Small Communities Homelessness Fund, but supplemented these efforts with the introduction of a \$100,000 Shelter Enhancement Fund to support capital needs of Non-Government Organizations in the homelessness field. NWTHC conducted research in the area of Housing First that will inform future programming to pilot this approach in the North. The NWTHC also began working with community partners to implement more transitional housing in small communities.

The demographics of our population have been changing as well and with the growing number of seniors across the NWT, the NWTHC is investing in new Seniors Independent Living Housing facilities that support “aging in place”. Supported independent living is an approach to seniors housing where residents continue to live independently, while being provided appropriate supportive care services. Construction of the first of these 9-unit complexes broke ground in Aklavik. Other complexes will be built in Whati, Fort Good Hope, Fort McPherson, and Fort Liard.

As we move forward the NWTHC will continue to provide responsive housing delivery. The significance of providing safe and affordable housing contributes to the overall health and welfare of the residents of the NWT. The work that the NWTHC is committed to undertaking would not be possible without dedicated staff and our partners. As we innovate and collaborate in our initiatives in response to the needs of the NWT residents we will be leaving an important legacy, one that will hopefully continue for generations to come.

A handwritten signature in blue ink, appearing to read "David Stewart".

Mr. David Stewart
President and CEO
Northwest Territories Housing Corporation

CORPORATE PROFILE

Mission Statement

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

Goals:

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

CORPORATE STRUCTURE

Corporate Summary

The Northwest Territories Housing Corporation provides affordable housing programs and services including subsidized rental and homeownership programs (including purchase and repairs), as well as, unsubsidized rental housing in rural and remote communities. Policy and program development play a key role in creating responsive programs to address the core housing need of NWT residents and promote self-reliance. The NWTHC incorporates energy-efficient technologies in its housing designs and in the retrofitting of housing to improve their sustainability and energy efficiency. The NWTHC continues to work in partnership with the Canada Mortgage and Housing Corporation to cost-share the development and improvement of housing infrastructure across the NWT. At the community level, the NWTHC partners with Local Housing Organizations (LHOs), and municipal and Aboriginal governments, to manage and administer public housing in 31 communities.

Branches

The Executive, comprised of the President's Office and the Strategic Planning, Policy and Communications Section coordinates the implementation of the direction of the government related to housing.

President's Office – The President's Office is responsible for supporting the Minister Responsible for the NWTHC, leading the senior management team, and providing overall management and leadership of the NWTHC.

CORPORATE STRUCTURE

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

Finance and Infrastructure Services – Finance and Infrastructure Services is comprised of the Finance and Administration Division, Infrastructure Services Division, Financial Planning Section and Information Services Section. Through these units, Finance and Infrastructure Services manages and administers the NWTHC's financial services, capital planning, land acquisition and planning, information services, asset management and capital infrastructure delivery.

Finance and Administration Division - The Finance and Administration Division is responsible for the overall financial affairs of the NWTHC and Local Housing Organizations. This includes the provision of accounting services, reporting and monitoring, treasury services, mortgage administration, and providing financial advice to senior management and stakeholders. The Finance and Administration Division also manages the NWTHC's own source revenues and funding from the Canada Mortgage and Housing Corporation under the Social Housing Agreement. The Division also provides ongoing subsidy assistance and operational support to various third-party non-profit housing organizations outside of the Public Housing Program.

The Financial Planning Section - The Financial Planning Section is responsible for the coordination of the development of plans for capital infrastructure and minor capital projects, corporate budget development, project and budget change management and variance analysis.

The Information Services Section - The Information Services Section utilizes information management tools and methodologies to support the business processes of the NWTHC and its community partners. The Section develops NWTHC-specific information tools as well as systems training that are critical to the delivery of housing programming.

The Infrastructure Services Division - The Infrastructure Services Division is in control of the overall development, design and procurement, planning and delivery of capital infrastructure projects in support of the NWTHC's rental and homeownership programs. This Division also plans, procures, and administers suitable land for the delivery of housing programs and ensures the security of NWTHC assets and mortgage interests. Infrastructure Services is also responsible for the maintenance management of the NWTHC's public housing portfolio in order to ensure its long-term sustainability. The Division provides technical assistance in the development of new housing programs and supports the District Offices in the delivery of the Contributing Assistance for Repairs & Enhancements (CARE) and Securing Assistance For Emergencies (SAFE) programs in collaboration with private homeowners to determine their repair needs and develop scopes of work. Additionally, Infrastructure Services is the NWTHC's lead on issues related to energy efficiency and new housing technologies.

CORPORATE STRUCTURE

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

The Programs Section - Programs works closely with district and community housing providers, Local Housing Organizations, to ensure compliance with existing policies and procedures, as well as, developing and updating operational policies. This Section also ensures that District Offices and LHOs have the support and capacity required to effectively deliver the NWTHC's programs and services.

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

North Slave District Office:

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

South Slave District Office:

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

Nahendeh District Office:

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

Sahtu District Office:

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

Beaufort-Delta District Office:

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

CORPORATE STRUCTURE

Local Housing Organizations (LHOs) – The NWTHC, in partnership with 21 LHOs, and community organizations, administers approximately 2,400 social housing units in 31 communities across the NWT. The LHOs, under agreement with the NWTHC, provide property management services including the allocation of units, the assessment of rent, the collection of rents, and the provision of preventative and demand maintenance services. LHOs have an advisory board that oversees its operations. The NWTHC's district offices are responsible for these operations in communities where an LHO has not been established.

LHOs, operating as agents of the NWTHC, are responsible for the administration of Public Housing and Affordable housing rental units in the majority of communities across the NWT. Public housing units were developed under the Social Housing Agreement between the NWTHC 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 units, and our unsubsidized Market Housing units for that are used to house critical staff in NWT communities.

The following is a list of all LHOs:

- Aklavik Housing Association
- Behchokö Ko Gha K'àodèè
- Deline Housing Association
- Fort McPherson Housing Association
- Fort Providence Housing Association
- Fort Resolution Housing Authority
- Fort Simpson Housing Authority
- Fort Smith Housing Authority
- Hay River Housing Authority
- Inuvik Housing Authority
- Lutsel K'e Housing Authority
- Norman Wells Housing Authority
- Paulatuk Housing Association
- Radilih Koe Housing Association
- Sachs Harbour Housing Association
- Tsiigehtchic Housing Association
- Tuktoyaktuk Housing Association
- Tulita Housing Association
- Ulukhaktok Housing Association
- Yellowknives Dene Band Housing Division
- Yellowknife Housing Authority

NWTHC PROGRAMS

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

Public Housing

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

Affordable Housing

The NWTHC provides affordable housing throughout the NWT through the delivery of the Homeownership Entry Level Program (HELP) and the Market Housing Program. In 2014-2015, the NWTHC had 245 units in the HELP program and 120 units in the Market Housing Program.

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

At any time within four years of leasing, the tenant may purchase the unit. A purchase incentive of \$20,000 is provided for purchasing the unit within two years of leasing and \$10,000 if it is purchased between two to four years of leasing. After four years rents are increased for tenants that want to remain leasing the units.

The Market Housing Program provides affordable housing by way of unsubsidized rental units to critical staff in non-market communities. There are also 17 other market housing units that receive funding from the NWTHC. These units are owned and operated by community governments or organizations to meet the housing needs of education and health care professionals. The funding received from the NWTHC is to assist with the continued operation and maintenance of those units to provide accommodation to professionals in the community.

Transitional Rent Supplement Program

The Transitional Rent Support Program (TRSP) is designed to provide short-term support to Northwest Territories residents who pay more than 30% of their household income towards rent in private market rentals. This program fills an important gap in assisting working families challenged by affordability issues.

NWTHC PROGRAMS

Homeownership

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

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

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

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

The programs offered through the NWTHC are:

- Solutions To Educate People (STEP)
- Providing Assistance for Territorial Homeownership (PATH)
- Contributing Assistance for Repairs & Enhancements (CARE)
- Securing Assistance For Emergencies (SAFE)

STEP

STEP provides education and counseling assistance consisting of four courses designed to prepare participants for the responsibilities of homeownership. STEP aims to increase homeownership applicants' financial skills, as well as, their knowledge of the home purchase process, basic home maintenance and repairs.

STEP courses are not only offered to NWTHC applicants and clients, but also to NWT residents at large. Although priority is given to applicants/clients, space permitting, residents are encouraged to sign up for the courses through their District Offices.

NWTHC PROGRAMS

PATH

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

CARE

CARE assists existing homeowners in making necessary repairs to their home to ensure a safe and healthy residence and to increase the remaining economic life of their home. Additional assistance is available for improving the accessibility of dwellings for persons with disabilities. Assistance from between \$10,000 and \$90,000 is provided in the form of a forgivable loan to subsidize the cost of preventative maintenance checks, repairs and renovations to ensure that health and safety standards are maintained for their existing home. The forgiveness period is dependent on the amount of assistance being provided.

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

SAFE

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

NWTHC PROGRAMS

Partnership with Canada Mortgage and Housing Corporation

The NWTHC partnered with CMHC and signed a 5-year extension of the Investment in Affordable Housing (IAH) agreement for 2014-15 representing \$9.2 million from Canada and a cost matched \$9.2 from the NWT for an investment of \$18.4 million. The agreement was signed between the Minister Responsible for the NWTHC and the Minister of State for Social Development on January 30, 2015. The IAH funding will be used largely for renovations and repairs for homeowners. Under the Investment for Affordable Housing, the NWT has the flexibility to design and deliver a range of affordable housing programs to address local housing needs and priorities. This support addresses a variety of housing needs from renters and homeowners, to persons who are homeless, or have experienced family violence.

The NWTHC also partners with CMHC for the delivery of federal housing programs. Access and assistance provided under the CMHC programs follow the policies and program requirements as determined by CMHC. The repair programs are:

- The Home Adaptations for Seniors Independence (HASI)
- The Residential Rehabilitation Assistance Program (RRAP)
- The Emergency Repair Program (ERP)
- The Shelter Enhancement Program (SEP)

HASI

HASI provides financial assistance to clients to carry out minor home adaptations to live independently and safely.

RRAP

RRAP provides financial assistance to lower-income homeowners needing to repair their homes to a minimum level of health and safety.

ERP

ERP assists clients with emergency repairs for the safe occupancy of their homes.

SEP

SEP provides financial assistance for repair and improvements to sponsors of shelters for victims of family violence. This could include funding for repair/rehabilitation/improvements to existing shelters to an acceptable level of health, safety and security for occupants and accessibility for persons with disabilities.

NWTHC PROGRAM DELIVERY IN A SNAPSHOT

Major and Minor Capital Spending

Overall, the NWTHC provided housing programs at a value of \$39,975,000 in fiscal year 2014-2015.

The following chart reports the programs and financial assistance under major and minor capital provided to NWT residents by the NWTHC during fiscal year 2014-2015. The data is presented as a breakdown by regional basis and territorial wide then follows with the amount of approved applications for homeownership programs offered through the NWTHC.

