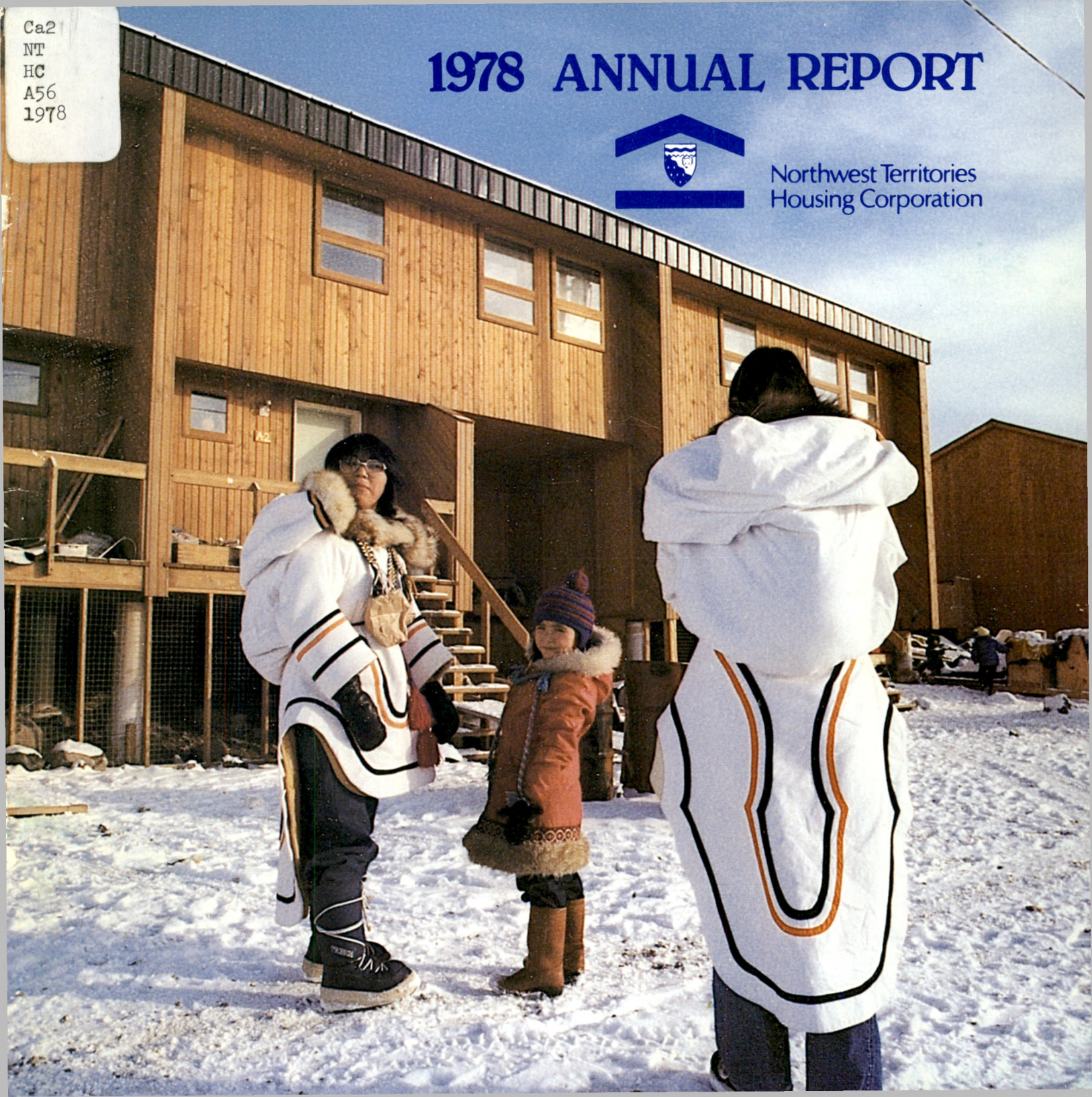


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1978 ANNUAL REPORT



Northwest Territories
Housing Corporation



Board of Directors in 1978

Chairman

Mr. John H. Parker
Deputy Commissioner,
Government of the Northwest Territories

Vice-Chairman

Mr. Simeon Aklunark
Rankin Inlet, N.W.T.

Mr. George J. Forrest
Managing Director

Mr. Ib Kristensen
Fort Smith, N.W.T.

Mr. John Steen
Tuktoyaktuk, N.W.T.

Mr. David Kanayok
Holman Island, N.W.T.

Mr. Bryan Pearson
Frobisher Bay, N.W.T.

Mr. James Arvaluk
Frobisher Bay, N.W.T.

Mr. Steve Brooks
Hay River, N.W.T.

Mr. Leo Hardy
Norman Wells, N.W.T.

The appointment of Mr. Richard Whitford, Yellowknife,
expired on October 15th, 1978.

