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ANNUAL REPORT

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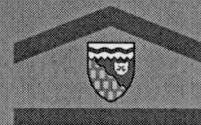
Community Driven Solutions

ANNUAL REPORT 2003/2004

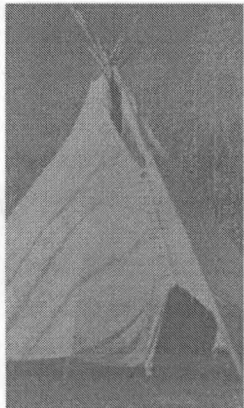
Canada Mortgage and Housing Corporation
Société canadienne d'hypothèques et de logement

Canadian Housing Information Centre
Centre canadien de documentation sur
l'habitation

NORTHWEST
TERRITORIES
HOUSING
CORPORATION



Community Driven Solutions



Health • Security Independence • Dignity

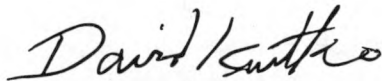
- > As the population of the Northwest Territories continues to grow and change, the Northwest Territories Housing Corporation remains committed to assisting residents of the Northwest Territories achieve lifestyles based on independence, dignity, health and security. The Corporation continues to assist communities in providing housing to residents and to promote northern development in each community. Understanding that each community has unique needs, the Corporation, in cooperation with Local Housing Organizations and Aboriginal groups, works with communities to address their particular needs. The Corporation not only endeavours to identify solutions to the housing challenges by residents of the NWT, it strives toward building a northern community that shares the responsibilities and the rewards of an NWT that is thriving.

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 of April 1, 2003
to March 31, 2004.

Respectfully submitted,



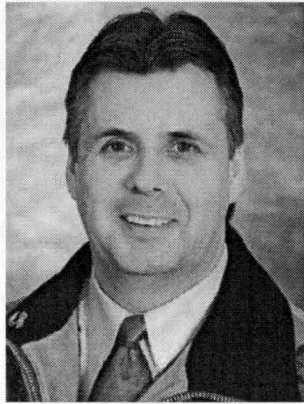
Honourable David Krutko

Minister Responsible for the Northwest Territories
Housing Corporation

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A Message from the Minister



Honourable David Krutko

- > The Northwest Territories Housing Corporation continues to actively pursue its goal of providing suitable, adequate and affordable housing for residents of the Northwest Territories. By continuing to develop programs to address the individual housing needs that residents of the NWT face, the Corporation is furthering the ability for people to make independent housing decisions.

Providing Northerners with housing that is suitable, adequate and affordable is an ongoing challenge for the Northwest Territories Housing Corporation. The severe northern climate, high construction costs and the lack of funding create a distinct set of obstacles for the Corporation to overcome.

The Corporation continues to include residents of the NWT in its efforts to identify efficient housing solutions to housing issues. To find housing solutions that suit the specific needs of northern communities, the NWT Housing Corporation will continue a 30-year tradition of consultations with people, families, community leaders and Aboriginal governments. By partnering at the community level, the Corporation believes efficient solutions to housing issues can be achieved.

Helping residents of the NWT to gain access to an independent, dignified and healthy lifestyle continues to be a Corporation priority. Working together with communities, the Housing Corporation and its partners anticipate meeting these goals in the near future.

A Message from the President



Fred E. Koe

> From the time it was created 30 years ago to the present, the Northwest Territories Housing Corporation has continued to be dedicated to enabling its clients to achieve independence and to assisting communities to build housing capacity. The Corporation's commitment to helping people make informed housing decisions autonomously has only grown and strengthened over the years.

The Corporation has a long history of partnering with communities and Aboriginal groups to procure improved housing solutions. Our recent initiative, the Universal Partnership Agreement, is one of many solutions that the Corporation is implementing to assist communities to assume the provision of housing for their residents and to support local economic development.

The Corporation has long maintained that the foundation for a healthy, safe, autonomous, dignified lifestyle is a good home. We will continue to pursue partnerships with communities in order to achieve success in meeting our mutual goals, and will continue to encourage the participation of communities in the decisions with regard to housing solutions.

Residents of the Northwest Territories face unique challenges. The Corporation understands the extent of these challenges, and continues to tailor programs to better meet individual needs. The Corporation continues to strive to help residents attain suitable, affordable and adequate housing, and to help people participate in the process of creating solutions in order to achieve this goal.

Programs and Services

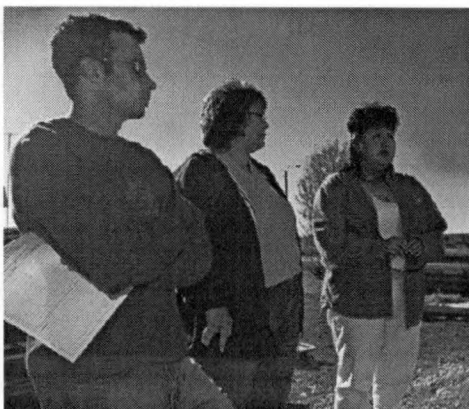
Community Driven Solutions

- > The primary focus of the Corporation's efforts is ensuring that residents of the NWT have access to suitable, adequate and affordable housing. As a Crown Corporation of the Government of the Northwest Territories, the Corporation was created to improve housing conditions and standards in the North.

The Corporation supports 23 Local Housing Organizations (LHOs) across the Northwest Territories. Each LHO is responsible for providing, maintaining and managing housing program options for the residents of their respective communities. The Corporation is dedicated to helping residents of the NWT achieve more independence and continues to work with its community partners to identify new ideas and solutions to housing problems.

It continues to be a demanding task to meet the housing needs of residents of the NWT. Developing homes that are appropriate for harsh weather conditions in the face of limited funding and the high cost of construction in the North continue to present challenges.

The Housing Corporation continues to offer an extensive variety of housing programs in order to address the unique circumstances of the North and to meet the challenges presented. Though the programs are various, they all share the ultimate goal of providing housing solutions to residents of the NWT that are suitable, adequate and affordable.