North Slave District

| Activity | Dollar Value |
|-------------------------------|--------------------|
| <i>Public Housing</i> | |
| Replacement | \$1,352,000 |
| Major M&I | \$987,000 |
| Minor M&I | \$3,004,000 |
| <i>Affordable Housing New</i> | \$1,273,000 |
| <i>Homeownership Repair</i> | \$1,227,000 |
| <i>Other Capital</i> | \$451,000 |
| Total | \$8,294,000 |

South Slave District

| Activity | Dollar Value |
|-------------------------------|--------------------|
| <i>Public Housing</i> | |
| Replacement | \$925,000 |
| Major M&I | \$901,000 |
| Minor M&I | \$1,269,000 |
| <i>Affordable Housing New</i> | 931,000 |
| <i>Homeownership Repair</i> | \$1,802,000 |
| <i>Other Capital</i> | \$77,000 |
| Total | \$5,905,000 |

Nahendeh District

| Activity | Dollar Value |
|-------------------------------|--------------------|
| <i>Public Housing</i> | |
| Replacement | \$1,353,000 |
| Major M&I | \$634,000 |
| Minor M&I | \$249,000 |
| <i>Affordable Housing New</i> | \$1,539,000 |
| <i>Homeownership Repair</i> | \$758,000 |
| <i>Other Capital</i> | \$53,000 |
| Total | \$4,586,000 |

Sahtu District

| Activity | Dollar Value |
|-------------------------------|--------------------|
| <i>Public Housing</i> | |
| Replacement | \$485,000 |
| Major M&I | \$2,645,000 |
| Minor M&I | \$1,184,000 |
| <i>Affordable Housing New</i> | \$988,000 |
| <i>Homeownership Repair</i> | \$459,000 |
| <i>Other Capital</i> | \$83,000 |
| Total | \$5,844,000 |

Beaufort-Delta District

| Activity | Dollar Value |
|-------------------------------|---------------------|
| <i>Public Housing</i> | |
| Replacement | \$7,294,000 |
| Major M&I | \$2,003,000 |
| Minor M&I | \$1,570,000 |
| <i>Affordable Housing New</i> | \$1,610,000 |
| <i>Homeownership Repair</i> | \$1,348,000 |
| <i>Other Capital</i> | \$932,000 |
| Total | \$14,757,000 |

Northwest Territories

| Activity | Dollar Value |
|-------------------------------|---------------------|
| <i>Public Housing</i> | |
| Replacement | \$11,409,000 |
| Major M&I | \$7,170,000 |
| Minor M&I | \$7,276,000 |
| <i>Affordable Housing New</i> | \$6,341,000 |
| <i>Homeownership Repair</i> | \$5,594,000 |
| <i>Other Capital*</i> | \$2,185,000 |
| Total | \$39,975,000 |

* Other Capital includes Warehouses, TRSP & Homelessness, Computers, and Vehicles including purchases allocated to Headquarters.

NWTHC PROGRAM DELIVERY IN A SNAPSHOT

Homeownership Programs

Approved programs offered through the NWTHC in 2014-2015.

North Slave District

| Program | Number of Programs |
|---------------------|--------------------|
| CARE (under \$3000) | 82 |
| CARE (over \$3000) | 21 |
| PATH | 3 |
| HELP | 3 |
| SAFE | 18 |
| CMHC Programs | 0 |
| Totals: | 127 |

South Slave District

| Program | Number of Programs |
|---------------------|--------------------|
| CARE (under \$3000) | 51 |
| CARE (over \$3000) | 23 |
| PATH | 1 |
| HELP | 5 |
| SAFE | 36 |
| CMHC Programs | 12 |
| Totals: | 128 |

Nahendeh District

| Program | Number of Programs |
|---------------------|--------------------|
| CARE (under \$3000) | 20 |
| CARE (over \$3000) | 9 |
| PATH | 0 |
| HELP | 3 |
| SAFE | 11 |
| CMHC Programs | 17 |
| Totals: | 60 |

Sahtu District

| Program | Number of Programs |
|---------------------|--------------------|
| CARE (under \$3000) | 5 |
| CARE (over \$3000) | 3 |
| PATH | 2 |
| HELP | 5 |
| SAFE | 9 |
| CMHC Programs | 1 |
| Totals: | 25 |

Beaufort Delta District

| Program | Number of Programs |
|---------------------|--------------------|
| CARE (under \$3000) | 20 |
| CARE (over \$3000) | 18 |
| PATH | 3 |
| HELP | 0 |
| SAFE | 15 |
| CMHC Programs | 0 |
| Totals: | 56 |

Northwest Territories

| Program | Number of Programs |
|---------------------|--------------------|
| CARE (under \$3000) | 178 |
| CARE (over \$3000) | 74 |
| PATH | 9 |
| HELP | 16 |
| SAFE | 89 |
| CMHC Programs | 30 |
| Totals: | 396 |

NWTHC PROGRAM DELIVERY IN A SNAPSHOT

Public Housing and Affordable Housing Programs

Expenditures for public housing and affordable housing programs in 2014-2015 totaled over \$49.9 million. The NWTHC provides financial, administrative, maintenance, construction and repair support to community partners so they can deliver these programs on behalf of the NWTHC. The operating agreements between the community partners and the NWTHC cover the areas of financial administration, tenant relations and operations and maintenance of social housing units in the NWT.

North Slave District

| Rental Housing | Results |
|----------------------|--------------|
| Number of Units | 687 |
| Expenditures | \$12,269,000 |
| Tenant Assessed Rent | \$2,587,000 |
| Collection Rate | 98% |

South Slave District

| Rental Housing | Results |
|----------------------|-------------|
| Number of Units | 489 |
| Expenditures | \$7,384,000 |
| Tenant Assessed Rent | \$1,499,000 |
| Collection Rate | 100% |

Nahendeh District

| Rental Housing | Results |
|----------------------|-------------|
| Number of Units | 135 |
| Expenditures | \$2,793,000 |
| Tenant Assessed Rent | \$646,000 |
| Collection Rate | 74% |

Sahtu District

| Rental Housing | Results |
|----------------------|-------------|
| Number of Units | 236 |
| Expenditures | \$6,018,000 |
| Tenant Assessed Rent | \$1,120,000 |
| Collection Rate | 103% |

Beaufort Delta District

| Rental Housing | Results |
|----------------------|--------------|
| Number of Units | 846 |
| Expenditures | \$20,536,000 |
| Tenant Assessed Rent | \$3,154,000 |
| Collection Rate | 101% |

Northwest Territories

| Rental Housing | Results |
|------------------------------|--------------|
| Number of Units | 2,393 |
| Expenditures ¹ | \$49,000,000 |
| Tenant Assessed Rent | \$9,005,000 |
| Collection Rate ² | 98.7% |

¹ See Notes 15 & 16 in Notes to Consolidated Financial Statements. Repairs, Maintenance and Improvement portion of maintenance and other costs and interest on long term debt are not included in above data.

² The Collection Rate is calculated using actual collections divided by the Tenant Assessed Rent. Collections includes payments on rental arrears, which may result in collections rates over 100%.

PUBLIC HOUSING UNIT CONDITION RATINGS

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

Unit condition ratings provide the NWTHC with valuable information as to the state of its assets. The ratings are one source of information that helps direct the NWTHC on how best to use its scarce financial resources and where best to invest.

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

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

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

Units with low condition ratings undergo a more detailed evaluation. This additional evaluation is to determine whether there exists a cost benefit to investing further dollars to modernize and improve the unit to extend its useful life for a further 15 years. Once the analysis is completed, it may show that the best option may be to dispose of the unit and replace it.

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

The table provides a snapshot of the condition of the public housing stock for the fiscal year 2014-2015. Unit condition ratings are finalized in the month of October of each year.

PUBLIC HOUSING UNIT CONDITION RATINGS

| NWTHC owned Public Housing Unit Condition Ratings for 2013-2014 | | | | |
|---|------------------------|------------|----------------|----------------------|
| Community | Unit Condition Ratings | | | |
| | Under 60% | 60% to 69% | 70% and better | TOTAL UCRs Completed |
| NORTH SLAVE | | | | |
| Behchoko | 22 | 23 | 133 | 178 |
| Dettah | 0 | 6 | 31 | 37 |
| Gameti | 0 | 1 | 16 | 17 |
| Lutsel K'e | 5 | 9 | 25 | 39 |
| N'Dilo | 0 | 7 | 19 | 26 |
| Wekweeti | 0 | 0 | 2 | 2 |
| Whati | 1 | 0 | 24 | 25 |
| Yellowknife | 1 | 1 | 186 | 188 |
| TOTAL NORTH SLAVE | 29 | 47 | 436 | 512 |
| SOUTH SLAVE | | | | |
| Fort Providence | 3 | 3 | 103 | 109 |
| Fort Resolution | 2 | 1 | 72 | 75 |
| Fort Smith | 0 | 4 | 143 | 147 |
| Hay River | 2 | 12 | 132 | 146 |
| TOTAL SOUTH SLAVE | 7 | 20 | 450 | 477 |
| NAHENDEH | | | | |
| Fort Liard | 2 | 0 | 22 | 24 |
| Fort Simpson | 2 | 0 | 83 | 85 |
| Jean Marie River | 2 | 0 | 1 | 3 |
| Nahanni Butte | 0 | 0 | 1 | 1 |
| Trout Lake | 0 | 0 | 1 | 1 |
| Wrigley | 0 | 0 | 8 | 8 |
| TOTAL NAHENDEH | 6 | 0 | 116 | 122 |
| SAHTU | | | | |
| Deline | 31 | 19 | 38 | 88 |
| Fort Good Hope | 1 | 5 | 34 | 40 |
| Norman Wells | 1 | 3 | 31 | 35 |
| Tulita | 4 | 12 | 58 | 74 |
| TOTAL SAHTU | 37 | 39 | 161 | 237 |
| BEAUFORT DELTA | | | | |
| Aklavik | 3 | 3 | 123 | 129 |
| Fort McPherson | 5 | 6 | 111 | 122 |
| Inuvik | 48 | 104 | 50 | 202 |
| Paulatuk | 0 | 4 | 53 | 57 |
| Sachs Harbour | 0 | 1 | 20 | 21 |
| Tsiigehtchic | 1 | 0 | 22 | 23 |
| Tuktoyaktuk | 5 | 22 | 135 | 162 |
| Ulukhaktok | 0 | 1 | 89 | 90 |
| TOTAL BEAUFORT DELTA | 62 | 141 | 603 | 806 |
| TOTAL ALL DISTRICTS | 141 | 247 | 1766 | 2154 |

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

HOMELESSNESS ACTIVITIES

The NWTHC's homelessness portfolio includes work with federal, municipal, territorial and Aboriginal interest groups in the development and delivering of programs and processes to address homelessness.

The NWTHC has expanded the number of homelessness programs offered this year, increasing the budget from \$325,000 to \$1,105,000.

The NWT directly addresses homeless through the following programs:

- Northern Pathways to Housing: a pilot program to create supportive and transitional housing in four small communities for individuals with housing barriers (\$680,000).
- Homelessness Assistance Fund: one-time emergency assistance for individuals who are homeless or are in danger of becoming homeless (\$125,000).
- Small Community Homelessness Fund: a fund that supports community agencies in delivering community homelessness initiatives (\$200,000).
- Shelter Enhancement Fund: a fund that provides assistance for major and minor capital upgrades and equipment for community agencies delivering homelessness programs (\$100,000).

The NWTHC provides overall coordination of homelessness activities and works with other departments, as homelessness requires the collective efforts of all stakeholders to address. Work on homelessness is ongoing and includes stakeholder collaboration to generate information for planning, design and application of approaches to resolve homelessness.

Current work includes conducting research and obtaining training on other housing models and best practices within other jurisdictions to develop homelessness programs that may be relevant in a northern community context.

NWTHC currently sits on the Integrated Case Management (ICM) Program working group, the Yellowknife Coalition Against Homelessness and the Yellowknife Community Advisory Board on homelessness to share information, create linkages and assist in planning. The NWTHC also has annual bilateral meetings with Employment and Social Development Canada as part of the Homelessness Partnering Strategy.

