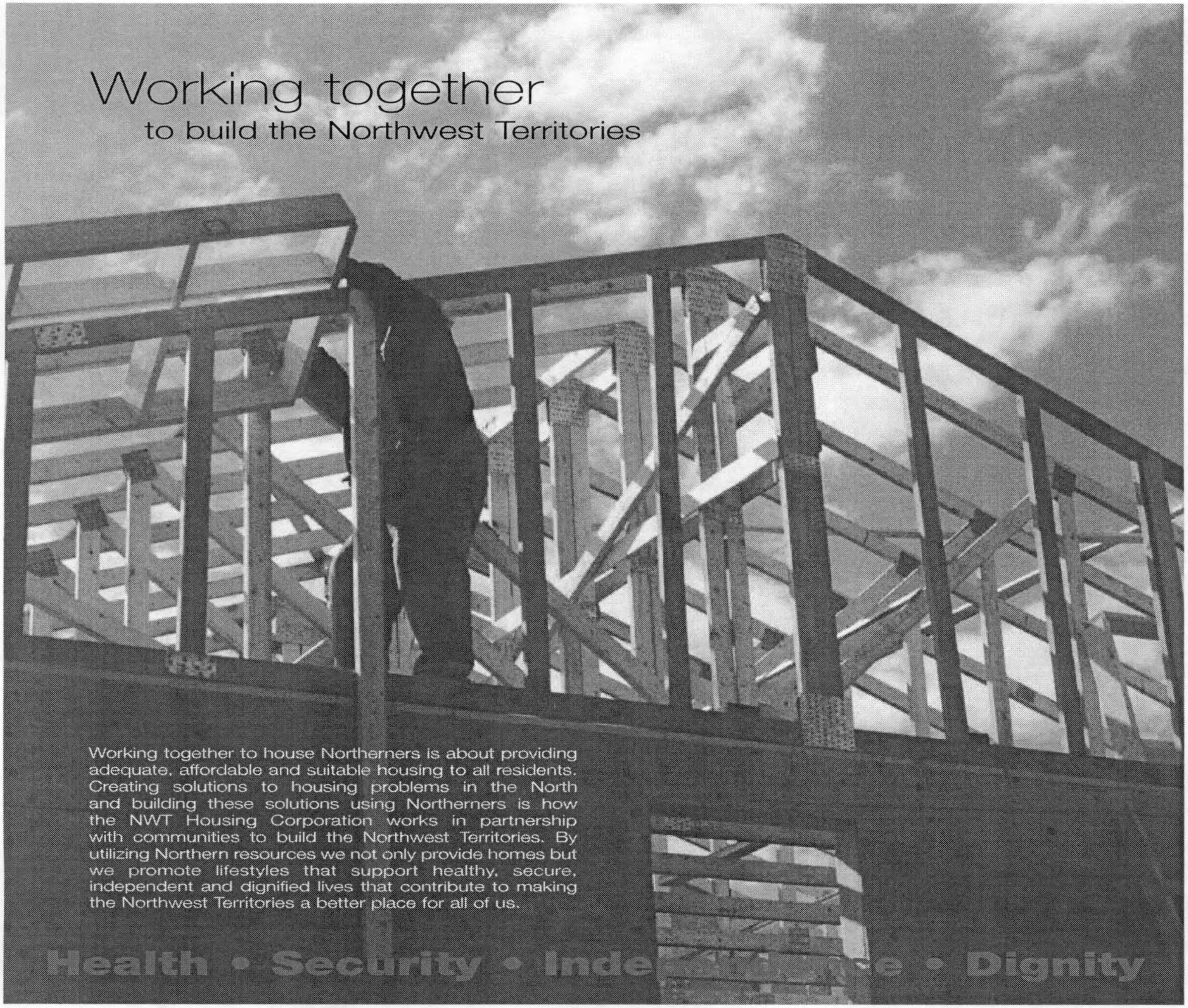
ANNUAL REPORT

Building the Northwest Territories

Bâtir les Territoires du Nord-Ouest

NWT Housing Corporation
1999/2000 Annual Report

Rapport annuel de la Société d'habitation des Territoires du Nord-Ouest (1999-2000)

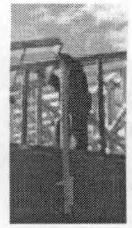


Working together

to build the Northwest Territories

Working together to house Northerners is about providing adequate, affordable and suitable housing to all residents. Creating solutions to housing problems in the North and building these solutions using Northerners is how the NWT Housing Corporation works in partnership with communities to build the Northwest Territories. By utilizing Northern resources we not only provide homes but we promote lifestyles that support healthy, secure, independent and dignified lives that contribute to making the Northwest Territories a better place for all of us.

Health • Security • Independence • Dignity



The Honourable
Glenna Hansen,
Commissioner

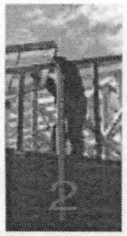
Government of the Northwest Territories

Dear Madam:
I have the honour of presenting the Annual Report for the Northwest Territories Housing Corporation, covering the period April 1, 1999 to March 31, 2000.

Respectfully submitted,

Roger T. Allen

Roger T. Allen
Minister Responsible for the Northwest Territories Housing Corporation



Minister's Message

Building the Northwest Territories

A message from the Minister,
Hon. Roger T. Allen

Through the business of building houses, the NWT Housing Corporation also builds communities.

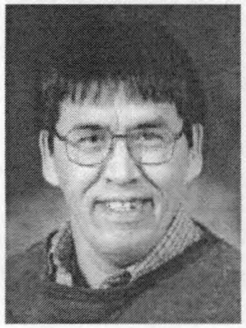
The Housing Corporation provides assistance to communities to manage housing. Working in partnership with communities to provide, maintain and manage housing is the most effective way to ensure adequate, suitable, and affordable housing.

By assisting people to obtain basic shelter, it is the goal of all our partners to create a secure environment where health, education and culture will flourish. In good housing people can live with independence and dignity.

The Housing Corporation provides housing assistance for all segments of the population in need, from the lowest income clients who may be assisted with subsidized rental housing to clients with more resources who need assistance accessing homeownership options.

The staff of the Housing Corporation and the employees of the Local Housing Organizations have the knowledge and expertise to help people make good housing decisions. I commend them for the diligence and commitment that they bring to their jobs.

We will continue to empower communities, form partnerships, and help communities assume the responsibility of providing good housing. By giving communities the tools of the housing business, we help them build themselves.



President's Message

Building New Partnerships

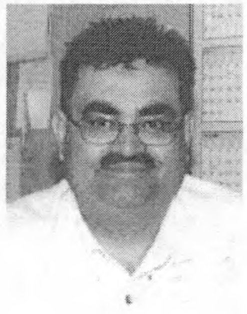
A message from the President,
Tom R. Beaulieu

Building the Northwest Territories by building new partnerships. That is the vision that will build the NWT and create community driven solutions to our unique housing challenges. This year marked the departure of Nunavut and also marked the departure of our former President, Mr. Dave Murray. I would like to take the opportunity to thank Dave for his outstanding contributions to the NWT Housing Corporation over the years.

Our first year of transition has given the NWT Housing Corporation the opportunity to set new directions and a new vision. Part of this vision includes a renewed focus on working closer with Aboriginal groups and community partners. One of our first goals was to re-draw the District lines and create five new Districts. The smaller District size allows the staff to work closer with the communities and get a better understanding of community needs. In addition, the NWT Housing Corporation set out to establish new relationships with Aboriginal groups and development corporations. The partnerships focused on a new and creative approach to solving housing challenges.

The Corporation's most important assets are not the beams, tiles and nails that make up the homes we build. It's our people. This year has marked some substantial progress on housing and housing issues. This directly reflects the outstanding contributions from the staff of the NWT Housing Corporation as well as the efforts of our Local Housing Organizations. I would like to sincerely thank all of our staff and partners for their efforts this year.

As we continue to build new relationships with our community partners we will continue to find new and more effective ways to improve the housing conditions for all residents of the NWT. In the process, the NWT Housing Corporation will also provide employment and other opportunities that will provide dignified and meaningful lifestyles for our residents. Finally, with the assistance of our Aboriginal and community partners, the NWT Housing Corporation will be a key contributor towards meeting the objectives of the Government of the NWT and we will contribute towards building the Northwest Territories.