Programs and Initiatives

- > To ensure that residents of the Northwest Territories have access to housing that is suitable, adequate and affordable, the Northwest Territories Housing Corporation provides a diverse range of programs for eligible residents. Programs offered by the Corporation include:
- The Expanded Downpayment Assistance Program assists families to obtain homeownership by providing a down payment or loan.
 - The Independent Housing Program, assists people with housing problems to obtain modest homes where existing housing programs do not meet their needs.
 - The Senior Citizens Home Repair Program assists senior citizens who own and occupy their own home with a loan to repair or improve the condition of their home.
 - The Sale of Housing Material Program assists clients with the organization and shipping of building materials.
 - Elders on the Land provides modest shelter for people who pursue a traditional lifestyle and live outside community boundaries.
 - The Senior and/or Disabled Preventative Maintenance Initiative provides a forgivable loan to clients for annual maintenance servicing and minor repairs to their units.
 - The Sale of Public Housing Initiative assists clients to purchase their public housing units and become homeowners.
 - The Pile Repair Program assists clients in existing homes to undertake repairs to their wood piling foundations to restore the structural integrity of the foundation.
 - The Loan Guarantee Program assists clients to purchase, build or repair a house on Indian Affairs Branch Land.
 - Home Adaptations for Seniors Independence provides financial assistance to clients to carry out minor adaptations to their homes.
 - The Homeowner Residential Rehabilitation Assistance Program provides financial assistance to low-income homeowners needing to make repairs to their homes.
 - The Emergency Repair Program assists clients in existing private homes with emergency repairs for the safe occupancy of their homes.
 - The Shelter Enhancement Program provides financial assistance for repair and improvements to shelters for women and children who are victims of family violence.
 - The Public Housing Program provides subsidized rental housing to individuals or families in core housing need. Public housing includes units for families, single persons and seniors citizens.
 - The Rent Supplement Program assists households in need to obtain suitable, adequate and affordable housing by subsidizing rents.
 - The Senior Housing Initiatives provide more suitable, adequate and affordable housing for seniors through Homeownership and Public Housing Programs.



Special Initiatives

The Corporation encourages and supports the use of local ideas and solutions to respond to the housing concerns of its clients. Local solutions continue to be an effective way of meeting the particular needs of communities in order to assist people to help themselves live independently. In 2003/2004, the Corporation achieved this through the implementation of the following initiatives:

> The Universal Partnership Agreements

The Northwest Territories Housing Corporation has committed to working in partnership with communities and Aboriginal groups to assist them to become responsible for their own housing choices through the implementation of a Universal Partnership Agreement (UPA). This agreement helps communities to assume the role of providing housing for residents and aid in stimulating the local economic development of communities.

The Corporation has a long history of partnering with communities and Aboriginal groups. These partnerships have been developed through numerous agreements with wide variances. The UPA provides the community or Aboriginal group involved with increased flexibility and decision-making ability at the local level, which in turn makes housing decisions more relevant to the communities.

The NWT Housing Corporation has established a team to complete Universal Partnership Agreements with communities to assume local delivery of Corporation housing programs and services. The Corporation is pursuing the process of partnership renewal through the UPA by holding workshops and information sessions with both District staff and Housing Organizations.

To date, 14 Local Housing Organizations, community governments and organizations wanting to help communities have signed the UPA. These communities include Deline, Radlil Koe, Norman Wells, Tulita, Hay River, Fort Smith, Fort Providence, Fort Simpson, Tuktoyaktuk, Fort McPherson, Aklavik, Inuvik, Sachs Harbour, and Yellowknife.



Special Initiatives

> 2004 NWT Community Survey

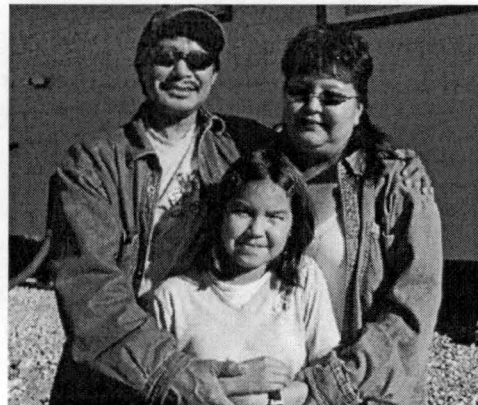
To continue to improve the state of housing across the Northwest Territories, the Corporation, in partnership with the Northwest Territories Bureau of Statistics, conducted the 2004 NWT Community Survey. This survey is a combination of what were previously two surveys: Labour Force and Housing Needs. Combining the two surveys proved to be cost-effective and was more convenient for residents.

The NWT Housing Corporation uses the results of this survey to monitor changes in housing conditions and needs as well as to assist in the targeting of housing resources to communities. The survey provides communities with the information needed to make decisions on where funding should be directed to address specific housing problems and needs. With an 85% response rate, survey results provide a comprehensive overview of housing issues in the NWT.

Between 2000 and 2004, the core need percentage decreased from 20% to 16%. This decrease is a positive sign. It indicates the programs delivered by the Northwest Territories Housing Corporation have been improving housing conditions and providing residents opportunities for suitable, adequate and affordable housing.

Each community in the NWT faces its own unique set of housing challenges. The 2004 NWT Community Needs Survey provides insight into the housing needs of each community in the NWT. This in turn will allow the Corporation to better address the housing needs of the communities and continue to provide effective housing solutions.

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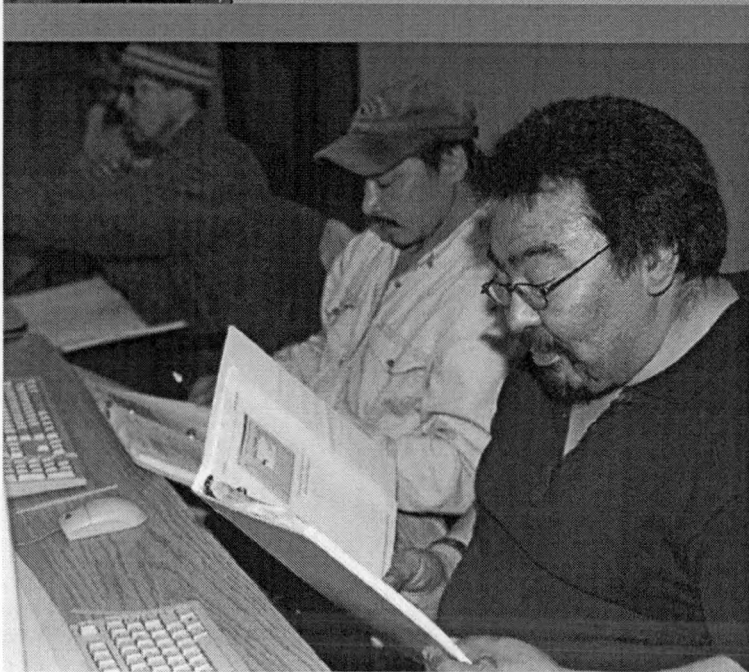
Corporate Goals

> The Northwest Territories Housing Corporation supports the goals of the Government of the Northwest Territories. The Corporation has developed a complimentary set of goals that we continually strive to meet. They include:

1. Improve housing conditions for low and moderate income households in the NWT.
2. Improve the social housing system to become more flexible and responsive to the needs of the people of the NWT.
3. Increase the impact of the housing industry on NWT employment and business development.
4. Assist with increasing the supply of private rental housing units across the NWT.