Head Office

Northwest Territories Housing Corporation
P.O. Box 2100, Yellowknife, N.W.T.
(403) 873-7853

District Offices

Northwest Territories Housing Corporation
P.O. Box 2200, Inuvik, N.W.T.
(403) 979-2880

Northwest Territories Housing Corporation
P.O. Box 1750, Hay River, N.W.T.
(403) 874-6396

Northwest Territories Housing Corporation
Rankin Inlet, N.W.T.
(819) 645-2654

Northwest Territories Housing Corporation
Cambridge Bay, N.W.T.
(403) 983-2276

Northwest Territories Housing Corporation
P.O. Box 418, Frobisher Bay, N.W.T.
(819) 979-5266

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1978

Front Cover:

Row Housing (Multiple Units) Frobisher Bay
Photo by Michael S. Turner

The Northwest Territories Housing Corporation develops, maintains and manages social housing and other housing programs for the benefit of all residents of the Northwest Territories.

As a publicly owned business, established by the Northwest Territories Housing Corporation Ordinance 1972, funded and controlled by the Commissioner and the Legislative Assembly of the Northwest Territories, it is guided by a Board of Directors appointed by the Commissioner and Legislative Assembly. The day-to-day operations of the Corporation are directed by the Managing Director, who is also a member of the Board.

The objectives of the Corporation were re-stated by the Board of Directors in 1978:

To develop, co-ordinate and direct social housing programs based on need, environment and research, so as to make available an adequate standard of housing to all residents of the Northwest Territories;

To become involved in community design (subdivision planning);

To build, maintain and operate the Corporation's facilities as prudent landlords;

To encourage and facilitate home ownership in the Northwest Territories and to develop proper and workable formulae to achieve this end.

1978 was the fifth year of operation of the Northwest Territories Housing Corporation.



Mrs. Elizabeth Mercredi, the oldest resident of Sunset Garden Chalet, a senior citizens' project in Fort Smith, cuts the ribbon at the opening ceremony.

LETTERS OF TRANSMITTAL

Mr. John H. Parker,
Chairman, Board of Directors,
Northwest Territories Housing Corporation

Dear Sir:

I am pleased to submit to you the Report of Operations together with the Financial Statement of the Northwest Territories Housing Corporation for its fiscal year ended December 31, 1978.

Respectfully submitted



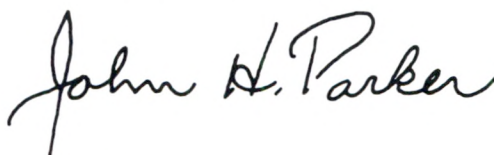
George J. Forrest
Managing Director

Mr. S. M. Hodgson,
Commissioner,
Government of the Northwest Territories

Dear Sir:

I have the honour of submitting herewith the fifth annual report of the Northwest Territories Housing Corporation for the fiscal year ended December 31st, 1978, including financial statements duly certified by the Auditor General of Canada, as required by the Northwest Territories Housing Corporation Ordinance.

Respectfully submitted



John H. Parker
Chairman



Sunset Garden Chalet, Fort Smith



Log house built in Lac La Martre under the Small Settlement Home Assistance Grant program.

CHAIRMAN'S REPORT

In April of 1978, the Board of Directors of the Northwest Territories Housing Corporation appointed George Forrest as Managing Director. Mr. Forrest, who came from Toronto, Ontario, brings to the North over 20 years of experience in the field of construction. His work has taken him all over Canada and to many countries abroad.

At the time of Mr. Forrest's appointment to the position of Managing Director, the Board created the position of General Manager to provide more resources at the management level. Dennis Lowing was appointed to fill the position of General Manager.

In 1978, the Legislative Assembly increased the size of the Board from eight to 10 members to provide for better representation of the people of the Northwest Territories. James Arvaluk of Frobisher Bay was appointed to the Board. Richard Whitford's appointment expired and Leo Hardy of Norman Wells and Steve Brooks of Hay River were appointed. The three new members joined Simeon Aklunark, Vice-Chairman, John Steen, Bryan Pearson, Ib Kristensen, David Kanayok, George Forrest, Managing Director, and myself as Chairman to complete the 10-member Board.

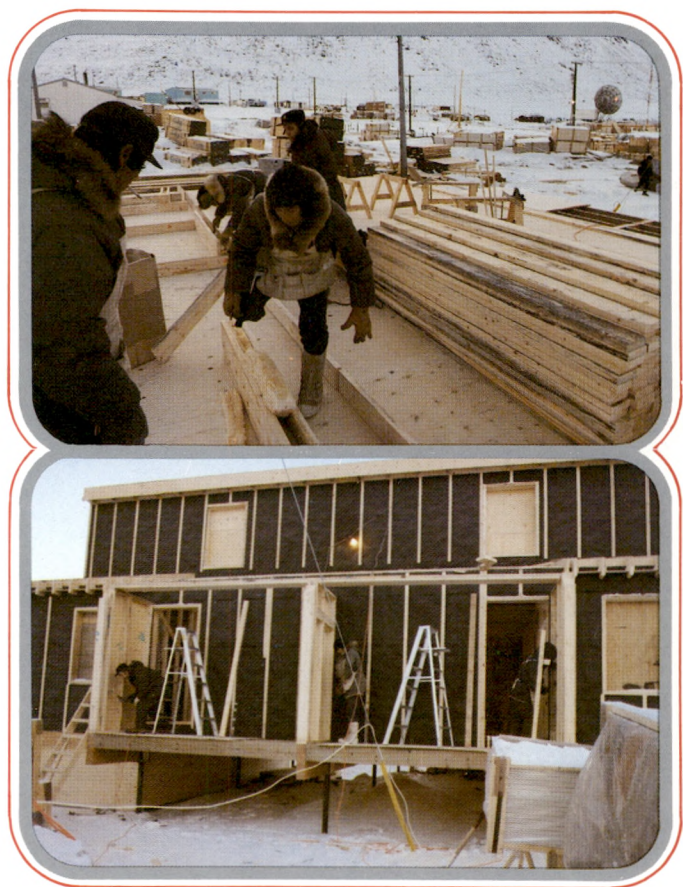
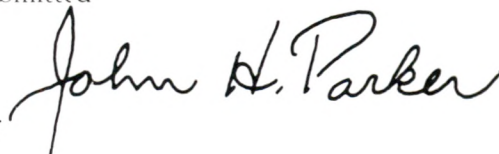
The total budget for 1978 for capital and operations and maintenance was \$34,907,000.00.