Programs and Services

Building the North is a True Partnership

What is the NWT Housing Corporation?

Meeting the housing needs of all Northerners continues to be a challenging task. Developing homes that are appropriate for our harsh weather conditions, lack of funding resources and the high cost of construction in the North continues to present challenges.

Ensuring families and individuals have a secure, adequate and suitable place to live is the central focus of all of the Housing Corporation's efforts. The NWT Housing Corporation (NWTHC) is a crown corporation of the Government of the NWT that works to improve housing conditions and standards. The Corporation supports 22 Local Housing Organizations (LHOs) across the NWT, which provide, maintain, manage and develop housing and housing options for their residents. Working with our community partners to identify housing solutions and new ideas is how the Corporation works to build the NWT.

The Housing Corporation continues to provide a wide variety of housing programs. Our community partners and LHOs deliver the majority of our programs. All of our corporate programs work towards the same goal…providing housing solutions that offer suitable, adequate and affordable shelter options. More and more the Housing Corporation is utilizing local ideas and solutions to housing concerns. Often these are the solutions that are most effective and provide the biggest dividends towards building the North.

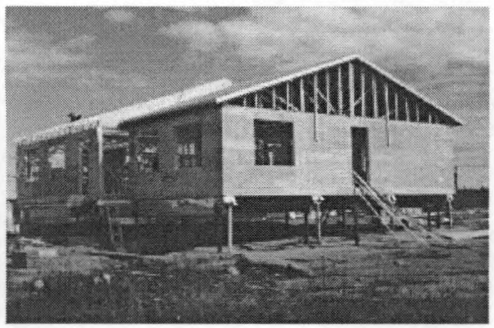
Programs

For some people, renting a home is the best way to get proper housing. For others, homeownership and remaining in their own homes is the best option. The Housing Corporation provides solutions for eligible clients, in all categories. Support includes programs for subsidized rental housing, homeownership assistance and home repair.

Rental programs

The Corporation has over 2,200 homes that provide shelter for northern residents. Some of these homes were built in partnership with the Canada Mortgage and Housing Corporation, while others are leased from the private sector.

Building the NWT, one house at a time, is a complicated process.



Through an agreement with the NWT Housing Corporation, these homes are operated and maintained by LHOs with funding provided by the Corporation from the Government of the Northwest Territories and the Canada Mortgage and Housing Corporation. In addition to this, the Corporation provides funding to the LHOs for major repair initiatives to homes as required.

The Corporation's contribution to LHOs for the fiscal year 1999/2000 was $32.4 million. This funding financed the operation of 2,249 rental units.

There are four rental programs funded under the Corporation's Capital budget: Seniors' Independent Housing; Northern Territorial Rental Unit Upgrade/Replacement; Modernization and Improvement Initiatives; and Fire/Damage Replacement and Repair.

Seniors' Independent Housing

This program provides Seniors with the opportunity to continue living independently. Through this program, Seniors' homes, usually in the form of fourplex buildings, are built by the Corporation and then turned over to the LHO to administer and maintain. In the last year, five seniors' complexes were built: one in Dettah, one in N'dilo, and three in Rae-Edzo.

NTR Upgrade/Replacement

Northern Rental Units (NTRs) are the oldest and smallest rental units in the NWTHC's inventory and are in the greatest need of repairs and replacement. This program provides funding to make repairs. Where it is uneconomical to repair, the home is replaced. In 1999/00, the NWTHC delivered 5 of these projects.

Modernization and Improvement Initiatives (M&I)

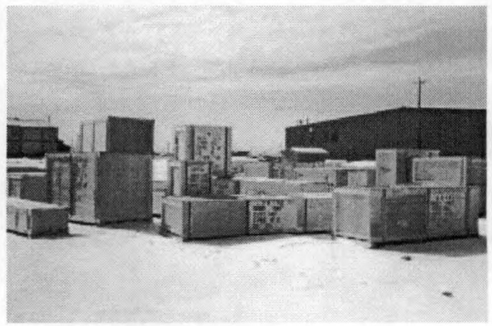
The NWTHC funds projects to improve health and safety in subsidized rental housing units through the modernization, improvement or replacement of dwellings. During 1999/00, more than 750 units were upgraded to meet current building codes, maintenance requirements and to increase their energy efficiency. This work included retrofits of roofs, new doors and windows, insulation upgrades, furnace replacements, mechanical upgrades and improvements to make some units barrier free. As well, 3 units were modified to improve unit access for disabled residents by constructing wheelchair ramps. In 1999/00, some 39 units were completely retrofitted. The Corporation provides funds for Modernization and Improvement initiatives to LHOs.

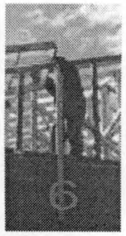
Homeownership programs

The Corporation's homeownership programs are designed to empower people to help themselves. They help families that can afford the operating expenses of a home to purchase or build a home, or to make repairs to their existing home.

There were 388 repayable mortgages on the Corporation's books with a gross value of $39.9 million as of March 31, 2000. Of this amount, the clients' repayable portion of the mortgages net of subsidy is $2.8 million or 7.0 per cent. This high level of subsidy shows that the Corporation is committed to housing Northerners in their own homes.

Getting housing materials ready for transport is just one of many components of program delivery





Families that wish to own a home or expand or repair their home in order to extend its life can benefit under the Expanded Downpayment Assistance Program (EDAP). The Corporation provides families with a subsidy in the form of downpayment or loan assistance for 5% to 70% of the cost of the home or repairs. The level of assistance depends on factors such as the purchase cost, whether it is new construction, purchase of an existing home or repair, and the household income. The family must obtain a bank mortgage for the balance of the cost.

If the assistance is to a new homeowner, then up to 10% of the subsidy comes as a short-term forgivable loan. The remaining Corporation portion is forgiven over a 15-year period providing the family maintains the home as their principal residence and does not default on the bank portion of the loan.

Similar to EDAP, the Independent Housing Program (IHP) makes it possible for lower income families with housing needs to obtain modest homes or to renovate or repair their existing home. IHP primarily assists Northerners who live in the smaller, remote communities of the NWT. While families assisted through IHP may not be required to obtain bank financing for any portion of the housing cost, they may be required to pay a small portion of the assistance back to the Corporation. Like EDAP, the remaining portion of the assistance is forgiven over a 15-year period, so long as the family maintains the house as its principal residence and is not in default to the Corporation.

Funding to repair owned homes

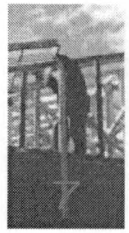
Senior citizens who are homeowners can obtain a once in a lifetime grant of $15,000 under the Senior Citizens Home Repair Program, to make repairs that improve the condition of their homes. In addition to the basic grant, the Corporation will pay freight costs for shipping materials to the senior's home.

Assistance is also available to families who own their homes to make emergency repairs needed to make their homes healthy and safe. Through the Emergency Repair Program, repairs urgently required to address health and safety issues qualify for grant funding. Funding for the Emergency Repair Program is cost shared with the Canada Mortgage and Housing Corporation.

Northern Territorial Rental (NTR) Purchase Program

Families who rent NTR units from the Corporation can purchase their homes, from the Housing Corporation, at reasonable prices. In order to qualify for this program, families must be able to afford the ongoing maintenance and operating costs, and have no outstanding rental arrears.

Building groups of homes helps to cut down on construction costs



A portion of the rent paid by the family is applied toward the purchase price. The purchase price is further reduced by 5% for every year since the home was built. In order to purchase the home, families must acquire the legal right to the land where the home is situated, and be responsible for all taxes, maintenance, insurance and utility costs.

Housing Packages

One of the difficulties facing prospective homeowners is the high cost and logistics of transporting building materials, particularly to remote communities. Prospective homeowners can purchase a housing package from the Corporation, and benefit from the Corporation's expertise in transporting and expediting construction materials in the North. Families must secure financing for the entire cost of the house plus freight and taxes.

Mortgage Guarantees

The Corporation also helps families borrow money from a bank to build or purchase a home on Department of Indian Affairs and Northern Development, Indian Affairs Branch Lands. These lands, located in many NWT communities, are controlled by Indian Bands. Under the Indian Act, property on these lands cannot be used to secure a mortgage. Because of this, mortgage guarantees are needed. As of March 31, 2000, the Corporation had mortgage guarantees on its books worth $3.082 million, against an allowable limit of $10 million.