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

Our People



> The Northwest Territories Housing Corporation is committed to providing training and development opportunities to assist our employees achieve their personal and professional goals. The reasoning is simple: improving the skills of Corporation staff improves our ability to deliver housing services to the people of the Northwest Territories.

The Corporation continues to consider LHO staff training and development a top priority. Community delivery organizations play a critical role in the front-line delivery of housing and having well-trained staff is a critical component.

Human Resources

The Corporation provides a full range of human resource services to approximately 108 employees, including human resource planning, recruitment, labour relations, staffing, job evaluation, and pay and benefits administration. The provision of human resources is centralized, however regional participation is inherent in the delivery of all services.

As well, the Corporation makes available human resource support and assistance to the 23 LHOs. This includes human resource planning, labour relations, and training and development. There are approximately 136 LHO employees.

> Affirmative Action

The Corporation continues to support the Government of the Northwest Territories Affirmative Action policy. This policy aims to create a GNWT workforce that is representative of the makeup 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 who have lived half their life in the NWT;
- Women in management and/or non-traditional occupations;
- Disabled persons; and
- Long-term northern residents.

The Corporation continues to recruit Affirmative Action candidates for available positions. This year over 65% of Corporation employees held Affirmative Action status and over 78% of management positions were occupied by Affirmative Action candidates.

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Staff Profile

Juanita Case

>



Juanita Case has had a long career in housing – she transferred to the Northwest Territories while working for the Canada Mortgage and Housing Corporation 25 years ago, and

has worked for the Northwest Territories Housing Corporation for the past 15 years. “I started as a Mortgage and Loans Advisor, developing, recommending and monitoring loans procedures, and reviewing counselling procedures and training plans for staff,” recalls Juanita. Since then, she has gone from Program Analyst to Program Advisor to her current position, Manager of Program Development and Implementation. Currently, Juanita manages the overall research, monitoring and development of the Corporation’s housing programs. As well, she provides advice, expertise and training to the District Offices and Community Delivery Groups.

During her tenure, Juanita has seen the Corporation undergo several changes. “The Corporation provided housing packages, under the condition that the client built the house. The debt was forgiven after five years. We have since moved to clients making payments on a mortgage based on income, which not only increases the Corporation’s ability to provide houses, but has also increased pride in homeownership,” she explains.

Juanita’s position in the Programs section may have evolved along with the Corporation but it remains both challenging and rewarding. With the onset of new resource development in the Northwest Territories, the strain on housing in the communities is increasing. “There will be less housing available for the low income clients. With the reduction of funding and the government deficit, we are going to have to be more innovative.” For Juanita, the rewards of working for the Corporation come from working with a great team. In Programs the challenge is to discover these innovative solutions. Personal satisfaction results from the knowledge that the Programs she has had a hand in developing have assisted to house people, whether it be a rental or a homeownership program. “There is definitely personal satisfaction knowing that you have helped a family living in substandard housing to move into public housing or their own home.”

While Juanita does not see the Corporation’s future goals changing, she believes that the delivery of these programs and services will move more toward the communities themselves. “The Corporation is moving toward training and an advisory role. I can see us working more with the communities by providing guidance, training and advice. By working within our guiding the Corporation can give communities more leverage so that programs are more community driven,” enthuses Juanita. “The people that live in the communities know first-hand what their needs are. The Corporation will partner with the communities to help them make their own decisions.”

Section Profile

Informatics

> In this technology dependent age, the Informatics section of the Corporation is important to every function of the Corporation. "We interact with people in the Housing Corporation at all levels. Most employees work within their division, but Informatics deals with every division on a regular basis," clarifies Network Administrator Garry Lee. Computers are essential to the function of the Corporation because all jobs are computer-related in some way. "In that sense, we are responsible for not only our own work, but for everyone's work" says Manager of Information Services Mike Jackson.

The Informatics Division is comprised of three main sections. Information Technology deals with the infrastructure itself, such as the hardware and the network. Information Services is the development and maintenance of applications specific to the Corporation. Information Management is records management and the creation of new methods to efficiently use information. The Informatics Division is responsible not only for providing Information Services to the Corporation's offices, but also to the Local Housing Organizations.

Members of this Division also include Information Systems Technician Carrie Bujold, Help Desk Officer Kip Morton, Database Administrator Rudi Mouthaan, and Records Technician Karen Johnson. This section is comprised almost exclusively of residents who have returned to the Northwest Territories after having completed their schooling, but is unique in other ways

as well. "Learning is really encouraged," explains Carrie. "Technology is always advancing and, as a section, we are always learning new technologies and new solutions. We are also a section of relatively young people," she adds. "This translates into a lot of energy and enthusiasm when it comes to our jobs."

This enthusiasm enables the section to work with greater ease, especially in a job that involves a lot of pressure. "When someone has difficulties with their computer, that becomes the number one issue for that person, so being able to prioritize and understanding people's needs are key to the Division. We are a service-oriented section," explains Mike. "A lot of employees outside the Informatics Division are not always familiar with all aspects of the technology they work with every day, therefore it is an asset that our team is approachable."

"I enjoy working with the users that we deal with on a regular basis," adds Garry. "The great people I work with at the Housing Corporation are the reason I do the job."

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District Profile

Nahendeh District

- > Comprised of Fort Simpson, Wrigley, Nahanni Butte, Fort Liard, Jean Marie River, and Trout Lake, the Nahendeh District may seem small but it is by no means inactive. "There are 754 households in the District," explains District Manager Larry Campbell. "Each household is a potential client. On average, we take in about 250 applications a year." Along with Campbell, employees include Manager of Finance and Administration Doris Erasmus, Community Development Administrator Kim Squires, Administrative Assistant Connie Villeneuve, and Technical Advisors Devin Braun and Taylor Speed.

Working in the Nahendeh District cultivates a great appreciation for the beautiful scenery that characterizes the north. Devin finds that the landscape of the Nahendeh region offers some of the most spectacular scenery in existence. "Whether by plane or by boat, it is always a treat to come across wildlife in a natural and undisturbed setting."

Larry agrees. "We can travel to all our communities by air, boat and road," he explains. "To travel the different modes all in

one day is unique; we are still in touch with nature as we continue to keep up with growth and development."

The staff works diligently to provide housing, and to offer safe and healthy improvements in household lifestyles to residents of this picturesque District. "The Corporation has 22 homeownership programs it delivers to its clients. The programs differ in assistance and are all income driven," articulates Doris.

"As a District Office, we work with local governments and agencies to effectively provide homeownership and repair programs," adds Braun.

