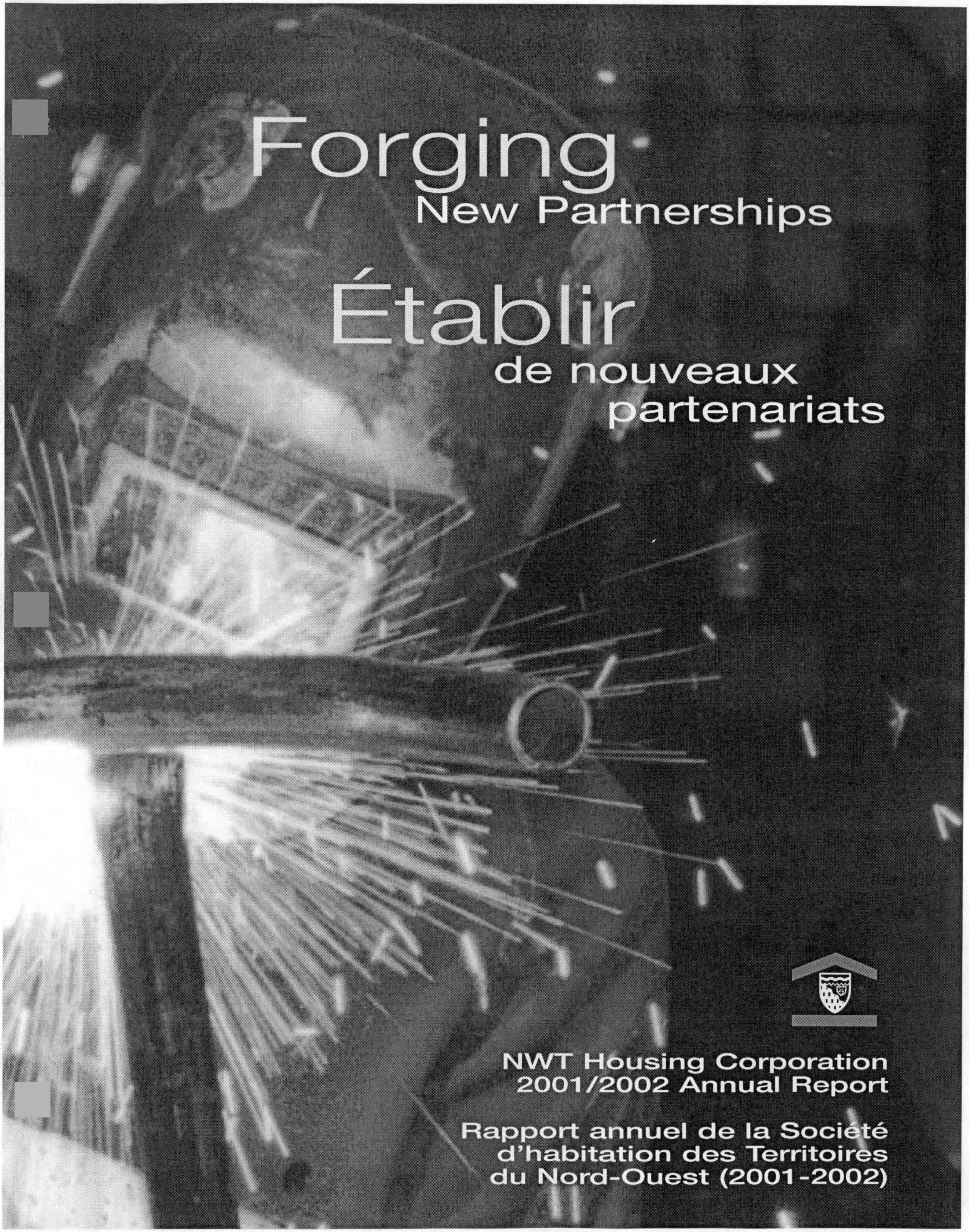
ANNUAL REPORT

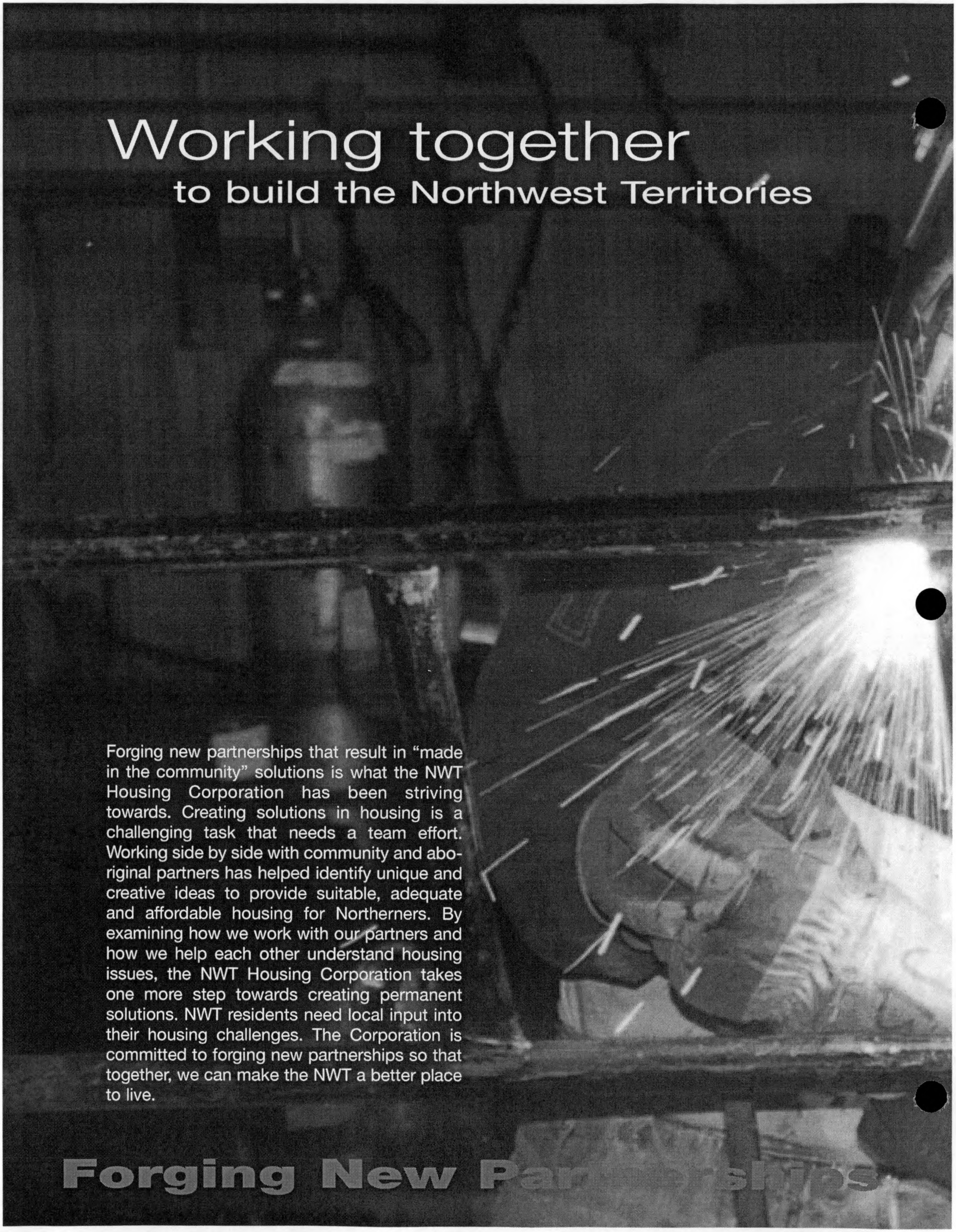


Forging
New Partnerships

Établir
de nouveaux partenariats

NWT Housing Corporation
2001/2002 Annual Report

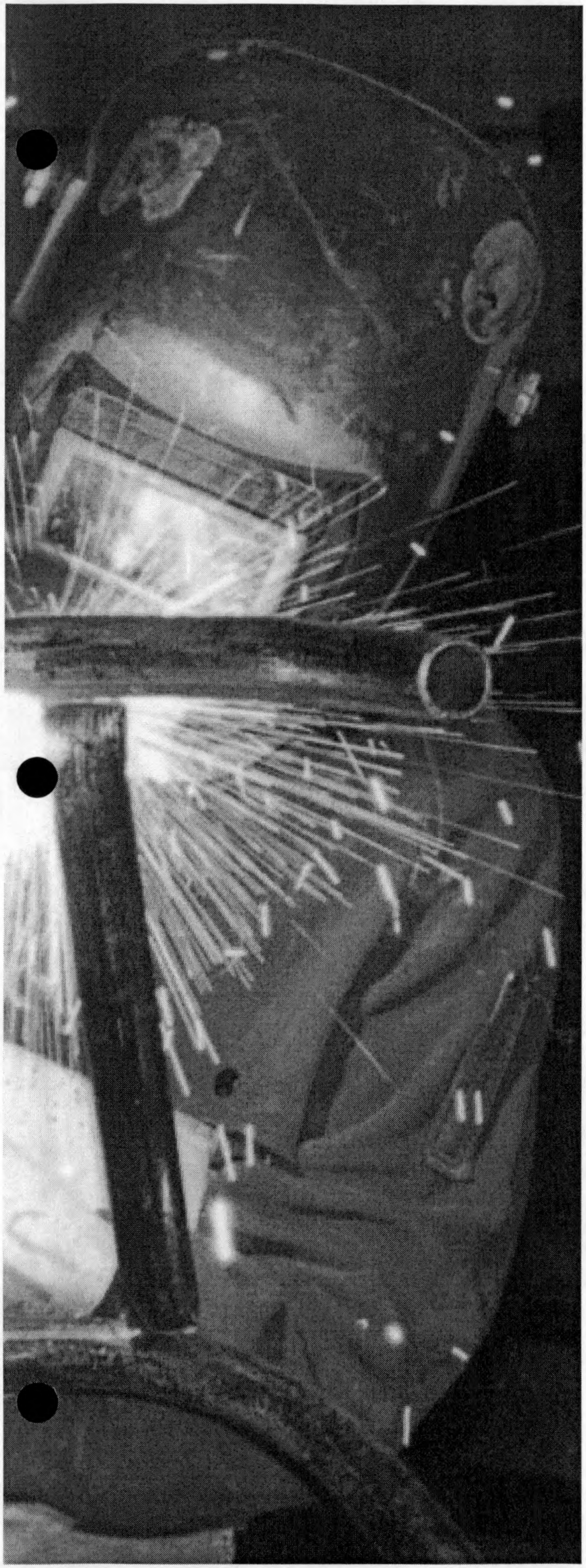
Rapport annuel de la Société d'habitation des Territoires du Nord-Ouest (2001-2002)