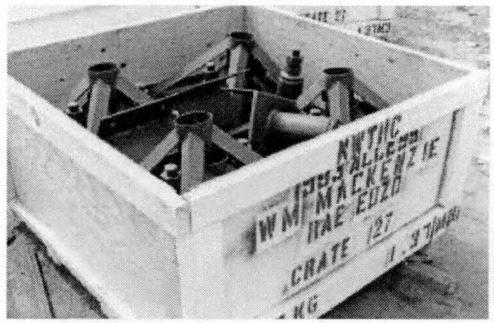
Corporate Goals

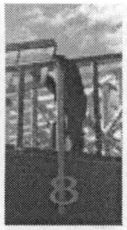
The Housing Corporation supports the goals of the Government of the Northwest Territories and is working towards building the NWT by:

1. Increasing the impact of the housing industry on Northwest Territories employment and business development.
2. Improving housing conditions in the Northwest Territories.
3. Improving the quality of advice, assistance and support provided to LHOs, communities and Aboriginal housing organizations.
4. Improving the morale of employees in the Corporation so that collective staff experience is not further reduced.

Providing suitable, adequate and affordable housing to residents also works towards improving health and wellness for individuals and families. In conjunction with our community partners, the Housing Corporation will continue to support these critical goals.

Screwjacks form the foundation of many construction projects





1

Goals

Increase the impact of housing industry on Territorial employment and business development.

Strategies

a) Pursue opportunities to open new markets for private sector businesses/products to respond to emerging housing industry market conditions.

b) Pursue opportunities with the private sector to establish Northern Manufactured Product opportunities/businesses.

Status

The NWT Housing Corporation has completed its first sale of housing materials to Alaska. Housing materials for 7 units were shipped to Barrow, Alaska in the summer of 1999. The total value of materials purchased from NWT suppliers and manufacturers for Alaska was approximately $500,000.

In addition, the Corporation purchased $1.1 million in materials from Northern suppliers/ manufacturers for use in constructing units for the RCMP in 1999/2000. The Corporation purchased 99% of the construction materials from Northern suppliers or manufacturers.

This Corporation, along with Resources, Wildlife and Economic Development, also financially supports the NWT Manufacturers Association, which promotes the marketing of NWT made products/services.

2

Goals

Improve housing conditions in the Western Territory.

Strategies

a) Increased emphasis on pursuing energy conservation to reduce housing costs.

b) Pursue funding for Social Housing with the Federal Government.

c) Analyze the effectiveness of the sale of existing Public Housing and use sale proceeds to construct/renovate additional and existing units.

d) Increased emphasis on maintaining community housing stock.

Status

The Corporation pursued a P-3 initiative to complete over $ 1.0 million in Energy Conservation projects. The Auditor General of Canada has offered its opinion that Energy Conservation Projects are not eligible for the P-3 financing approach. The Corporation is working with the Energy Alliance to develop an Energy Management Strategy, which will not only promote projects but also will include plans for Local Housing Organizations and for increasing tenant awareness.

The Corporation's Minister met with his Canada Mortgage and Housing Corporation (CMHC) counterpart, the Honorable Alfonso Gagliano. The NWT Housing Corporation will be participating with other Provincial/Territorial jurisdictions to determine the funding allocations as a result of the recent Federal Homeless Funding announcement.

The Corporation has had lengthy discussions with CMHC to determine ways to sell cost-shared public housing units.

The Corporation increased Local Housing Organization budgets for overall maintenance and upgrading of public housing by $1.0 million in 1999/2000.

3

Goal

Improve the quality of advice, assistance and support provided to Local Housing Organizations (LHOs), communities and Aboriginal Housing Organizations.

Strategies

a) Expand research capability to provide better assistance on new products/services available in housing.

b) Strengthen consultation processes with key stakeholders (private sector, LHOs, communities and Aboriginal Organizations).

c) Improve Corporate communications with regions, communities, Aboriginal Organizations and the public.

Status

The Corporation conducted a Survey in 1999/2000 of all LHOs to determine where our community partners need increased support and assistance.Overall, the Corporation received a 53% approval rating from the LHOs; indicating the need for improvements in all support areas. District and Territory wide meetings between LHOs and the Corporation are being set up to allow for the exchange of information and to determine what the LHOs are looking for in terms of support, assistance and research.

4

Goal

Improve the morale of Corporation employees so that collective staff experience is not further reduced.

Strategies

a) Pursue opportunities to encourage existing staff to stay.

b) Increase the involvement of Headquarters and District staff in Corporate decision making.

Status

The Corporation completed an Employee Survey to determine areas of staff concern. There was a clear indication that many employees are satisfied with their employment (average 60% level of satisfaction) but there were a number of areas identified that were primarily related to the need to support employee training and advancement. In addition, management development was an area identified that requires further follow-up.

An Employee Advisory Committee is being set up (with staff volunteers) to work with Senior Management. As well, Senior and Middle Managers in the Corporation attended a week-long session on Labour Relations and Harassment in the Workplace.

5

Goal

Decrease individual, family and community dependency for housing.

Strategies

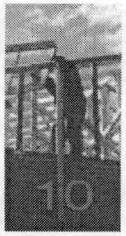
a) Continue the process of assisting communities to assume the responsibility of providing Social Housing to their residents.

b) Increase opportunities for communities to implement housing initiatives appropriate to local conditions.

c) Increase efforts to encourage families to recognize and accept their responsibility for contributing towards their shelter costs.

Status

During 1999/2000 the Corporation worked with the Dogrib Rae Band Housing Division to implement the first community developed program for homeownership. The Corporation is also renegotiating its partnership arrangements with the Yellowknives Dene First Nation. Their present agreement has been in operation for five (5) years and the Yellowknives Dene First Nation and the NWT Housing Corporation would like to see the agreement updated to reflect the development of the Yellowknives Dene First Nation (Housing) in that period.



Special Initiatives

Special Initiatives in 1999/2000

The NWT Housing Corporation initiated or continued two special initiatives this fiscal year: the NWT Housing Needs Survey 2000 and the Pile Repair Initiative.

NWT Housing Needs Survey – 2000

The NWT Housing Corporation in partnership with the NWT Bureau of Statistics, Local Housing Organizations and communities, completed the NWT Housing Needs Survey – 2000 in all communities in the Northwest Territories. The results of this survey are used by the NWT Housing Corporation to monitor changes in housing conditions and needs, as well as to assist in the allocation of housing resources to communities. The survey findings provide communities with the information needed to make decisions on where funding should be directed to address specific housing problems and identified needs.

The survey identified 13,405 occupied dwellings in the Northwest Territories. An estimated 4,037 households had some form of housing problem (30%), while 2,726 households were in core need (20%). Households in core need do not have sufficient income to solve their housing problems without government assistance.

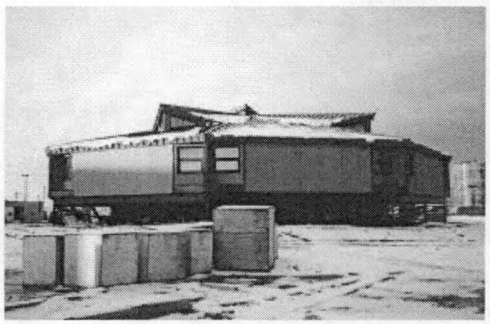
Pile Repair Initiative

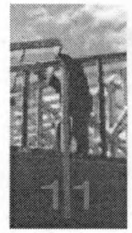
On August 19, 1998 an incident occurred in Inuvik where a private homeowner suffered the loss of their home due to the erosion of their woodpile foundation. The eroded piles caused the home to topple over and consequently resulted in the home having to be demolished as a result of the safety hazard it presented.

As a result of this incident, numerous businesses and residents had their own woodpile foundations tested. Unfortunately, several foundations were showing signs of early deterioration as they clearly had been installed without the wood being treated.

To address this urgent problem, the NWT Housing Corporation budgeted $450,000 in capital expenditures to complete repairs to homeowners' foundations in Inuvik. Homeowners' pile foundations will be tested in other communities in the Beaufort Delta. The program will be expanded to include the communities of Tsiigehtchic, Fort McPherson, Aklavik and Tuktoyaktuk.

Building complexes such as this Seniors Complex use advances in design technology.





