



2021-22 Annual Report
Newfoundland and Labrador
Housing Corporation



MESSAGE FROM THE CHAIR

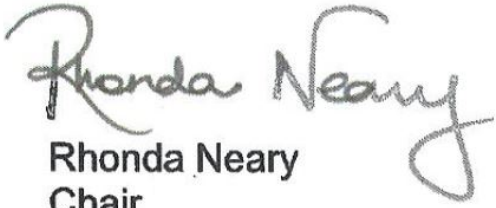
I am pleased to present the 2021-22 Annual Report for the Newfoundland and Labrador Housing Corporation (NL Housing). NL Housing's mandate is to develop and administer housing assistance policy and programs for the benefit of low-to-moderate income households throughout the province. The report provides an overview of NL Housing's programs and services, highlights progress towards established strategic goals, and includes the audited financial statements of NL Housing for the 2021-22 fiscal year.

Everyone deserves to have a safe and affordable place to call home. During 2021-22, much progress was achieved towards our three strategic goals of: sustaining the social housing stock; increasing access to affordable and adequate housing; and strengthening partnerships to address homelessness. Throughout 2021-22, NL Housing continued to navigate the evolving pandemic, drawing upon and building on our diverse partnerships to provide housing, health and other supports for marginalized individuals experiencing or at risk of homelessness.

As we look to 2022-23, the development of a provincial Housing and Homelessness Plan presents a renewed opportunity to guide our strategic priorities. The plan will draw upon recommendations of the recent Health Accord and work in tandem with other provincial strategies, including the Social and Economic Well Being Plan under development, to address poverty and support the needs of the most vulnerable in our province.

On behalf of the Board, I would like to extend my sincere gratitude to all our employees and community partners for their continued commitment in addressing the diverse housing needs throughout the province.

This report was prepared under the direction of the Board of Directors of NL Housing, in accordance with the requirements of the **Transparency and Accountability Act**. NL Housing is a Category One Government Entity and its Board of Directors is accountable for the actual results reported in this document.


Rhonda Neary
Chair

ANNUAL REPORT 2021-22

Table of Contents

| | |
|---|----|
| Corporate Overview | 1 |
| Governance Structure | 1 |
| Programs and Clients | 1 |
| Organizational Chart | 4 |
| Staff | 5 |
| Financial Information | 6 |
| Highlights and Partnerships | 7 |
| Report on Performance | 13 |
| Strategic Issue 1: Sustaining the Social Housing Stock | 13 |
| Strategic Issue 2: Increasing Access to Affordable and Adequate Housing | 16 |
| Strategic Issue 3: Strengthening Partnerships to Address Homelessness | 20 |
| Opportunities and Challenges | 29 |
| Audited Financial Statements | 32 |

Corporate Overview

Governance Structure

NL Housing is a provincial Crown Corporation that operates under the authority of the **Housing Corporation Act**. It is governed by a Board of Directors appointed by the Lieutenant Governor in Council. The Board represents different geographic areas and interest groups and reports to the Government of Newfoundland and Labrador through the Minister Responsible for the Newfoundland and Labrador Housing Corporation. The Chief Executive Officer is responsible for the day-to-day operations of NL Housing and is an ex-officio member of the Board.

Rhonda Neary (Chair)
St. John's

David Loveys (Vice-Chair)
Conception Bay South

Noreen Careen
Labrador City

Karen Alexander
Paradise

Derrick House
Kippens

Liz Palmera-Nunez
St. John's

Fraser Piccott
St. John's

Bernard Bromley
St. Anthony

Julia Mullaley, CEO
Non-Voting Member

Colin O'Brien
Happy Valley-Goose Bay

Darlene Spracklin-Reid
St. John's

Programs and Clients

NL Housing's clientele consists of individuals and families with low-to-moderate incomes who require assistance in accessing or maintaining safe, adequate and affordable housing. NL Housing delivers a wide range of programs across the full housing continuum to support the diverse range of housing needs throughout the province.

The Housing Continuum



Programs span from supporting individuals and families who are experiencing or at risk of homelessness, to individuals or families in low-income who need assistance to pay rent, to homeowners in low-income who need to complete much needed repairs to their homes, improve accessibility or make energy efficiency improvements. An overview of these programs is outlined below:

- **Emergency Shelter Program** that operates a 24/7 emergency shelter line and engages a range of non-profit and private shelter operators to respond to required temporary shelter placement for individuals experiencing homelessness.
- **Transition Housing Program** that provides funding to the province's 10 transition houses to provide safe short-term accommodations, services and resources to support women and their children who are vulnerable to, at risk of, or have been subjected to intimate partner violence.
- **Supportive Living Program** that provides operating grants to non-profit organizations province-wide to prevent and end homelessness, foster long-term housing stability, and develop support services space to provide on-site and outreach services. This program includes a number of supportive housing options with 24/7 staffing and supports.
- **Rental Housing Program** that provides for the operation and maintenance of the Corporation's over 5,500 social housing units throughout the province.
- **Rental Assistance Program** that provides rental assistance to low-income households in private rental market accommodations.