Providing services to isolated communities remains one of the biggest obstacles. Effective planning and innovative solutions continues to be key to the District's success, as is proper homeownership education. Devin underscores the ill effects of poor home maintenance and the stresses this can create for both residents and communities. This issue can be taken to task by working with all residents of the NWT to further educate and improve upon the standard of living. The hard work of employees is rewarding in itself. "I love witnessing the joy on the clients' faces when they find out they have been approved for a brand new house, one they would not be able to afford to purchase through 100% conventional funding," says Doris.

Larry feels the same way. "I love helping a client to live their dream, to make a dream become reality. For me, it is a reward just to hear a 'thank you' from a client."





Long Service Awards

> The Northwest Territories Housing Corporation is committed to providing residents of the NWT with the opportunity to have homes that are supportive of healthy, secure, independent and dignified lifestyles. Our programs and services could not be developed without the tireless efforts of the Northwest Territories Housing Corporation staff. The Corporation would like to commend and thank all staff members for the exceptional service they continue to provide to the public on behalf of the Corporation and the Government of the Northwest Territories. The Corporation would also like to acknowledge the staff whose long-term service has reached a milestone this fiscal year.

5 Years

- Devin Braun
- Mark Collier
- Donna Fleischhacker
- Dambee Fontanilla
- Audrey Hurley
- Karen Johnson
- Penny Kocik
- Wayne Richards
- Jill Robertson
- Guy Saint-Andre
- Norelda Sorenson

10 Years

- Yvonne Burke
- Millie Burns
- Larry Campbell
- Lisa Cardinal
- April Conway
- Vivian Dean
- Joe Devereaux
- Paulette Doucet
- Robert Fraser
- Marjorie Hansen
- Revi Lau-a
- Terry Posnick
- Lyla Reid

15 Years

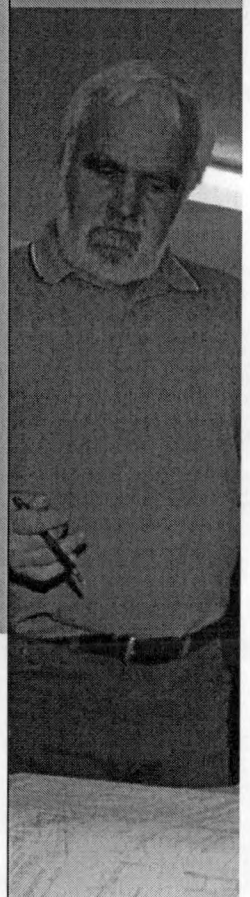
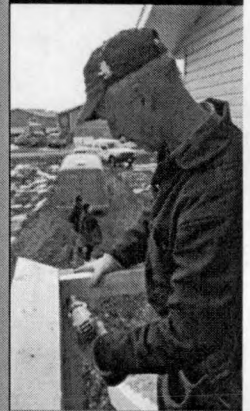
- Juanita Case
- Gary McLellan
- Darleen Conroy
- Paul Curren
- Larry Jones
- Debhora Buck-Colburn
- Lucille Harrington

20 Years

- Jeff Anderson
- Debbie Barry
- Margaret D'Hont
- Ron Gelinas
- Tom Gross
- Jane Haley
- Brian Hebert
- Tom Makepeace
- Milt Pittman

25 Years

- Gordon McSwain
- Carl Simms



Financial Statements

NORTHWEST TERRITORIES
HOUSING CORPORATION
March 31, 2004

MANAGEMENT DISCUSSION AND ANALYSIS

The NWT Housing Corporation continued to develop and implement strategies which reflect the Vision and Mission of the Corporation, and to develop and promote sustainable housing in light of the constantly changing environment.

VISION

The Northwest Territories Housing Corporation is committed to working in partnership with communities and Aboriginal groups to assist them to become responsible for their own choices in housing. By working together, all community residents are provided with opportunities for homes that support a healthy, secure, independent and dignified lifestyle.

MISSION

The Northwest Territories Housing Corporation, in partnership with all NWT residents and community organizations, is responsible for the provision of adequate, suitable and affordable housing. Through the fulfillment of this responsibility, the Northwest Territories Housing Corporation contributes to the development of a healthy NWT housing industry, which has a positive impact upon territorial, regional and local economies.

The mandate of the Northwest Territories Housing Corporation is to assist communities to assume the role of providing housing to their residents and to contribute to northern economic development. This is achieved by providing mentorship and support to communities in the areas of technical research and services, financial support, information sharing, training, and economic development.

HIGHLIGHTS AND CHALLENGES

In terms of achievements, the Housing Corporation had a number of successes and challenges in the past year. Under the Affordable Housing Strategy, construction activities included 33 seniors' homes, 118 Independent Housing Program (IHP) homes and 69 new homeownership units under the Expanded Downpayment Assistance Program (EDAP). Funding was provided to complete over 650 home repairs across the NWT. In addition, the Housing Corporation continued its loan guarantee program to support private market developers and assist with the development of additional market rental and homeownership homes.

Over \$4 million in corporate loan guarantees were on the books as of March 31, 2004, and nearly \$9 million more are pending. The guarantees on interim financing assists private sector companies build or upgrade single or multi-unit residential housing for rental accommodation or for the homeownership market.

These strategies are working to provide the much-needed support to increase housing capacity and keep pace with the current cycle of economic expansion. The Housing Corporation continues to work with the private sector in the development of specific goals and strategies to assist with the expansion of private housing, and to establish an environment that encourages new construction of private housing.

The Housing Corporation, in this reporting period, signed 11 Universal Partnership Agreements (UPA) with community partners. The UPA is the Housing Corporation commitment to working in partnership with communities and Aboriginal groups to assist them in becoming responsible for their own choices in housing.

The Corporation continues to see a substantial lack of supply of northern skilled trades and labour. As the economy goes into a phase of aggressive expansion, due in large part from the increased activity in mining and oil and gas, costs of construction continues to escalate.

The 2000 Housing Needs Survey shows that there were 2,726 NWT households in need of some form of housing assistance, an increase of 237 from the 1996 Housing Needs Survey. This represents about 20% of all households in the territory, well above the national rate. If Yellowknife is removed from the calculations, the remaining NWT communities have approximately 28% of families in need, which exceeds twice the national rate. A new Housing Needs Survey was conducted in the winter of 2003. Results from this survey will allow the Corporation to allocate resources, develop housing programs, and plan new initiatives and strategies.

The total withdrawal of federal funding for new social housing has put a severe strain on the Government of the Northwest Territories' ability to meet the housing needs of our residents. In addition to this, federal funding for the Operations and Maintenance (O&M) of the existing public housing portfolio is now beginning to decline from \$31 million in 2003/2004 to zero in 2038.