Service Delivery

Operating Post-Nunavut

The past year was spent making additional adjustments as we watched the birth of Nunavut and its development through its inaugural year. The NWT Housing Corporation demonstrated that it will continue to play a crucial transitional role and contracted to supply the Nunavut Housing Corporation with various financial services until it can build and develop its own capacity.

With a renewed focus on the remaining regions of the Northwest Territories the Housing Corporation set its focus on the unique housing challenges present in our communities.

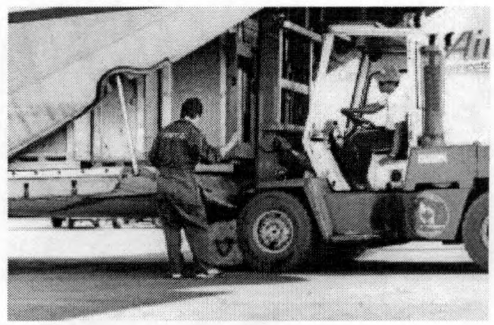
Delivering housing services in the NWT

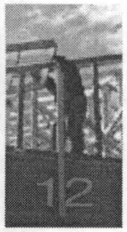
Division presented the opportunity for the Housing Corporation to review District operating lines and re-design the regional service centers with the objective of creating a more responsive, direct and community driven system of District Support offices. The regions include:

- Beaufort Delta
- Nahendeh
- North Slave
- Sahtu
- South Slave

With new District lines drawn, the Corporation was able to bring the District staff closer to community issues and concerns. The smaller regions are intended to promote increased travel to fewer communities without increasing costs, which allows staff to substantially increase contact and support to the local housing organizations. The plan allows District staff to be more visible in the communities and includes goals to increase public forums in and with the communities they serve.

In some cases, flying materials into communities is the only option.





Human Resources

Working to develop our people. That's the goal of the NWT Housing Corporation. Committing to provide training and development opportunities to assist our employees to reach their personal and professional goals continues to be one of our top priorities. The reasoning is simple: improving skills of Housing Corporation staff improves the Corporation's ability to deliver housing services to the people of the Northwest Territories.

The Corporation continues to consider Local Housing Organization staff training and development a top priority. Community delivery organizations play a crucial role in the front-line delivery of housing and having well-trained staff is a critical component. This year, the Corporation entered into a contribution agreement with the School of Community Government for the development and delivery of certified programs for Housing Managers, Assistant Managers/Controllers and Tenant Relations Officers.

Human Resource Survey

The results of the Human Resources Survey conducted in 1999 provided a clear picture of the needs and strengths of our Human Resources plan. It allowed us to target areas that employees felt needed strengthening and to more cost effectively allocate training dollars. Overall, training funds were increased for the Corporation in an attempt to make real change based on the survey results. The Corporation is planning a follow up survey in order to measure and determine the effectiveness of our response.

Affirmative Action

The Corporation follows the Government of the Northwest Territories Affirmative Action policy. The policy enables the GNWT to have a workforce that is representative of the make-up of the Territorial population and provides specific groups with employment and job advancement opportunities. The groups include:

- Aboriginal people born in the NWT;
- Aboriginal people born outside the NWT but now have lived half their life in the NWT;
- Women in management and/or non-traditional occupations;
- Disabled persons; and
- Long-term northern residents.

Skilled labour is clearly a crucial component because it takes people to shape material into a home.

The initiative provides training for Affirmative Action candidates to improve job advancement opportunities. The Corporation continues to recruit affirmative action candidates for available positions. This year over 48% of Corporation employees held Affirmative Action status and over 50% of management positions were identified as Affirmative Action.

Profile

Willma Robak

The business of social housing has changed significantly over the 23 years that Willma Robak has worked for the NWT Housing Corporation.

"It seems our focus has shifted from simply the provision of housing and making sure there are enough houses for families in the community to conveying the knowledge of what it means to be a homeowner. The crucial part is understanding the importance of taking responsibility for your housing decisions."

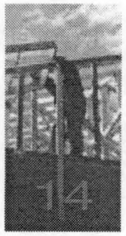
Willma moved to Yellowknife in 1971 from Edmonton, initially working for the Returning Officer of the NWT. In the fall of 1977, she began working for the Corporation as a contracts administrator, involved in all aspects of the tendering process. Willma now works as a Community Development Administrator for the North Slave District Office.

"It seems our programs in communities in the early days consisted of large-scale projects. Today, each house that is built is tailor-made from day one in the application process to when the clients move in."

On any given day, Willma's job consists of tasks as varied as assisting clients to obtain land tenure, client counseling, bookkeeping for housing delivery agents, and organizing financial agreements and mortgages.

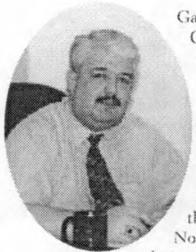
"With the growth of homeownership over the past decade, the staff has had to constantly retool. We've had to expand our skills and that has made our jobs challenging, but interesting."

Winter roads form the mainstay for transporting materials where they need to go.



Profile

Gary McLellan



Gary McLellan has been contributing to the way the NWT Housing Corporation delivers housing for over 13 years. "I remember when we used to be a bricks and mortar business with a very large construction division. That has all changed. Today we develop people instead of projects. Community capacity building is where it's at now!"

Prior to joining the Housing Corporation, Gary gained community development and housing experience through a consulting firm out of Edmonton. It was during this time that he was first exposed to the North through development projects in Yellowknife and Iqaluit. Now Director of the Policy, Programs and Informatics division he began his career with the Housing Corporation as the Director of Community and Programs Development. It was early in his career with the Housing Corporation that Gary became involved with federal relations through the Canada Mortgage and Housing Corporation (CMHC). Attending as a regular member in the federal/provincial/territorial housing forum exposed Gary to national issues and provided the opportunity to establish friendships and contacts from jurisdictions across the country. "The experience gained working in the national housing forum provided the opportunity to be a part of the Housing Corporation's negotiating committee that negotiated the landmark Social Housing Agreement with CMHC in 1997. It took almost a year to complete but it was a rewarding experience, which in turn led to being on the team that developed the housing component for the creation of Nunavut."

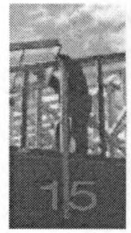
Gary likes the changes that he's been a part of, which includes a new focus on working with aboriginal groups and development corporations. "It's a very exciting and dynamic time to be working for the Housing Corporation because it continues to be a frontrunner in building the Northwest Territories. The decisions we make today will have an impact on northern residents for years to come, so we need to ensure we're doing it right!"

Some of the most exciting changes Gary notes is the new International approach that the Housing Corporation is taking. "The Corporation has demonstrated its ability to be flexible and innovative. We have created a business development section to market Corporation northern technology and expertise around the world. There is no doubt, this is the way of the future."

Partnering with private enterprise and community groups helps to provide the necessary teamwork to bring major projects to life.

What Gary finds most rewarding is being part of a very skilled and talented team. "People... both in the field and here at headquarters, that's what really makes the Corporation so successful."

Quick Facts

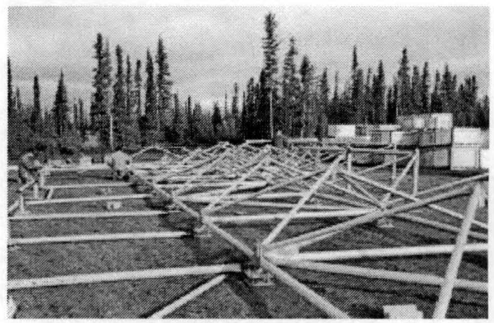


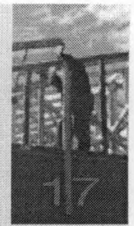
- Approximately 1 in 6 households benefit from rental housing provided by the NWT Housing Corporation.
- An estimated one-third of all households have received shelter assistance from the NWT Housing Corporation either in the form of subsidized rental housing or a homeownership or repair program.
- 92% of residents in public housing are Aboriginal.
- About half of all households (49%) in the NWT live in dwellings that they own.