The NWTHC has earmarked \$150,000 within the current homelessness portfolio for Housing First. Research on delivery models to determine how Housing First could be implemented in the NWT have been, and continue to be a part of ongoing work. This year, discussions with the Department of Justice, ICM Program included the recognition of Housing First as best practice for integrative service delivery. Further exploration with the NWTHC and the DOJ into the use of the Housing First as a best practice method to deliver the ICM Program, may provide insight into the possibility of Yellowknife and Inuvik based Housing First projects. This model may support some of our most vulnerable clients.

Currently NWTHC has developed a supportive housing program for homeless individuals; 'Northern Pathways to Housing'. This housing is in line with the GNWT's antipoverty action plan and is currently directed to support small communities. NWTHC is gathering data and establishing community linkages and program adaptations to address needs of communities. This includes collaboration between housing, income supports, social service supports, clients and traditional and cultural community resources for the implementation of the NPH program.

HOMELESSNESS ACTIVITIES

The NWTCH homelessness coordinator sits on the Community Advisory Board with the City of Yellowknife. The CAB has developed a community plan to end homelessness. The plan includes the implementation of a Housing First model with involvement from all levels of government and community agencies with a stake in homelessness. Information from the surveys conducted in a Point in Time Count on Yellowknife's homeless population to be conducted on May 13, 2015, will be used to design a housing first pilot program.

NWTCH works regularly with stakeholders in other interested NWT communities to administer, support, provide information and assist with coordination around supports for homelessness projects and funding.

INUVIK HOMELESSNESS SHELTER

The NWTCH supports the Inuvik Homelessness Shelter through a \$45,000 multi-year agreement under the Small Community Homelessness Fund. The funding agreement is for \$15,000 per year which started in 2014-2015 and will continue to 2016-2017.

The Inuvik Homelessness Shelter provides service to our individuals undergoing chronic and episodic homelessness. Within this homeless population, the Inuvik Homelessness Shelter also reports on single men and women who also experience disorders of mental health, addictions and disabilities as residing at the shelter and receiving services.

Statistics kept through the shelter help identify key factors that led to and continue to keep people homelessness. These include; high utility rates, rising rental properties, housing shortages, transient workers, and social issues like poverty, alcohol, drugs, violence and disabilities.

The shelter provides clients with two meals a day, shower and laundry facilities as well as two television lounges and a range of supportive services. The building is also alcohol and drug free.

The facility itself can house up to 22 single men and women a night. There are five rooms available, most of which can accommodate four people at a time. The shelter is operated and managed through the Inuvik Homeless Shelter Advisory Board.

The Inuvik Homelessness Shelter provides drop-in services 24 hours a day, Wednesday to Sunday, and also operates as a safe house during the Christmas season. The short term goal of the shelter is to provide needy individuals with a safe environment to reside. Their long term goals include assisting clients so they are able to maintain their own homes and manage their lives productively.

LYNN BROOKS' SAFE PLACE FOR WOMEN (LYNN'S PLACE)



In September 2014 Yellowknife opened its doors to Lynn's Place, a new transitional home for women that will help them attain the stability required for the successful transition to permanent housing. It is located on 54th Street, across from Aurora College. Residents began moving in the week of September 22.

It is home to women and women with children in 18 suites. There are six bed-sitting rooms for single residents, 10 two-bedroom apartments, and two three-bedroom apartments. YWCA Yellowknife staff Lynn's Place and provide women with help to address the issues that have destabilized their housing in the past, such as violent relationships.

The NWTHC was the largest contributor with \$2.3 million for the completion of the facility. Dominion Diamond Ekati Corporation and the Government of Canada are also major funding partners for the project. Other financial supporters include the City of Yellowknife, YWCA Yellowknife, the Yellowknife Community Foundation and other partners.

A large crowd gathered outside the building during the grand opening on Sept. 26, where major partners, including the Honourable Robert C. McLeod, Minister Responsible for Homelessness and the NWTHC, spoke about the importance of Lynn's Place to the community.

Lynn's Place is named for Lynn Brooks, a local resident who has been an advocate and aid to many women in need.



INVESTMENT IN AFFORDABLE HOUSING EXTENSION

On January 30, 2015, the Minister responsible for the Northwest Territories Housing Corporation signed the Investment in Affordable Housing renewal agreement with the Federal Minister of State for Social Development.

This renewal agreement is a five year extension of the Investment in Affordable Housing Agreement (IAH) Agreement that was in place from 2011 to 2014. This results in an investment of \$9.2 million from Canada that will be cost-matched by the NWT for a total investment of \$18.4 million.

Under the Investment in Affordable Housing, the Northwest Territories has the flexibility to design and deliver a range of affordable housing programs to address local housing needs and priorities. This support addresses a variety of housing needs from renters and homeowners, to persons who are homeless, or who have experienced family violence.

Canada and the NWT collaborated on the original 2011-2014 IAH agreement to deliver \$11 million in projects to address housing need. During that period, the NWTHC supported 310 projects using these funds. This includes 252 homeownership units, and assistance for 58 units in transitional shelters, including the Lynn Brooks Safe Place for Women, to support vulnerable households in accessing safe and affordable housing.

Over that same period, the NWTHC invested approximately \$79 million in capital funding for housing in the Northwest Territories, this includes the NWTHC's \$11 million in joint IAH funding during that period.

PROJECT PROFILE: UTILITY TRACKING DATABASE

On April 1, 2014, the NWTHC unveiled a the new Asset Cost Tracking System (ACTS).

Over the past number of years the NWTHC has been developing a variety of information systems to improve the management and delivery of our programs and services. These information systems are designed to enable changes and enhancement in response to changing business requirements.

This new system allows the Housing Corporation to accurately track and report on how utilities are being used in our buildings. Not only that, but the detailed data collected in the Asset Cost Tracking System enables the NWTHC to review historical utility consumption and determine measures to curb or reduce consumption, as well as measure effectiveness of energy initiatives.

ACTS has been developed to integrate with these existing information systems, and larger GNWT information systems including System for Accountability and Management (SAM). This allows the system to interface with SAM for the payment of invoices. This permits the collection of accurate data and reduces the chances of double entry of invoices.

This real time management reporting capabilities enable the development of trend reporting and data analysis in support of program evaluations and improvements.

STAFF PROFILE: ERIN SHEA

Erin Shea took on the role of Homelessness Coordinator with the Northwest Territories Housing Corporation in the fall of 2013. The new role had been created to administer homelessness programming and consult on issues around homelessness. The NWTHC administers funds that provide support and direct assistance to residents who are homeless or at risk of becoming homeless. The NWTHC also funds projects in smaller NWT communities that address issues related to homelessness in these communities; strengthens the capacity of community homelessness partners through capital upgrades and explores innovative homelessness solutions such as Housing First.

Erin has a background in social work, her past experience includes front line work with young offenders. Her job is a mixture of working one-on-one with individual case files, with community leaders and administering the various programs.



Some of these programs include The Homelessness Assistance Fund, which provides emergency one-time funding to individuals experiencing crises within the NWT. The Shelter Enhancement Fund provides funding to shelters and homelessness agencies for capital upgrades or the purchase of equipment required for their operations. The NWTHC will be entering into five-year partnerships with four smaller NWT communities to operate transitional housing for residents under the Northern Pathways to Housing Program. Homelessness in smaller NWT communities often takes a different form than what is seen in larger communities. There are residents that are unable to access social housing because of past behavior (arrears or other tenant issues) or residents in situations where the availability of housing has limited their options.

Erin is also involved in exploring the applicability of the Housing First concept to the North, which involves the approach of housing homeless persons and then providing them supports they may require.

Erin works with a multitude of stakeholders not only in large communities like Yellowknife, Inuvik and Hay River, but as much of her work is outside these centres, in many small communities as well.

"I find the work that we do very gratifying, because although the persons that our programming assists have many, significant and complex challenges, there are tangible improvements and gains with every intervention and investment we make," notes Erin.

OFFICE PROFILE: INFRASTRUCTURE SERVICES

The Northwest Territories Housing Corporation's Infrastructure Services division is responsible for the planning and delivery of our capital infrastructure. This includes land acquisition, design of infrastructure and renovations, maintenance activities for all assets that are NWTHC owned, construction of new assets -- including affordable and public housing programs. Other responsibilities include the implementation of energy efficiency projects, including biomass and solar, registering mortgages with land titles, capital planning, lands planning, and management of materials, research and development, and maintenance management. The division also offers support to trades training and housing for staff.

New Construction

During the 2014-15 fiscal year Infrastructure Services procured 31 modular homes for the delivery of affordable housing in rural and remote communities. Construction began on the Joe Greenland senior's center in Aklavik and contracts were awarded for three seniors' projects in Fort Liard, Fort McPherson and Fort Good Hope. Each project will be a 9-plex building, consisting of eight bedrooms and one for a building caretaker. A contract was awarded for the 19-plex to be built in Yellowknife, and a 17-unit complex for public housing was awarded in Inuvik and construction is underway.

Energy

In 2014-15 the NWTHC is investing in alternative energy projects such as solar and biomass in multi-unit buildings as well as energy upgrades in public housing in various communities. Investments in solar energy are a cost reduction effort. A photovoltaic (PV) solar panel system was installed in Hay River's Whispering Willow. This PV system provides power to the main components of the building and is expected to offset up to 70% of the power. Solar installation will also be part of the seniors facilities planned for Fort Liard, Fort McPherson and Fort Good Hope. Additionally, there are bio mass projects in Dettah, N'dilo and Fort Resolution. Bio mass is a heating system that burns wood pellets. It is carbon neutral to reduce greenhouse gas emissions.

The NWTHC in partnership with Canada Mortgage and Housing Corporation (CMHC), signed on for an extension to continue the monitoring of the Northern Sustainable House in Inuvik. The Infrastructure Services division also engaged CMHC for a retrofit strategy that would help to determine the decisions that will need to be made to renovate NWTHC assets to meet energy efficiency standards.

Maintenance

To improve its maintenance activities, the NWTHC recently replaced their maintenance management software with an online centralized version (webworks) for use by all Local Housing Organizations (LHOs). Webworks allows the NWTHC to assign and track maintenance activities and provide improved reporting on maintenance activities on a timely basis.

The NWTHC recognizes that the new system requires ongoing support to be successful. The NWTHC will continue to support the LHOs by offering additional training to those who require it.

LHO PROFILE: FORT PROVIDENCE HOUSING ASSOCIATION

The Local Housing Organization (LHO) in Fort Providence has had a lot of success in the past fiscal year. The manager of the LHO in Fort Providence said that the organization has brought collections up to a 110 per cent. She says President David Stewart, came to the community to congratulate the staff himself.

"We used to be up to \$300,000 and we it brought it down to \$120,000 (in arrears). That happened with the help of the new collections department in Yellowknife," she said.

The LHO has eight staff; three administration personnel and five maintenance employees. A foreman, two housing maintainers, one custodian and one caretaker service all the LHO's units. The manager explained the LHO has a total of 111 public housing units occupied and they also look after affordable housing clients through the HELP program and Market Housing. Staff are also in charge of taking care of the seniors' centre.

She said that HELP is the most popular program. At this point the LHO has about three mortgage clients left. "They just come back for repairs," she said. "A lot of people come stop in the office, looking for information."

The LHO in Fort Providence is part of the South Slave District Office. The district sends a program officer out of Hay River every month to help answer questions for the staff, the board and the public. The manager said that change has created much better communication with the LHO and the clients. She said district staff also attends the board meetings. In 2014 the board had seven members.

The manager said a monthly newsletter has also helped improve communication with tenants. It is sent out with their rent assessment. "We tell them if things are changing or thank them to say the payments are coming in steady," she said. "There has been a lot more good feedback."