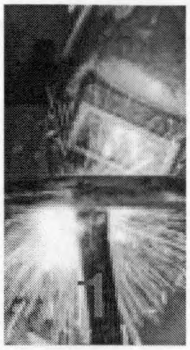


Working together
to build the Northwest Territories

Forging new partnerships that result in "made in the community" solutions is what the NWT Housing Corporation has been striving towards. Creating solutions in housing is a challenging task that needs a team effort. Working side by side with community and aboriginal partners has helped identify unique and creative ideas to provide suitable, adequate and affordable housing for Northerners. By examining how we work with our partners and how we help each other understand housing issues, the NWT Housing Corporation takes one more step towards creating permanent solutions. NWT residents need local input into their housing challenges. The Corporation is committed to forging new partnerships so that together, we can make the NWT a better place to live.

Forging New Partnerships





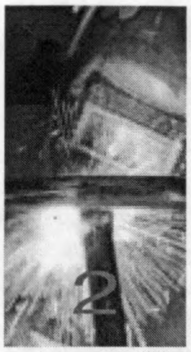
The Honourable
Glenna Hansen,
Commissioner

Government of the Northwest Territories

Dear Madam:
I have the honour of presenting the Annual Report for the Northwest Territories Housing Corporation, covering the period April 1, 2001 to March 31, 2002.

Respectfully submitted,

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



Minister's Message

Forging New Partnerships

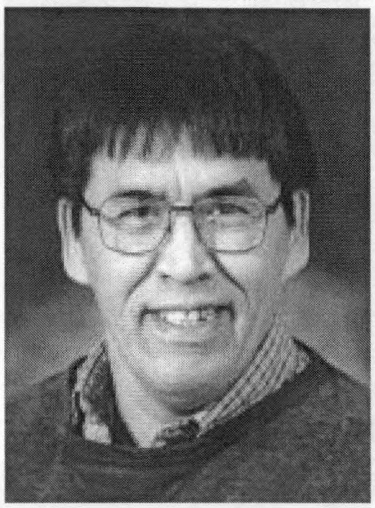
A message from the Minister, Hon. Roger T. Allen

Our vision is to contribute to building the NWT by forging new partnerships and arrangements. The Corporation provides mentorship, financial support, technical, information services, training and economic development assistance to NWT communities through partnerships with aboriginal governments and Local Housing Organizations. Recently, the Premier of the NWT assigned me to serve as the lead Minister to address the issue of homelessness. I have been asked to advance the work of the Corporation in coordination with other Ministers in order to respond to this important issue. The total withdrawal of federal funding for new social housing, nearly a decade ago, has put a severe strain on the government's ability to meet the housing needs of our residents. The circumstances require a collaborative effort and recognition of shared responsibility.

We will continue to work with the Department of Education, Culture and Employment to harmonize public housing and income support programs to ensure that our clients are treated equitably and to encourage self-sufficiency among income support clients.

We will continue to empower communities, form partnerships and help our partners assume the responsibility of providing housing. As aboriginal governments move towards self-government, the Housing Corporation is positioning itself to facilitate the transfer of authority for housing to regional and local governments. This has involved re-structuring the Corporation's headquarters and district operations to align with aboriginal government structures. We are also assisting communities to build the capacity required to assume responsibility for all housing delivery.

We will continue to design and implement a comprehensive array of initiatives to support the development of enhanced market housing, particularly to address the need for more rental units. This includes the creation of a comprehensive affordable housing strategy. By sharing the tools of the "housing business" and developing capacity in communities, we help them build themselves.



President's Message

Building New Partnerships

A message from the President, Tom R. Beaulieu

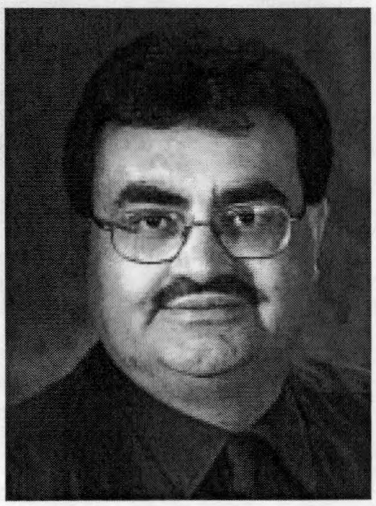
The Northwest Territories Housing Corporation is moving in new directions in order to meet the serious housing challenges of the NWT. We are committed to developing and supporting capable partners and programs in order to:

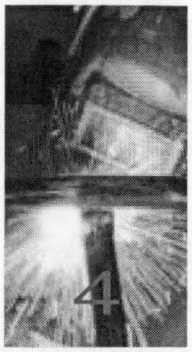
- improve housing conditions;
- increase the development of market housing; and
- increase employment and business development opportunities for northerners

This year our efforts to establish innovative partnership arrangements with aboriginal groups is helping to respond to housing needs and to reduce dependency on government. The District re-organization allows the Corporation to be more responsive to community needs and priorities and better supports emerging self-government institutions.

Together with community partners, government departments and the Canada Mortgage and Housing Corporation (CMHC), we are working to bring together programs and services related to owning or renting, and maintaining suitable, adequate and affordable shelter. Forging new partnerships is not just about finding new groups to work with. It's about seeking the innovation of the people who are closest to the challenges.

Finally, the Corporation's most important assets are not the beams, tiles and nails that make up the homes we construct. It's our people. I know that I can count on the commitment and energy of Corporation employees and the staff of the Local Housing Organizations to "build the foundation" of a new NWT.



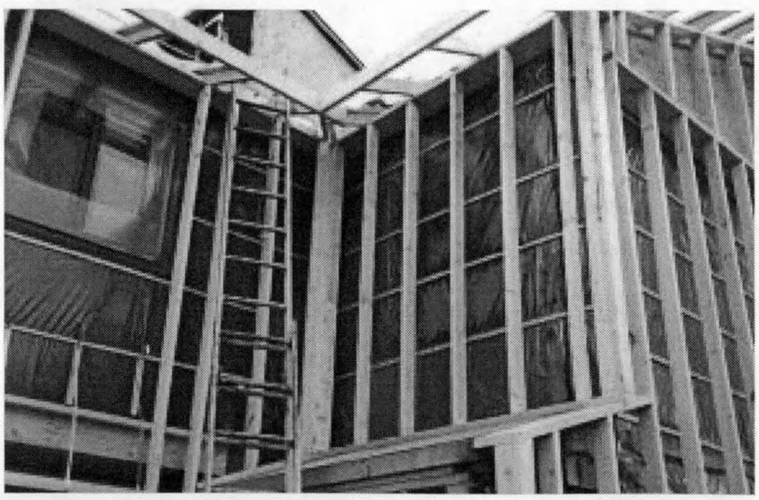


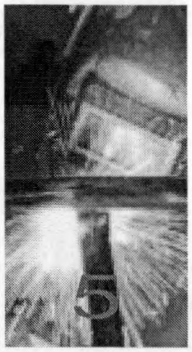
Programs and Services

Building the North is a True Partnership

What is the NWT Housing Corporation?

Meeting the needs of all northerners continues to be a challenging task. Harsh weather conditions, limited funding and high construction costs are some of the realities that we face. Recently, oil and gas exploration activity has increased and there is renewed interest in a future pipeline project. Increased housing options will be needed to accommodate the economic expansion that the project will bring. Coupled with the rapid growth and with other employment opportunities associated with the diamond industry, comes a shortage of private rental units, especially in the regional centers of Yellowknife and Inuvik. Ensuring that families and individuals have a secure, adequate and suitable place to live is the central focus of all of the Housing Corporation's efforts. The NWT Housing Corporation is a Government of the Northwest Territories' crown corporation, which was established to improve housing conditions and standards. The Corporation supports 22 Local Housing Organizations across the NWT. Local Housing Organizations manage housing programs and develop housing options for their residents. For some people, renting a home is the best way to get proper housing. For others, home ownership and remaining in their own homes is the best option. The Corporation, with its partners, provides solutions for seniors, singles and families, including subsidized rental housing, home ownership assistance and home repair assistance.





Programs

Expanded Downpayment Assistance Program assists families to obtain homeownership by providing a down payment or loan.