Long Service Awards:

Lucille Harrington	10 years
Ross Bowring	10 years
Debbora Buck-Colburn	10 years
Jeff Anderson	15 years
Debbie Barry	15 years
Tom Gross	15 years
Gordon McSwain	20 years

Space frame consutuction is just one example of efficient techniques that are suitable to Northern climate conditions

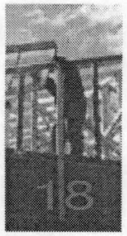




Northwest Territories Housing Corporation

Financial Statements

March 31, 2000



Management's Responsibility for Financial Reporting

To the Honourable Roger T. Allen
Minister Responsible for the
Northwest Territories Housing Corporation

The accompanying financial statements have been prepared by management, which is responsible for the reliability, integrity and objectivity of the information provided. The statements have been prepared in accordance with generally accepted accounting principles in Canada. Where necessary the statements include amounts that are based on informed judgements and estimates by management, giving appropriate consideration to reasonable limits of materiality.

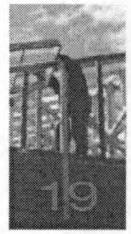
In discharging its responsibilities for the integrity and fairness of the financial statements and for the accounting systems from which they are derived, management maintains the necessary system of internal controls designed to provide assurance that transactions are authorized, assets are safeguarded and proper records are maintained. These controls include quality standards in hiring and training employees, written policies and procedures manuals, and accountability for performance within appropriate and well-defined areas of responsibility. The Corporation's management recognizes its responsibility for conducting the Corporation's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate to a Territorial Crown Corporation.

The independent auditor, the Auditor General of Canada, is responsible for auditing the financial statements of the Corporation and for issuing his report thereon.

Tom R. Beaulieu
President

J.B. (Jeff) Anderson, CGA
Chief Financial Officer
Finance and Corporate Services

Yellowknife, NT
July, 2000



Auditor's Report

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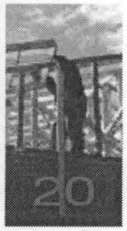


Balance Sheet
as at March 31, 2000
($'000)

		2000		April 1, 1999 (Note 3)
ASSETS				
Current				
Cash	$	-	$	533
Short-term investments (Note 5)		14,176		14,090
Accounts receivable (Note 6)		4,707		10,402
		18,883		25,025
Investment in housing projects				
Land and buildings (Note 7)		116,515		120,643
Mortgages receivable (Note 8)		2,788		2,961
		119,303		123,604
Property and equipment (Notes 4 & 9)		4,316		4,404
	$	142,502	$	153,033
LIABILITIES				
Current				
Bank overdraft	$	199	$	-
Accounts payable (Note 10)		4,530		8,428
Accrued interest		509		517
Due to the Government of the Northwest Territories (Note 11)		61		4,504
Capital contributions advanced (Note 12)		448		-
Contractors' holdbacks		395		332
Current portion of long-term debt		5,069		2,659
Current portion of leave and termination benefits		717		625
Deferred revenue		134		-
		12,062		17,065
Long-term debt (Note 14)		97,507		102,576
Leave and termination benefits		1,194		873
Deferred Capital Contributions – Government of the Northwest Territories (Notes 4 & 13)		34,911		36,423
		145,674		156,937
EQUITY				
Accumulated Surplus/(Deficit) of the Government of the Northwest Territories (Note 4)		(3,172)		(3,904)
	$	142,502	$	153,033

Contingencies and commitments (Notes 19 and 20)

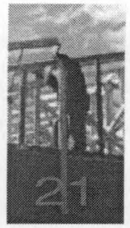
Approved by Management:

President

Chief Financial Officer

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

NORTHWEST TERRITORIES HOUSING CORPORATION

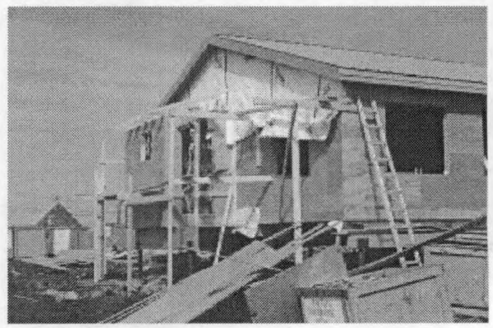


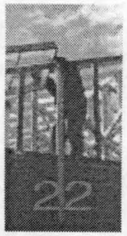
Statement of Operations
For the year ended March 31, 2000
($'000)

Expenses		
Contributions to local housing organizations for social housing (Schedule I)	$	27,459
Repairs, maintenance, grants and other costs		20,397
Administration (Schedule II)		11,486
Interest on long-term debt		10,397
Amortization		6,274
Contributions to sponsor groups for social housing (Schedule I)		3,498
Provision for losses on mortgage receivable		3,003
Loss on disposal of land and buildings		1,139
Administration of Government of the Northwest Territories staff housing		1,008
Mortgage write down		(245)
		84,416
Revenues and recoveries		
Other revenue and recoveries		1,345
Recoveries from the Government of the Northwest Territories for staff housing		1,008
Investment revenue		955
Recovery of prior year grants		390
Mortgage interest revenue		191
		3,889
Net cost of operations prior to government contributions		80,527
Cost of operations funded by the Government of the Northwest Territories (Note 11)		39,327
Contributions from Canada Mortgage and Housing Corporation (Note 16)		33,325
Amortization of deferred capital contributions (Note 13)		4,985
		77,637
Net cost of operations (Note 17)	$	2,890

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

Exterior of a housing unit nearing completion.



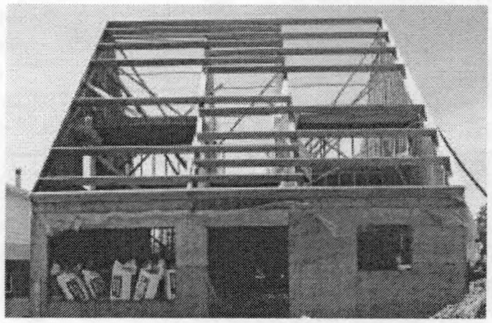


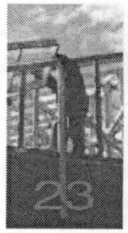
Statement of Equity
For the year ended March 31, 2000
($'000)

Accumulated surplus/(deficit) at beginning of year (Note 3)	$	32,017
Adjustments to opening balance		
- Change in the method of amortization of warehouses and office buildings (Note 4)		502
- Change in the method of accounting for capital contributions from the Government of the Northwest Territories (Note 4)		(36,423)
Accumulated surplus/(deficit) at beginning of year - restated		(3,904)
Net cost of operations		(2,890)
		(6,794)
Contributions from the Government of the Northwest Territories		
Acquisition of non-depreciable capital assets		3,431
Contributions provided for loan principal repayments of long-term debt (Note 11)		191
		3,622
Accumulated surplus/(deficit) at end of the year	$	(3,172)

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

Framed and ready for insulation.





Statement of Cash Flows
For the year ended March 31, 2000
($'000)

Cash flow from operating activities		
Cash received from:		
Government of the Northwest Territories	$	39,125
Canada Mortgage and Housing Corporation		33,592
Miscellaneous revenue		2,227
		74,944
Cash used for:		
Interest on long term debt		10,405
Contributions to Local Housing Organizations for social housing		32,491
Repairs, maintenance, grants & other costs		23,856
Administration (Schedule II)		11,164
Administration of Government of the Northwest Territories staff housing		1,008
		78,924
Net cash used by operating activities		(3,980)
Cash flow from financing activities		
Contribution from Government of the Northwest Territories credited to equity		3,622
Contribution from Government of the Northwest Territories credited to deferred capital contributions		3,473
Repayment of long term debt		(2,659)
Recovery from Nunavut Housing Corporation		4,390
Net cash provided by financing activities		8,826
Cash flow from investing activities		
Capital expenditures		(8,733)
Mortgage payments received		650
Sale of capital assets		2,591
Net cash used by investing activities		(5,492)
Net decrease in cash and cash equivalents		(646)
Cash and short-term investments, beginning of year		14,623
Cash and short-term investments, end of year	$	13,977

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

A completed fourplex, ready to be lived in.

Notes to the Financial Statements
March 31, 2000
($'000)

1. PURPOSE OF THE ORGANIZATION

The Northwest Territories Housing Corporation, established in 1974 pursuant to the *Northwest Territories Housing Corporation Act*, is a Territorial Crown Corporation named in Schedule B to the *Financial Administration Act*.