2014-2015 LONG SERVICE AWARD RECIPIENTS

Five Years

Gerry Cheezie, Programs Advisor – North Slave District Office
Jennifer Jones, Administrative Assistant – Strategic Planning, Policy and Communications
Larry Jones, Manager, Construction Services – Infrastructure Services
Doris MacIntosh, Administrative Assistant – Finance and Infrastructure Services
Jessica Relucio, Programs Advisor – North Slave District Office
Guy Saint-Andre, Technical Advisor – Sahtu District Office
Jerry Vanhantsaeme, Program Development Specialist – Housing Programs and District Operations

Ten Years

Ernest McPherson, District Administrator – Nahendeh District Office
Joy Paivalainen, Property Management Officer – Finance and Administration
Jennifer Vachon, Mortgage Officer – Finance and Administration

Twenty Years

Paulette Doucet, Manager, Assets and Mortgages – Finance and Administration

Twenty-five Years

Karen Dove, Coordination Officer – Programs and District Operations
Lucille Harrington, Manager, Programs – South Slave District Office

Thirty Years

Jeff Anderson, Vice-President – Finance and Infrastructure Services
Tom Gross, Senior Technical Advisor – South Slave District Office



Appendix A:
Management Discussion and Analysis
Fiscal Year 2014-2015

MANAGEMENT DISCUSSION AND ANALYSIS - FISCAL YEAR 2014-2015

Managing Risk / Pressures

Although the NWTHC has accomplished much over the 2014-15 fiscal year and has an ambitious agenda of how it will move forward to address the housing needs of our residents, there are both external and internal pressures and risks that impact how the NWTHC does business. In response to these challenges the NWTHC has employed various mitigation strategies to help offset, to the extent possible, these risks.

Declining CHMC Funding

Funding from CMHC for social housing continues to decline. Overall, the decline will be from \$20 million in 2002-03 to zero by 2038-39. The funding declines by different amounts on an annual basis depending on when the housing stock was initially constructed in partnership with the federal government. Over the life of the 17th Legislative Assembly federal funding will decline by \$2.2 million.

The NWTHC is currently the Chair of the Provincial - Territorial Housing Forum and leads the inter-jurisdictional efforts to engage the federal government in meaningful discussion regarding sustainable housing. An additional mitigation strategy that the NWTHC plans to explore is the expansion of the market rent program to house critical staff, such as teachers, nurses and RCMP, in communities. This initiative will not only increase the availability of market housing, but also increase overall corporate revenue with a view of partially offsetting ongoing reductions in federal funding.

Increase in Core Need (Quality of Housing and Affordability)

The level of core need in the NWT according to *the 2014 NWT Community Survey* is 19.8%. To assist in addressing this situation the NWTHC has continued the allocation of funding under its capital plan towards the replacement or retrofit of the older public housing units.

In accordance with the priorities in the strategic framework, the NWTHC continues to provide the Transitional Rent Supplement Program to address market housing challenges of the working poor and the Securing Assistance for Emergencies repair program to provide access to emergency repairs for low to moderate income households. These programs are in addition to the homeownership and repair programs already offered.

Increased Utility Costs

The sheer remoteness, a small population spread over a large landmass, and the growing global demand for resources such as natural gas and oil has helped to drive up the cost of utilities in the NWT. The NWTHC continually implements capital plans that improve the quality and energy-efficiency of Public Housing units to mitigate increasing utility costs. New construction for the replacement of aging single detached Public Housing is almost exclusively multi-unit buildings, resulting in lower consumption of heating fuel. Our standards for retrofits and new units require that projects meet or exceed EnerGuide for Housing (EGH) 80 design standards. The NWTHC has also invested in new energy efficiency technologies such as biomass and photovoltaic solar systems to help offset the high cost of energy.

MANAGEMENT DISCUSSION AND ANALYSIS - FISCAL YEAR 2014-2015

During the year the NWTHC designed and implemented a system to improve detailed tracking of utility consumption and pricing. Data obtained from the system will improve reporting to management and the decision making process regarding energy efficient initiatives.

Land Development Issues

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

Credit Risk

The NWTHC is exposed to credit risk from tenants and mortgage clients. Several LHOs have had challenges in collecting rent from tenants, resulting in accumulated tenant arrears. The NWTHC has increased support to enhance rent collections, including establishing a collections unit to further support LHOs with their ongoing collection activity. Our Territorial Housing System (THS), an information management database and reporting system, gives the NWTHC the ability to monitor tenant matters and arrears management within LHOs more effectively. The increased focus on collections has resulted in a 98.7% collection rate for public housing in the 2014-15 fiscal year.

Since 2012, the NWTHC has worked with clients to restructure their mortgages with a view to improving overall collections rates. In 2014-15 the NWTHC realized an average mortgage collection rate of 84% across refinanced mortgages, up from 73% in 2012-13 (83% in 2013-14). It was through working with our clients to structure repayment plans that meet their needs that the NWTHC was able to recognize loans previously uncollectible as viable loans.

Financial Results

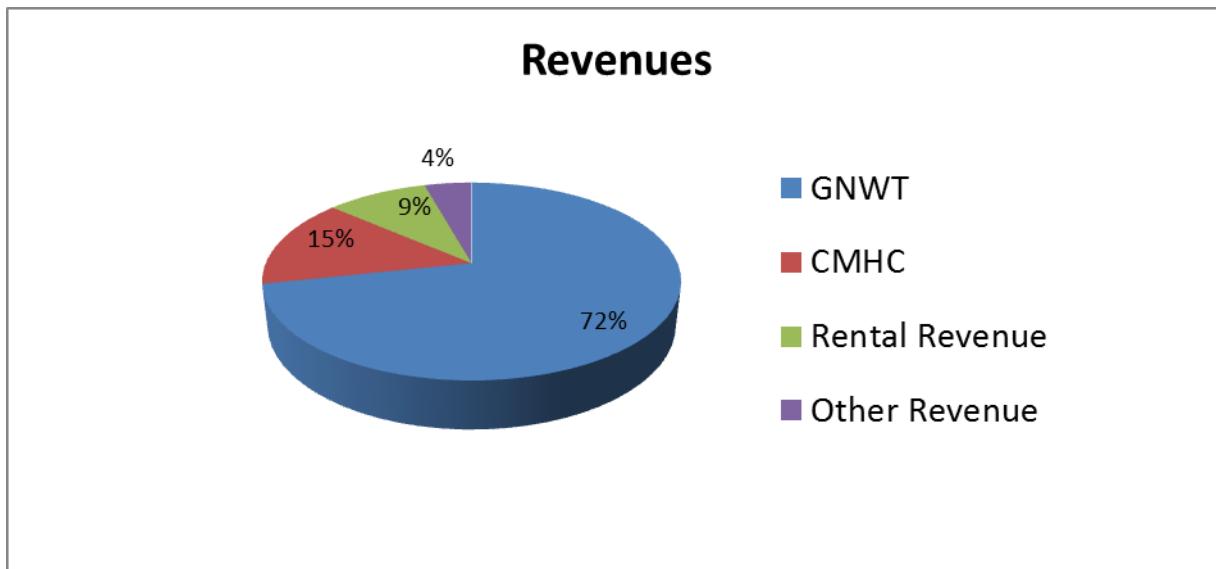
Revenues

The total revenues for the Corporation in 2014-15 were \$117.6 million, an increase of \$14 million from the previous year's total of \$103.6 million.

Government funding, from the GNWT and our Federal housing partner, the Canada Mortgage and Housing Corporation (CMHC), increased from \$86.8 million to \$102.5 million. This increase of \$15.9 million in GNWT funding is mainly related to funding increases for Strategic Investments in Affordable Housing (\$7.5 million), forced growth funding for utilities (\$2 million), and capital funding for renovations and improvements (\$5 million). GNWT funding also increased as a result of forced growth for collective bargaining, hazard assessment and remediation, and to offset declining CMHC funding.

MANAGEMENT DISCUSSION AND ANALYSIS - FISCAL YEAR 2014-2015

Revenue generated from operations amounted to \$15.1 million in 2014-15, a decrease of \$1.7 million from the \$16.8 million in revenue generated in 2013-14. This decrease was related to a lower recovery on the mortgage portfolio as a result of fewer clients refinancing their NWTHC mortgage.



Expenses

The Corporation's total operating expenditures for 2014-15 were \$99.7 million, less than 1% decrease from the previous year's expenses (2013-14 \$100.1 million). Costs of operating the public housing program increased by 4% to \$52.7 million during the fiscal year. Included in these costs was \$26.4 million spent on utilities (2013-14 \$24.8 million) representing a 6% increase over the cost for the previous year. The public housing program costs continue to be the largest component of the Corporation's expenses, representing 52.9% of the annual operating expenditures .

Building, repairs and maintenance costs related to the public housing stock were \$9.3 million in 2014-15, an increase of 46% from the \$6.3 million spent in 2013-14. This includes preventative and demand maintenance as well as non-capital repairs and upgrades under the modernization and improvement program to maximize the useful life of our public housing assets. The decreasing expenditures are partially due to capacity issues within the construction sector in the NWT.

Expenditures on affordable housing programs (market housing and HELP housing programs) were \$4.5 million in 2014-15, a 6% decrease of from the \$4.7 million expended in 2013-14. The decrease was attributable to lower utility costs due to a reduction in the number of vacant leased units, and reduced repairs and maintenance expenses. The NWTHC also contributed \$2.5 million to unilateral CMHC programs and other programs, a decrease of \$2.4 million from the \$4.9 million contributed in 2013 -14. The decrease was related to the one-time contribution of \$2.3 million to Lynn's Place in 2013-14.

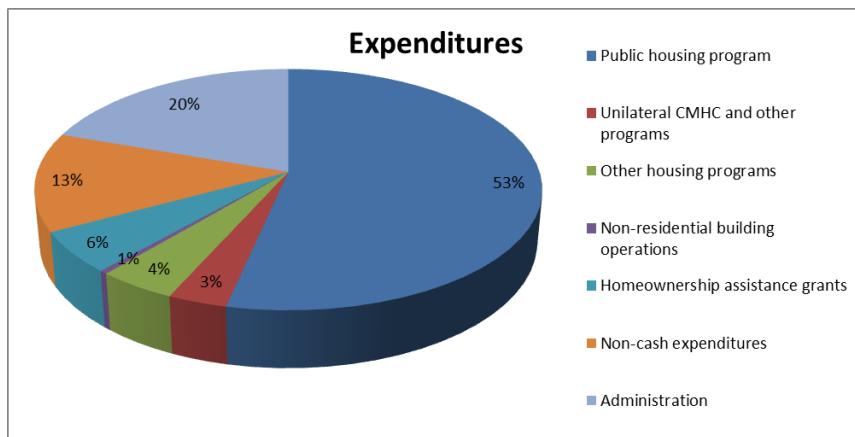
MANAGEMENT DISCUSSION AND ANALYSIS - FISCAL YEAR 2014-2015

Homeownership assistance grants were \$5.6 million in 2014-15, an increase of 7% from the previous year amount of \$5.2 million. This funding is used for the provision of homeownership grants & contributions to support increased homeownership units and improvements to existing homeownership units. Funding provided by the NWTHC is subject to the receipt of qualified applicants. Over the past several years there has been a large uptake into the program and the decrease in funding is partially attributable to large program delivery in previous years.

The Corporation had losses of \$1.6 million in 2014-15 related to impairment of tangible capital assets, up from \$1.1 million in the previous year. These losses are related to the write-down of asset values as a result of 5 properties damaged by fire and 10 buildings to be disposed where estimated proceeds are lower than the net book value of the units.

The Corporation spent \$19.8 million in Administrative, Program and Technical Services in 2014-15, an increase of \$0.2 million from the previous year. Costs include administration support, program development and delivery, and technical support services that occurred at the District office and Headquarters. The largest component of administration expenses are salaries and benefits of \$14.7 million (\$14.0 million in 2013-14).