FINANCIAL PERFORMANCE

Total Assets

The NWT Housing Corporation's total assets increased in 2003/2004 by \$5.3 million or 3.3%. This increase was primarily due to increases in the investment in housing projects, particularly in the housing for sale and market housing areas.

RESULTS OF OPERATIONS

Expenses

Total expenses were reduced marginally by \$.8 million during 2003/2004. These changes are discussed in the following paragraphs.

Rental Housing Programs

The cost to operate our public housing portfolio has remained fairly stable with a small reduction of \$.8 million in 2003/2004. This reduction is due primarily to reduced interest charges related to the Corporation's long-term debt, and to a reduction in repair and maintenance expenditures.

Homeownership Programs

In 2003/2004, the Housing Corporation continued with the delivery of homeownership programs with a slight reduction of \$.5 million from the previous year. Although there were increases in homeownership grants and contributions of \$1.2 million, due mainly to increased expenditures in the EDAP program, this was offset by a reduction in mortgage subsidies. As the income levels of clients in our homeownership programs are increasing, the subsidies that are provided are decreasing.

Administration

Administration costs increased by \$.5 million in relation to the past year, primarily due to collective bargaining approved increases and other salaries and benefits costs.

Revenues and Recoveries

The Revenues and Recoveries section decreased by \$.8 million in 2003/2004, primarily due to reduced investment revenue, reduced recoveries from the government for staff housing and lower gains on the disposal of capital assets.

Government Contributions

Approved contributions from the Government of the Northwest Territories (GNWT) are dependent upon actual expenses incurred for the year. As disclosed in Note 8, the Housing Corporation started with \$1.1 million in unspent appropriations from the GNWT and ended with deficit of \$1.5 million, a reduction of \$2.7 million.

Federal contributions, as provided under the Social Housing Agreement with Canada Mortgage and Housing Corporation (CMHC), remained stable. However, they will start to decline next year as the mortgages are paid out and the funding agreements expire. An additional CMHC contribution of \$1.8 million was received under the Affordable Housing Agreement.

Accounts Receivable

Pursuant to Section 84 of the *Financial Administration Act*, any asset, debt or obligation written off under Section 82 during the financial year that exceeds \$500 must be reported in the annual report of the public agency. During 2003/2004, the Northwest Territories Housing Corporation approved for write-off the following tenant rental arrears and other bad debts. The Board of Directors of each Local Housing Organizations (LHOs) of the NWT approves the arrears write-offs.

The arrears and bad debts write-offs listed below are considered uncollectible for a number of reasons. The tenant may be deceased or has moved and cannot be traced. In some cases, early record keeping has been insufficient to make a case for collection, or the arrears are over six years old.

WRITE-OFFS – TENANT RENTAL ARREARS

Client	Community	Amount
Alexi, Glen	Fort McPherson	\$ 801
Firth, Darcy	Fort McPherson	912
Kendi, Lori	Fort McPherson	780
Stewart, Ricky	Fort McPherson	2,716
Harris, Tony	Norman Wells	957
McDonald, Norman	Norman Wells	1,926
McNeely, Shane	Norman Wells	1,543
Odgaard, Roger	Norman Wells	589
Tobac, Georgina	Norman Wells	867
Turo, Sheila	Norman Wells	787
Apples, Elizabeth and Camsell, Rene	Rae Edzo Housing	1,142
Beaulieu, Archie and Whane, Celine	Rae Edzo Housing	853
Ekendia, Gladys and Tipkka, Frank	Rae Edzo Housing	800
Flunkie, Lloyd and Drybone, Sandy	Rae Edzo Housing	737
Mantla, Peter and Mary	Rae Edzo Housing	1,250
Migwi, Georgina	Rae Edzo Housing	600
Quitte, Gilbert and Black, Rose	Rae Edzo Housing	532
Rabesca, Nora	Rae Edzo Housing	600
Sanspariel, Elizabeth	Rae Edzo Housing	632
Washie, Sandy	Rae Edzo Housing	1,483
Total		\$ 20,507

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

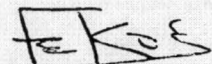
To the Honourable David Krutko
Minister Responsible for the
Northwest Territories Housing Corporation

The accompanying financial statements have been prepared by Management in accordance with Canadian generally accepted accounting principles. Management is responsible for the integrity and objectivity of the data in these financial statements and, where appropriate, the statements include estimates and judgements based on careful consideration of information available to Management.

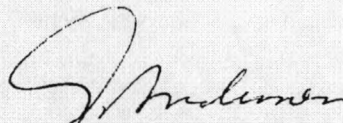
Management has developed and maintains books of accounts, records, financial and management controls, information systems and management practices. These are designed to provide reasonable assurance as to the reliability of financial information, that assets are safeguarded and controlled and that transactions are in accordance with the *Financial Administration Act*, the *Housing Corporation Act* and policies of the Corporation. 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 Auditor General of Canada provides an independent, objective audit for the purpose of expressing her opinion on the financial statement of the Corporation. She also considers whether the transactions that come to her notice in the course of this audit are, in all significant respects, in accordance with the specified legislation.

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Fred E. Koe, CMA, CAFM
President



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

Yellowknife, NT
June 11, 2004



Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the Minister of the
Northwest Territories Housing Corporation

I have audited the balance sheet of the Northwest Territories Housing Corporation as at March 31, 2004 and the statements of operations, surplus/(deficit), and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

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



Roger Simpson, FCA
Principal

For the Auditor General of Canada

Edmonton, Canada

June 11, 2004

Balance Sheet as at March 31, 2004

NORTHWEST TERRITORIES HOUSING CORPORATION

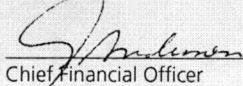
	2004 (\$'000)	2003 (\$'000)
ASSETS		
Current		
Short-term investments (Note 3a)	\$ 12,892	\$ 14,705
Accounts receivable (Note 4)	6,935	9,312
Due from the Government of the Northwest Territories (Note 8)	1,485	-
	<u>21,312</u>	<u>24,017</u>
Other receivables	501	-
Fixed-term investments (Note 3b)	4,060	2,010
	<u>4,561</u>	<u>2,010</u>
Investment in housing projects		
Land and buildings (Note 5a)	131,770	125,802
Mortgages receivable (Note 5b)	3,015	3,380
	<u>134,785</u>	<u>129,182</u>
Property and equipment (Note 6)	4,173	4,304
	<u>\$ 164,831</u>	<u>\$ 159,513</u>
LIABILITIES		
Current		
Bank indebtedness	\$ 272	\$ 1,161
Accounts payable (Note 7)	10,319	10,221
Due to the Government of the Northwest Territories (Note 8)	-	1,141
Current portion of long-term debt and capital leases	5,006	4,454
	<u>15,597</u>	<u>16,977</u>
Long-term debt (Note 9)	85,364	89,917
Deferred capital contributions (Note 10)	51,245	44,792
Obligation under capital leases (Note 11)	9,279	8,491
Employee future benefits	1,331	1,255
	<u>162,816</u>	<u>161,432</u>
EQUITY		
Accumulated surplus/(deficit)	2,015	(1,919)
	<u>\$ 164,831</u>	<u>\$ 159,513</u>