The Corporation is committed to working in partnership with communities and to provide opportunities for communities to become accountable for their own choices and delivery of housing programs. Through this partnership, opportunities are provided to all community residents to have homes that support a healthy, secure, independent and dignified lifestyle. The Corporation's principal objective is to develop, maintain and manage public housing programs in the Northwest Territories.

Pursuant to provisions of the *Northwest Territories Housing Corporation Act*, the Corporation is dependent upon the Government of the Northwest Territories, either directly, or indirectly through guarantees, for the funds required to finance the net cost of its operations, for capital projects and the recovery of staff housing expenditures.

The Northwest Territories Housing Corporation is exempt from income tax. The Corporation is subject to Goods & Services taxes and has complied with requirements applicable to the Corporation.

2. SIGNIFICANT ACCOUNTING POLICIES

The Corporation's financial statements are prepared in accordance with generally accepted accounting policies. The significant accounting policies are as follows:

Revenue recognition

Government of the Northwest Territories contributions, which are provided through the Department of the Executive, are restricted in nature, subject to the provisions of Section 20 of the *Northwest Territories Housing Corporation Act* and Part IX of the *Financial Administration Act*. Accordingly, contributions from the Government of the Northwest Territories are recognized as revenue in the year in which the related expenditures are incurred.

Contributions and recoveries from the Government of the Northwest Territories for operations and maintenance are credited to operations, except for those amounts provided for loan principal repayments which are credited to equity.

Capital contributions for depreciable capital expenditures are recorded as deferred capital contributions on the balance sheet and are amortized on the same basis and over the same periods as the related capital assets. Capital contributions for non-depreciable capital expenditures are credited to equity, or if used for repairs, maintenance, grants and other period costs, are credited to operations.

Federal contributions, which are provided by Canada Mortgage and Housing Corporation (CMHC), are restricted in accordance with provisions in the Social Housing Agreement executed by the Corporation and CMHC. Accordingly, federal contributions are recognized as revenue in the year in which the related expenditures are incurred.

Notes to the Financial Statements
March 31, 2000
($'000)

Investment in housing projects - land and buildings

Land and buildings constructed by the Corporation are stated at cost. Buildings transferred to the Northwest Territories Housing Corporation from CMHC are stated at CMHC's book value effective April 1, 1997. Construction in progress includes amounts which may be transferred to land and buildings for rental and are carried at cost. It also includes amounts that may be transferred to homeowners and a mortgage taken back against the property. These properties are carried at their estimated realizable value.

Amortization is provided using the following methods and annual rates. The provisions for amortization begin in the year the building is completed or transferred in and are taken for the full year.

Social housing, senior citizens' housing, lease/purchase housing and staff housing	Declining	5%
Northern rental housing	Straight-line	5%

Investment in housing projects - mortgages receivable

a) Mortgage write-downs

The Corporation, under section 44(1) of its Act, subsidizes principal and interest payments due from homeowners under the legal terms and conditions of mortgages. These subsidies vary in amount depending on the income of the mortgagors. Subsidies are expensed in the year the mortgage is approved.

Accordingly, the mortgage receivable balance represents the present value of the expected future unsubsidized payments from the mortgagors, net of an allowance for impaired mortgages.

Subsequent changes to the amount of subsidy provided, resulting from changes in income of the mortgagor, are recognized in the year the changes occur.

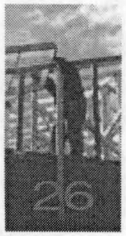
b) Allowance for impaired mortgages

Mortgages are considered impaired when a deterioration in credit quality has occurred and there is reasonable doubt as to the timely collection of principal and interest. A mortgage is considered impaired when a payment is six months in arrears. An allowance is established to reduce the recorded value of the mortgage to its estimated realizable value based on the present value of expected payments.

Initial and subsequent changes in the amount of mortgage impairment are recorded in the year the changes occur.

Mortgage interest revenue

Interest income on mortgages is recorded on the accrual basis. When a mortgage becomes impaired, recognition of interest ceases. Thereafter, interest income is recognized on a cash basis, but only after prior write-offs arising from credit losses and the allowance for impairment has been recovered.



Notes to the Financial Statements
March 31, 2000
($'000)

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

Office furniture and equipment	Declining balance	20%
Warehouses, office buildings and staff housing	Declining balance	5%

Leasehold improvements are amortized on a straight-line basis over the term of the leases.

Contributions to local housing organizations
Houses owned by the Corporation are operated by local housing associations, authorities, municipalities and bands. The Corporation provides contributions for the annual operating requirements of these local housing organizations. These contributions are recorded on an accrual basis by the Corporation.

Pension contributions
The Corporation and its employees, who are deemed to be employees of the Government of the Northwest Territories, make contributions to the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the Plan are required from both the employees and the Corporation. These contributions represent the total pension obligation of the Corporation and are expensed in the year in which services are rendered. The Corporation is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account.

Leave and termination benefits
The Corporation accrues in its accounts the estimated liabilities for severance pay, annual leave and overtime-compensatory leave, which are recorded as the benefits are earned by the employees.

Measurement uncertainty
The preparation of financial statements in accordance with generally accepted accounting principles requires the Corporation to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenditures reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant, although, at the time of preparation of these statements, the Corporation believes the estimates and assumptions to be reasonable. Some of the more significant management estimates relate to: valuation of social housing and mortgages receivable; the costs of administering staff housing for the Government of the Northwest Territories; and the costs of administering social housing programs for the Canada Mortgage and Housing Corporation.

Notes to the Financial Statements
March 31, 2000
($'000)

3. CHANGE IN OPERATIONS

On April 1, 1999, the *Nunavut Act* came into force, duplicating Northwest Territories legislation including the *Housing Corporation Act* for Nunavut. At April 1, 1999 the Nunavut Housing Corporation (NHC) took over the operations of the Northwest Territories Housing Corporation (NWTHC) in the Nunavut territory.

The consequential allocation of assets, liabilities and deficit to the two Corporations effective April 1, 1999, as approved by representatives of both Corporations, is as follows:

BALANCE SHEET	**March 31, 1999**	**April 1, 1999**	
		Nunavut	**NWT**
Assets			
Current			
Cash	$ 957	$ 424	$ 533
Short-term investments	25,314	11,224	14,090
Accounts receivable			
GNWT	2,366	-	2,366
Canada Mortgage and Housing Corporation	1,328	339	989
Other	2,724	67	2,657
	32,689	12,054	20,635
Investment in housing projects			
Land and buildings	392,871	272,228	120,643
Mortgage receivables	12,542	9,581	2,961
	405,413	281,809	123,604
Property and equipment	8,707	4,805	3,902
	$ 446,809	$ 298,668	$ 148,141
Liabilities			
Current			
Accounts payable			
Trade	$ 6,586	$ -	$ 6,586
Local Housing Organizations	1,367	(475)	1,842
Accrued interest	1,543	1,026	517
Due to the Government of the Northwest Territories	4,504	-	4,504
Contractor's holdbacks	1,120	788	332
Current portion of long-term debt	7,804	5,145	2,659
Current portion of leave and termination benefits	729	104	625
Due to (from) NWTHC/NHC	-	4,390	(4,390)
	23,653	10,978	12,675
Long-term debt	317,764	215,188	102,576
Leave and termination benefits	1,003	130	873
	318,767	215,318	103,449
Equity			
Government of the Northwest Territories	104,389	-	32,017
Government of Nunavut	-	72,372	-
	$ 446,809	$ 298,668	$ 148,141

Notes to the Financial Statements
March 31, 2000
($'000)

The April 1 opening balances allocated to the Northwest Territories Housing Corporation, as detailed above, aggregated for accounts receivable and accounts payable, and amended for changes in accounting policy (see Note 4) are presented in the Balance Sheet for comparative purposes.

The comparison of the current year results, after division, to the prior year results, before division, is not considered meaningful because of changes in various factors including the fundamental differences between the eastern and western regions in their operations, diversity of housing portfolios, and business economies. Additionally, it was not practical to segregate results before division between eastern and western territorial operations. Consequently, the statements of operations, equity and cash flows present only the results for the current year ended March 31, 2000 without any comparative figures.

4. CHANGES IN ACCOUNTING POLICY

Deferred Capital Contributions – Government Northwest Territories
Effective April 1, 1999, the Corporation changed its method of accounting for the contributions received from the Government of the Northwest Territories for the acquisition or construction of depreciable capital assets. As disclosed in Note 2, these contributions are now recorded as deferred capital contributions – Government of the Northwest Territories and are amortized on the same basis and over the same period as the related capital assets.