The acquisition or construction of new housing assets and the renovation of existing housing is funded by the GNWT, CMHC and own source revenues. These budgeted revenues are reflected as an overall budgeted operating surplus of \$14.3 million. These surplus operating funds are utilized to support the delivery of the capital infrastructure acquisition plan.



Financial Position

The Corporation continues to maintain a solid financial position in 2014-15, with net financial resources of \$51.5 million, an increase of \$5.4 million from the prior year. 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 capital projects and contractual commitments and to mitigate financial risk associated with the \$20.5 million third party loans 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 of residential housing across the north. The total outstanding balance of loans guaranteed was \$3.6 million as at March 31, 2015.

MANAGEMENT DISCUSSION AND ANALYSIS - FISCAL YEAR 2014-2015

The cash and cash equivalents balance of \$13.4 million (\$14.4 million at March 31, 2014) represents the March 31, 2015 balance in 17 LHO and Corporation bank accounts. The Corporation invests excess cash flow in portfolio investments that meet the terms of the investment policy. As at March 31, 2015 \$65 million (\$54.2 million at March 31, 2014) was invested in portfolio investments with a weighted average rate of return of 1.76%. Excess cash resources will be used to fund investment in new tangible capital assets in the next few years.

Since 2012 the Corporation has been working with mortgage clients to restructure their loans. As a result of the success of this program on collections the Corporation reinstated \$1.6 million of mortgages and loans previously determined to be uncollectible. As a result of this reinstatement the mortgage and loans balance increased from \$3.6 million at March 31, 2014 to \$4.2 million at March 31, 2015.

Investment in Housing

As at March 31, 2015 the Corporation had \$234.8 million of investments in land and buildings, representing the amortized book value of 2,442 owned public housing, homeownership rental and market rental units. During the year, an additional investment of \$22.6 million was made in new properties and the major renovation of existing properties. There were 33 housing units, with a carrying value of \$1.8 million, disposed of during the year through sale or demolition, 13 properties written down by \$1.1 million and \$10.9 million of property costs were amortized during the year.

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

| | 2010- 2011 | 2011-2012 | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 Budget |
|--|-------------|--------------|--------------|--------------|--------------|------------------|
| Revenues | | | | | | |
| GNWT | 49.2 | 54.0 | 67.0 | 69.3 | 85.1 | 85.3 |
| CMHC | 25.0 | 19.6 | 18.6 | 17.5 | 17.4 | 17.3 |
| Amortization of Deferred Capital | 13.3 | 14.8 | - | - | - | - |
| Other | 11.7 | 12.8 | 12.1 | 16.8 | 15.1 | 11.8 |
| Total Revenues | 99.2 | 101.2 | 97.7 | 103.6 | 117.6 | 114.4 |
| Expenses | | | | | | |
| Public Housing Programs | 56.3 | 47.0 | 52.7 | 52.7 | 52.7 | 50.0 |
| Other Housing Programs | | 5.5 | 5.6 | 9.2 | 8.3 | 11.5 |
| Homeownership Assistance Programs | 9.6 | 7.9 | 7.1 | 5.2 | 5.6 | 7.0 |
| Impairment/ Disposal Loss on TCAs | | 2.3 | 3.5 | 1.1 | 1.6 | - |
| Amortization | | 12.3 | 11.9 | 12.2 | 11.7 | 14.4 |
| Administrative, Program and Technical Services | 29.7 | 17.8 | 17.6 | 19.6 | 19.8 | 19.3 |
| Total Expenses | 95.6 | 92.8 | 98.4 | 100 | 99.7 | 102.2 |
| Annual Surplus (Deficit) | 3.5 | 8.3 | (0.7) | 3.6 | 17.9 | 12.1 |

MANAGEMENT DISCUSSION AND ANALYSIS - FISCAL YEAR 2014-2015

Expenses

Changes in the presentation under the "Consolidated Statement of Operations and Accumulated Surplus" effective April 1, 2011 detailed programs and expenses that were not strictly Public Housing programs. In addition, the salaries, benefits and administrative expenses for the Local Housing Organizations have been removed from "Administrative, Program and Technical Services" and are now included under "Public Housing Programs".

Public Housing Programs - In general, the costs to administer the Public Housing program continue to increase due primarily to inflationary pressures related to utility costs. There are also fluctuations from year to year dependent on the level of funding that is provided for minor repairs that are necessary to maintain the NWTHC owned housing assets.

Homeownership Assistance Programs - the funds available to provide as grants to homeowners (for the purchase repair of homeownership units), varies from year to year depending on the client demand for repair programs balanced against the requirement to maintain good quality NWTHC owned housing assets.

Annual Surplus (Deficit)

For fiscal years 2009-2010, 2010-2011 and 2011-2012, the Corporation incurred substantial surpluses. This was due, in large part to the significant inflow of Federal funding provided from 2008 - 2010 and the ongoing capacity challenges incurred by the Corporation and the housing construction industry generally, to complete all projects as planned within a compressed timeframe.



MANAGEMENT DISCUSSION AND ANALYSIS - FISCAL YEAR 2014-2015

Write-off of Corporate Debt

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

Under Section 82 of the Financial Administration Act, a public agency such as the NWTHC has the authority to write-off debts or obligations up to \$20,000. Any write-off requests above \$20,000 require the express authority of an Act through the Legislative Assembly. When debts are written off it does not mean these debts are forgiven and the NWTHC has an obligation to continue collection activities.

Approved write-offs for fiscal year 2014-2015:

| Name | Community | Reason | Amount |
|---------------------|-----------------|--------------------------------------|---------------|
| Albert Bernarde | Tulita | Deceased | 9,491 |
| Darlene Kleignoski | Fort Resolution | Bankruptcy | 794 |
| Delores Beaulieu | Fort Resolution | Deceased | 224 |
| Antoine, Tony (W) | Fort Simpson | Deceased | 415 |
| Sloat, Barb | Fort Simpson | Deceased | 6,832 |
| 5138 NWT Ltd | Inuvik | Over 6 years, Statute of Limitations | 1,060 |
| Price Contracting | Inuvik | Over 6 years, Statute of Limitations | 530 |
| Grace Sabourin | Hay River | Over 6 years, Statute of Limitations | 489 |
| Alisa Blake | Inuvik | Over 6 years, Statute of Limitations | 2,587 |
| Tanya Berry | Inuvik | Over 6 years, Statute of Limitations | 115 |
| April Bekale | Inuvik | Over 6 years, Statute of Limitations | 74 |
| Angela Benoit | Yellowknife | Over 6 years, Statute of Limitations | 2,188 |
| Violet Harrison | Inuvik | Over 6 years, Statute of Limitations | 1,367 |
| William Westwell | Yellowknife | Over 6 years, Statute of Limitations | 944 |
| Loren Gresl | Yellowknife | Over 6 years, Statute of Limitations | 1,934 |
| Kim Squires | Hay River | Over 6 years, Statute of Limitations | 505 |
| Lisa McDonald | Norman Wells | Over 6 years, Statute of Limitations | 198 |
| Christopher Daniels | Behchoko | Over 6 years, Statute of Limitations | 369 |
| Betty Lou Morris | Paulatuk | Over 6 years, Statute of Limitations | 197 |
| TOTAL | | | 30,320 |

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



INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Northwest Territories Housing Corporation

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the Northwest Territories Housing Corporation, which comprise the consolidated statement of financial position as at 31 March 2015, 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 a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Northwest Territories Housing Corporation as at 31 March 2015, and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Report on Other Legal and Regulatory Requirements

As required by the *Financial Administration Act* of the Northwest Territories, I report that, in my opinion, the accounting principles in Canadian public sector accounting standards have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Northwest Territories Housing Corporation and the consolidated financial statements are in agreement therewith. In addition, the transactions of the Northwest Territories Housing Corporation that have come to my notice during my audit of the consolidated financial statements have, in all significant respects, been in accordance with Part IX of the *Financial Administration Act* of the Northwest Territories and regulations and the *Northwest Territories Housing Corporation Act* and regulations.



Guy LeGras, CPA, CA
Principal
for the Auditor General of Canada

19 August 2015
Edmonton, Canada

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

These accompanying consolidated financial statements and notes to the consolidated financial statements and schedules of Northwest Territories Housing Corporation have been prepared by management 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 ensuring that the information contained in the annual report 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 external auditor, the Auditor General of Canada, conducts an independent audit for the purpose of expressing his opinion on the consolidated financial statements.

On behalf of Northwest Territories Housing Corporation



Jeff Anderson, CGA, CPA (US)
President & CEO



Jim Martin, B.Comm, CGA, MBA, MA
Vice President
Finance & Infrastructure Services

Yellowknife, Northwest Territories
19 August 2015

NORTHWEST TERRITORIES HOUSING CORPORATION

Consolidated Statement of Financial Position As at March 31, 2015 (in thousands)

| | <u>2015</u> | <u>2014</u> |
|--|-------------------|-------------------|
| Financial assets | | |
| Cash and cash equivalents (Note 4) | \$ 13,377 | \$ 14,388 |
| Portfolio investments (Note 5) | 65,165 | 54,219 |
| Accounts receivable (Note 6) | 5,870 | 5,854 |
| Mortgages and loans receivable (Note 7) | <u>4,233</u> | <u>3,587</u> |
| | <u>88,645</u> | <u>78,048</u> |
| Liabilities | | |
| Bank indebtedness (Note 8) | - | 632 |
| Accounts payable and accrued liabilities (Note 9) | 20,601 | 13,355 |
| Deferred revenue | 41 | 87 |
| Loans payable to Canada Mortgage and Housing Corporation (Note 10) | 10,719 | 11,479 |
| Obligations under capital leases (Note 11) | 281 | 1,216 |
| Environmental liabilities (Note 12) | 301 | - |
| Retirement and post-employment benefits (Note 13) | <u>5,201</u> | <u>5,195</u> |
| | <u>37,144</u> | <u>31,964</u> |
| Net financial assets | \$ 51,501 | \$ 46,084 |
| Non-financial assets | | |
| Tangible capital assets (Schedule A) | 243,507 | 231,512 |
| Inventories held for use | 2,992 | 2,441 |
| Prepaid expenses | <u>104</u> | <u>160</u> |
| | <u>246,603</u> | <u>234,113</u> |
| Accumulated surplus | \$ 298,104 | \$ 280,197 |
| Contractual obligations and contingencies (Notes 19 and 20) | | |

Approved:

Robert C. McLeod

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

Jeff Anderson

Jeff Anderson, CGA, CPA (US)
President & CEO

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

NORTHWEST TERRITORIES HOUSING CORPORATION

Consolidated Statement of Change in Net Financial Assets
For the year ended March 31, 2015
(in thousands)

| | 2015 Budget | 2015 Actual | 2014 Actual |
|--|------------------------|------------------------|------------------------|
| Net financial assets, beginning of the year | \$ 46,084 | \$ 46,084 | \$ 40,488 |
| Items affecting net financial assets: | | | |
| Annual surplus | 14,276 | 17,907 | 3,562 |
| Acquisition of tangible capital assets | (46,761) | (27,001) | (12,692) |
| Amortization of tangible capital assets | 13,445 | 11,700 | 12,248 |
| Disposal of tangible capital assets | - | 1,874 | 1,070 |
| Write-downs of tangible capital assets | - | 1,432 | 1,111 |
| Acquisition of inventories held for use | - | (1,611) | (881) |
| Consumption of inventories held for use | - | 1,060 | 1,104 |
| Acquisition of prepaid expenses | - | (68) | (82) |
| Use of prepaid expenses | - | 124 | 156 |
| Increase in net financial assets | (19,040) | 5,417 | 5,596 |
| Net financial assets, end of year | \$ 27,044 | \$ 51,501 | \$ 46,084 |

