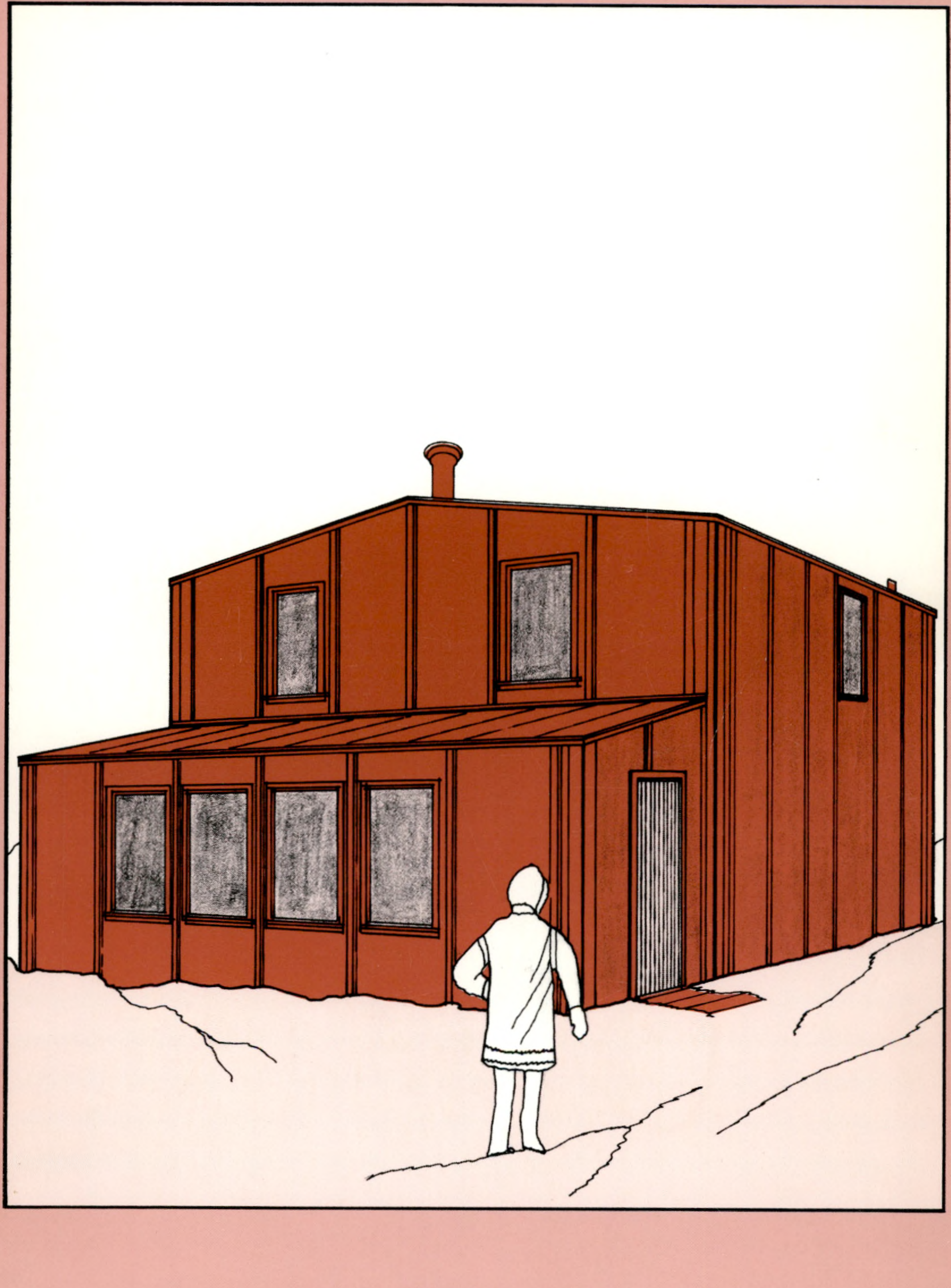
1981 Annual Report



Northwest Territories Housing Corporation

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

The Northwest Territories Housing Corporation was established as an Agent of the Commissioner under the Northwest Territories Housing Corporation Ordinance in 1972 and commenced its operations on January 1st, 1974. The Corporation reports to the Legislative Assembly of the Northwest Territories through a Minister Responsible for the Housing Corporation.

Policy of the Corporation is created by the ten-member Board of Directors who are appointed by the Commissioner in the Legislative Assembly.

The day-to-day operations of the Corporation are directed by the Managing Director, who is also a voting member of the Board.