Independent Housing Program assists people with housing problems to obtain modest homes where existing housing programs do not meet their needs.

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 the client's home.

Northern Territorial Rental Purchase Program gives clients the opportunity to purchase Northern Rental houses at an affordable price.

Sale of Housing Materials Program assists clients with the organization and the shipping of building materials.

Elders on the Land Initiative provides a loan to complete basic repairs or replace the client's unit with a modest, simply constructed shelter.

Seniors and/or Disabled Preventative Maintenance Initiative provides a forgivable loan to clients for annual maintenance servicing and minor repairs to their unit.

Sale of Public Housing Initiative assists clients to purchase their Public Housing units and become homeowners.

Pile Repair Program assists clients in existing homes to undertake repairs to their wood piling foundations to restore the structural integrity of the foundation.

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 client to carry out minor adaptations to their home.

Homeowner Residential Rehabilitation Assistance Program provides financial assistance to low-income homeowners who need to make repairs to their homes.

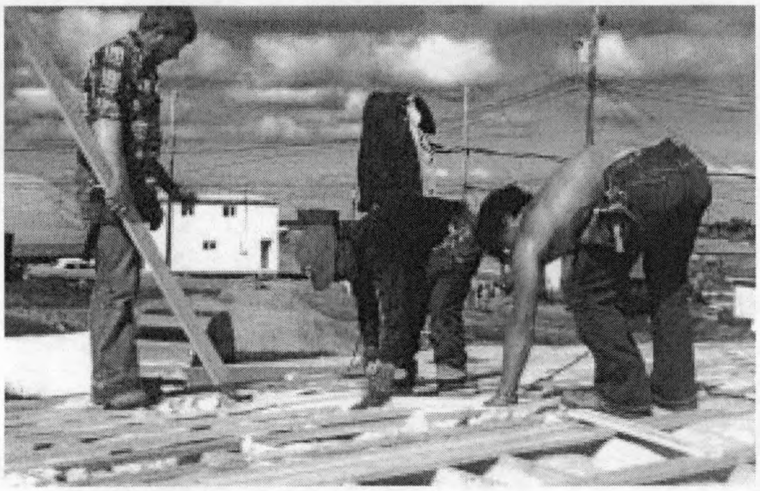
Emergency Repair Program assists clients in existing private homes to undertake emergency repairs that are required for the safe occupancy of the house.

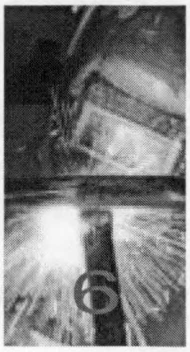
Shelter Enhancement Program provides financial assistance to sponsors of shelters for women and children, who are victims of family violence, for repairs and improvements.

Seniors' Independent Living Strategy assists seniors to access affordable rental housing.

Public Housing Program provides subsidized rental housing to individuals or families in Core Housing Need. Public Housing includes units for families, single persons and Senior Citizens.

Rent Supplement Program assists households in need to obtain affordable, adequate and suitable rental housing by subsidizing rents.





Special Initiatives

More and more often, the Corporation is using local ideas and solutions to respond to housing concerns. Local solutions are the most effective at building the NWT. In 2001–2002, the Corporation organized its activities to implement the following initiatives:

Seniors' Housing Initiative

The Corporation is committed to increasing the number of units specifically designed for seniors. This will not only benefit seniors but will assist young families by freeing up public housing units that are inappropriate for seniors. Some public housing units will be sold to help fund the Seniors' Housing Initiative. This will allow the Corporation to make the maximum use of the public housing portfolio.

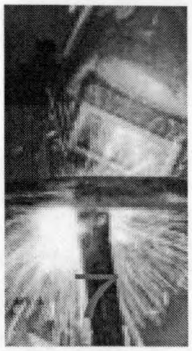
Pursue Federal Funding

The federal government unilaterally eliminated funding for the construction of new public housing units in 1992 and continues to reduce funding levels for O&M of public housing units. By 2038, the federal government will completely eliminate all O&M funding for these units. This action has severely impacted the NWT and will continue to place funding restraints on the Housing Corporation. These funding levels have led to a shortage of public housing units in many communities. The Housing Corporation, along with other provincial and territorial housing agencies, continues to lobby the federal government to restore funding for new public housing units and to stop the reduction of O&M funding for existing units.

Public Housing and Income Support Harmonization

Harmonization will ensure that eligibility for government support is determined in a consistently fair and equitable way. To the greatest extend possible; the harmonized assessment process will consider income from all sources as a resource available to an individual or family. Other improvements include:

- benefit rates more closely linked to real costs;
- a fairer public housing rent scale; and
- additional employment incentives.



Community Joint Ventures

To make better use of its limited financial resources, the Corporation has started new ventures with several communities to finance the construction of new seniors and public housing and other units. These ventures assist by advancing capital funding to communities in order to finance construction of needed units while creating partnerships with communities to share financing.

Energy Conservation Initiative

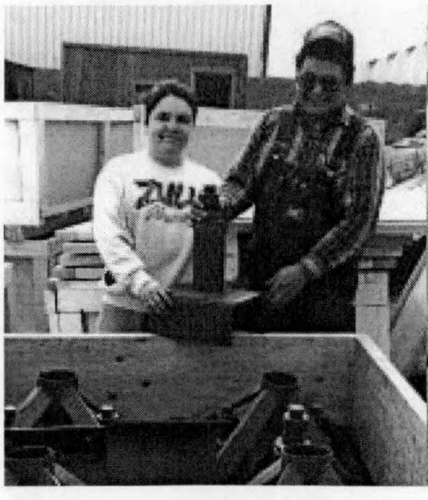
The Corporation has aggressively pursued energy conservation, including the installation of more energy efficient appliances and energy efficient lighting devices, reduced water use plumbing fixtures and tenant education. The Corporation is also working with the Department of Public Works and Services on the Energy Utilities Subsidies Task Team. The objective of the team is to examine ways to reduce costs through the reduction in the consumption of energy and utility services and from restructuring of the energy and utility subsidy programs.

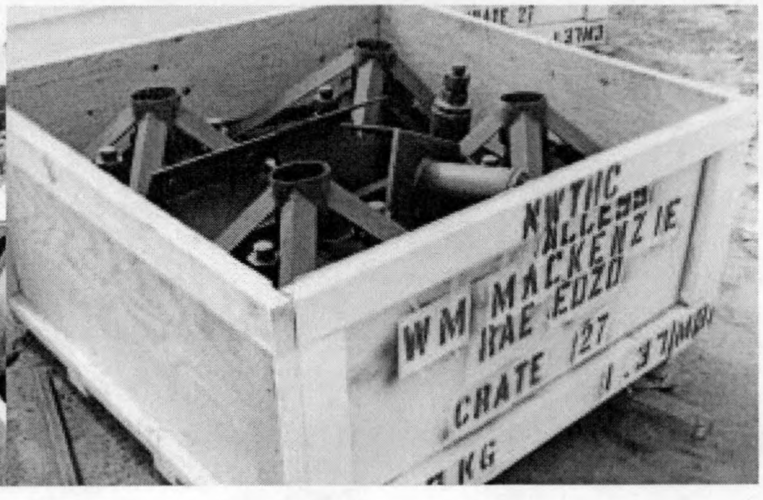
Corporation Community Communications Protocol

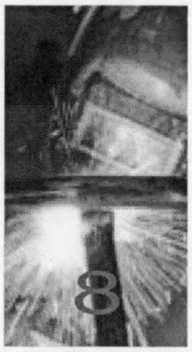
To increase access to Housing Corporation programs, the Corporation has initiated a new Community Communications Protocol. Important elements of this protocol include increased visits to communities by senior staff, more direct contact between staff and clients and more direct community input into community housing plans.

Maximizing Northern Employment

The activities of the Housing Corporation support the development of the NWT economy. Purchasing NWT manufactured goods and services increase the amount of employment in the territory. Through its efforts in Alaska and sales to third parties, the Corporation helps to build the NWT economy. The Corporation will expand its commitment to maximizing northern employment through support of initiatives, such as, the Circumpolar Housing Conference.







Business Development (New Products and Services)

For 27 years, the NWT Housing Corporation has been a leader in the design, construction and operation of arctic housing. As a result, the Corporation has developed computerized systems and software to simplify the paperwork and planning of maintenance, tenant relations, rent collection and income verification. The Corporation hopes to market and sell its software and support services. The revenue from this initiative could provide the Corporation with additional program funding.

District Re-organization

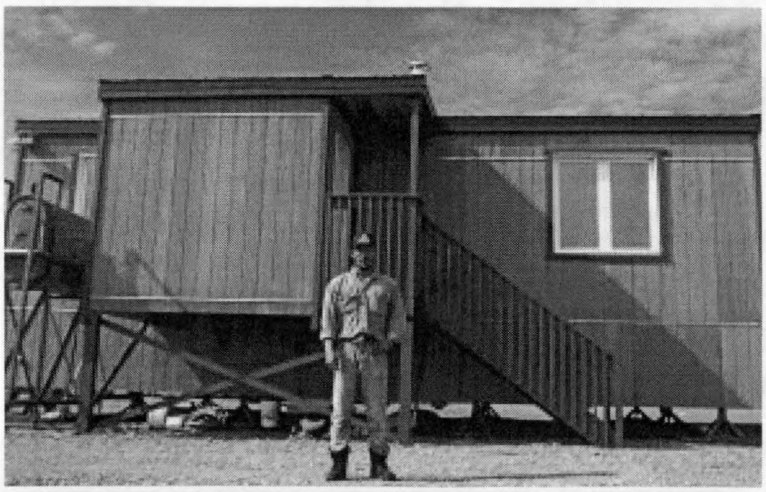
The Corporation has recently re-organized its District operations in order to increase service to the residents of the NWT. Two new Districts have been created – Sahtu (Norman Wells) and Nahendeh (Fort Simpson). This brings the total number of Housing Corporation District Offices to five. The addition of the two Districts creates smaller District areas, each with fewer communities. This allows Corporation staff to focus more attention on the delivery of services to each community within their district.