The Corporation under its new management made good progress involving the local people in the construction program with 79% of the erection contracts for prefabricated units going to Northern contractors. Many uncompleted construction projects from previous years were completed. A new rental scale was fully implemented across the Territories. The field staff of the Corporation was strengthened and more emphasis was placed on training of housing association staff to provide more efficient administration at the local level.

On behalf of the Board of Directors, I would like to thank the staff of the Housing Corporation for their loyalty, hard work and dedication towards the provision of housing.

Respectfully submitted

John H. Parker
Chairman



Pangnirtung Construction Training Project

1978 PROGRAMS AND ACTIVITIES

Board Activities

In addition to the regular board meetings in Yellowknife, the board held its June board meeting in Fort Smith so that the board could take part in the official opening of the senior citizens' home in Fort Smith.

Board of Directors

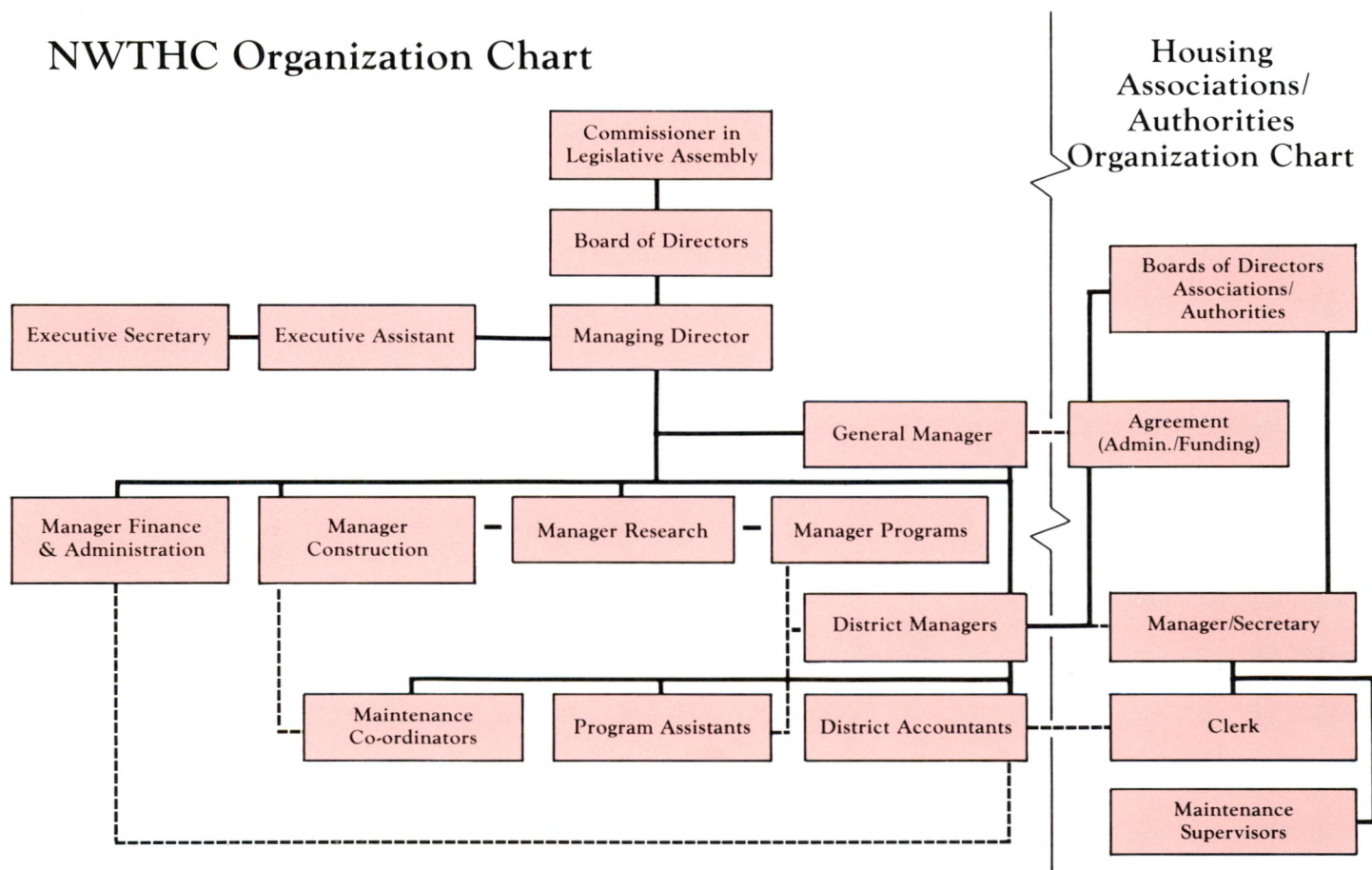
Rear (left to right) George Forrest, Managing Director, Steve Brooks, James Arvaluk, Ib Kristensen, John Steen and Leo Hardy