Contingencies and commitments (Notes 16 and 17)

Approved by Management:



President



Chief Financial Officer

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

Statement of Operation for the year ended March 31, 2004
NORTHWEST TERRITORIES HOUSING CORPORATION

	2004 (\$'000)	2003 (\$'000)
EXPENSES		
Rental housing programs		
Contributions for social housing	\$ 32,757	\$ 32,866
Interest on long-term debt	10,025	10,458
Amortization	6,995	6,866
Repairs, maintenance and other costs	3,633	4,748
Contributions for market housing	735	-
Homeownership programs		
Homeownership grants and contributions	10,414	9,230
Mortgage subsidies	2,947	4,812
Provision for impaired mortgages	1,805	1,579
Administration (Note 15)	13,864	12,988
Administration of government staff housing	-	403
	<u>83,175</u>	<u>83,950</u>
REVENUES AND RECOVERIES		
Other revenue and recoveries	1,435	1,343
Investment revenue	768	793
Recoveries from government for staff housing	-	374
Mortgage interest revenue	187	237
Gain on disposal of capital assets	420	661
Recovery of prior year grants	34	238
	<u>2,844</u>	<u>3,646</u>
Net cost of operations prior to government contributions	<u>80,331</u>	<u>80,304</u>
GOVERNMENT CONTRIBUTIONS		
Government of the Northwest Territories	41,613	41,634
Canada Mortgage and Housing Corporation (Note 14)	33,546	33,545
Amortization of deferred capital contributions	3,266	2,583
	<u>78,425</u>	<u>77,762</u>
NET COST OF OPERATIONS	<u>\$ 1,906</u>	<u>\$ 2,542</u>

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

Statement of Surplus for the year ended March 31, 2004
NORTHWEST TERRITORIES HOUSING CORPORATION

	2004 (\$'000)	2003 (\$'000)
Accumulated deficit at beginning of the year	\$ (1,919)	\$ (3,473)
Net cost of operations – unfunded items	(1,906)	(2,542)
	(3,825)	(6,015)
Contributions from the Government of the Northwest Territories		
Acquisition of non-depreciable capital assets	5,588	3,861
Long-term debt principal repayment (Note 8)	252	235
	5,840	4,096
Accumulated surplus/(deficit) at end of the year	\$ 2,015	\$ (1,919)

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

Statement of Cash Flows for the year ended March 31, 2004
NORTHWEST TERRITORIES HOUSING CORPORATION

	2004 (\$'000)	2003 (\$'000)
CASH FLOW FROM OPERATING ACTIVITIES		
Cash received from:		
Government of the Northwest Territories (GNWT)	\$ 40,701	\$ 41,464
Canada Mortgage and Housing Corporation (CMHC)	30,121	29,892
Miscellaneous revenue and recoveries	2,354	1,984
	<u>73,176</u>	<u>73,340</u>
Cash used for:		
Contributions for social housing	(32,624)	(32,176)
Administration	(13,593)	(12,748)
Interest on long-term debt	(10,008)	(10,454)
Mortgage subsidies	(3,639)	(3,539)
Repairs, maintenance and other costs	(3,633)	(4,748)
Homeownership grants and contributions	(9,050)	(9,369)
Contributions for market housing	(735)	(403)
	<u>(73,282)</u>	<u>(73,437)</u>
Net cash used by operating activities	<u>(106)</u>	<u>(97)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Contribution from GNWT for capital assets	14,073	7,956
Contribution from CMHC for loan repayment	3,404	3,404
Repayment of long-term debt and capital leases	(4,487)	(4,039)
Net cash provided by financing activities	<u>12,990</u>	<u>7,321</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Mortgage payments received	1,088	758
Sale of capital assets	5,009	1,032
Capital assets purchased	(17,855)	(8,675)
Fixed-term investments purchased	(2,050)	(2,010)
Short-term investments redeemed	1,813	279
Net cash used by investing activities	<u>(11,995)</u>	<u>(8,616)</u>
Net increase (decrease) in cash	889	(1,392)
Cash (bank indebtedness), beginning of year	(1,161)	231
Bank indebtedness, end of year	<u>\$ (272)</u>	<u>\$ (1,161)</u>

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

1. PURPOSE OF THE ORGANIZATION

The Northwest Territories Housing Corporation is a Territorial Crown Corporation, established under the *Northwest Territories Housing Corporation Act*. The Northwest Territories Housing Corporation is exempt from income tax but is subject to Goods and Services taxes.

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 (GNWT), either directly or indirectly through guarantees, for the funds required to finance the net cost of its operations and for capital projects.

2. SIGNIFICANT ACCOUNTING POLICIES

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

Revenue Recognition

Government contributions provided through the GNWT 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 are recognized as revenue in the year in which the related expenses are incurred.

Contributions and recoveries from the government for operations, grants and contributions to homeowners, repairs, maintenance and other costs are credited to operations, except for those amounts provided for long-term debt principal repayments, which are credited to accumulated surplus/(deficit). Contributions from the government for depreciable capital assets 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. Grant-in-lieu contributions of depreciable capital assets from the government are also recorded as deferred capital contributions. Contributions for non-depreciable capital assets are credited to accumulated surplus/(deficit).

Federal contributions from Canada Mortgage and Housing Corporation (CMHC) are restricted under provisions of a Social Housing Agreement. Accordingly, federal contributions are recognized as revenue in the year in which the related expenses are incurred.

Federal contributions used for the repayment of loans towards the purchase of capital assets approximate the annual amortization expense of these assets and are recognized in the year received.

Federal contributions provided under the Affordable Housing Program agreement are credited against the capital costs of housing units built under the homeownership and the assisted rental housing programs. The contribution under this program for 2004 is \$1,775,000 (2003 – \$1,775,000).

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Short-term investments are valued at the lower of cost or market value. Fixed-term investments are valued at cost; with unrealized losses only recognized when there has been a permanent decline in the value of investments. Interest income is recorded on the accrual basis.

Investment in Housing Projects – Land and Buildings

Land and buildings constructed or purchased by the Corporation for the rental portfolio or carried in inventory are stated at cost. Buildings transferred to the Northwest Territories Housing Corporation from CMHC or the government are stated at their respective book value when transferred. This is considered a reasonable estimation of cost. Construction in progress includes amounts which may be transferred to land and buildings for rental programs 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. Inventory items are valued at lower of cost and net realizable value.