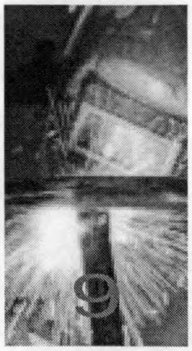
Staff Retention Initiative

The Corporation's most important assets are not the beams, tiles and nails that make up the homes we construct. It's our people. In order to retain highly experienced staff, the Corporation has made human resource development a priority. All employees are able to take advantage of more training and development opportunities because of a significant increase to the training and development budget.

Staff Survey

In 1999, the Housing Corporation implemented a staff survey. The survey has been used to determine new ways that the Corporation can enrich the work environment. The feedback from the staff survey helped to set human resource priorities and to develop effective initiatives. The Corporation will conduct a follow-up employee survey in 2002 to gauge the progress made.





Long Service Awards

Ioan Astle . . . . 10 years
Programs Advisor, Yellowknife

Judith Craig . . . . 10 years
Director's Secretary, Yellowknife

Sheldon Grayston . . . . 10 years
Corporate Controller, Yellowknife

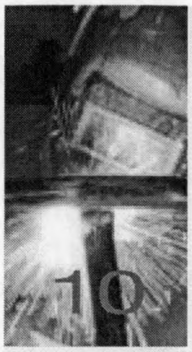
David Klingbeil . . . . 15 years
Architectural Technical Officer, Yellowknife

Lee McGreish . . . . 15 years
Manager, Materials Management, Yellowknife

Christine Meckling . . . . 20 years
Accounts Payable Clerk, Yellowknife

Mel Lafferty . . . . 20 years
Materials Management Officer, Yellowknife

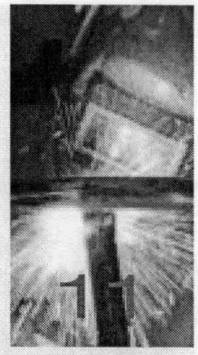
Marsh Wilson . . . . 20 years
Director, Yellowknife



1 Goal

Improved housing conditions in the NWT.

Desired Outcome	What We Will Measure	What We Are Aiming For (Four-year target – 2001-2005)
Improved housing conditions for Seniors.	Percentage of Seniors households identified as in Core Need.	• Decrease the percentage of Seniors' households in Core Need from 32% to 30%. • Decrease housing suitability problems from 10% to 9%. • Decrease in housing adequacy problems from 15% to 14%. • Maintain housing affordability levels at 7%.
Improve housing conditions for Families.	Percentage of Family households identified as in Core Need.	• Decrease the percentage of families in Core Need from 20% to 19%. • Maintain housing suitability problems at 6%. • Decrease in housing adequacy problems from 6% to 5%. • Maintain housing affordability levels at 8%.
Improved housing conditions for Singles.	Percentage of Singles households identified as in Core Need.	• Maintain the percentage of Singles in Core Need at 17%. • Maintain housing suitability problems at 1%. • Decrease housing adequacy problems from 7% to 6%. • Maintain housing affordability levels at 10%.



2 Goal

Improved quality of advice, assistance and support provided to the LHO's, communities and aboriginal housing organizations.

Desired Outcome	What We Will Measure	What We Are Aiming For (Two-year target – 2001-2002 and 2002-2003)
More responsive LHOs, communities and aboriginal housing organizations.	% Of LHOs and communities satisfied with advice, assistance and support by the Corporation.	Increase satisfaction from 53% to 60% across the board for all LHO, community and aboriginal housing organizations.

3 Goal

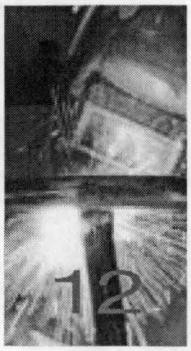
Improved employee morale in the Corporation so that collective staff experience is not further reduced.

Desired Outcome	What We Will Measure	What We Are Aiming For (Two-year target – 2001-2002 and 2002-2003)
A more satisfying and enriching work environment for staff.	• % of staff satisfied. • Staff turnover rate.	• Measured increase in staff satisfaction. • Maintain low staff turnover rate.

4 Goal

Increased impact of Housing Industry on NWT employment and business development.

Desired Outcome	What We Will Measure	What We Are Aiming For (Annual target)
Support the Housing Industry.	• Dollar Value of Housing Corporation marketed products.	• Increase revenue levels from Business Development Division.
The Housing Corporation has a presence in National and International housing markets.	• Number of people employed in the Housing Industry.	• Maintain current employment levels of 780 positions that are sustained from Housing Corporation activities.



Universal Partnership Agreements

During the 2001-2002 period, the Housing Corporation developed its new Universal Partnership Agreement (UPA). The Corporation's President, Tom Beaulieu, recognized that in order to continue the development of NWT communities, the Corporation needed a new and innovative approach to work with its partners.

The Housing Corporation has a long history of working with communities for local housing delivery. Over the years, the community agreements have changed as community housing needs have changed. The Corporation had entered into a wide array of agreements that fit the needs of the community at the time. In addition, staff have spent time consulting with our community partners to identify the elements they wanted in a partnership agreement. The UPA uses the best components of the past agreements. This year-long process has produced a highly flexible document that is now referred to as the Universal Partnership Agreement.

The Agreement represents the Corporation's commitment to developing community capacity by providing delivery structures that actually serve the needs of the communities. The UPA shifts more decision-making to the community and gives communities more financial flexibility. For the Corporation, the UPA creates a one-window approach to partnerships, while ensuring that the unique elements of a community can be represented in each agreement. The UPA provides for a strong commitment to training, community development and capacity building. Finally, the agreement identifies new responsibilities and greater autonomy and ensures clear lines of accountability.

With the Universal Partnership Agreement now complete, the Corporation has shifted to the implementation phase. The Corporation District staff are key to implementation. In addition, the Corporation has created a Community Partnership Section at Headquarters. The team works with District staff and community partners to ensure all parties have the resources to effectively implement this new approach to partnership.

There are many challenges to providing adequate, suitable and affordable housing to the residents of the NWT. Creating strong and effective partnerships with our communities is the way to make the NWT a better place to live.

Working in Partnership to Develop Community Capacity

There are many examples of the success of the Corporation's partnership with the School of Community Development. Alisa Blake is a Programs Advisor Trainee in Inuvik for the Housing Corporation and is taking the courses as a part of her training. She has been with the Corporation for just over a year and looks forward to becoming certified as a Local Housing Organization Manager. Alisa says "The courses have allowed me to gain a better understanding of how a housing organization is run and what issues it faces."

Marjorie Hansen is a Programs Advisor in Inuvik for the Housing Corporation and has also taken courses at the School. Marjorie is taking courses in order to become certified as a Local Housing Organization Manager. She appreciates taking this training for a role she has often assumed.

Bethan Lafferty is an Assistant Manager with the Fort Resolution Housing Authority and has worked there for 20 years. She is taking courses in order to become certified as a Housing Manager and has completed her first year. Bethan appreciated the professional instructors at the School and the fact that the training is related to jobs, such as, a Senior Administrative Officer or a Band Manager. Employees, who complete the courses, will be better qualified for more advanced positions. Bethan encourages other Housing Managers to take the courses offered by the School.

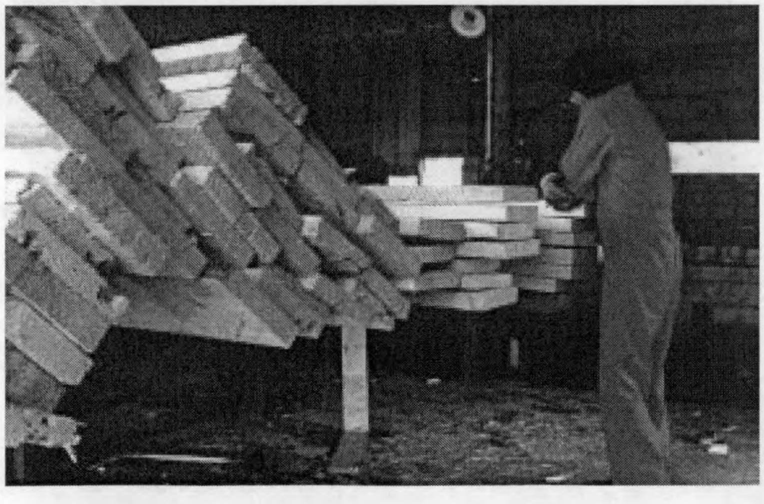
The Corporation has also made a significant financial contribution to the School and Corporation employees participate in numerous program advisory and management committees. Last year, some 37 Corporation employees participated in courses at the School. They participated in programs specifically developed for Housing, such as:

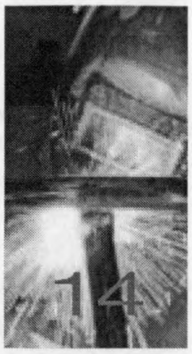
- Housing Programs,
- Planning and Implementation,
- Tenant Relations,
- Maintenance Management Systems.