The objectives of the Northwest Territories Housing Corporation remained constant through 1981:

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

To become involved in community design (subdivision planning);

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

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

Board of Directors in 1981

Chairman:
Mr. Robert S. Pilot,
Deputy Commissioner,
Government of the Northwest Territories

Vice-Chairman:
Mr. Ib Kristensen,
Fort Smith, N.W.T.

Members:
Mr. Victor Irving,
President

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

Mr. Steve Kakfwi,
Fort Good Hope, N.W.T.

Mr. James Antoine,
Fort Simpson, N.W.T.

Mr. Simeonie Amagoalik,
Resolute Bay, N.W.T.

Mr. Sarto Ippiak,
Chesterfield Inlet, N.W.T.

Ms. Nellie Cournoyea,
Inuvik, N.W.T.

Mr. Red Pedersen,
Coppermine, N.W.T.

Mr. Leo Hardy resigned from the Board in March 1981

The terms of office for both Mr. James Arvaluk and Mr. William Noah expired in May, 1981.

Offices of the Corporation

Head Office

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

District Offices

Northwest Territories Housing Corporation
P.O. Box 2200, Inuvik, N.W.T.
(403) 979-7270

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

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

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

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

Northwest Territories Housing Corporation
P.O. Box 2732, Yellowknife, N.W.T.
(403) 873-7795

Letters of Transmittal

To the Honourable Arnold McCallum,
Minister Responsible for the
Northwest Territories Housing Corporation

Dear Sir:

I have the honour to submit herewith the Annual Report of the Northwest Territories Housing Corporation.

Respectfully submitted,

R. S. Pilot,
Chairman, Board of Directors.

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

Dear Sir:

I have the honour to present herewith, for the information of the Members of the Legislative Assembly and yourself, the Annual Report of the Northwest Territories Housing Corporation covering the period January 1st, 1981, to December 31st, 1981.

Respectfully submitted,

Arnold J. McCallum, M.L.A.
Minister Responsible for the
Northwest Territories Housing Corporation.

Report of the Chairman

A number of significant changes occurred in the Administration of the Housing Corporation in 1981. These changes are intended to give the organization a more "corporate" appearance, and to strengthen senior management so the objectives of the Board of Directors can be more effectively realized.

In August, Victor Irving was appointed to the position of Managing Director, on recommendation of the Board of Directors. Formerly the Deputy Minister of Justice and Public Services, Mr. Irving was appointed to effect the restructuring of the organization along corporate lines.

The second important change involved the amendment of the N.W.T. Housing Corporation Ordinance by the Legislative Assembly during the 3rd Session of the 9th Assembly.