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, 2015 (in thousands)

| | 2015 Budget | 2015 Actual | 2014 Actual |
|---|--------------------------|--------------------------|--------------------------|
| Revenues | | | |
| Government funding: | | | |
| Government of the Northwest Territories | \$ 84,991 | \$ 85,116 | \$ 69,316 |
| Canada Mortgage and Housing Corporation (Note 14) | <u>17,148</u> | <u>17,388</u> | <u>17,491</u> |
| | <u>102,139</u> | <u>102,504</u> | <u>86,807</u> |
| Generated revenues: | | | |
| Rental revenue | 8,682 | 10,221 | 10,210 |
| Recoveries from mortgages and loans (Note 7(c)) | 1,400 | 2,186 | 4,131 |
| Income from portfolio investments | 990 | 1,788 | 1,344 |
| Gain on disposal of tangible capital assets | 400 | - | 282 |
| Other revenue and recoveries | 90 | 733 | 715 |
| Interest revenue on mortgages and loans | <u>120</u> | <u>153</u> | <u>139</u> |
| | <u>11,682</u> | <u>15,081</u> | <u>16,821</u> |
| | <u>113,821</u> | <u>117,585</u> | <u>103,628</u> |
| Expenses | | | |
| Public housing program (Note 15) | 54,014 | 52,690 | 50,958 |
| Unilateral CMHC programs and other programs | 2,675 | 2,542 | 4,984 |
| Affordable housing (Note 16) | 1,742 | 4,453 | 4,722 |
| Non-residential building operations (Note 17) | 443 | 450 | 562 |
| Rent subsidy program | 1,050 | 411 | 317 |
| Homelessness fund program | 705 | 387 | 328 |
| Homeownership assistance grants | 7,570 | 5,595 | 5,231 |
| Contributions for housing for staff initiative | 783 | - | - |
| Amortization | 13,445 | 11,700 | 12,248 |
| Loss on disposal of tangible capital assets | - | 195 | - |
| Write-downs of tangible capital assets | - | 1,432 | 1,111 |
| Administration (Note 18) | <u>17,118</u> | <u>19,823</u> | <u>19,605</u> |
| | <u>99,545</u> | <u>99,678</u> | <u>100,066</u> |
| Annual surplus | \$ 14,276 | \$ 17,907 | \$ 3,562 |
| Accumulated surplus, beginning of year | <u>280,197</u> | <u>280,197</u> | <u>276,635</u> |
| Accumulated surplus, end of year | <u>\$ 294,473</u> | <u>\$ 298,104</u> | <u>\$ 280,197</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, 2015 (in thousands)

| | <u>2015</u> | <u>2014</u> |
|---|------------------|------------------|
| Operating transactions | | |
| Cash received from: | | |
| Government of the Northwest Territories | \$ 84,870 | \$ 69,616 |
| Canada Mortgage and Housing Corporation | 17,397 | 15,667 |
| Rental revenue | 10,977 | 10,633 |
| Investment revenue | 821 | 626 |
| Miscellaneous revenue and recoveries | 2,169 | 2,799 |
| | <u>116,234</u> | <u>99,341</u> |
| Cash paid for: | | |
| Payments to and on behalf of employees | (27,468) | (25,757) |
| Payments to suppliers | (56,583) | (58,234) |
| Payments to individuals | (659) | (627) |
| Payments for interest | (708) | (868) |
| | <u>(85,418)</u> | <u>(85,486)</u> |
| Cash provided by operating transactions | <u>30,816</u> | <u>13,855</u> |
| Capital transactions | | |
| Acquisition of tangible capital assets | (21,563) | (12,692) |
| Proceeds on disposal of tangible capital assets | 1,679 | 1,352 |
| Cash used in capital transactions | <u>(19,884)</u> | <u>(11,340)</u> |
| Financing transactions | | |
| Repayment of long-term debt and capital leases | <u>(1,695)</u> | <u>(1,566)</u> |
| Cash used in financing transactions | <u>(1,695)</u> | <u>(1,566)</u> |
| Investing transactions | | |
| Redemption of portfolio investments | 68,638 | 56,262 |
| Purchases of portfolio investments | (79,143) | (61,112) |
| Mortgage payments received | 889 | 1,054 |
| Cash used in investing transactions | <u>(9,616)</u> | <u>(3,796)</u> |
| Increase (decrease) in cash and cash equivalents | <u>(379)</u> | <u>(2,847)</u> |
| Cash and cash equivalents, beginning of year | <u>13,756</u> | <u>16,603</u> |
| Cash and cash equivalents, end of year | <u>\$ 13,377</u> | <u>\$ 13,756</u> |
| Comprised of: | | |
| Cash and cash equivalents | \$ 13,377 | \$ 14,388 |
| Bank indebtedness | - | (632) |
| | <u>\$ 13,377</u> | <u>\$ 13,756</u> |

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

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements

March 31, 2015

(all figures in thousands)

1. PURPOSE OF THE ORGANIZATION

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

The significant accounting policies are as follows:

Measurement uncertainty

The preparation of 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 allowance for impaired mortgages and loans receivable, the amortization of tangible capital assets, contingencies and the liability for retirement and post-employment benefits.

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 LHOs, via consolidation, which are controlled by the Corporation:

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements

March 31, 2015

(all figures in thousands)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

| | |
|-------------------------------------|-----------------------------------|
| Aklavik Housing Association | Lutsel K'e Housing Authority |
| Bechokö Kō Gha K'àodèè | Norman Wells Housing Authority |
| Deline Housing Association | Paulatuk Housing Association |
| Fort McPherson Housing Association | Radilih Koe' Housing Association |
| Fort Providence Housing Association | Sachs Harbour Housing Association |
| Fort Resolution Housing Authority | Tsiigehtchic Housing Association |
| Fort Simpson Housing Authority | Tuktoyaktuk Housing Association |
| Fort Smith Housing Authority | Tulita Housing Association |
| Hay River Housing Authority | Ulukhaktok Housing Association |
| Inuvik Housing Authority | Yellowknife Housing Authority |

The following three LHOs: Yellowknife Dene First Nation (Housing Division), Hamlet of Fort Liard, and Hay River Dene Band Housing Society have been excluded from the reporting entity since they are considered to be parts of separate levels of government and thus should be excluded from the reporting entity of any other government or government organization.

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

Revenue recognition

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

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

Funding provided by the Government and CMHC is recognized as government funding in the fiscal year when authorized by the transferring government, except to the extent that any such funding gives rise to an obligation that meets the definition of a liability. Funding which gives rise to a liability is recognized as revenue as the liability is settled.

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

Contributions for public and affordable housing

The Corporation provides contributions to the LHOs for their administration of the public and affordable housing programs and maintenance of the housing units. These administration and maintenance contributions are determined using a funding formula based on the number of units managed by the LHO.

Contributions for unilateral CMHC 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.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements

March 31, 2015

(all figures in thousands)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 90 days from the dates of acquisition.

Portfolio investments

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

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

Homeownership assistance grants

The Corporation, under section 44(1) of its Act, may make a home ownership assistance grant in the form of a forgivable loan to eligible homeowners on terms and conditions that may be imposed by the Corporation. The conditional grants, which vary in amount depending on the income or community of the applicant and are not expected to be repaid unless certain conditions are not met, are expensed in the year the grant is approved. Any recoveries on the conditional grants are recognized in the year the amount is recovered from the borrower (Note 7).

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

Mortgages and loans receivable

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

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

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

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

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements

March 31, 2015

(all figures in thousands)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Mortgages and loans receivable (continued)

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

Loan guarantees

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

Tangible capital assets

a) Land and buildings

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

Public and affordable housing units are recorded as capital leases when the Corporation enters into lease agreements where, in effect, the risks and benefits of ownership are transferred to the Corporation. In such cases, the cost of the asset is determined as the discounted net present value of the minimum lease payments and is amortized using the straight-line method over the lease term. Obligations recorded under capital leases are reduced by rental payments net of imputed interest and executory costs. Interest expense is included in interest on long-term debt.

Housing 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. Construction in progress is not amortized.

b) Property and equipment

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

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

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements

March 31, 2015

(all figures in thousands)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Tangible capital assets (continued)

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.

Bank indebtedness

Bank indebtedness is comprised of the bank account of those LHOs that have cheques issued in excess of deposits

Employee future benefits

a) Pension benefits

Substantially all of the employees of the Corporation are covered by 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. Pursuant to legislation currently in place, the Corporation has no legal or constructive obligation to pay further contributions with respect to any past service or funding deficiencies of the Plan. Consequently, contributions are recognized as an expense in the year when employees have rendered service and represent the total pension obligation of the Corporation.

b) Northern Employee Benefits Service (NEBS) Pension Plan

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

Bechokö Kö Gha K'àodèè
Deline Housing Association
Fort McPherson Housing Association
Fort Resolution Housing Authority
Fort Simpson Housing Authority

Fort Smith Housing Authority
Inuvik Housing Authority
Lutsel K'e Housing Authority
Radilih Koe' Housing Association
Yellowknife Housing Authority

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements

March 31, 2015

(all figures in thousands)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee future benefits (continued)

NEBS establishes contribution rates for participating employers/employees, and contributions are remitted to NEBS on a regular basis throughout the year. Contributions are recorded as an expense in the year when the employees have rendered service.

c) Retirement, post-employment and other leave benefits

Under the terms and conditions of employment, employees may earn leave, severance and removal benefits based on years of service and final salary. The benefits are paid upon resignation, retirement, or death of an employee. Also, employees earn non-vesting accumulating sick leave benefits. The cost of these benefits are determined using management's best estimate and are recognized as employees render service.

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.

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.

3. CHANGE IN ACCOUNTING POLICY

Environmental liabilities

As at April 1, 2014 the Corporation adopted Section PS3260, Liability for Contaminated Sites. This new standard has been applied prospectively. The new accounting policy has resulted in recognition of a liability of \$301 as at March 31, 2015 and additional disclosures have been made in Note 2 Environmental liabilities and Note 12.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements

March 31, 2015

(all figures in thousands)

4. CASH AND CASH EQUIVALENTS

| | <u>2015</u> | <u>2014</u> |
|------------------|------------------|------------------|
| Cash | \$ 13,377 | \$ 8,187 |
| Cash equivalents | \$ - | \$ 6,201 |
| | <u>\$ 13,377</u> | <u>\$ 14,388</u> |

Cash equivalents in 2014 are comprised of high quality debt instruments and a market yield of 1.07%.

Included in cash are tender and security deposits from contractors on construction projects and rental housing damage deposits held in trust in the amount of \$1,919 (2014 - \$1,848) which are also included in accounts payable and accrued liabilities (Note 9).