And in other more general courses, such as:

- Informatics,
- General Financial Practices at the Community Level, and
- Communications.

The Housing Corporation works in partnership with the School of Community Development (Municipal and Community Affairs), Aurora College, and other federal, aboriginal, and territorial organizations, to develop and deliver training and community development programs. The programs are intended to increase the capacity of community government employees through leadership training and developing competencies to meet real needs and territorial standards. The programs reflect community government priorities and northern realities. Through this kind of development, local employees can be ready to advance to more senior positions.





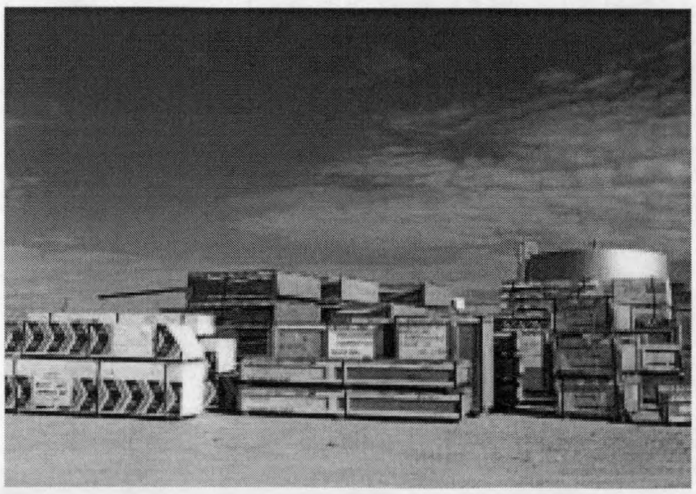
Accounts Receivable

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 2001-2002, the Northwest Territories Housing Corporation approved for write-off the following tenant rental arrears and other bad debts. Arrears write-offs were initially approved by the Boards of Directors of Local Housing Organizations (LHOs) across the NWT.

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 Name	Community	Amount
Sanderson, James Sr.	Fort Resolution	$ 2,902
Norn, Irvin	Fort Resolution	788
Sewi, William	Deline	2,868
Mackeinzo, Alice	Deline	687
Modeste, Evelyn	Deline	2,600
Bahr, Tim	Inuvik	3,341
Beattie, Lisa & Firth, Randy	Inuvik	1,333
Bernhardt, Tony & Apsimik, Sharon	Inuvik	6,150
Cardinal, Lisa	Inuvik	2,071
Cockney, Mary & Hansen, Warren	Inuvik	4,150
Cockney, Robert & Firth, Doreen	Inuvik	1,801
Elanik, Lorraine	Inuvik	3,204
Elanik, Margaret & John	Inuvik	678
Esagok, Derek	Inuvik	1,103
Gordon, James	Inuvik	6,530
Kayotuk, James	Inuvik	905
Larocque, Maxime	Inuvik	2,444
Ollington, Maggie	Inuvik	3,931
Rinas, Otto & Mary	Inuvik	5,767
Rogers, Martha & Shingatok, Bobby	Inuvik	4,451
Rogers, Patricia	Inuvik	1,735
Rogers, Ronnie	Inuvik	1,060
Andreson, Henry	Tuktoyaktuk	1,885
Dick, Richard	Tuktoyaktuk	3,137
Total		$ 65,521



Human Resources

The first employee survey was undertaken in 1999. Ninety percent of employees participated in the initiative and found the results to be useful. A follow-up survey is planned for the spring of 2002. The 1999 survey provided helpful feedback from employees about how the Housing Corporation management team could further improve the work environment. As a result, the Corporation has strengthened its practices in several areas. Examples of those changes include:

- Long Service awards are now presented to staff at special functions.
- Clearer and streamlined procedures about communications and information sharing were developed and are now in use.
- Senior managers, including the President, have visited district offices more frequently.
- There has been an increased investment in staff training and development. In 1999-2000, approximately $100,000 was spent on training. In 2001-2002, the expenditure is approximately $250,000.

The employees of the Local Housing Organizations are the frontline workers serving the needs of tenants and other housing clients in NWT communities. The Corporation provided training for these local staff through an agreement with the School of Community Government in the Department of Municipal and Community Affairs. The Corporation contributed $175,000 towards the development and delivery of curriculum in Housing Management programs and Corporation trainees. The School's activities are reported elsewhere in this report.

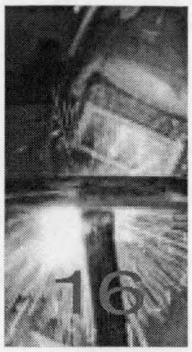
Affirmative Action

The Corporation follows the Affirmative Action Policy of the Government of the Northwest Territories. The policy supports measures to increase the representation of the following groups:

- Indigenous aboriginal persons;
- Indigenous non-aboriginal persons;
- Resident disabled; and
- Resident women in management or in non-traditional occupations.

On March 31, 2002, the 97 Corporation employees included:

- 37 indigenous aboriginal persons, who represents 38% of the total staff complement;
- 13 indigenous non-aboriginal persons, who represents 13% of the total staff complement;
- 3 resident disabled persons;
- 5 resident women in management or in non-traditional occupations; and
- 39 other employees.



Profile

Laurie Fernandez

"Developing Communities, Developing People"

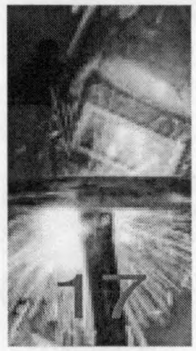
Throughout Laurie's career she has worn many different hats, but a central theme has always directed her efforts. She sums it up with a phrase she coined herself, "Community Partnerships – the Engine for Community Development".

Laurie's ten years with the Corporation started as a Program Officer with the North Slave District Office. She later went to the South Slave District Office and eventually moved on to become the acting Program Manager in Arviat. Laurie then returned to Yellowknife to the North Slave District Office and later joined the Programs Division at Headquarters. She has worked to establish new community partnerships for housing program delivery. "If I could tell people one thing that I've learned through the years of working with people and with communities, it would be to listen very carefully to the people you're trying to assist. In the end, we need to understand the local issues and needs before we can identify solutions."

Laurie is originally from Ontario, but she is a global citizen. Before she came North, Laurie worked as a volunteer Community Development Officer in Guyana for two and a half years and in Israel for six months. In addition, she worked to foster youth employment training and development for several years, as co-owner/manager of her own reforestation business in Northern Ontario.

"I enjoy the learning part of my job with the Housing Corporation. Most of all, I enjoy finding new ways to serve communities and give them more authority. The NWT Housing Corporation has been a leader in building community partnerships for the last 20 years because of our work with Local Housing Organizations, so that they can manage their housing business effectively and efficiently".

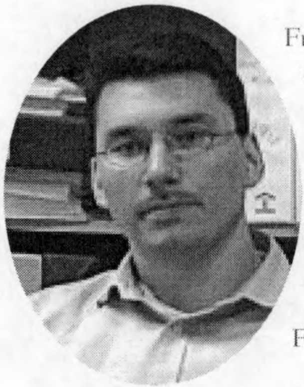
Laurie has contributed to the development of the Universal Partnership Agreement, and will play a key role in its implementation as part of the Corporation's new Community Partnership Section.



Profile

Franklin Carpenter

"A True Northerner"

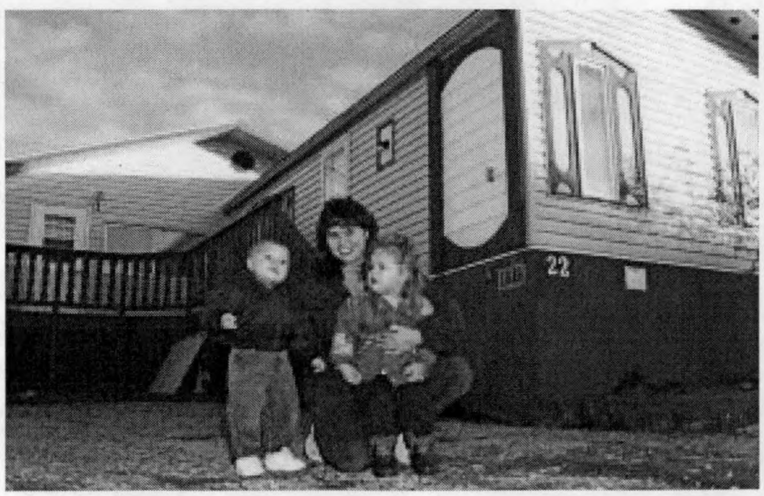


Franklin Carpenter is a northerner. He grew up in Sachs Harbour and now lives in Inuvik with his wife and three children. He worked for two years with the Sachs Harbour Housing Association before he started to work with the Housing Corporation in 1997. He started as a Programs Advisor, and was responsible for the delivery of home ownership programs and assistance to Local Housing Organizations. He is now the Director of the Beaufort Delta District Office. The Beaufort Delta District includes the communities of Sachs Harbour, Holman, Paulatuk, Tsiigehtchic, Fort McPherson, Inuvik, Tuktoyaktuk and Aklavik.

It is the people of the Beaufort Delta who make this job special, says Franklin. "People, especially elders, love to talk about housing. It's important for them to share their experience and wisdom." Franklin has travelled to all the communities often and enjoys meeting new people and visiting with old friends. "For the Corporation to continue its success, we must ensure that communities continue to grow. It is our goal that communities actively participate in all of their planning and development, including housing."