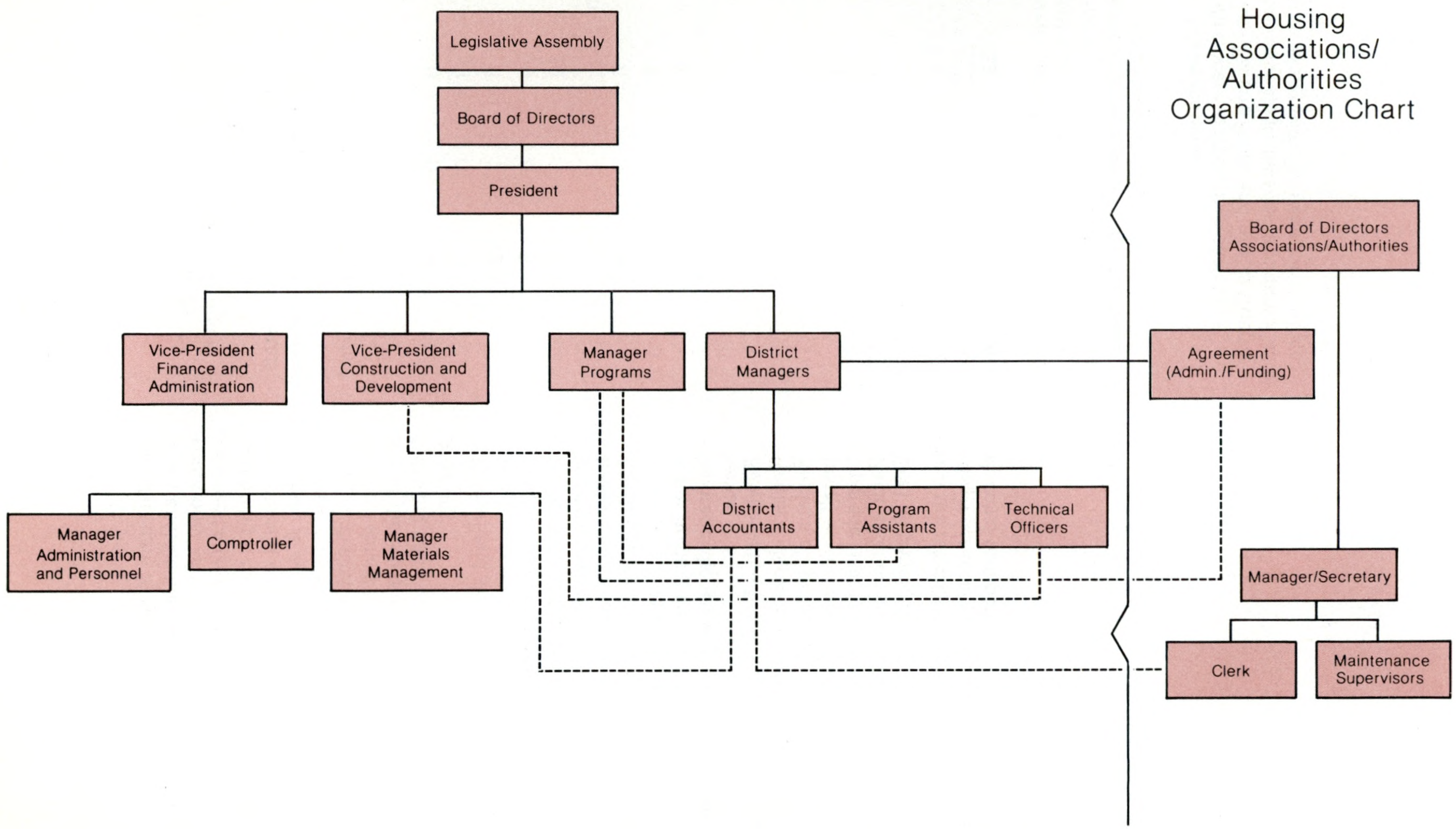
The resultant changes to the ordinance are intended to support the planned structural changes. For example, in keeping with general corporate structure, the title of Managing Director was changed to President. Another change, designed to make the Board more representative, will permit an increase in the size of the Board from ten to eleven members.

In spite of administrative changes, the Corporation completed another strong construction program in 1981. A total of 118 new units were constructed and a further 132 rehabilitated. Homeownership programs continued to increase in popularity, with greater interest being expressed by communities north of the treeline. The Capital budget for the Corporation totalled $25,039,000 of which 75.5% was funded by Canada Mortgage and Housing Corporation and 24.5% by the Government of the Northwest Territories. In the Corporation's Operations and Maintenance program, $35,083,100 was funded, 24.1% from Canada Mortgage and Housing Corporation and 52.6% from the Government of the Northwest Territories. Non cash items contributed 12.9% and the collection of rent of 10.4% completed the total.

1981 was a productive year for the N.W.T. Housing Corporation and the outlook for 1982 is equally ambitious. On behalf of the Board of Directors, I would like to extend a note of thanks to all employees of the N.W.T. Housing Corporation for their diligent efforts and dedication during the past year.

R. S. Pilot,
Chairman, Board of Directors.

NWTHC Organization Chart



1981 Programs and Activities

Construction

In 1981, the Corporation provided 92 single family public housing units, and 26 Territorial Government staff units, all in the Woolfenden design.

Community	Public Housing # of Units (3 bdrm)	Public Housing # of Units (4 bdrm)	Total all Units	Staff Housing (all units 3 bdrm)
Aklavik	5	5	10	—
Cambridge Bay	—	—	—	5
Cape Dorset	0	5	5	—
Clyde River	3	0	3	—
Coppermine	5	7	12	5
Coral Harbour	0	6	6	—
Fort Franklin	10	0	10	—
Fort McPherson	—	—	—	1
Frobisher Bay	8	0	8	—
Gjoa Haven	7	3	10	3
Hall Beach	—	—	—	1
Holman Island	4	4	8	—
Lake Harbour	—	—	—	1
Pangnirtung	5	0	5	—
Pond Inlet	—	—	—	1
Repulse Bay	5	0	5	—
Rankin Inlet	0	5	5	6 *(detached)*
Sanikiluaq	—	—	—	2
Tuktoyaktuk	0	5	5	1
Totals	**52**	**40**	**92**	**26**

•average total unit cost $105,225. All new construc tion is co-funded under Section 40 of the National Housing Act between Canada Mortgage and Housing Corporation and the Government of the Northwest Territories in a 75/25% arrangement.