Front (left to right) David Kanayok, John H. Parker, Chairman, Simeon Aklunark, Vice-Chairman, and Bryan Pearson.



1978 PROGRAMS AND ACTIVITIES

NWTHC Organization Chart



Construction Program

The 1978 construction program consisted of 162 units. Ninety-seven of these units were single-family prefabricated units. Twenty-five multiple family dwellings and 24 single persons' units were constructed in Frobisher Bay and 16 duplex units in Pangnirtung.

Community	No. of Units	Community	No. of Units
(Public Housing)		Sankikiluaq	5
Single Family		Tuktoyaktuk	7
Aklavik	6	Whale Cove	3
Arctic Bay	5		
Cambridge Bay	12	Multiple Units	
Cape Dorset	5	Frobisher Bay	25
Eskimo Point	24	Pangnirtung	16
Gjoa Haven	6		
Holman Island	3	Single Persons' Accommodation	
Igloodik	8	Frobisher Bay	24
Lake Harbour	3		
Pond Inlet	10		

1978 PROGRAMS AND ACTIVITIES

All of the single family prefabricated units were built under Section 43 of the National Housing Act which provides loans for 90% of the capital cost. The operating and maintenance deficits are cost-shared 50/50 by CMHC under Section 44-1 (b) of the National Housing Act. The multiple units and single persons' accommodation were stick-built and financed under Section 40 of the National Housing Act which provides a partnership sharing whereby CMHC is responsible for 75% of the capital cost and operating deficits.

Construction Training

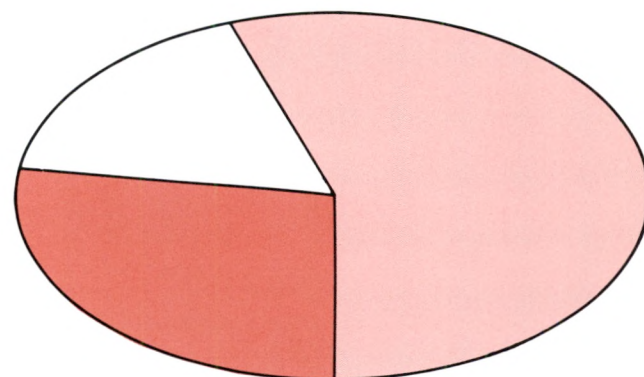
Of 18 duplex units built in Pangnirtung, two units were built under a training program in co-operation with Canada Manpower and CMHC. Six residents of Pangnirtung, were chosen as trainees to participate in this pilot training project. They will be responsible to entirely build these units except for the sub-trade portions of plumbing, heating and mechanical work. With the successful completion of this project in the spring of 1979, it is expected that the program will be continued in Pangnirtung and other interested communities.

Senior Citizens' Accommodation

Two senior citizens' homes were completed in 1978, one in Aklavik and the other in Fort Smith. The Joe Greenland Centre in Aklavik has 15 units, eight of which are for extended care.

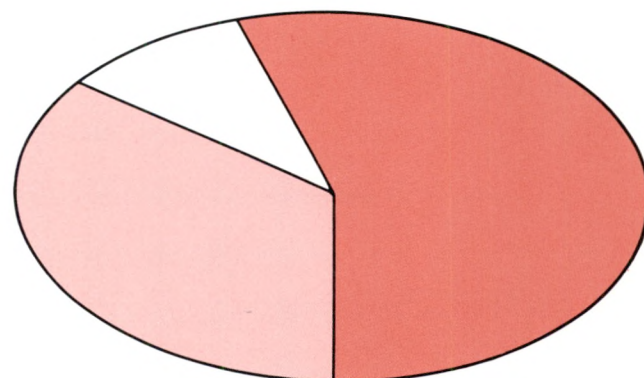
Sunset Garden Chalet in Fort Smith has 21 self-contained units. Both these facilities were planned in consultation with the community and are being well-utilized by the senior citizens. A senior citizens' home is in the process of being planned for Fort Providence.

An agreement was signed between the Housing Corporation and the Departments of Health and Social Services to provide for a working committee composed of members from each of these departments to consult with the communities when the possibility of a need for senior citizens' accommodation is identified by a community.



Source of Construction Capital

	CMHC Borrowing	55.7% — \$12.8M
	GNWT Grant	25.6% — \$ 5.9M
	CMHC Partnership	18.7% — \$ 4.3M



Use of Funds

	Capital Investment	34.9% — \$10.7M
	Program Delivery	55.0% — \$16.9M
	Administration	10.1% — \$ 3.1M

1978 PROGRAMS AND ACTIVITIES

Funding for these projects is obtained from CMHC under Section 40 of the National Housing Act whereby CMHC shares 75% of the capital and the operating deficit.