Franklin has seen changes during his five years with the Corporation. "The demand for housing has increased significantly as a result of the oil and gas activity. It's a big challenge for the Corporation." Franklin is confident that the Corporation can meet these challenges. "There are a lot of dedicated employees who are committed to achieving these goals. As long as we are focused, we can meet these challenges."

The employees of the Corporation also make work enjoyable for Franklin. "It's a privilege to work with so many good people every day. There are so many things we do, that make a positive difference for the communities. The Corporation is committed to helping people, not only by providing good homes, but by providing good careers as well."



Quick Facts

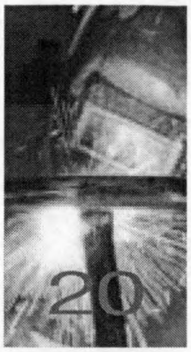
On an annual basis, the Corporation:

- Expends more than $90 million on social housing
- Holds $150 million in assets
- Owns and manages 2100 public housing units, providing homes for 5800 tenants
- Contributes to approximately 800 "housing industry" direct and indirectly related jobs
- Contributes approximately $80 million to the NWT GDP (at Factor Cost)
- Of the Corporation's total expenditures, 89% goes directly to communities, 5% to District offices and only 6% to headquarters.

Northwest Territories Housing Corporation

Financial Statements

March 31, 2002



Management's Responsibility for Financial Reporting

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

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

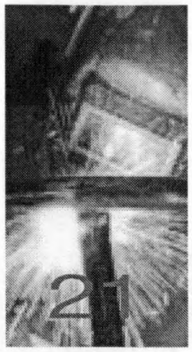
In discharging its responsibilities for the integrity and fairness of the financial statements and for the accounting systems from which they are derived, management maintains the necessary system of internal controls designed to provide assurance that transactions are authorized, assets are safeguarded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

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

Tom R. Beaulieu
President

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

Yellowknife, NT
June 14, 2002



Auditor's Report

AUDITOR GENERAL OF CANADA VÉRIFICATEUR GÉNÉRAL 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, 2002 and the statements of operations, 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.

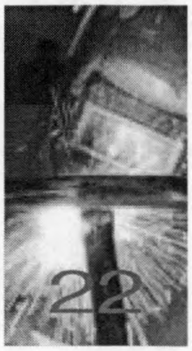
I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting 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, 2002 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.

Ronald C. Thompson, CA
Assistant Auditor General
for the Auditor General of Canada

Ottawa, Canada
June 14, 2002



NORTHWEST TERRITORIES HOUSING CORPORATION

Balance Sheet
as at March 31, 2002

		2002 ($'000)		2001 ($'000)
ASSETS				
Current				
Cash	$	231	$	2,215
Short-term investments (Note 3)		14,984		13,529
Accounts receivable (Note 4)		6,191		3,064
		21,406		18,808
Investment in housing projects				
Land and buildings (Note 5a)		127,331		124,600
Mortgages receivable (Note 5b)		3,779		2,357
		131,110		126,957
Property and equipment (Note 6)		4,381		4,338
	$	156,897	$	150,103
LIABILITIES				
Current				
Accounts payable (Note 7)		7,312		7,395
Due to (from) the Government of the Northwest Territories (Note 8)		1,690		(167)
Current portion of long-term debt and capital leases		4,041		3,599
		13,043		10,827
Long-term debt (Note 9)		94,016		94,990
Deferred capital contributions (Note 10)		43,280		39,018
Obligation under capital leases (Note 11)		8,844		9,446
Employee future benefits		1,187		1,249
		160,370		155,530
EQUITY				
Accumulated Deficit		3,473		5,427
	$	156,897	$	150,103

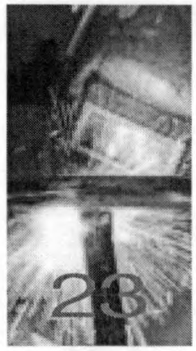
Contingencies and commitments (Notes 14 and 15)

Approved by Management:

President

Chief Financial Officer

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

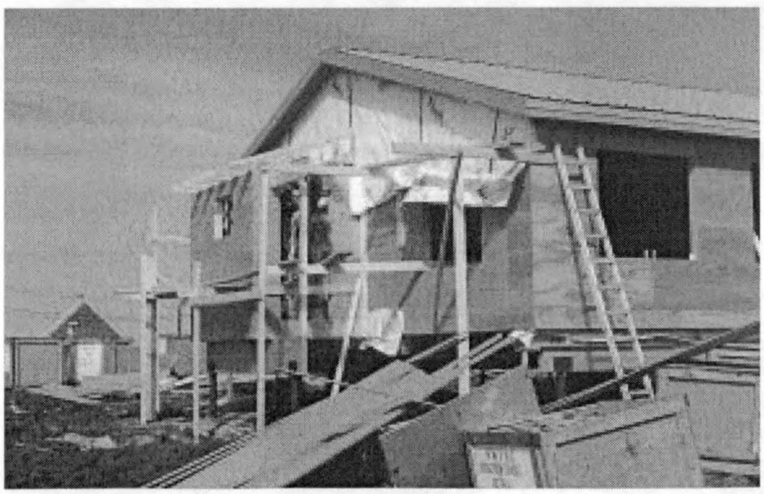


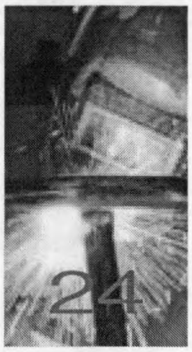
Statement of Operations
For the year ended March 31, 2002

		2002 ($'000)		2001 ($'000)
Expenses				
Rental housing programs				
Contributions for social housing	$	30,792	$	29,250
Interest on long-term debt		10,661		11,024
Amortization		7,080		7,314
Repairs, maintenance and other costs		4,625		4,574
Homeownership programs				
Homeownership grants and contributions		4,504		14,058
Mortgage subsidies		4,772		1,216
Provision for impaired mortgages		1,028		1,002
Administration (Schedule I)		12,199		11,471
Administration of government staff housing		431		656
		76,092		80,565
Revenues and recoveries				
Other revenue and recoveries		1,074		976
Investment revenue		502		968
Recoveries from government for staff housing		412		688
Mortgage interest revenue		328		247
Gain on disposal of land and buildings		490		64
Recovery of prior year grants		561		26
		3,367		2,969
Net cost of operations prior to government contributions		72,725		77,596
Government of the Northwest Territories		35,045		36,580
Canada Mortgage and Housing Corporation		33,533		33,598
Amortization of deferred capital contributions		3,064		2,900
		71,642		73,078
Net cost of operations	$	1,083	$	4,518

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

Exterior of a housing unit nearing completion.



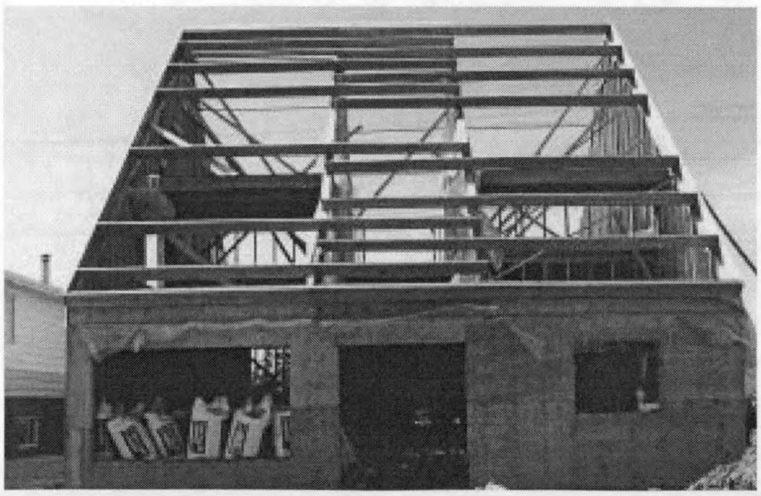


Statement of Deficit
For the year ended March 31, 2002

	2002 ($'000)	2001 ($'000)
Accumulated deficit at beginning of year	$ 5,427	$ 3,172
Net cost of operations – unfunded items	1,083	4,518
	6,510	7,690
Contributions from the Government of the Northwest Territories		
Acquisition of non-depreciable capital assets	(2,818)	(2,058)
Contributions for long-term debt principal repayment (Note 8)	(219)	(205)
	(3,037)	(2,263)
Accumulated deficit at end of the year	$ 3,473	$ 5,427

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

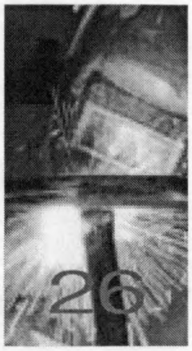
Framed and ready for insulation.