Single Persons' Accommodation

Five four-plex units were erected, two each in Frobisher Bay and Eskimo Point and one in Coppermine. The demand for single persons' accommodation continues to grow, along with the need for all other unit types.

Rehabilitation Program

The Rehabilitation or "rehab" program as it is more commonly known, is designed to upgrade units constructed between 1969 and 1974. The purpose of the upgrading is to provide better protection for the occupants and contents of the house from inclement weather. A second, but just as important purpose, is to decrease operation and maintenance costs through energy conservation construction practices. The Corporation strives to alleviate serious problems in the control of the interior of the unit and its systems. The following items were incorporated into the 1981 program:

- Relevel and skirt unit
- Install new metal roof skin
- Increase roof insulation
- Increase floor insulation
- Increase wall insulation
- Install new vapour barrier
- Install new ceiling, wall and floor finishes
- Install plumbing system complete with all fixtures, water holding tank and sewage tank
- Upgrade kitchen with new cabinets, refrigerator and range
- Rewire entire house including new light fixtures
- Replace all exterior and interior doors
- Replace all windows
- Install a wind porch and stairs at each entry
- Upgrade heating system
- Paint exterior siding
- Seal all panel joints

Once the rehabilitation is completed, the unit conforms to the most recent codes and standards governing residential occupancy.

1981 Programs and Activities

Community	# Units Rehabbed
Aklavik	10
Arctic Bay	5
Baker Lake	10
Cambridge Bay	10
Chesterfield Inlet	10
Coral Harbour	6
Eskimo Point	10
Fort Franklin	10
Fort Good Hope	5
Frobisher Bay	12
Hall Beach	5
Pangnirtung	5
Pond Inlet	10
Repulse Bay	9
Spence Bay	10
Whale Cove	5
Total	**132**

*average total unit cost $36,000. Rehabilitation projects are co-funded under Section 43 of the National Housing Act between Canada Mortgage and Housing Corporation and the Government of the Northwest Territories in a 90/10% arrangement.

Warehouse Program
The Corporation continues to promote a warehouse and compounds program, as secure protection is required for annual supplies of maintenance and repair material and for housing material for major rehabilitation and emergency repair projects. Covered space is also required to protect material subject to freezing and weathering. Three warehouses were constructed in 1981, one each in Arctic Bay, Fort Providence and Fort Franklin at an average cost of $67,600 each.

Public Housing Program

The Housing Corporation maintains the management and operation of over 4000 rental units across the Territories, including ten senior citizens accommodation projects. Administration of public housing is carried out through local Housing Associations/Authorities. Funding for the operation and maintenance of public housing units constructed under Section 43 of the National Housing Act are cost shared 50% Canada Mortgage and Housing Corporation, and 50% Government of the Northwest Territories.

The Extra-Ordinary Maintenance program is used to upgrade those public housing units that do not qualify for major rehabilitation, but that require upgrading beyond the capacity of routine or preventative maintenance. The majority of the work is done by housing associations/authorities, utilizing local labour. The program is directed toward correction of violations against Territorial and/or Federal fire, health or safety codes, replacement of standard household equipment (i.e. stoves, fridges, furnace, etc.) or in cases where inspection reveals extreme areas of energy waste, funds can be used on energy conservation measures. Repairs to public housing units are co-funded by the Government of the N.W.T. from 25% to 50%, with the balance funded by Canada Mortgage and Housing Corporation. Repairs are fully funded by the Government of the N.W.T. for Northern Rental Units. In 1981 a budget of $1,200,000 was spent on 800 units in various communities.

The Enriched Emergency Repair program is used to provide some upgrading to Northern Rental units and extend the life expectancy of the unit until a full rehabilitation can be accomplished. Only urgent items will be considered for correction, as funding is provided to a maximum of $7,600 per unit. This upgrading includes repairs to foundations, roofs, siding, upgrading of sanitation facilities, electrical systems or insulation and upgrading of skirting. A budget of $400,000 was cost-shared 50/50% by Canada Mortgage and Housing Corporation and the Government of the Northwest Territories and spent on fifty units in different communities.

Porch Program
Following direction given by the Legislative Assembly in 1980, the Corporation continued the porch program in 1981. $180,000 was used to construct porches for 250 units.

Homeownership

The Corporation continued to pursue and encourage homeownership alternatives.

Rural and Remote Housing Program
The Rural and Remote Housing Program is offered by the N.W.T. Housing Corporation in partnership with Canada Mortgage and Housing Corporation. The program assists lower income families to buy or build a modestly priced home at payments geared to income.