The administration of these facilities is handled by the local housing associations/authorities.

Rural and Remote Housing Program

Home ownership continues to be the desire of many people living in the Territories. Where ownership is feasible, the Housing Corporation is striving to assist people into home ownership as an alternative to rental housing. The Rural and Remote Housing Program is a subsidy program operated in partnership with CMHC under Section 40 of the National Housing Act to assist lower income families to buy or build a modestly-priced home. Thirteen families in five communities became homeowners in 1978 under the Rural and Remote Housing Program which subsidizes mortgage payments so that the owner is paying a maximum of 25% of income.

Community	No. of Families
Fort Smith	3
Fort Simpson	2
Hay River	2
Aklavik	2
Fort McPherson	4

Interim Financing

Interim financing is designed to provide temporary bridge financing to members of registered building co-operatives for the purchase of land, labour or materials, after receiving mortgage approval but prior to obtaining advances under their mortgages. Interest is charged at 1% over the established mortgage rate. Sixteen families in Yellowknife and one family in Fort Smith used this program.

Small Settlement Home Assistance Grant Program

The Small Settlement Home Assistance Grant is a program to encourage families in designated communities to build their own homes from locally available material, such as logs. A grant of up to \$10,000 is made available to cover the cost of manufactured components such as windows, doors, hardware, etc. needed to complete the home. Included in this grant of \$10,000 is \$2,500 for the cost of shipping the materials to the community. In 1978, 21 families in five communities used this grant program to build their own homes.

Community	No. of Families
Fort Liard	10
Rae Lakes	2
Snare Lakes	2
Fort Norman	2
Fort Good Hope	5

In 1978, the communities designated by the Board of Directors of the Housing Corporation as being eligible to receive the Small Settlement Home Assistance Grants were: Colville Lake, Echo Bay/Port Radium, Enterprise, Fort Liard, Jean Marie River, Kakisa Lake, Lac La Martre, Nahanni Butte, Rae Lakes, Reliance, Rocher River, Trout Lake, Wrigley, Hay River Reserve, Snowdrift, Fort Franklin, Fort Norman, Fort Good Hope, Arctic Red River, Fort Wrigley, Fort McPherson.

Small Settlement Shelter Grant Program

In 1978, the Board approved the Small Settlement Shelter Grant Program which is a grant program for designated communities above the treeline. The total grant is for \$10,000 which covers the cost of a very basic prefabricated house shell and the cost of transportation. The basic building package is available in several different plans. One family in Bay Chimo and one family in Bathurst Inlet used this program in 1978. The designated communities are Bay Chimo and Bathurst Inlet.

1978 PROGRAMS AND ACTIVITIES

New Rental Scale

The rental scale developed in 1977 was fully implemented across the Territories in April of 1978. This rental scale allows for five different cost zones throughout the Territories. Each cost zone has a basic living allowance determined to include the cost of food, clothing and personal care.

The total basic living allowance is deducted from a person's gross income and rent is calculated at 25% of the residual income. This method of calculation should provide a more equitable scale since it takes into consideration for example, the higher cost of living in the high Arctic as opposed to the Mackenzie Valley.

Maximum rentals were implemented in January of 1978 to bring maximum rents for public housing into line with government staff housing.

The rental scale has yet to be approved by CMHC. In the meantime, the Housing Corporation is responsible for the shortfall caused by the reduced rents under the new scale. The Corporation is hopeful that with a more equitable scale more people will be encouraged to pay rent thus preventing the accumulation of rental arrears.

Housing Association Training

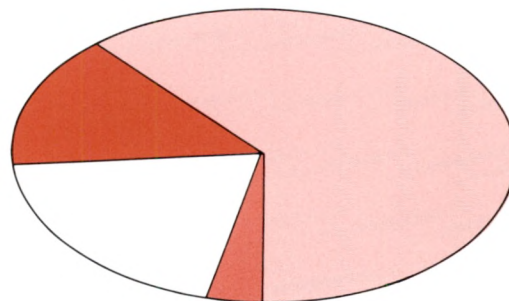
In December, a very successful workshop, the Western Arctic and Mackenzie Housing Conference, was held in Hay River for 72 delegates from 18 communities. This conference, which was cost-shared by Canada Mortgage and Housing Corporation and the Northwest Territories Housing Corporation provided an excellent exchange of ideas and allowed discussion on consistent guidelines and procedures for housing programs throughout the districts of Hay River, Inuvik and Yellowknife. It is planned to have a similar workshop in the Keewatin in 1979.

Public Information Program

Production of a public information program in English and Inuktitut, cost-shared with Canada Mortgage and Housing Corporation, was begun in 1978 to provide manuals and brochures and slides to be used in the training of housing association personnel and for distribution to the tenants of rental housing and the general public.

Northern Housing Task Force

1978 marked a major step for the Housing Corporation by the formation of a Northern Housing Task Force co-chaired by Canada Mortgage and Housing Corporation, and the Northwest Territories Housing Corporation with participation by the Government of the Northwest Territories, the Inuit Non-Profit Housing Corporation, and the Mackenzie Valley Housing Association. The task force recommendations which will be completed in 1979 will be a working document to form the basis of a standard operating procedures manual and set the policy for the Housing Corporation.