Statement of Cash Flows
For the year ended March 31, 2002

		2002 ($'000)		2001 ($'000)
Cash flow from operating activities				
Cash received from:				
Government of the Northwest Territories (GNWT)	$	36,531	$	36,581
Canada Mortgage and Housing Corporation (CMHC)		30,513		30,778
Miscellaneous revenue and recoveries		1,929		4,032
		68,973		71,391
Cash used for:				
Contributions for social housing		(30,656)		(28,489)
Administration		(12,241)		(11,549)
Interest on long-term debt		(10,672)		(11,028)
Mortgage subsidies		(4,965)		-
Repairs, maintenance and other costs		(4,625)		(4,574)
Homeownership grants and contributions		(4,295)		(13,238)
Administration of government staff housing		(431)		(1,076)
		(67,885)		(69,954)
Net cash provided by operating activities		1,088		1,437
Cash flow from financing activities				
Contribution from GNWT for capital assets		10,048		9,065
Contribution from CMHC for loan repayment		3,061		2,764
Repayment of long term debt and capital lease		(3,597)		(5,357)
Net cash provided by financing activities		9,512		6,472
Cash flow from investing activities				
Mortgage payments received		474		683
Sale of capital assets		2,183		2,445
Capital assets purchased		(13,786)		(9,270)
Short-term investments purchased		(6,387)		(4,831)
Short-term investments redeemed		4,932		5,478
Net cash used by investing activities		(12,584)		(5,495)
Net (decrease) increase in cash and cash equivalents		(1,984)		2,414
Cash, beginning of year		2,215		(199)
Cash, end of year	$	231	$	2,215

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



Notes to Financial Statements
March 31, 2002

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 & 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, for capital projects and the recovery of staff housing expenditures.

2. SIGNIFICANT ACCOUNTING POLICIES

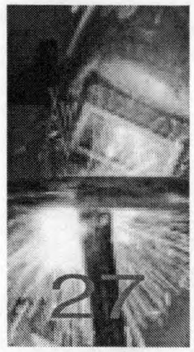
The Corporation's financial statements are prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies are as follows:

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 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. Contributions for non-depreciable capital assets are credited to accumulated deficit.

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



Notes to Financial Statements
March 31, 2002

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Federal contributions used for the repayment of loans towards the purchase of capital assets approximates the annual amortization expense of these assets and is 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 2002 is $1,775,000.

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 are stated at CMHC's book value effective April 1, 1997. This is considered a reasonable estimation of cost. Construction in progress includes amounts which may be transferred to land and buildings for rental and are carried at cost. It also includes amounts that may be transferred to homeowners and a mortgage taken back against the property. These properties are carried at their estimated realizable value.

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

Social housing, senior citizen's housing, lease/purchase housing and staff housing	Declining	5%

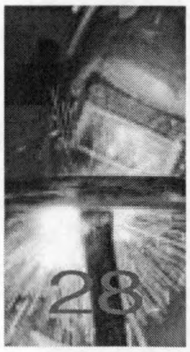
Inventoried units are not amortized as these units are expected to turn over within the current period.

Public and senior citizens' 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 by 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 subsidy.



2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

Mortgage interest revenue

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

Property and equipment

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

Office furniture and equipment	Declining balance	20%
Warehouses 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Employee future benefits

The Corporation and its employees, who are deemed to be employees of the Government, make contributions to the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the Plan are required from both the employees and the Corporation. The total expense for the Corporation's share of the contributions totaled $809,000 (2001 – $742,000) at a rate of 2.14 times (2001 – 2.14 times) the employee's contribution. These contributions represent the total pension obligation of the Corporation and are recognized in the accounts on a current basis.

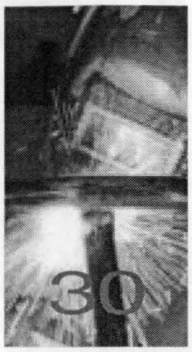
Under the terms and conditions of employment, employees earn non-pension post employment benefits for retirement and removal based on years of service. The costs are accrued as the benefits are earned. Benefits are paid upon resignation, retirement or death of employees. The cost of the benefits has been determined based on management's best estimates.

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. 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 costs of administering social housing programs for the Canada Mortgage and Housing Corporation.

3. SHORT-TERM INVESTMENTS

The Corporation invests in the short-term money market at fixed rates. The portfolio yield during the year ended March 31, 2002 ranged from 1.50% to 6.10% (2001 - 4.25% to 5.65%). All instruments held in short-term investments have an R-2 high 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. The average term remaining to maturity as at March 31, 2002 is 182 days (2001 – 16 days).



Notes to Financial Statements
March 31, 2002

4. ACCOUNTS RECEIVABLE

	2002 ($'000)	2001 ($'000)
Accounts receivable	$ 1,936	$ 1,079
Receivables from related parties		
Government of the Northwest Territories	977	349
Canada Mortgage and Housing Corporation	2,511	778
Local Housing Organizations	767	858
	$ 6,191	$ 3,064

5. INVESTMENT IN HOUSING PROJECTS

a) Land and buildings

	2002 ($'000)			2001 ($'000)
	Cost	Accumulated Amortization	Net	Net
Land	$ 620	$ -	$ 620	$ 498
Housing for sale	2,038	-	2,038	1,645
Social housing	171,393	61,929	109,464	105,402
Social housing under capital lease	9,753	1,184	8,569	9,531
Lease/Purchase housing	3,917	1,110	2,807	3,633
Staff housing	894	92	802	227
Construction in progress	3,031	-	3,031	3,664
	$ 191,646	$ 64,315	$ 127,331	$ 124,600

5. INVESTMENT IN HOUSING PROJECTS (CONT'D)

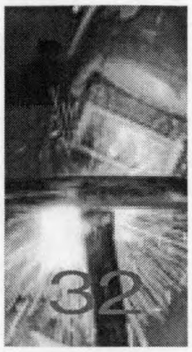
b) Mortgages receivable

	2002 ($'000)	2001 ($'000)
Mortgages, bearing interest at rates varying between 5.95% and 14.25% per annum, repayable over a maximum period of 25 years	$ 9,353	$ 8,043
Less: allowance for impaired mortgages	(6,365)	(5,686)
	2,988	2,357
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	1,207	434
Less: allowance for impaired mortgages	(416)	(434)
	791	-
	$ 3,779	$ 2,357

The recorded value of those mortgages specifically identified as being impaired is $6,781,000 (2001 – $6,120,000).

The breakdown of the maturity of the Corporation's performing mortgage receivable is as follows:

	Interest Rate Range	Amount ($'000)
2003	8.00% - 8.25%	$ 3
2004	-	-
2005	7.3%	11
2006	9.875%	1
2007	-	-
2008 - 2012	6.85% - 14.25%	1,656
2013 - 2027	6.85% - 10.25%	2,108
Total		$ 3,779



Notes to Financial Statements
March 31, 2002

6. PROPERTY AND EQUIPMENT

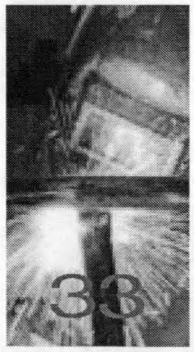
	2002 ($'000)			2001 ($'000)
	Cost	Accumulated Amortization	Net	Net
Warehouses and offices	$ 5,605	$ 2,394	$ 3,211	$ 3,205
Office furniture and equipment	3,654	2,663	991	924
Leasehold improvements	295	116	179	209
	$ 9,554	$ 5,173	$ 4,381	$ 4,338

7. ACCOUNTS PAYABLE

	2002 ($'000)	2001 ($'000)
Trade payables	$ 5,203	$ 4,962
Accrued interest	494	505
Employee leave benefits	538	551
Deferred revenues	25	-
Payables to related parties		
Local Housing Organizations	958	913
Government of the Northwest Territories	94	464
	$ 7,312	$ 7,395

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

	2002 ($'000)	2001 ($'000)
Balance at beginning of the year	$ (167)	$ 509
Operating contributions	47,169	45,174
Contributions for long-term debt principal repayments	(219)	(205)
Contributions for capital assets	(10,048)	(9,065)
Cost of operations funded by GNWT	(35,045)	(36,580)
Balance at end of year	$ 1,690	$ (167)



Notes to Financial Statements
March 31, 2002

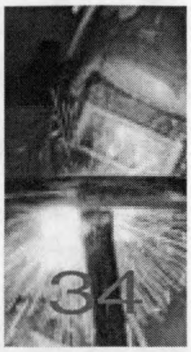
The GNWT makes advances to the Corporation for funding operations, principal repayments of long-term debt, capital assets, and for repairs, maintenance, grants and other costs. Approved contributions recorded in the financial statements are dependent upon actual expenses incurred for the year. Amounts 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

	2002 ($'000)	2001 ($'000)
Loans payable to Canada Mortgage and Housing Corporation, repayable in annual installments until the year 2033, bearing interest of 6.97% (2001 - 6.97%). The loans are guaranteed by the Government of the Northwest Territories	$ 27,754	$ 28,247
Mortgages payable to Canada Mortgage and Housing Corporation for units transferred under the new Social Housing Agreement, maturing between the years 2003 and 2038, at interest rates ranging from 4.5% to 21.5% (2001 - 4.5% - 21.5%)	69,978	70,036
	97,732	98,283
Portion included in current liabilities	3,716	3,293
	$ 94,016	$ 94,990

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

	Principal ($'000)	Interest ($'000)	Total ($'000)
2003	$ 3,716	$ 9,631	$ 13,347
2004	4,102	9,237	13,339
2005	4,523	8,774	13,297
2006	4,992	8,288	13,280
2007	5,334	7,740	13,074
2008 - 2012	24,079	30,760	54,839
2013 - 2038	50,986	64,333	115,319



Notes to Financial Statements
March 31, 2002

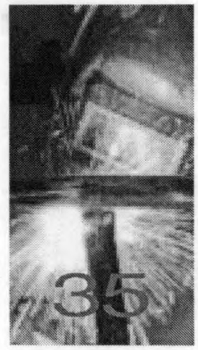
10. DEFERRED CAPITAL CONTRIBUTIONS – GOVERNMENT OF THE NORTHWEST TERRITORIES

	2002 ($'000)	2001 ($'000)
Balance, beginning of year	$ 39,018	$ 34,911
GNWT contribution for depreciable capital assets	7,326	7,007
Amortization of deferred capital contributions	(3,064)	(2,900)
Balance, end of year	$ 43,280	$ 39,018