- **Partner Managed Housing Program** that provides financial and technical support to partner-managed and cooperative housing providers offering subsidized housing throughout the province.
- **Home Repair Programs** that provide financial assistance to low-income homeowners to complete much needed repairs to their homes, improve accessibility, or to make energy efficiency improvements. These programs importantly support accessibility requirements for seniors and persons with disabilities thereby enabling individuals and families to exercise choice and self-determination and remain in their own homes.

In 2021-22, 11,838 households received direct assistance through NL Housing programs, and many additional individuals and families received assistance through a variety of community-based housing partnerships. Additional information about the programs and services offered by NL Housing, as well as the current mandate, can be found at the Newfoundland and Labrador Housing Corporation website: www.nlhc.nl.ca.

| Corporate Overview of Households and Clients Served 2021-22 | | |
|---|--------------------|---------------------|
| Program | Households | Clients |
| NLHC Housing | 5,584 | 11,741 |
| Rent Supplement | 1,784 | 1,888 |
| Canada- Newfoundland and Labrador Housing Benefit | 239 | 248 |
| Co-Op Housing | 46 | n/a ¹ |
| Partner Managed Housing | 996 | 1,321 |
| Federal Portfolio | 112 | n/a ¹ |
| Investment in Affordable Housing | 1,100 ² | 1,397 |
| Home Modification Program | 355 | n/a ¹ |
| Provincial Home Repair Program | 1,223 | 1,629 |
| Home Energy Savings Program | 399 | 523 |
| Workplace NL | n/a ³ | 9 ⁴ |
| Emergency Shelter Program | n/a ³ | 987 |
| Transition House Program | n/a ³ | 955 |
| Housed by Supportive Living Program | n/a ³ | 1,108 ⁵ |
| Individuals at Risk of or Experiencing Homelessness Assisted by the Supportive Living Program | n/a ³ | 10,615 ⁵ |
| Total | 11,838 | 32,421 |

¹ Individual client data is not applicable as these programs serve households.

² The total number of affordable housing units that are in operation and providing rental housing services.

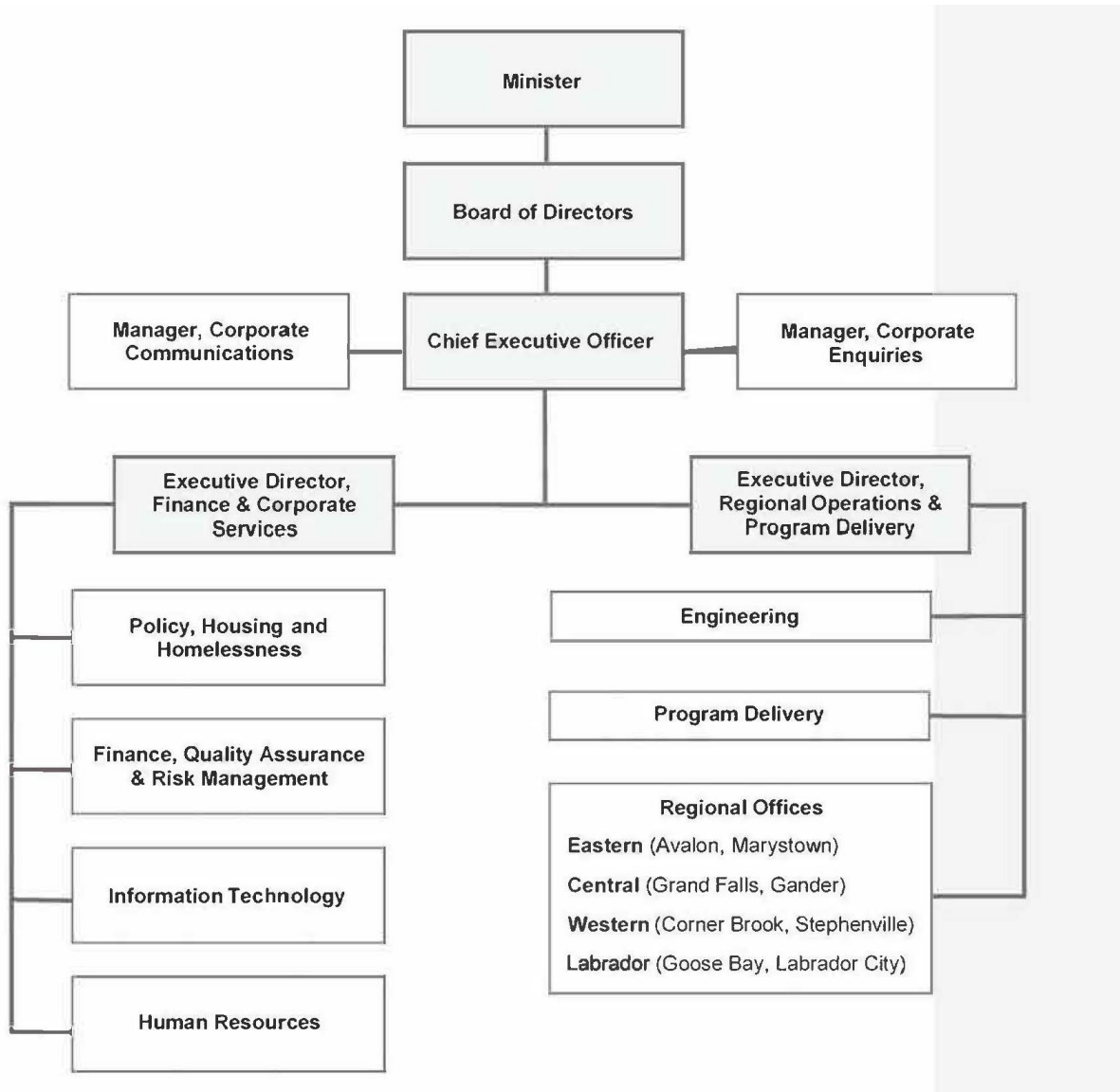
³ Household data is not applicable as these programs serve/count individual clients.