5. PORTFOLIO INVESTMENTS

| Issuer | Stated interest rate | Remaining term | 2015 | | 2014 | |
|---|-------------------------|-------------------|--------------------|--------------------|--------------------|--------------------|
| | | | Carrying amount | Carrying amount | Carrying amount | Carrying amount |
| Fixed income investments: | | | | | | |
| Bankers acceptances, fixed rate | 1.35% to 1.58% | 128 to 269 days | \$ 34,923 | \$ 25,151 | | |
| Provincial governments, fixed rate | 1.66% to 3.35% | 3 to 13 years | 8,399 | | 9,455 | |
| Ontario Hydro Strip Bonds, fixed rate | 1.44% to 3.61% | 2 to 11 years | 19,155 | | 16,897 | |
| Ontario Hydro Zero Coupon Bonds, fixed rate | 2.16% to 3.27% | 4 to 8 years | 2,688 | | 2,716 | |
| | | | <u>\$ 65,165</u> | | <u>\$ 54,219</u> | |

The weighted average effective yield of this portfolio in 2015 was 1.76 % (2014 - 1.94%). Investments in bankers' acceptances are highly liquid investments with original terms to maturities of 90 days to one year.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements

March 31, 2015

(all figures in thousands)

6. ACCOUNTS RECEIVABLE

| | <u>2015</u> | <u>2014</u> |
|---|-----------------|-----------------|
| Trade accounts receivable | \$ 2,376 | \$ 2,474 |
| Tenant rents receivable | <u>14,744</u> | <u>15,414</u> |
| | 17,120 | 17,888 |
| Less allowance for doubtful accounts | <u>(13,625)</u> | <u>(14,242)</u> |
| | 3,495 | 3,646 |
| Receivables from CMHC | 2,116 | 2,125 |
| Receivables from related parties: | | |
| Government of the Northwest Territories | 259 | 83 |
| Net Accounts Receivable | <u>\$ 5,870</u> | <u>\$ 5,854</u> |

7. MORTGAGES AND LOANS RECEIVABLE

a) Mortgage and loans receivable

| | <u>2015</u> | <u>2014</u> |
|--|-----------------|-----------------|
| Corporate loan, non-interest bearing and repayable in monthly installments, secured, with a term of 10 years. | \$ 405 | \$ 462 |
| Mortgages based on Income Assessment, repayable in monthly installments at interest rates varying between 6.35% and 10.50%, secured by registered charges against real property, with a term over a maximum of 15 years. | 677 | 894 |
| Loans based on Income Assessment, repayable in monthly installments at interest rates varying between 3.00% and 12.00%, unsecured, with a term over a maximum of 15 years. | 3,698 | 4,085 |
| Restructured mortgages, repayable in monthly installments at interest rates of 3%, secured by registered charges against real property, with a term over a maximum of 25 years. | 1,866 | 1,732 |
| Restructured loans, repayable in monthly installments at interest rates varying between 3.00% and 7.20%, unsecured, with a term over a maximum of 25 years. | 8,009 | 8,363 |
| Mortgages and loans receivable | 14,655 | 15,536 |
| Less allowance for impaired mortgages and loans | <u>(10,422)</u> | <u>(11,949)</u> |
| Net mortgages and loans receivable | <u>\$ 4,233</u> | <u>\$ 3,587</u> |

The carrying value of the mortgages and loans receivable that are past due but not classified as impaired is \$1,093 (2014 - \$796) There were eight write-offs in the current year (2014 - thirteen).

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements

March 31, 2015

(all figures in thousands)

7. MORTGAGES AND LOANS RECEIVABLE (continued)

b) Homeownership assistance grants

Conditional grants have been provided by the Corporation to eligible homeowners, which are fully forgivable on the condition of the property remaining the principal residence and annual income remaining below the core need income threshold for the term of the agreement. If the conditions are not met, the grants are repayable to the Corporation. Conditional grants comprise the Homeownership Assistance grants of \$5,595 (2014 - \$5,231), which are expensed on the consolidated statement of operations and accumulated surplus.

c) Net recoveries on mortgages and loans receivable and conditional grants

| | <u>2015</u> | <u>2014</u> |
|--|-----------------|-----------------|
| Recoveries on impaired mortgages and loans | \$ 208 | \$ 522 |
| Adjustment to allowance for impaired mortgages and loans | 1,636 | 3,133 |
| Recoveries from conditional grants | 387 | 476 |
| | <u>\$ 2,231</u> | <u>\$ 4,131</u> |

8. BANK INDEBTEDNESS

| | <u>2015</u> | <u>2014</u> |
|---|-------------|-------------|
| Cheques issued in excess of deposits for certain LHOs | \$ - | \$ 632 |

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | <u>2015</u> | <u>2014</u> |
|---|------------------|------------------|
| Trade payables | \$ 11,673 | \$ 8,068 |
| Contractors holdbacks | 2,503 | 1,527 |
| Tender and security deposits | 88 | 74 |
| Wages and employee benefits | 711 | 677 |
| Accrued interest | 153 | 153 |
| Damage deposits | 1,831 | 1,774 |
| Loan guarantee obligation | 81 | - |
| Prepaid rent | 57 | 96 |
| Payables to related parties: | | |
| Government of the Northwest Territories | 3,504 | 986 |
| | | |
| | <u>\$ 20,601</u> | <u>\$ 13,355</u> |

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements

March 31, 2015

(all figures in thousands)

10. LOANS PAYABLE TO CANADA MORTGAGE AND HOUSING CORPORATION

| | 2015 | | | 2014 | |
|---|------------------|---------------------|------------------|------------------|--|
| | Debt balance | CMHC funded portion | Net debt balance | Net debt balance | |
| Mortgages payable to CMHC (NHA Section 79 debt), repayable in monthly or quarterly installments, maturing from 2016 to 2038, at interest rates from 5.94% to 19.00% (2014 - 5.94% to 19.00%). | \$ 24,642 | \$ (24,642) | \$ - | \$ - | |
| Loans payable to CMHC (NHA Section 82 debt), repayable in annual installments until the year 2033, bearing interest of 6.97% (2014 - 6.97%). These loans are guaranteed by the Government. | 17,046 | (9,470) | 7,576 | 8,110 | |
| Mortgages payable to CMHC for three housing projects acquired from third parties in accordance with the provisions of the SHA related to third party loans, maturing in 2026 and 2027, at interest rates from 2.78% to 3.68% (2014 - 2.78% to 3.68%). | 3,143 | - | 3,143 | 3,369 | |
| | <u>\$ 44,831</u> | <u>\$ (34,112)</u> | <u>\$ 10,719</u> | <u>\$ 11,479</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 National Housing Act (NHA) Section 82 debt under the SHA). Under the SHA, CMHC also agreed to provide additional funding to the Corporation to reduce 100% of the NHA Section 79 debt and to reduce by 5/9th the NHA Section 82 debt, and to fund the related interest repayments that the Corporation would make each year to CMHC. This additional funding receivable from CMHC and the related payments due by the Corporation each year on the long-term debt payable to CMHC are offset, resulting in no exchange of cash between the Corporation and CMHC.

Had CMHC not funded the repayments of the long-term debt principal and interests payable to CMHC, the Corporation would have incurred additional interest expense of \$3,794 (2014 - \$3,901) and would have made additional principal long-term debt repayments to CMHC of \$1,268 (2014 - \$1,346).

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

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements

March 31, 2015

(all figures in thousands)

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

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

| | Principal | Interest | Total |
|-------------|-----------|----------|-----------|
| 2016 | \$ 806 | \$ 639 | \$ 1,445 |
| 2017 | 844 | 590 | 1,434 |
| 2018 | 805 | 539 | 1,344 |
| 2019 | 746 | 491 | 1,237 |
| 2020 | 735 | 448 | 1,183 |
| 2021 - 2025 | 3,734 | 1,587 | 5,321 |
| 2026 - 2038 | 3,049 | 509 | 3,558 |
| | <hr/> | <hr/> | <hr/> |
| | \$ 10,719 | \$ 4,803 | \$ 15,522 |

11. OBLIGATIONS UNDER CAPITAL LEASES

The Corporation is committed to annual payments for three (2014 - ten) lease agreements for public housing units under the Public Housing Rent Supplement Programs and two (2014 - two) lease agreements for market housing units. These lease agreements are based on implicit interest rates varying from 7.00% to 8.95% and expiry dates ranging from 2015 to 2017. The lease payments may be renegotiated every five years for changes in specific operating costs such as interest rates and cost of utilities. The Corporation is also responsible for other operating costs not included in the annual lease payment.

| | Executory costs | Imputed interest | Lease obligation | Future minimum lease payments |
|--------------|-----------------|------------------|------------------|-------------------------------|
| 2016 | \$ 103 | \$ 12 | \$ 230 | \$ 345 |
| 2017 | - | 1 | 51 | 52 |
| Total | \$ 103 | \$ 13 | \$ 281 | \$ 397 |

The value of the leased housing units which are included as part of the Corporation's tangible capital assets and the related accumulated amortization as at March 31, 2015 is \$2,875 and \$2,583 respectively (2014 - \$7,220 and \$6,458 respectively).

12. ENVIRONMENTAL LIABILITIES

The Corporation has identified six housing units (five fuel spills and one sewage spill) for which an environmental liability has been recorded. The liability is calculated as estimated costs remaining to remediate the spills. The spills are expected to be remediated within the next twelve months subsequent to year end. The estimated amount of recoveries is nil. The Corporation has not identified any sites where an environmental liability may exist but no liability has been recorded.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements March 31, 2015 (all figures in thousands)

13. RETIREMENT AND POST-EMPLOYMENT BENEFITS

Pension benefits

The employees of the Corporation are covered by 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. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. The required employer contribution rate is dependent on the employee's employment start date. For employment start dates after January 1, 2013, the Corporation's contribution rate effective at year-end was 1.54 times (2014 - 1.81) the employee's contribution; and for employment start dates before December 31, 2012, the Corporation's contribution rate effective at year-end was 1.62 times (2014 - 1.52) the employee's contribution. The Corporation's and employees' contributions for the year were \$1,443 and \$932 respectively (2014 - \$1,494 and \$830 respectively). Total contributions of \$1,443 (2014 - \$1,494) were recognized as an expense in the current year.

The Government of Canada holds a statutory obligation for the payment of benefits relating to the Plan. Pension benefits generally accrue up to a maximum period of 35 years at an annual rate of 2% of pensionable service times the average of the best five consecutive years of earnings. The benefits are indexed to inflation.

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 8.00% (2014 - 8.00%). The Corporation's and employees' contribution to the NEBS Pension Plan for the year were \$459 and \$459 respectively (2014 - \$368 and \$368 respectively).

The plan serves 1,700 Employee Members and 115 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, 2014 the plan had a surplus \$15,474 (December 31, 2013 - \$8,557).

Retirement post-employment and other leave benefits

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

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

| | 2015 | 2014 |
|---|-----------------|-----------------|
| Accrued benefit obligation, beginning of year | \$ 5,195 | \$ 4,910 |
| Costs for the year | 1,898 | 1,629 |
| Benefits paid during the year | <u>(1,892)</u> | <u>(1,344)</u> |
| Accrued benefit obligation, end of year | <u>\$ 5,201</u> | <u>\$ 5,195</u> |

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements

March 31, 2015

(all figures in thousands)

14. FUNDING FROM CANADA MORTGAGE AND HOUSING CORPORATION

| | <u>2015</u> | <u>2014</u> |
|--|------------------|------------------|
| Funding received from CMHC recognized as government funding under the: | | |
| Social Housing Agreement: | | |
| Contributions for public housing rental subsidies | \$ 10,127 | \$ 10,227 |
| Contributions to non-profit housing sponsor groups and cooperatives | 3,918 | 3,918 |
| Repairs, maintenance and other costs | 1,468 | 1,473 |
| Agreement for Investment in Affordable Housing | 1,840 | 1,840 |
| Agreement for Incremental Construction Costs | - | 33 |
| Agreement for Energy Construction Monitoring | 35 | - |
| | <hr/> | <hr/> |
| | <u>\$ 17,388</u> | <u>\$ 17,491</u> |

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

On December 20, 2011 the Corporation and CMHC signed the Agreement for Investment in Affordable Housing. This \$11 million three year agreement amalgamated two existing agreements between the Corporation and CMHC: Housing Renovation Program Agreement and the Affordable Housing Agreement Extension. Funding under this agreement can be utilized under four specific housing programs: CARE, PATH, HELP and Shelter Enhancement. This Agreement was extended on February 2, 2015 for a period of five years (2014/2015 to 2018/2019) for \$18.4 million. The annual funding is cost shared with CMHC and the Corporation each contributing \$1.84 million for this program. Both parties to the Agreement will provide a total of \$14.7 million over the eight year period from 2011/2012 to 2018/2019.