Prior to this, capital contributions used for capital expenditures were credited to equity. This change in accounting policy, which has been applied retroactively, results in an opening balance adjustment (April 1, 1999) to the balance sheet, increasing Deferred Capital Contributions and reducing Equity by $36,423,000. The effect on current year operations has been an increase in the amortization of deferred capital contribution of $4,985,000.

Amortization – Capital Assets
Effective April 1, 1999, the Corporation changed its method of amortization for warehouses and office buildings from the straight line to the declining balance method. The effect of this change, which has been applied retroactively, is an opening balance adjustment (April 1, 1999) increasing Fixed Assets and Equity on the balance sheet by $502,000. The effect on current year operations has been a decrease in amortization of fixed assets of $90,000.

5. SHORT-TERM INVESTMENTS

The Corporation invests in the short-term money market at fixed rates. The portfolio yield during the year ended March 31, 2000 ranged from 2.50% to 5.06% (1999 - 2.50% to 5.50%). All instruments held in short-term investments have an R-2 high or an AA rating or higher from either the Dominion Bond Rating Service or the Canadian Bond Rating Service. Investments are limited to a maximum of 5% to 50% of the total portfolio and a maximum dollar value of $10 million depending on the issuer of the investment. There is no significant concentration in any one investment counterparty. The average term to maturity is 28 days. (1999 - 35 days)

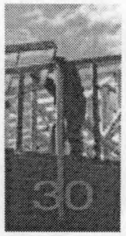
Notes to the Financial Statements
March 31, 2000
($'000)

6. ACCOUNTS RECEIVABLE

	2000	April 1, 1999 (Note 3)
Nunavut Housing Corporation	$ -	$ 4,390
Government of the Northwest Territories	-	1,601
Government of the Northwest Territories – Staff Housing	-	765
Canada Mortgage and Housing Corporation	722	989
Local Housing Organizations	930	-
Receiver General for Canada – GST	1,010	1,054
Public Works & Government Services Canada – RCMP	1,460	468
Other	585	1,135
	$ 4,707	$ 10,402

7. INVESTMENT IN HOUSING PROJECTS - LAND AND BUILDINGS

	2000			April 1, 1999 (Note 3)
	Cost	Accumulated Amortization	Net	Net
Land	$ 372	$ -	$ 372	$ 372
Inventory of unsold housing	3,321	-	3,321	3,074
Social housing	137,969	44,658	93,311	87,071
Northern rental housing	1,720	1,709	11	23
Senior citizens' housing	17,512	3,849	13,663	22,340
Lease/Purchase housing	5,421	1,132	4,289	7,363
Staff housing	309	70	239	400
Construction in progress	1,309	-	1,309	-
	$ 167,933	$ 51,418	$ 116,515	$ 120,643



Notes to the Financial Statements
March 31, 2000
($'000)

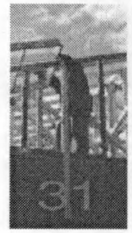
8. INVESTMENTS IN HOUSING PROJECTS - MORTGAGES RECEIVABLE

	2000	April 1, 1999 (Note 3)
First mortgages, rural and remote housing, bearing interest at rates varying between 0% and 14.25% per annum, repayable over a maximum period of 25 years	$ 2,377	$ 2,697
Less: allowance	(2,207)	(2,495)
	170	202
Other mortgages, bearing interest at rates varying between 6% and 14.25% per annum, repayable over a maximum period of 15 years	17,880	14,647
Less: allowance	(15,262)	(12,106)
	2,618	2,541
Direct lending and land acquisition loans bearing interest at rates varying between 7.75% and 13.25% per annum, repayable over a maximum period of 15 years	765	848
Less: allowance	(765)	(630)
	-	218
	$ 2,788	$ 2,961

The recorded value of those mortgages specifically identified as being impaired is $ 18,234,000 (April 1,1999 - $15,231,000).

9. PROPERTY AND EQUIPMENT

	2000			April 1, 1999 (Note 3)
	Cost	Accumulated Amortization	Net	Net
Warehouses	$ 5,331	$ 1,969	$ 3,362	$ 3,514
Office furniture and equipment	2,931	2,184	747	731
Office buildings	87	87	-	-
Leasehold improvements	271	64	207	159
	$ 8,620	$ 4,304	$ 4,316	$ 4,404



Notes to the Financial Statements
March 31, 2000
($'000)

10. ACCOUNTS PAYABLE

	2000	April 1, 1999 (Note 3)
Trade	$ 3,064	$ 6,586
Local Housing Organizations	715	1,842
Government of the Northwest Territories, Staff Housing	420	-
Government of the Northwest Territories	331	-
	$ 4,530	$ 8,428

11. DUE TO THE GOVERNMENT OF THE NORTHWEST TERRITORIES

	2000
Balance at beginning of the year	$ 4,504
Repayment	(4,504)
	-
Operating contributions	21,684
Contributions provided for loan principal repayments of long-term debt	(191)
Capital contributions used for repairs, maintenance, grants and other costs (Note 12)	17,895
	39,388
Cost of operations net of unfunded items	39,327
Balance at end of year	$ 61

The GNWT makes advances to the Corporation for funding operations and principal repayments of long-term debt. Approved contributions recorded in the financial statements are dependent upon actual expenditures incurred for the year. Amounts advanced in excess of the actual expenditures are due to the GNWT at year-end and are carried forward as a non-interest bearing advance for the following year.

Notes to the Financial Statements
March 31, 2000
($'000)

12. CAPITAL CONTRIBUTIONS ADVANCED

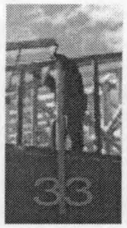
		2000
Balance at beginning of the year	$	-
Capital contributions received		25,247
		25,247
Capital expenditures		6,904
Capital contributions used for repairs, maintenance, grants and other costs (Note 11)		17,895
		24,799
Balance at end of the year	$	448

The GNWT makes advances to the Corporation for capital expenditures and for repairs, maintenance, grants and other costs. Approved contributions recorded in the financial statements are dependent upon actual expenditures incurred for the year. Although the Corporation has moved to a one-year delivery for its capital programs, effective April 1, 1999, any amounts advanced in excess of actual expenditures at year-end are carried forward as a non-interest-bearing advance for the following year.

13. DEFERRED CAPITAL CONTRIBUTIONS – GOVERNMENT OF THE NORTHWEST TERRITORIES

		2000
Balance, beginning of year	$	36,423
GNWT contribution for depreciable capital assets		3,473
Amortization of deferred capital funding		(4,985)
Balance, end of year	$	34,911

Notes to the Financial Statements
March 31, 2000
($'000)



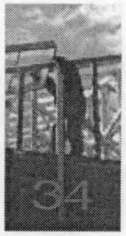
14. LONG-TERM DEBT

	2000	April 1, 1999 (Note 3)
Loans from Canada Mortgage and Housing Corporation, repayable in annual installments until the year 2033, bearing interest of 6.97% (1999 - 6.97%). The loans are guaranteed by the Government of the Northwest Territories.	$ 28,709	$ 29,139
Mortgages payable to Canada Mortgage and Housing Corporation for units transferred under the new Social Housing Agreement, maturing between the years 2003 and 2038, at interest rates ranging from 4.5% to 21.5% (1999 - 4.5% - 21.5%).	71,767	73,996
	100,476	103,135
Loan from the Government of the Northwest Territories for the provision of Direct Lending Mortgages which is repayable when the program is terminated.	1,000	1,000
Loans from the Government of the Northwest Territories for the provision of Interim Financing which is repayable when the program is terminated.	1,100	1,100
	102,576	105,235
Portion included in current liabilities.	5,069	2,659
	$ 97,507	$ 102,576

Principal repayments and interest requirements over the next five years on outstanding loans are as follows:

	Principal	Interest	Total
2001	$ 2,969	$ 10,124	$ 13,093
2002	3,280	9,813	13,093
2003	3,639	9,454	13,093
2004	4,022	9,063	13,085
2005	4,473	8,570	13,043

($'000)



15. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of cash and short-term investments, accounts receivable and accounts payable and accruals approximates the carrying amount of these instruments due to the short period to maturity.