1981 Programs and Activities

The average unit price is approximately $68,000. Mortgage payments are subsidized so the owner pays a maximum of 25% of income on house payments. In 1981 five families in the communities of Hay River, Fort Smith, and Inuvik purchased existing units under the Rural and Remote Program.

Small Settlement Home Assistance Grant Program (SSHAG)
The Small Settlement Home Assistance Grant was increased from $15,000 to $18,000 in 1981. The additional funds allowed clients to haul logs and buy some tools in addition to buying materials to construct a log house.

The Corporation sponsored a training course in Fort Smith from May 18 to May 30, 1981. The Federation of Logbuilders of the Northwest Territories provided four teachers to assist the course supervisor, and participants were chosen by the builders in their community. Participants assisted in the construction of SSHAG units in their respective communities, on the completion of the training program.

In all, 39 SSHAG grants were provided to residents of Lac La Martre, Fort Resolution, Fort Rae, Fort Providence, Hay River, Fort Simpson, Jean Marie River, Nahanni Butte, Fort Good Hope and Fort McPherson.

Northern Territorial Rental Purchase Program
The Rental units owned by the Northwest Territories Housing Corporation and built before 1974 can be sold under the Northern Territorial Rental Purchase Program. Members of Housing Associations have the opportunity to purchase a unit at a reasonable cost, less one third of the rent they have paid to the Association.

The Corporation will assist clients in determining the cost of homeownership and provides a "buy-back" option for the first two years to allow the client to return to rental status if necessary.

The Corporation simplified and improved the program in 1981 to enable easier delivery and the opportunity for more people to take advantage of the program. The Corporation anticipates that there will be greater interest in this program due to these changes.

Training

An interchange of ideas has proven invaluable to the development and implementation of Corporation programs. To facilitate this atmosphere, the Housing Corporation co-sponsors two major housing conferences each year and numerous workshops and training seminars for Corporation and Housing Association/Authority personnel.

The activities undertaken in 1981 were as follows:

- *Western Arctic Housing Conference in Inuvik and South Mackenzie Housing Conference in Hay River.*

These conferences involve community representatives, housing association personnel and resource staff from Canada Mortgage and Housing Corporation and the N.W.T. Housing Corporation. The delegates have an opportunity to pass resolutions for consideration by the Corporation's Board of Directors. The Conferences, which are cost-shared with Canada Mortgage and Housing Corporation, are educational and informational exchanges on housing programs and operations. They are intended to promote greater co-operation and understanding between the parties most involved in housing for the N.W.T.

- *Workshops*

A total of nine training workshops were held for housing associations across the Territories in 1981.

Usually three to five days in length, these workshops focus on the various programs offered by the Corporation and explain the associated policies and procedures involved in implementing these programs successfully. Workshops are instrumental in increasing the awareness of housing associations to their responsibilities as representatives in the field, and by making them more knowledgeable of the goals and aspirations of the N.W.T. Housing Corporation.

- *Construction Training Program*

The Construction Training Program, successfully implemented in Pangnirtung and Frobisher Bay, was expanded to the communities of Hall Beach, Igloolik and Clyde River. Established to train local people with the necessary skills to enable them to deliver Corporation housing, the program boasts a roster of forty carpenter trainees. Many individuals successful in this program have the opportunity to continue in the Apprenticeship Program.

- *Housing Maintenance Management*

A further important training program is the Housing Maintenance Management Program. These are high calibre, "in-house" programs designed to supplement maintenance skills training in the field.

Financial Statements

Auditor's Report

The Commissioner and
Council of the Northwest Territories

I have examined the balance sheet of the Northwest Territories Housing Corporation as at December 31, 1981 and the statements of operations, equity and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at December 31, 1981 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting policies set out in Note 2 to the financial statements, applied on a basis consistent with that of the previous year.

Raymond Dubois, C. A.
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Ontario
October 15, 1982

Balance Sheet
as at December 31, 1981

Assets

	1981 ($000's)	1980 ($000's)
Current		
Cash and term deposits	$ 1,087	$ 1,011
Accounts receivable		
Canada Mortgage and Housing Corporation	16,606	12,544
Other	2,041	960
	19,734	14,515
Investment in housing projects (Note 4)		
Land and buildings, including construction in progress $22,301 (1980 — $14,346)	108,907	91,816
Mortgages	705	708
Notes receivable and purchase options	328	328
	109,940	92,852
Fixed (Note 5)	1,692	1,524
	$ 131,366	$ 108,891