Amortization for social housing, lease/purchase housing and market housing is provided using the declining balance method at an annual rate of 5%. The provisions for amortization begin in the year the building is completed or transferred in and are taken for the full year.

Inventoried units are not amortized.

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

Investment in Housing Projects – Mortgages Receivable

a) *Mortgage Subsidies*

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 mortgagees. Subsidies are expensed in the year the mortgage is approved and are recorded as mortgage subsidies.

Accordingly, the mortgage receivable balance represents the present value of the expected future unsubsidized payments from the mortgages, prior to an allowance for impairment.

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

b) *Allowance for Impaired Mortgages*

Mortgages are considered impaired when 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued))

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.

Property and Equipment

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

Office furniture and equipment	Declining balance	20%
Warehouses and offices	Declining balance	5%

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

Contributions for Social Housing

Housing units 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, net of rent revenues collected. These contributions are recorded on an accrual basis by the Corporation.

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

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Employee Future Benefits

Pension Benefits

Employees participate in the Public Service Superannuation Plan (the Plan) administered by the Government of Canada. The Corporation contributes to the Plan based on a multiple of the employee's contributions, which may change from time to time depending on the experience of the Plan. These contributions represent the total pension obligations of the Corporation and are charged to operations on a current basis. The Corporation is not currently required to make contributions with respect to actuarial deficiencies of the Plan.

Non-pension Benefits

Under term and conditions of employment, employees earn non-pension benefits for resignation, retirement, and removal based on years of service. The cost of these benefits is determined based on management's best estimates and is accrued as a liability as employees render service.

Measurement Uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires the Corporation to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Some of the more significant management estimates relate to: valuation of social housing including buildings under capital lease; valuation of allowances for mortgages receivable and of mortgage subsidies; and the allocation of the costs of administering social housing programs for the Canada Mortgage and Housing Corporation.

3. INVESTMENTS

a) Short-term Investments

The Corporation invests in the short-term money market. The market yield of this portfolio ranged from 0.75% to 5.20% in 2004 (2003 – 1.00% to 6.10%). All instruments held are in high quality debt obligations with an average term to maturity of 51 days (2003 – 87 days).

b) Fixed-term Investments

			2004	2003
	Effective rate of return	Term to Maturity	Carrying Value (\$'000)	Carrying Value (\$'000)
Fixed-term investments				
Government of Canada	3.13%	1 to 32 years	\$ 2,081	\$ 1,031
Trust company	4.75%	1 to 4 years	979	979
Provincial government	4.50%	1 to 7 years	1,000	-
			<u>\$ 4,060</u>	<u>\$ 2,010</u>

The average yield of this portfolio in 2004 was 3.85% (2003 – 3.57%).

4. ACCOUNTS RECEIVABLE

	2004 (\$'000)	2003 (\$'000)
Trade accounts receivable	\$ 1,200	\$ 3,063
Receivables from related parties		
Government of the Northwest Territories	877	1,207
Canada Mortgage and Housing Corporation	4,556	4,535
Local housing organizations	302	507
	<u>\$ 6,935</u>	<u>\$ 9,312</u>

5. INVESTMENT IN HOUSING PROJECTS

a) Land and Buildings

	2004 (\$'000)			2003 (\$'000)
	Cost	Accumulated Amortization	Net	Net
Land	\$ 261	\$ -	\$ 261	\$ 326
Housing for sale	5,142	-	5,142	1,779
Social housing	176,516	72,063	104,453	106,816
Social housing under capital lease	11,033	2,465	8,568	7,981
Lease/purchase housing	5,463	1,445	4,018	3,210
Staff housing	-	-	-	656
Market housing	2,814	209	2,605	-
Construction in progress	6,723	-	6,723	5,034
	<u>\$ 207,952</u>	<u>\$ 76,182</u>	<u>\$ 131,770</u>	<u>\$ 125,802</u>

b) Mortgages Receivable

	2004 (\$'000)	2003 (\$'000)
Mortgages, bearing interest at rates varying between 5.95% and 14.25% per annum, repayable over a maximum period of 25 years	\$ 11,531	\$ 10,530
Less: allowance for impaired mortgages	(8,692)	(7,517)
	<u>2,839</u>	<u>3,013</u>
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	849	855
Less: allowance for impaired mortgages	(673)	(488)
	<u>176</u>	<u>367</u>
	<u>\$ 3,015</u>	<u>\$ 3,380</u>

The recorded value of those mortgages specifically identified as being impaired is \$9,365,000 (2003 - \$8,005,000). There were no write-offs in the current year.

The carrying amounts of mortgages receivable should not be interpreted as the realizable value on immediate settlement of these mortgages due to the uncertainty associated with such a settlement.

6. PROPERTY AND EQUIPMENT

	2004 (\$'000)			2003 (\$'000)
	Cost	Accumulated Amortization	Net	Net
Warehouses and offices	\$ 5,624	\$ 2,709	\$ 2,915	\$ 3,069
Office furniture and equipment	4,225	3,178	1,047	1,016
Leasehold improvements	405	194	211	219
	<u>\$ 10,254</u>	<u>\$ 6,081</u>	<u>\$ 4,173</u>	<u>\$ 4,304</u>

7. ACCOUNTS PAYABLE

	2004 (\$'000)	2003 (\$'000)
Trade payables	\$ 6,397	\$ 7,469
Accrued interest	481	498
Employee leave benefits	752	590
Deferred revenues	26	62
Payables to related parties		
Local Housing Organizations	1,316	1,388
Government of the Northwest Territories	1,347	214
	<u>\$ 10,319</u>	<u>\$ 10,221</u>

8. DUE TO/(FROM) THE GOVERNMENT OF THE NORTHWEST TERRITORIES

	2004 (\$'000)	2003 (\$'000)
Balance at beginning of the year	\$ 1,141	\$ 1,690
Total contributions	53,312	49,276
Contributions for long-term debt principal repayment	(252)	(235)
Contributions for capital assets	(14,073)	(7,956)
Cost of operations funded by GNWT	(41,613)	(41,634)
Balance at end of year	<u>\$ (1,485)</u>	<u>\$ 1,141</u>

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

9. LONG-TERM DEBT

	2004 (\$'000)	2003 (\$'000)
Loans payable to Canada Mortgage and Housing Corporation, repayable in annual installments until the year 2033, bearing interest of 6.97% (2003 – 6.97%). The loans are guaranteed by the Government of the Northwest Territories	\$ 26,659	\$ 27,225
Mortgages payable to Canada Mortgage and Housing Corporation for units transferred under the Social Housing Agreement, maturing between the years 2005 and 2038, at interest rates ranging from 2% to 21.5% (2003 – 4.5% - 21.5%)	63,252	66,793
	89,911	94,018
Portion included in current liabilities	4,547	4,101
	<u>\$ 85,364</u>	<u>\$ 89,917</u>