⁴ Inspections completed for Workplace Health, Safety and Compensation Commission clients.

⁵ Estimated minimum numbers served.

Organizational Chart

The following chart provides an overview of NL Housing's organizational structure as of March 31, 2022:



Staff

As of March 31, 2022, NL Housing had 312 permanent, seasonal, and temporary positions across four regions (seven offices and one satellite office). NL Housing's headquarters is located in St. John's, with the regional offices having a combined total of 216 positions or 69 per cent of the workforce. From a gender perspective, the workforce is 47 per cent female and 53 per cent male.

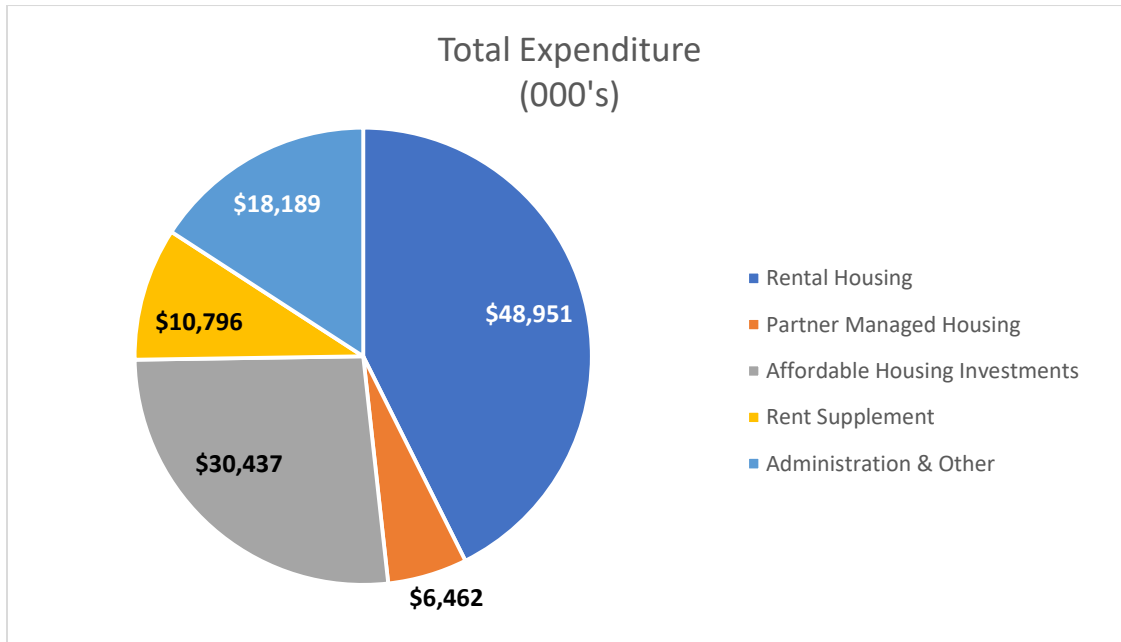
| Geographic Area | Location | Number of Positions |
|------------------------|-------------------------|----------------------------|
| Eastern Newfoundland | St. John's-Headquarters | 208 ¹ |
| | Marystown | 7 |
| Central Newfoundland | Gander | 10 |
| | Grand Falls-Windsor | 23 |
| Western Newfoundland | Corner Brook | 39 |
| | Stephenville | 12 |
| Labrador | Happy Valley-Goose Bay | 8 |
| | Labrador City | 5 |
| Total | | 312 |