Liabilities

	1981 ($000's)	1980 ($000's)
Current		
Accounts payable		
Government of the Northwest Territories, including short-term advance nil (1980 — $2,842)	$ 1,411	$ 6,390
Other	4,542	2,189
Accrued interest	7,322	5,579
Contributions received in advance (Note 6)	2,000	—
Contractors' holdbacks	973	666
Current portion of long-term debt	181	135
	16,429	14,959
Long-term debt (Note 7)	76,266	64,053
	92,695	79,012

Equity

Government of the Northwest Territories	38,671	29,879
	$ 131,366	$108,891

Approved by Management

President

Vice-president — Finance and Administration

Approved by the Board:

Chairman

Statement of Operations

for the year ended December 31, 1981

Revenues

	1981 ($000's)	1980 ($000's)
Contributions from the Government of the Northwest Territories for operations	$ 22,966	$ 18,943
Interest	1,200	1,469
Rental revenue under bulk lease agreements and staff accommodation	255	264
Other	101	84
	24,522	20,760

Expenses

	1981 ($000's)	1980 ($000's)
Program (Note 8)	$ 11,757	$ 11,683
Administration (Note 11)	5,440	4,985
Interest on long-term debt	5,270	4,848
Depreciation	1,046	897
Northern rental houses written off	—	351
	23,513	22,764
Operating surplus (deficit) before non-capital expenses and deficit grants	1,009	(2,004)
Non-capital expenses funded by capital grants from the Government of the Northwest Territories	(2,866)	(1,116)
Grant from the Government of the Northwest Territories for 1979 and prior year deficits	4,510	—
Operating surplus (deficit) for the year	$ 2,653	$ (3,120)

Statement of Equity

for the year ended December 31, 1981

	1981 ($000's)	1980 ($000's)
Balance at beginning of the year	$ 29,879	$ 27,052
Capital grants from the Government of the Northwest Territories	6,139	5,947
Operating surplus (deficit) for the year	2,653	(3,120)
Balance at the end of the year	$ 38,671	$ 29,879

Statement of Changes in Financial Position

for the year ended December 31, 1981

	1981 ($000's)	1980 ($000's)
Funds provided		
Operating surplus for the year	$ 2,653	$ —
Items not involving an outlay or receipt of funds, net	720	—
	3,373	—
Proceeds from long-term debt	13,172	10,252
Capital grants from the Government of the Northwest Territories	6,139	5,947
	22,684	16,199
Funds applied		
Operating deficit for the year	—	3,120
Items not involving an outlay or receipt of funds, net	—	741
	—	2,379
Investments in housing projects, net	17,695	12,417
Acquisition of fixed assets, net	281	794
Repayment of long-term debt	959	136
	18,935	15,726
Increase in working capital	3,749	473
Working capital (deficiency) at beginning of the year	(444)	(917)
Working capital (deficiency) at the end of the year	$ 3,305	$ (444)

Notes to Financial Statements
December 31, 1981

1. Objective

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

2. Significant accounting policies

Basis of accounting

The Corporation follows the accrual basis of accounting except for employee termination benefits and Government contributions and grants, which are recorded on a cash basis.

Investments in housing projects — land and buildings

Land and buildings constructed by the Corporation are recorded at cost and are financed by loans from Canada Mortgage and Housing Corporation, funds from Canada under Federal-Territorial agreements and by capital grants from the Government of the Northwest Territories. The cost of land and buildings under the Federal-Territorial agreements represents the Corporation's share of the cost of projects constructed in partnership with Canada Mortgage and Housing Corporation. Northern rental houses, which were transferred from the Government of the Northwest Territories to the Corporation, are recorded at the transferred amount. Interest on advances during construction is added to the cost of the project. Imputed interest, at prevailing rates, on funds used during construction of the projects under Federal-Territorial agreements is capitalized and credited to revenue.

In accordance with the terms of agreements under the National Housing Act, public housing projects are depreciated by the sinking fund method based on the principal repayment of the applicable long-term debt. Other projects under Federal-Territorial agreements are depreciated in a similar manner. Northern rental houses are depreciated on the straight-line method at 5% annually.

Fixed assets

Fixed assets are recorded at cost and depreciated over their estimated useful lives using the following bases and annual rates:

Buildings	Straight line	5%
Office furniture and equipment	Declining balance	20%
Leasehold improvements	Straight line	Over the term of the lease

Government contributions and grants

In accordance with Section 19 of the Ordinance, the Corporation receives contributions and grants from the Government of the Northwest Territories and records them when received. Contributions and deficit grants are credited to operations; capital grants, which are provided to meet the capital costs of the Corporation, are credited to equity.

Non-capital expenses funded by capital grants

Non-capital expenses funded by capital grants, such as emergency repairs including fire damage, site up-grading, extraordinary maintenance and Small Settlement Home Assistance grants, are charged to operations.