15. PUBLIC HOUSING PROGRAM

| | <u>2015</u> | <u>2014</u> |
|--------------------------------------|------------------|------------------|
| Utilities, taxes and land leases | \$ 26,368 | \$ 24,832 |
| Repairs, maintenance and other costs | 9,304 | 6,350 |
| Salaries and benefits | 11,196 | 10,671 |
| Administration | 1,147 | 1,409 |
| Contribution for public housing | 1,087 | 4,223 |
| Rental housing lease | 2,890 | 2,597 |
| Interest on long-term debt | 698 | 856 |
| | <hr/> | <hr/> |
| | <u>\$ 52,690</u> | <u>\$ 50,938</u> |

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements

March 31, 2015

(all figures in thousands)

16. AFFORDABLE HOUSING

| | <u>2015</u> | <u>2014</u> |
|--------------------------------------|-----------------|-----------------|
| Utilities, taxes and land leases | \$ 986 | \$ 1,033 |
| Repairs, maintenance and other costs | 1,495 | 1,763 |
| Salaries and benefits | 1,585 | 1,510 |
| Administration | 162 | 200 |
| Rental housing lease | 57 | 165 |
| Contribution for affordable housing | <u>168</u> | <u>51</u> |
| | <u>\$ 4,453</u> | <u>\$ 4,722</u> |

17. NON-RESIDENTIAL BUILDING OPERATIONS

| | <u>2015</u> | <u>2014</u> |
|--------------------------------------|---------------|---------------|
| Utilities, taxes and land leases | \$ 206 | \$ 231 |
| Repairs, maintenance and other costs | 88 | 74 |
| Contributions | 68 | 80 |
| Non-Residential lease costs | <u>88</u> | <u>177</u> |
| | <u>\$ 450</u> | <u>\$ 562</u> |

18. ADMINISTRATION

| | <u>2015</u> | <u>2014</u> |
|-----------------------------------|------------------|------------------|
| Salaries and benefits | \$ 14,727 | \$ 14,048 |
| Building and equipment rentals | 2,211 | 1,899 |
| Administration | 652 | 1,090 |
| Travel and relocation | 664 | 1,035 |
| Professional and special services | 533 | 568 |
| Computer services | 474 | 433 |
| Materials and supplies | 240 | 244 |
| Communications | 248 | 211 |
| Workshops and studies | <u>74</u> | <u>77</u> |
| | <u>\$ 19,823</u> | <u>\$ 19,605</u> |

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements March 31, 2015 (all figures in thousands)

19. CONTRACTUAL OBLIGATIONS

The Corporation leases office space and rents supplemental public housing units and is committed to basic rental payments. The leases contain escalation clauses for operating costs and property taxes, which may cause the payments to exceed the basic rental. Included in the contractual obligations below are ongoing maintenance contributions funded by the Government of Northwest Territories. Also included in the 2016 contractual obligations are construction commitments of \$19,353 (2014 - \$5,510).

| | Total |
|-----------|----------------------|
| 2016 | \$ 23,502 |
| 2017 | 3,632 |
| 2018 | 3,280 |
| 2019 | 2,706 |
| 2020 | 2,360 |
| After | <u>5,774</u> |
| Total | <u>\$ 41,254</u> |

20. CONTINGENCIES

The Corporation provided guarantees to banks in financing certain new or renovated residential housing construction. The Corporation has the authority to provide loan guarantees to a limit of \$30,000 as established by Regulation made pursuant to the *Northwest Territories Housing Corporation Act*. As at March 31, 2015 a total of twenty five (2014 - twenty eight) loan guarantees were in effect, and the outstanding balance of loans guaranteed was \$3,592 (2014 - \$3,945). Four (2014 - four) of these loans guaranteed with a total outstanding balance of \$2,461 (2014 - \$2,769) are secured by registered charges against real property. The period covered by these guarantees extends up to 2028.

Under the terms of the Social Housing Agreement with CMHC, the Corporation is responsible for the administration of a number of loans to third parties, where CMHC is the lender or insurer of these loans. The agreement provides that the Corporation shall indemnify and reimburse CMHC for and save it harmless from all losses, costs and expenses related to these loans. The outstanding balance of these third party loans as at March 31, 2015 was \$20,550 (2014 - \$22,476). The period covered by these third party 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, 2015 is \$81 (2014 - nil) for two personal loans and is recognized under accounts payable and accrued liabilities.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements

March 31, 2015

(all figures in thousands)

21. 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, loans payable to CMHC and obligations under capital lease and are measured at amortized cost. The Corporation has exposure to the following risks from its use of financial instruments:

a) Liquidity risk

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

The table below shows when various financial liabilities mature:

| Financial liabilities | Up to 6 months | 6 months to 1 year | 1 to 5 years | Over 5 years | Total |
|--|----------------|--------------------|---------------|--------------|---------------|
| Accounts payable and accrued liabilities | \$ 20,601 | \$ - | \$ - | \$ - | \$ 20,601 |
| Loans payable to CMHC | 722 | 723 | 10,519 | 3,558 | 15,522 |
| Obligations under capital lease | 172 | 173 | 52 | - | 397 |
| Total | \$ 21,495 | \$ 896 | \$ 10,571 | \$ 3,558 | \$ 36,520 |

b) Credit risk

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

Cash equivalents and Portfolio investments

Credit risk on cash equivalents and portfolio investments arises from the possibility that the counterparty to the instrument fails to meet their obligations. In order to manage this risk, the Corporation only invests in high quality fixed income investments. The maximum exposure to credit risk is \$65,165 (2014 - \$60,420).

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 when necessary. The maximum exposure to credit risk is \$5,870 (2014 - \$5,854).

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements

March 31, 2015

(all figures in thousands)

21. FINANCIAL RISK MANAGEMENT (continued)

Mortgages and loans receivable

Credit risk on mortgages and loans receivable arises from the possibility that the borrower fails to meet their obligations. In order to manage this risk, the Corporation actively monitors mortgage and loan payments and works with borrowers to develop payment plans to resolve outstanding arrears issues. In 2013 the Corporation developed the Revised Mortgage Approach to determine new repayable loan amounts.

The maximum exposure to credit risk is \$4,233 (2014 - \$3,587).

As at March 31, 2015, \$2,407 (2014 - \$2,463) of the impaired loans are secured by homes the Corporation has the ability to sell or use in its operations in order to satisfy borrowers' commitments. The value of security is not readily determinable.

As at March 31, 2015, the following financial assets were past due but not impaired:

| Financial assets | 30 days | 60 days | 90 days | 120 days |
|--------------------------------|---------|---------|---------|----------|
| Tenants rent receivable | \$ 24 | \$ 21 | \$ 16 | \$ 21 |
| Trade accounts receivable | 405 | 25 | 33 | 169 |
| Mortgages and loans receivable | 25 | 116 | 113 | 123 |

c) Interest rate risk

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

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

| Term | Carrying value | | | | | | |
|-----------------------|----------------|--------------|--------------|---------------|---------------|-----------|-----------|
| | Within 1 year | 1 to 2 years | 2 to 5 years | 5 to 10 years | Over 10 years | 2015 | 2014 |
| Portfolio investments | \$ 34,923 | \$ - | \$ 7,927 | \$ 22,315 | \$ - | \$ 65,165 | \$ 54,219 |

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

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements

March 31, 2015

(all figures in thousands)

22. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

| | 2015 | | 2014 | |
|---------------------------------|-----------------|------------|-----------------|------------|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| Portfolio investments | \$ 65,165 | \$ 65,579 | \$ 54,219 | \$ 54,147 |
| Loans payable to CMHC | 7,576 | 9,705 | 8,110 | 10,103 |
| Mortgages payable to CMHC | 3,143 | 3,303 | 3,369 | 3,376 |
| Obligations under capital lease | 281 | 281 | 1,216 | 1,314 |

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

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

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

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

23. RELATED PARTY TRANSACTIONS

The Corporation is related in terms of common ownership to all Government of the Northwest Territories created departments, territorial corporations and public agencies. Except for services provided without charge, the Corporation enters into transactions with these entities in the normal course of business, under terms and conditions similar to those with unrelated parties. Significant transactions with related parties and balances at year-end are disclosed separately in the consolidated financial statements and notes thereto.

24. COMPARATIVE FIGURES

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

25. BUDGETED FIGURES

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

NORTHWEST TERRITORIES HOUSING CORPORATION

Consolidated Schedule of Tangible Capital Assets March 31, 2015 (all figures in thousands)

Schedule A

| | Opening balance | Acquisitions | Disposals/ transfers | Write-down | Cost | Opening balance | Amortization | Disposals | Accumulated amortization | | Net book value |
|--------------------------------|-----------------|---------------|----------------------|----------------|----------------|-----------------|---------------|----------------|--------------------------|----------------|----------------|
| | | | | | | | | | Closing balance | Disposals | |
| | | | | | | | | | 2015 | 2014 | |
| Land | 6,381 | 391 | (89) | - | 6,683 | - | - | - | - | 6,683 | 6,381 |
| Public housing | 296,731 | 8,714 | (4,955) | (597) | 299,893 | 136,664 | 8,351 | (4,593) | 140,422 | 159,471 | 160,067 |
| Affordable housing | 65,617 | 1,242 | (1,876) | (132) | 64,851 | 16,798 | 2,428 | (463) | 18,763 | 46,088 | 48,819 |
| Non-residential properties | 8,069 | - | - | (378) | 7,691 | 3,780 | 152 | - | 3,932 | 3,759 | 4,289 |
| Construction in progress | 6,053 | 26,457 | (13,347) | (318) | 18,845 | - | - | - | - | 18,845 | 6,053 |
| Sub-total | 382,851 | 36,804 | (20,267) | (1,425) | 397,963 | 157,242 | 10,931 | (5,056) | 163,117 | 234,846 | 225,609 |
| Property and equipment: | | | | | | | | | | | |
| Warehouses and offices | 9,282 | 3,141 | - | - | 12,423 | 4,660 | 455 | - | 5,115 | 7,308 | 4,622 |
| Office furniture and equipment | 5,436 | 75 | - | - | 5,511 | 4,925 | 107 | - | 5,032 | 479 | 511 |
| Mobile equipment | 1,827 | 328 | (67) | (7) | 2,081 | 1,161 | 195 | (57) | 1,299 | 782 | 666 |
| Software | 114 | - | - | - | 114 | 10 | 12 | - | 22 | 92 | 104 |
| Leasehold Improvements | 728 | - | - | - | 728 | 728 | - | - | 728 | - | - |
| Sub-total | 17,387 | 3,544 | (67) | (7) | 20,857 | 11,484 | 769 | (57) | 12,196 | 8,661 | 5,903 |
| Total | 400,238 | 40,348 | (20,334) | (1,432) | 418,820 | 168,726 | 11,700 | (5,113) | 175,313 | 243,507 | 231,512 |

NORTHWEST TERRITORIES HOUSING CORPORATION

Schedule A

Consolidated Schedule of Tangible Capital Assets **March 31, 2015** (all figures in thousands)

During the year, an agreement was signed between the Corporation and Government of the Northwest Territories to transfer to the Corporation 838 lots in fee simple title for a nominal consideration of one dollar (\$1.00) in accordance with the Government of the Northwest Territories Land Pricing Policy 21.01. The Corporation has recorded the acquisition of this land in the current year at its nominal value. The legal transfer of the lots is expected to occur over the next several fiscal years.