Source of Operating & Maintenance Funds

	GNWT	65%—\$13,400.6M
	CMHC	17%—\$3,619.2M
	Rental Revenue	13%—\$2,811.1M
	Depreciation, Amortization & Interest Income	5%—\$1,080.5M

FINANCIAL STATEMENTS

The Commissioner and
Council of the Northwest Territories
Yellowknife, Northwest Territories

I have examined the balance sheet of the Northwest Territories Housing Corporation as at December 31, 1978 and the statements of expense, equity and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

As disclosed in Note 2, investment in projects includes an amount of \$10,654,000 which is the original cost of certain Northern Rental Houses transferred on January 1, 1974 to the Corporation by the Government of the Northwest Territories. The Corporation is in the process of establishing detailed fixed asset records and determining the estimated useful life of the assets. Until such time as this detailed information is available, depreciation is not being recorded on these assets.

In my opinion, except for the failure to record depreciation on Northern Rental Houses, these financial statements present fairly the financial position of the Northwest Territories Housing Corporation as at December 31, 1978 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles which, except for the change in accounting policy for the salaries of construction support staff referred to in Note 3, have been applied on a basis consistent with that of the preceding year.

Auditor General of Canada



Senior Deputy Auditor General
for the Auditor General of Canada
May 11, 1979 Ottawa, Ontario

Balance Sheet as at December 31, 1978

Assets

	1978	1977
Current		
Cash and short-term deposits	\$ 1,086,959	\$ 2,902,140
Accounts receivable:		
Central Mortgage and Housing Corporation	5,679,541	4,806,092
Others	903,215	769,417
	<u>7,669,715</u>	<u>8,477,649</u>
Investment in projects, at cost — Schedule (Notes, 4, 5 & 6)	69,233,579	58,671,792
Fixed assets at cost less accumulated depreciation (Note 7)	632,843	607,331
	<u>\$ 77,536,137</u>	<u>\$ 67,756,772</u>

Liabilities

Current		
Accounts payable	\$ 1,831,725	\$ 2,373,886
Accrued interest	3,592,616	2,061,231
Due to the Government of the Northwest Territories	1,404,869	944,843
Holdbacks payable	428,545	1,012,430
Current portion of long-term debt	76,132	70,162
	<u>7,333,887</u>	<u>6,462,552</u>
Long-term debt (Note 8)		
Loans payable to Central Mortgage and Housing Corporation less principal of \$27,949 due within one year	27,135,296	16,056,767
Advances from Central Mortgage and Housing Corporation	11,791,104	14,495,750
Loans payable to Canada less principal of \$48,183 due within one year	686,198	730,756
	<u>\$ 39,612,598</u>	<u>\$ 31,292,273</u>

Equity

Equity of the Northwest Territories	30,589,652	30,001,947
	<u>\$ 77,536,137</u>	<u>\$ 67,756,772</u>

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

Approved:



Managing Director

Approved on behalf of the Board:



Chairman

Statement of Equity for the year ended December 31, 1978

	1978	1977
Equity at beginning of the year	\$ 30,001,947	\$ 25,222,817
Grants provided by the Northwest Territories		
Operating	11,134,200	11,399,069
Capital	5,892,000	5,000,000
	<u>47,028,147</u>	<u>41,621,886</u>
Net expense for the year	16,438,495	11,619,939
Equity at end of the year	<u>\$ 30,589,652</u>	<u>\$ 30,001,947</u>

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

Statement of Expense for the year ended December 31, 1978

Expense	1978	1977
Program		
Contributions to Housing Authorities/Associations	\$ 13,249,809	\$ 9,117,251
Interest on long-term debt	2,726,070	1,575,501
Special programs and subsidies	199,507	177,964
Workshops and studies	190,232	—
Depreciation	141,201	107,915
Small settlement home ownership assistance	125,096	270,190
Net cost of apartment operations (Note 9)	102,168	179,313
Mortgage forgiveness and administration	198	676
	<u>16,734,281</u>	<u>11,428,810</u>
Site work, start-up and improvements	1,065,642	632,345
Administration		
Salaries and employee benefits	1,975,276	1,298,642
Travel	322,301	278,986
Rentals — buildings and equipment	191,461	146,438
Recruitment and removal	167,863	152,480
Professional and special services	162,719	195,415
Communications	135,719	116,765
Depreciation	55,704	47,032
Directors fees and expenses	47,746	47,373
Materials and supplies	31,061	55,074
Repairs and utilities	15,557	14,771
Interest	6,055	7,699
	<u>3,111,462</u>	<u>2,360,675</u>
	<u>20,911,385</u>	<u>14,421,830</u>
Deduct		
Expenditure recoveries — Housing programs (Note 10)	3,619,247	2,020,245
Interest income	440,120	516,819
Rental revenue from Housing Authorities / Associations and other agencies under bulk lease agreements	159,852	100,246
Rental revenue from staff accommodation	23,340	14,471
Gain on sale of fixed assets	6,233	70,273
Other expenditure recoveries	224,098	79,837
	<u>4,472,890</u>	<u>2,801,891</u>
Net expense for the year	<u>\$ 16,438,495</u>	<u>\$ 11,619,939</u>