Contributions to Housing Authorities/Associations

Houses owned by the Corporation are operated by local Housing Authorities/Associations. The Corporation provides contributions to cover the annual operating requirements of these Housing Authorities/Associations. A proportion of their requirements is recovered from Canada Mortgage and Housing Corporation and offset against program expenses.

3. Funding of operations

Economic dependence

The Corporation is dependent on the Government of the Northwest Territories either directly, or indirectly through guarantees, for the funds required to finance its operations.

Under Section 19 of the Northwest Territories Housing Corporation's Ordinance, the Government finances the operating, maintenance and capital costs of the Corporation from funds appropriated for that purpose. Section 19 further provides for a grant to be made to the Corporation, from funds appropriated, equivalent to the operating deficit, if any, at the end of the Corporation's fiscal year. Up to and including the 1980 fiscal year of the Corporation, the contributions for operating and maintenance costs had not been sufficient to meet the Corporation's operating deficit, thereby requiring a specific grant appropriation for this purpose.

Excess (deficiency) of contributions from the Government of the Northwest Territories.

The excess (deficiency) of contributions from the Government is calculated as follows:

	1981 ($000's)	1980 ($000's)
Operating surplus (deficit) for the year	$ 2,653	$ (3,120)
Non-capital expenses funded by capital grants	2,866	1,116
Items not involving an outlay or receipt of funds, net	720	741
Grant for 1979 and prior year's deficits	(4,510)	—
Excess (deficiency) of contributions for the year	$ 1,729	$ (1,263)

The grant for 1979 and prior years' deficits was received on March 31, 1981. The grant for the 1980 deficiency was received on March 9, 1982. The 1981 excess, according to the terms of the financial agreement with the Government, may be refunded at the request of the Government.

4. Investments in housing projects

(a) Land and buildings, including construction in progress

	1981						1980
	Public housing ($000's)	Northern rental houses ($000's)	Land assembly ($000's)	Senior Citizens housing ($000's)	Rural and remote housing ($000's)	**Total ($000's)**	Total ($000's)
Completed	$ 69,156	$ 13,352	$ 257	$	$	**$ 82,765**	$ 74,448
In progress	13,126	89	7,244			**$ 20,459**	12,186
	82,282	13,441	7,501			**103,224**	86,634
Less accumulated depreciation	$ 916	$ 6,005	—			**6,921**	5,996
	81,366	7,436	7,501			**96,303**	80,638
Under Federal-Territorial agreements							
Completed	9,129			1,660	—	**10,789**	9,042
In progress	1,651			—	191	**1,842**	2,160
	10,780			1,660	191	**12,631**	11,202
Less accumulated depreciation	18			9	—	**27**	24
	10,762			1,651	191	**12,604**	11,178
	$ 92,128	$ 7,436	$ 7,501	$ 1,651	$ 191	**$ 108,907**	$ 91,816

In addition to charging interest of $1,636,000 (1980 — $734,000) on advances for capital projects, a further $325,000 (1980 — $507,000) of interest was charged to projects under Federal-Territorial agreements and credited to revenue of the year.

(b) Mortgages

	1981 ($000's)	1980 ($000's)
Rural and remote housing first mortgages, bearing interest at rates varying between 9½% and 10¼% per annum, repayable over a maximum period of 25 years	**$ 362**	$ 336
First mortgages, bearing interest at rates varying between 6% and 7¾% per annum, repayable over a maximum period of 25 years	**321**	349
Second mortgages, administered by Canada Mortgage and Housing Corporation, bearing interest at rates varying between 7¼% and 9¼% per annum, repayable over a maximum period of 25 years	**19**	20
Second mortgages, interest-free, repayable over a maximum period of 10 years	**3**	3
	$ 705	$ 708

(c) Notes receivable and purchase options

	Notes receivable	Purchase options	**1981**	1980
*	$ 77	$ 29	**$ 106**	$ 106
**	164	58	**222**	222
	$ 241	$ 87	**$ 328**	$ 328

*Referred to in (i) below
**Referred to in (ii) below

(i) Canada Mortgage and Housing Corporation has loaned $1,056,000 to a third party to finance the construction of a low income housing project. The loan is repayable in monthly instalments to September 1, 2026, bears interest at 8% and is secured by a first mortgage.

The Corporation has purchased, at a cost of $29,000, an exclusive option to acquire the housing project from the third party on September 1, 1991. If the option is exercised the purchase price will be the aggregate of $106,000 in cash and the balance owing under the mortgage at September 1, 1991.