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

	Principal (\$'000)	Interest (\$'000)	Total (\$'000)
2005	\$ 4,547	\$ 8,703	\$ 13,250
2006	5,015	8,217	13,232
2007	5,356	7,671	13,027
2008	5,118	7,132	12,250
2009	5,383	6,584	11,967
2010-2014	18,909	26,088	44,997
2014-2038	45,582	54,470	100,052

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10. DEFERRED CAPITAL CONTRIBUTIONS – GOVERNMENT OF THE NORTHWEST TERRITORIES

	2004 (\$'000)	2003 (\$'000)
Balance, beginning of year	\$ 44,792	\$ 43,280
GNWT contribution for depreciable capital assets	9,719	4,095
Amortization of deferred capital contributions	(3,266)	(2,583)
Balance, end of year	<u>\$ 51,245</u>	<u>\$ 44,792</u>

11. OBLIGATION UNDER CAPITAL LEASES

The Northwest Territories Housing Corporation is committed, in aggregate, to payments of \$1,697,000 per annum for 15 lease agreements for housing units that were initiated to support the Public Housing and Senior Citizens' Rent Supplement Programs and three lease agreements for market housing units. These lease agreements are based on implicit interest rates varying from 6.6% to 11.5% and expiry dates ranging from 2012 to 2023. The lease payments may be renegotiated every five years for changes in specific operating costs such as interest rates and cost of utilities. The Corporation is also responsible for other operating costs not included in the annual lease payment.

	Future Minimum Lease Payments (\$'000)	Executory Costs (\$'000)	Imputed Interest (\$'000)	Lease Obligation (\$'000)
CURRENT				
2005	1,697	374	864	459
LONG TERM				
2006	1,697	374	824	499
2007	1,697	374	778	545
2008	1,697	374	729	594
2009	1,697	374	670	653
2010-2023	13,083	2,886	3,209	6,988
	19,871	4,382	6,210	9,279
TOTAL	\$ 21,568	\$ 4,756	\$ 7,074	\$ 9,738

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12. PENSION BENEFIT EXPENSE

The Public Service Superannuation Plan requires the Corporation to contribute to the PSSA at a rate of 2.14 times (2003 – 2.14 times) the employees' contributions. The Corporation's contributions to the Plan during the year were approximately \$963,000 (2003 – \$861,000).

13. FINANCIAL INSTRUMENTS

a) Fair Value

The fair values of the Corporation's financial instruments are estimated as follows:

	2004 (\$'000)		2003 (\$'000)	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Fixed-term investments	\$ 4,060	\$ 4,240	\$ 2,010	\$ 1,897
Loans payable	26,659	28,324	27,225	27,721
Mortgages payable	63,252	91,407	66,793	94,567

13. FINANCIAL INSTRUMENTS (continued))

Fair values for fixed-term investments are the market value as at March 31.

The fair value of loans and mortgages payable is based on an estimated 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 Labrador and applying this yield to the Corporation's debt. This approach is used because the Government of the Northwest Territories does not issue debt.

The fair value of the remaining financial assets and liabilities approximate the carrying amounts because of the short term to maturity.

b) Credit Risk

Investments are managed by the Corporation's external investment managers. All investments have an R-1 medium or an AA rating or higher from the Dominion Bond Rating Service. Investments are limited to a maximum of 10% 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.

Accounts receivable consists primarily of amounts due from GNWT, CMHC and federal Goods and Services Tax rebates, which in aggregate represent 82% (2003 – 70%) of balances outstanding.

Mortgage credit risk arises from the possibility that clients might be unable to fulfill their obligation under mortgage contract. This risk is mitigated by verifying employment status and income, and by performing a credit assessment which includes ensuring there are no rent arrears with Local Housing Organizations.

Loan guarantees provided by the Corporation to banks are in respect of loans advanced to individual homeowners and contractors throughout the Territory. Guaranteed loans mature at various dates to the year 2023. Losses relating to loan defaults are not significant to the Corporation's 2004 operations.

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14. CONTRIBUTIONS FROM CANADA MORTGAGE AND HOUSING CORPORATION

	2004 (\$'000)	2003 (\$'000)
Recoveries in respect of:		
Operations and maintenance		
Contributions for social housing including interest expense	\$ 30,983	\$ 31,008
Repairs, maintenance and other costs	2,563	2,537
	<u>\$ 33,546</u>	<u>\$ 33,545</u>

Under the terms of a Social Housing Agreement (SHA) with Canada Mortgage and Housing Corporation (CMHC), the Corporation assumed full responsibility and liability for the management of social housing programs specified in the SHA. The Corporation receives annual funding from CMHC to manage these programs. The SHA and the funding expire in 2038.

CMHC's ownership interest in the social housing and loan portfolio affected by the SHA is transferred to the Corporation as Trustee, in accordance with a Declaration of Trust Agreement. A portion of the SHA funding is used to make payments on portfolio-related CMHC mortgages (Note 9). As the related mortgages mature, the Corporation obtains clear title to CMHC's share of the book value of the respective assets. Until clear title is obtained, CMHC is entitled to its respective share of any gains realized upon the disposal of any portfolio assets.

15. ADMINISTRATION EXPENSES

	2004 (\$'000)	2003 (\$'000)
Salaries and benefits	\$ 10,467	\$ 9,291
Building and equipment rentals	1,223	1,064
Travel and relocation	748	774
Computer services	101	716
Professional and special services	810	587
Materials and supplies	262	324
Communications	201	193
Land title fees and expenses	47	34
Workshops and studies	5	5
	<u>\$ 13,864</u>	<u>\$ 12,988</u>

16. CONTINGENCIES

The Corporation provided guarantees to banks financing certain new or renovated residential housing construction. As at March 31, 2004 a total of 40 (2003 – 41) loan guarantees were in effect, and the outstanding balance of loans guaranteed was \$6,459,000 (2003 – \$7,201,000).

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 \$39,035,000 as at March 31, 2004 (2003 – \$40,233,000).

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17. COMMITMENTS

The Corporation leases office space and rent supplement public housing units 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 (\$'000)
2005	\$ 4,355
2006	4,366
2007	3,792
2008	3,140
2009	2,810

18. RELATED PARTY TRANSACTIONS

The Corporation's relationship with the various local housing organizations (authorities, associations, bands, and municipalities) 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. In addition the local housing organizations complete Modernization and 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.

19. COMPARATIVE FIGURES

Certain of the 2003 comparative figures have been reclassified to conform to the current year presentation.