11. OBLIGATION UNDER CAPITAL LEASES

The Northwest Territories Housing Corporation is committed, in aggregate, to payments of $1,531,000 per annum for 15 lease agreements for housing units that were initiated to support the Public Housing and Senior Citizens' Rent Supplement Programs. These lease agreements are based on implicit interest rates varying from 6.6% to 11.5% and expiry dates ranging from 2013 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				
2003	$ 1,531	$ 373	$ 833	$ 325
Long term				
2004	1,531	373	805	353
2005	1,531	373	768	390
2006	1,531	373	733	425
2007	1,531	373	694	464
2008-2023	15,057	3,632	4,213	7,212
	21,181	5,124	7,213	8,844
Total	$ 22,712	$ 5,497	$ 8,046	$ 9,169



Notes to Financial Statements
March 31, 2002

12. FINANCIAL INSTRUMENTS

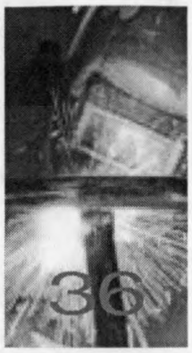
a) Fair value

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

	2002 ($'000)		**2001 ($'000)**	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
Financial Assets:				
Cash	$ 231	$ 231	$ 2,215	$ 2,215
Short-term investments	14,984	14,984	13,529	13,529
Accounts receivable	6,191	6,191	3,064	3,064
Mortgages receivable	3,779	3,779	2,357	2,357
	$ 25,185	$ 25,185	$ 21,165	$ 21,165
Financial Liabilities:				
Accounts payable	$ 7,312	$ 7,312	$ 7,395	$ 7,395
Obligation under capital leases	9,169	9,169	9,752	9,752
Loans payable	27,754	27,296	28,247	29,197
Mortgages payable	69,978	94,931	70,036	100,436
	$ 114,213	$ 138,708	$ 115,430	$ 146,780

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.

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



12. FINANCIAL INSTRUMENTS (CONT'D)

b) Credit risk

Accounts receivable consists primarily of amounts due from GNWT, CMHC and federal Goods and Services Tax rebates, which in aggregate represent 65% (2001 – 43%) of balances outstanding.

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 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 2002 operations.

13. CONTRIBUTIONS FROM CANADA MORTGAGE AND HOUSING CORPORATION

	2002 ($'000)	2001 ($'000)
Recoveries in respect of:		
Operations and maintenance		
Contributions for social housing including interest expense	$ 31,011	$ 31,015
Repairs, maintenance, and other costs	2,522	2,583
	$ 33,533	$ 33,598

Under the terms of the Social Housing agreement signed with Canada Mortgage and Housing Corporation (CMHC), effective April 1, 1997 and amended April 1, 1999, the Corporation assumes full responsibility and liability for the management and administration of the programs specified in the Agreement, including some programs that were previously managed unilaterally by CMHC. In return for assuming these responsibilities and managing the programs in accordance with the Agreement, the Corporation will receive annual funding over the term of the Agreement which expires on March 31, 2038.

Notes to Financial Statements
March 31, 2002

13. CONTRIBUTIONS FROM CANADA MORTGAGE AND HOUSING CORPORATION (CONT'D)

CMHC's ownership interest in the rental and loan portfolio affected by the Agreement is transferred to NWTHC as Trustee, in accordance with a Declaration of Trust Agreement signed by both parties. Over the term of the Agreement, NWTHC shall pay CMHC monthly and quarterly installments of principal and interest in return for CMHC's share of the book values of the respective assets. The obligation related to these assets has been accrued in long-term debt as at March 31, 2002 (Note 9). Consistent with previous agreements, the Corporation shall pay CMHC for its respective share of any gains realized upon the disposal of any assets that CMHC has an ownership interest.

14. CONTINGENCIES

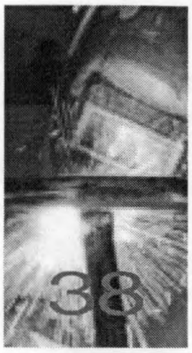
The Corporation provided guarantees to lenders financing certain new or renovated residential housing construction. As at March 31, 2002 a total of 30 (2001 – 30) loan guarantees were in effect, and the outstanding balance of loans guaranteed was $2,615,000 (2001 – $2,729,000).

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 $41,448,000 as at March 31, 2002 (2001 – $44,884,000).

15. 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)
2003	$ 2,925
2004	2,562
2005	1,960
2006	1,804
2007	862



16. RELATED PARTY TRANSACTIONS

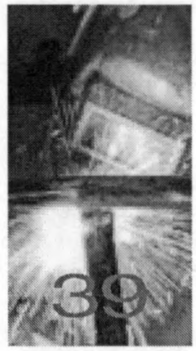
The Corporation's relationship with the various local housing organizations (authorities, associations, bands, and municipalities) is as a "partner" in the delivery of social housing, as provided under individual management agreements. The housing authorities are incorporated under the *Northwest Territories 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 & 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.

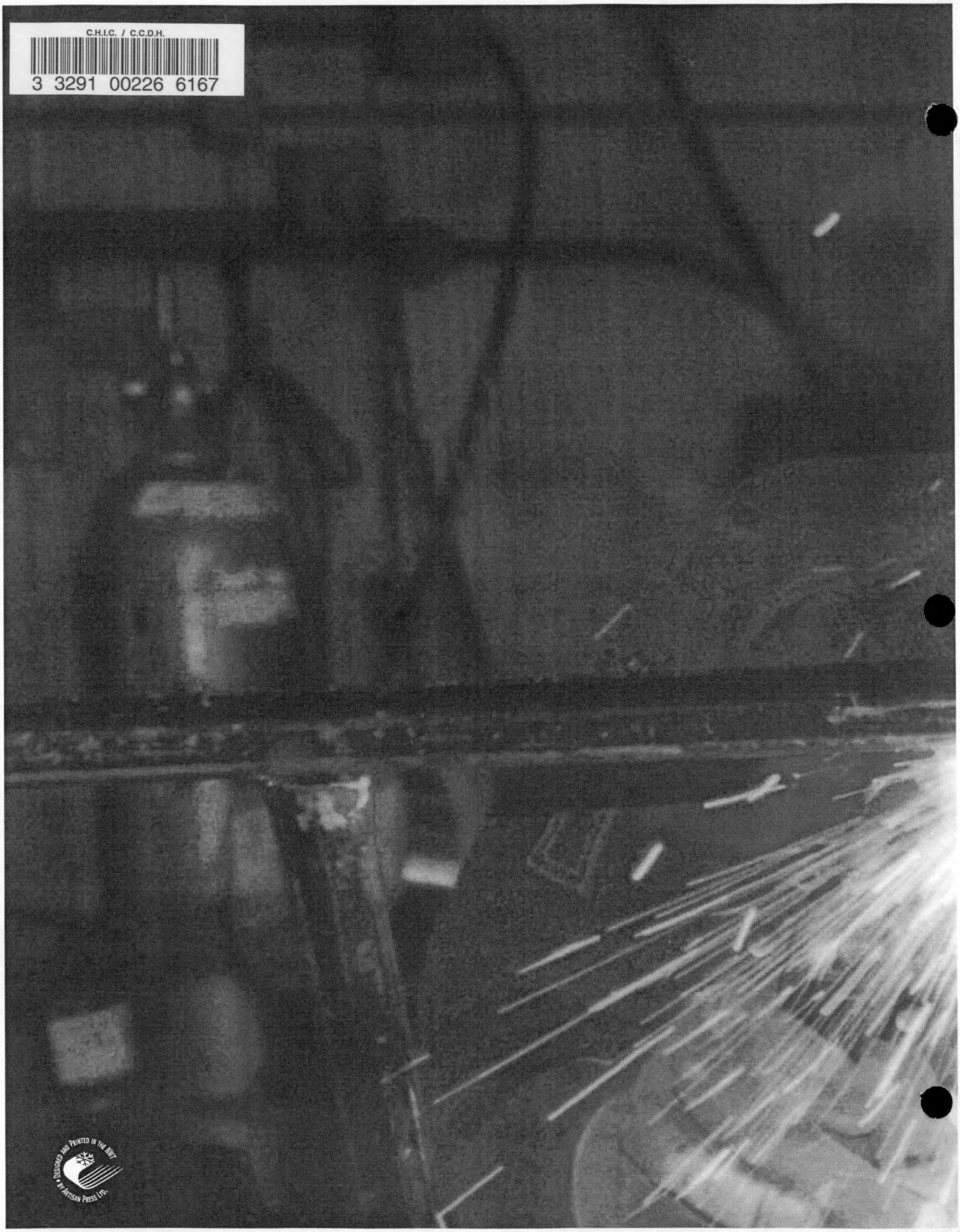
17. COMPARATIVE FIGURES

Certain of the 2001 comparative figures have been reclassified to conform to the current year presentation.



Schedule of Administration Expenses
For the year ended March 31, 2002

	2002 ($'000)	2001 ($'000)
Salaries and benefits	$ 8,594	$ 7,506
Travel and relocation	946	1,119
Professional and special services	665	807
Building and equipment rentals	983	978
Computer services	449	402
Communications	205	235
Material and supplies	263	343
Workshops and studies	50	41
Land title fees and expenses	39	39
Miscellaneous	5	1
	$ 12,199	$ 11,471



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