The carrying amounts of mortgages receivable of $ 2,788,000 (April 1,1999 - $2,961,000), which is based on discounted cash flows, approximates fair value. This should not be interpreted as the realizable value on immediate settlement of these mortgages due to the uncertainty associated with such a settlement.

For other financial instruments, the carrying amounts and the fair values are as follows:

	2000		April 1, 1999	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
Loans payable	$ 30,809	$ 30,986	$ 31,239	$ 34,317
Mortgages Payable	71,767	100,749	73,996	113,727
	$ 102,576	$ 131,735	$ 105,235	$ 148,044

The fair value of loans and mortgages payable is based on an estimation of the market value of the debt. This is determined by applying the current yield for debt with a similar maturity date issued by the province of Newfoundland and applying this yield to the Corporation's debt. This approach is used because the Government of the Northwest Territories does not issue debt.

16. CONTRIBUTIONS FROM CANADA MORTGAGE AND HOUSING CORPORATION

Recoveries in respect of:	**2000**
Operations and maintenance	
Contributions to local housing organizations including interest expense	$ 30,823
Repairs, maintenance, grants and other costs	2,502
	$ 33,325

On April 24, 1997, the Corporation signed an agreement with Canada Mortgage and Housing Corporation (CMHC) replacing all existing social housing program agreements between the two parties.

Under the terms of this agreement, effective April 1, 1997, the Corporation assumes full responsibility and liability for the management and administration of the programs specified in the Agreement, including some programs that were previously managed unilaterally by CMHC. In return for assuming these responsibilities and managing the programs in accordance with the Agreement, the Corporation will receive annual funding over the term of the Agreement which expires on March 31, 2038.

Effective April 1, 1997, CMHC's ownership interest in the rental and loan portfolio affected by the Agreement is transferred to NWTHC as Trustee, in accordance with a Declaration of Trust Agreement signed by both parties. Over the term of the Agreement, NWTHC shall pay CMHC monthly and quarterly installments of principal and interest in return for CMHC's share of the book values of the respective assets. The obligation related to these assets has been accrued in long-term debt as at March 31, 2000 (Note14). Consistent with previous agreements, the Corporation shall pay CMHC for its respective share of any gains realized upon the disposal of any assets that CMHC has an ownership interest.

The Corporation and the Nunavut Housing Corporation have agreed on an allocation of Canada Mortgage and Housing Corporation (CMHC) funding provided under the 1997 Social Housing Agreement. Effective April 1,1999, the funding amount of $91,140,290 per annum has been allocated $33,172,244 to the Corporation and $57,968,046 to the Nunavut Corporation. The allocation was based on a geographical costing approach at the community level. Separate agreements have been signed between CMHC and both corporations, effective April 1, 1999.

17. NET COST OF OPERATIONS

The net cost is represented by the following unfunded expenses and recoveries.

	2000
Mortgage write down	$ (245)
Amortization	6,274
Amortization of deferred capital contributions - Government of the Northwest Territories	(4,985)
Contribution for mortgage payables	(2,229)
Provision for losses on mortgage receivable (principal portion)	3,003
Long-term portion of leave and termination benefits	321
Recovery of prior year grants	(390)
Gain/Loss on disposal of land and buildings	1,139
	$ 2,890

Notes to the Financial Statements
March 31, 2000
($'000)

18. SERVICES TO THE NUNAVUT HOUSING CORPORATION

During 1999–2000 the Corporation provided various corporate and program delivery services to the Nunavut Housing Corporation. The charge for these services was $535,000.

The Nunavut Housing Corporation has contracted the NWT Housing Corportation to provide financial services for the fiscal year 2000-2001. The estimated charge for these services is $478,000.

19. CONTINGENCIES

During 1999-2000, the Corporation provided guarantees to lenders financing certain new or renovated residential housing construction. As at March 31, 2000 a total of 32 (1999 - 32) loan guarantees were in effect, and the outstanding balance of loans guaranteed was $3,082,000 (April 1, 1999 - $3,170,000).

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 value of these third party loans is approximately $46,592,000 as at March 31, 2000 (April 1, 1999 - $47,528,000).

20. COMMITMENTS

The Corporation leases office space and rent supplement public housing units under long-term operating lease agreements and is committed to basic rental payments over the next five years. The leases contain escalation clauses for operating costs and property taxes, which may cause the payments to exceed the basic rental. The basic rental payments are as follows:

	Total
2001	$ 3,724
2002	3,076
2003	2,366
2004	2,077
2005	1,644

Rent Supplement leases are renewable after five years for three further five-year periods at rates to be determined when renewing.

Notes to the Financial Statements
March 31, 2000
($'000)

21. RELATED PARTY TRANSACTIONS

The Corporation's relationship with the various local housing organizations (Authorities, Associations, Bands, and Hamlets) is as a "partner" in the delivery of social housing, as provided under individual management agreements. The housing authorities are incorporated under the Northwest Territories Housing Corporation Act and the Minister responsible for the Corporation appoints the members.

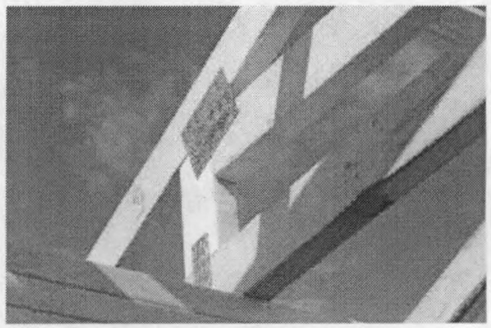
The Corporation funds the operating costs of the local housing organizations based on a funding formula. Details of contribution amounts, by district, are provided in Schedule 1. In addition the local housing organizations complete Modernization & Improvement projects on various social housing units, as approved and funded by the Corporation.

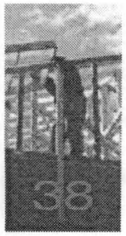
The Corporation is also related in terms of common ownership to all Government of the Northwest Territories created departments, agencies and crown corporations. The Corporation enters into transactions with these entities in the normal course of business.

22. SUBSEQUENT EVENT

Subsequent to year-end, the Corporation acquired a housing project from a third party sponsor group, which was in default on their mortgage to Canada Mortgage and Housing Corporation (CMHC). The mortgage on the project was administered by the Corporation, on behalf of CMHC, as provided under the Social Housing Agreement signed in 1997. The corresponding asset ($1,000,000) and liability ($783,000) have been set up on the Corporation's books in the new year.

Quality is in the detail, as seen in this example of roof truss construction

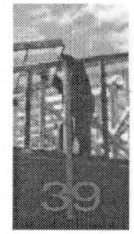




Contributions to Local Housing Organizations for Social Housing
For the year ended March 31, 2000 ($'000)

Schedule I

	North Slave	South Slave	Western Arctic	2000 Total
Revenue				
Rental Assessments	$ 969	$ 638	$ 1,330	$ 2,937
Doubtful Accounts	(134)	(112)	33	(213)
Miscellaneous Income	51	102	320	473
Total Revenue	886	628	1,683	3,197
Expenditures				
Administration	916	1,268	2,695	4,879
Honorariums	33	36	84	153
Leasing	1,964	918	608	3,490
Maintenance and Repairs	1,446	2,174	5,330	8,950
Power	518	625	2,727	3,870
Fuel	413	656	2,065	3,134
Water and Sanitation	1,103	768	3,120	4,991
Taxes	273	345	449	1,067
Total Expenditures	6,666	6,790	17,078	30,534
Deficiency of Revenue over Expenditures	5,780	6,162	15,395	27,337
Deficits paid by Local Housing Organizations	(244)	(52)	(245)	(541)
Surpluses retained by Local Housing Organizations	121	185	357	663
Total Local Housing Organization Contribution	5,657	6,295	15,507	27,459
Contributions to Sponsor Groups	2,261	699	538	3,498
Total Contributions to Local Housing Organizations for Social Housing	$ 7,918	$ 6,994	$ 16,045	$30,957



Schedule of Administration Expenses
For the year ended March 31, 2000 ($'000)

Schedule II

	2000
Salaries and benefits	$ 6,917
Travel and relocation	1,700
Professional and special services	1,107
Building and equipment rentals	864
Computer services	351
Communications	212
Material and supplies	181
Workshops & studies	106
Land title fees and expenses	47
Miscellaneous	1
	$ 11,486

Using local skills to house Northerners