Should the Corporation not exercise its option within the allowed period, the option consideration of $29,000 will be forfeited to the third party and an interest-free note receivable which the Corporation holds from that third party, in the amount of $77,000 will be forgiven as compensation for damages.

ii) Under similar circumstances and conditions, as above, the Corporation has purchased, at a cost of $58,000, an option to acquire a second housing project. The principal of the loan from Canada Mortgage and Housing Corporation for the second project was $2,168,000, for which the purchase price will be $222,000 in cash and the balance owing under the mortgage at September 1, 1991.

If the option is not exercised, the option consideration of $58,000 will be forfeited and the interest-free note receivable which the Corporation holds from that third party in the amount of $164,000 will be forgiven as compensation for damages.

5. Fixed assets

	1981 ($000's)	1980 ($000's)
At cost		
Warehouses	$ 759	$ 540
Staff houses	371	371
Prefabrication plant	315	315
Office furniture and equipment	277	234
Leasehold improvements	220	198
District offices	161	161
	2,103	1,819
Less accumulated depreciation	411	295
	$ 1,692	$ 1,524

6. Contributions received in advance

On December 30, 1981 the Government of the Northwest Territories paid $2,000,000 to the Corporation in advance of the due date, January 1, 1982. The payment represents a contribution in respect of 1982 operating costs and will be taken into revenue in that year.

7. Long-term debt

	1981 ($000's)	1980 ($000's)
Advances from Canada Mortgage and Housing Corporation, providing interim financing for construction of housing projects, bearing interest at an average weighted rate of 12% (1980 — 11.6%), becoming loans payable on the applicable interest adjustment date	$ 25,709	$ 13,726
Loans from Canada Mortgage and Housing Corporation, repayable in annual amounts until the year 2031, bearing interest at an average weighted rate of 10.2% (1980 — 10.2%)	50,150	49,824
Loans from Canada, repayable in annual amounts through 1996, bearing interest at an average weighted rate of 7.4% (1980 — 7.34%)	588	638
	76,447	64,188
Less current portion	181	135
	$ 76,266	$64,053

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

	Principal	Interest	Total
1982	$ 181	$ 5,196	$ 5,377
1983	197	5,180	5,377
1984	209	5,162	5,371
1985	217	5,144	5,361
1986	229	5,123	5,352

The repayment of long-term debt is guaranteed by the Government of the Northwest Territories.

8. Program expenses

	1981 ($000's)	1980 ($000's)
Contributions to Housing Authorities/Associations (Note 9)	$ 18,462	$ 16,366
Less amounts recovered from Canada Mortgage and Housing Corporation	7,657	5,678
	10,805	10,688
Workshops and studies	359	255
Contributions to Young Womens' Christian Association of the Northwest Territories	312	303
Special programs and subsidies	205	306
Net cost of rental operations (Note 10)	$ 11,757	$ 11,683

9. Contributions to Housing Authorities/Associations

In 1981, the contributions made to Housing Authorities/Associations to meet their 1981 operating requirements included $463,000 recovered from Housing Associations/Authorities as final settlement of operating results up to December 31, 1980. The Housing Authorities/Associations are audited independently and, as of the date of these financial statements, all audited financial statements were not available. There is an indication that a further $76,000 will be required to meet 1981 operating results.

10. Net cost of rental operations

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

	1981 ($000's)	1980 ($000's)
Rent	$ 485	$ 441
Operating expenses	561	572
Net cost of rental operations	$ 76	$ 131

11. Administration expenses

	1981 ($000's)	1980 ($000's)
Salaries and benefits	$ 3,309	$ 2,897
Travel and relocation	787	583
Buildings and equipment rentals	368	309
Professional and special services	324	248
Interest	216	451
Communications	164	147
Bad debts	123	218
Director's fees and expenses	60	60
Miscellaneous	89	72
	$ 5,440	$ 4,985

12. Pensions

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 Account and the Supplementary Retirement Benefits Account of the Federal Government. The liability of the Corporation with respect to pensions is satisfied by its matching contributions. Any liability for actuarial deficiencies in the Public Service Superannuation Account and the Supplementary Retirement Benefits Account is assumed by the Federal Government.

13. Commitments

(a) The Corporation leases office space and apartment buildings under long-term lease agreements and is committed to basic rental payments of $587,000 during each of 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.

(b) At December 31, 1981 the Corporation was committed in the amount of $8,935,000 for construction and land assembly projects not completed, in respect of which Canada Mortgage and Housing Corporation will share in the capital cost to the extent of $998,000 and will provide loans for a further $5,647,000.