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

Statement of Changes in Financial Position for the year ended December 31, 1978

Funds provided

	1978	1977
Grants provided by the Northwest Territories		
Operating	\$ 11,134,200	\$ 11,399,069
Capital	5,892,000	5,000,000
	<u>17,026,200</u>	<u>16,399,069</u>
Proceeds of long-term borrowing	8,391,594	12,814,177
Proceeds from sale of fixed assets	—	179,153
Principal repayments on mortgage loans	97,436	87,224
	<u>25,515,230</u>	<u>29,479,623</u>

Funds applied

Operations		
Net expense for the year	16,438,495	11,619,939
Less items not involving an outlay or receipt of funds (net)	167,473	74,597
	<u>16,271,022</u>	<u>11,545,342</u>
Capital project expenditure	10,778,317	18,019,189
Acquisition of fixed assets	83,637	316,912
Reduction of long-term debt	61,523	60,793
	<u>27,194,499</u>	<u>29,942,236</u>
Decrease in working Capital	(1,679,269)	(462,613)
Working Capital, beginning of the year	2,015,097	2,477,710
Working Capital, end of the year	<u>\$ 335,828</u>	<u>\$ 2,015,097</u>

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

Notes to Financial Statements for the year ended December 31, 1978

1. OBJECTIVE OF THE CORPORATION

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

2. SIGNIFICANT ACCOUNTING POLICIES

Projects under construction

The cost of projects constructed by the Corporation is financed from proceeds of loans from Central Mortgage and Housing Corporation and by capital grants, which are recorded when received from the Government of the Northwest Territories.

During the construction period, interest on the applicable loan advances are added to the cost of capital projects.

Investments under Federal-Territorial agreements

The investments recorded under Federal-Territorial agreements include only the Corporation's share of the capital cost of housing projects constructed jointly with Central Mortgage and Housing Corporation.

Depreciation of investment in projects

Public housing projects constructed in accordance with terms of the National Housing Act, are, when completed, depreciated by the sinking fund method based on the principal repayment of the applicable long-term loans. Investments under Federal-Territorial agreements are amortized in a similar manner.

Northern Rental Houses were transferred to the Corporation by the Government of the Northwest Territories at their cost of \$10,654,000. Depreciation has not been charged on these buildings and subsequent acquisitions.

Depreciation of fixed assets

	Annual Rate	Basis
Buildings	5%	Straight line
Office furniture and equipment	20%	Declining balance

	Annual Rate	Basis
Leasehold improvements		Straight line over terms of the lease plus one renewal term

Operating Grants

The Corporation receives operating grants from the Government of the Northwest Territories and records these as equity when received.

Contributions to Housing Authorities/Associations

Houses owned by the Corporation are operated by local Housing Authorities/Associations. The Corporation provides contributions to cover operating deficits incurred by these Housing Authorities/Associations. It is the policy of the Corporation to include as accounts payable at December 31 only those additional operating contributions pertaining to that year that are known and paid during the two months following the year-end.

3. CHANGE OF ACCOUNTING POLICY

In 1978, the Corporation revised its accounting policy to charge salaries of construction support staff as an operating expense. This change, which was not applied retroactively, increased net expense for the year by \$288,649 and decreased investment in capital projects by the same amount.

4. NOTES RECEIVABLE AND OPTIONS

(a) Central Mortgage and Housing Corporation has agreed to lend \$1,056,000 to a third party to finance the construction of a low income housing project.

The loan is repayable in monthly instalments to September 1, 2026, bears interest at 8% and is secured by a first mortgage.

At a cost of \$28,602 the Corporation has purchased an exclusive option to acquire the housing project from the third party on September 1, 1991.

Notes to Financial Statements for the year ended December 31, 1978

If the option is exercised the purchase price will be the aggregate of:

- (i) \$105,988 in cash; and,
- (ii) the balance owing under the mortgage at September 1, 1991.

Should the Corporation not exercise its option within the allowed period, the option consideration of \$28,602 will be forfeited to the third party and an interest-free note receivable which the Corporation holds from that third party, in the amount of \$77,386 will be forgiven as compensation for damages.

(b) Under similar circumstances and conditions as above,

the Corporation has purchased at a cost of \$58,398 an option to acquire a second housing project.

The principal of the loan was \$2,168,290 and the purchase price of the project will be:

- (i) \$221,873 in cash; and,
- (ii) the balance owing under the mortgage at September 1, 1991.

If the option is not exercised, the option consideration of \$58,398 will be forfeited and an interest free note receivable which the Corporation holds from that third party in the amount of \$163,476 will be forgiven as compensation for damages.

5. INVESTMENT IN PROJECTS

Details of cost of buildings, investments under Federal-Territorial agreements, and their related accumulated depreciation and amortization included in investment in projects are as follows:

	Public Housing	Senior Citizens Housing	R & R Home Owner- ship	Total
Buildings at cost	\$ 39,477,578	—	—	\$ 39,477,578
Less accumulated depreciation	331,172	—	—	331,172
	<u>\$ 39,146,406</u>	<u>—</u>	<u>—</u>	<u>\$ 39,146,406</u>
Investments under Federal-Territorial Agreements	\$ 2,230,173	\$959,410	\$ 326,502	\$ 3,516,085
Less accumulated amortization	11,076	5,169	—	16,245
	<u>\$ 2,219,097</u>	<u>\$954,241</u>	<u>\$ 326,502</u>	<u>\$ 3,499,840</u>

6. MORTGAGES

Mortgages receivable comprise the following:

	1978	1977		1978	1977
First mortgages bearing interest rates varying between 6% and 7¼% per annum repayable over a maximum period of 25 years	\$ 407,168	\$ 495,646	Second mortgages, administered by Central Mortgage and Housing Corporation, bearing interest at 9½% per annum, repayable over a maximum period of 25 years	35,482	44,039
Rural and remote housing first mortgages bearing interest at 10¼% per annum, repayable over a maximum period of five years	36,679	—	Second mortgages, interest-free, repayable over a maximum period of 10 years	3,415	3,816
				<u>\$ 482,744</u>	<u>\$ 543,501</u>

Notes to Financial Statements for the year ended December 31, 1978

7. FIXED ASSETS

Fixed assets which are stated at cost, comprise the following:

	1978	1977
Staff houses	\$ 370,816	\$ 360,276
District offices	161,039	110,518
Office furnishings and equipment	133,766	115,917
Leasehold improvements	98,428	98,428
	<u>764,049</u>	<u>685,139</u>
Less accumulated depreciation	131,206	77,808
	<u>\$ 632,843</u>	<u>\$ 607,331</u>

8. LONG-TERM DEBT

Loans from Central Mortgage and Housing Corporation are repayable in annual amounts until the year 2028 and bear interest at an average weighted rate of 9.85%.

Advances from Central Mortgage and Housing Corporation which bear interest at an average weighted rate of 10.03% represent interim financing for construction of housing projects and are recorded as loans payable after the applicable interest adjustment date.

Loans from Canada are repayable in annual amounts through 1996 and bear interest at an averaged weighted rate of 7.12%.

Principal repayments required over the next five years on outstanding loans exclusive of advances are as follows:

1979	—	\$ 78,740
1980	—	84,751
1981	—	91,233
1982	—	98,235
1983	—	105,870

The repayment of principal and interest on borrowings by the Corporation is guaranteed by the Commissioner of the Northwest Territories under provision of Section 15 of the Northwest Territories Housing Corporation Ordinance.

9. RENTAL OPERATIONS

The Corporation leases two apartment buildings to provide housing in the City of Yellowknife. The results of operating these apartments are outlined as follows:

	1978	1977
Rents	\$ 411,018	\$ 412,531
Expenses:		
Operating	513,186	537,655
Prior year loss written off	—	54,189
	<u>513,186</u>	<u>591,844</u>
Net cost of apartment operations	<u>\$ 102,168</u>	<u>\$ 179,313</u>

10. EXPENDITURE RECOVERIES

Under the terms of the National Housing Act, a proportion of the deficits incurred in operating low rental housing projects built under the Act, are recovered from Central Mortgage and Housing Corporation.

11. COMMITMENTS

The Corporation leases office space and apartment buildings under long-term contracts and is committed to rental payments of \$380,000 during each of the next five years.

At December 31, 1978 the Corporation was committed in the amount of \$2,000,000, for construction and land assembly projects not completed.

12. PROCEEDS OF LONG-TERM BORROWING

Under debenture loan agreements with Central Mortgage and Housing Corporation, the Northwest Territories Housing Corporation obtains loans for up to 90% of the construction costs of public housing and land assembly projects. Based on construction costs incurred to December 31, 1978, approximately \$10,000,000 is available to be drawn by the Corporation under these agreements.

13. COMPARATIVE FIGURES

Comparative figures for 1977 have been restated to conform to the current year presentation.

Investment in Projects December 31, 1978

Schedule

	Housing Loans	Northern Rental Houses	Public Housing	Land Assembly	Senior Citizens Housing	Rural and Remote Home- Ownership	Total 1978	Total 1977
Mortgages (note 6)	\$ 482,744	\$	\$	\$	\$	\$	\$ 482,744	\$ 543,501
Projects								
—at transferred amount		10,654,000					10,654,000	10,654,000
—at cost		2,736,530					2,736,530	2,736,530
—at cost less accumulated depreciation (note 5)			39,146,406	216,352			39,362,758	22,882,661
Investments under Federal- Territorial agreements at cost less accumulated amortization (note 5)			2,219,097		954,241	326,502	3,499,840	2,285,775
Construction in progress, at cost			10,870,580	1,299,265			12,169,845	19,241,463
Notes receivable (note 4)	240,862						240,862	240,862
Purchase options (note 4)			87,000				87,000	87,000
Total 1978	\$ 723,606	\$13,390,530	\$52,323,083	\$ 1,515,617	\$ 954,241	\$ 326,502	\$69,233,579	—
Total 1977	\$ 784,363	\$13,390,530	\$42,498,964	\$ 1,130,694	\$ 867,241	\$ —	\$ —	\$58,671,792