¹ Includes the Avalon regional office staff and corporate headquarters

Financial Information

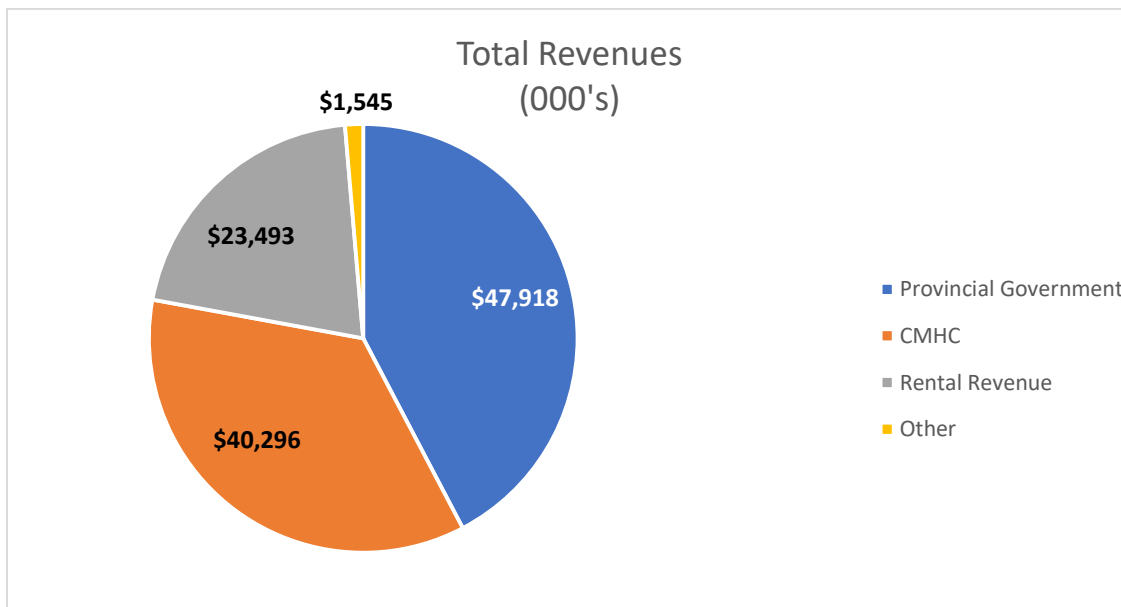
Expenditures

In 2021-22, NL Housing's total expenditures were \$114.835 million. Refer to the audited financial statements for further details.



Revenues

In 20221-22, NL Housing's total revenues were \$ 113.252 million. Refer to the audited financial statements for further details.



Highlights and Partnerships

COVID-19 Pandemic Response

The impacts of the evolving COVID-19 pandemic continued to be experienced in 2021-22, with outbreaks in the shelter system due to the rise of the more transmissible Omicron variants. The partnerships forged with government health agencies and other community partners during the early days of the pandemic continued to serve as an important foundation in the development of pandemic responses, as well as improved coordination and access to services for individuals experiencing homelessness.

In 2021-22, NL Housing's emergency shelter program strengthened its partnership with End Homelessness St. John's (EHSJ) and Eastern Health's Harm Reduction Team to bring health supports to those experiencing homelessness. The Harm Reduction Team consists of psychiatric registered nurses, a nurse practitioner, a pharmacist, and an occupational therapist. The team's mandate is to provide safe, non-judgmental care to vulnerable, marginalized individuals regardless of socio-economics, lifestyle choices, and at-risk behaviours. Reducing the harm from substance use provides critical support to individuals and also helps provide a safer environment in our shelters and communities. The team operates from a drop-in site five days a week and also provides outreach services to shelters across the St. John's area. During the year, the outreach services also included working across the shelter system to provide COVID-19 vaccinations and booster shots.

During 2021-22, NL Housing, in partnership with EHSJ, funded 12 organizations to extend COVID-19 supports to people experiencing or at imminent risk of homelessness. Through a combined investment of \$1.0 million, these community-based programs focused on the provision of homelessness prevention, rapid rehousing, and the promotion of housing stability for individuals exiting the shelter system. The federal Reaching Home initiative also provided continued opportunities in 2021-22 to partner with local stakeholders in the development of shelter and housing responses in light of

the COVID-19 pandemic. This included a partnership, for example, with the Housing and Homelessness Coalition in Labrador West, which utilized an NL Housing unit as an emergency shelter and funding support for staffing from Reaching Home.

National Housing Strategy (NHS) Investments

The NHS continues to be an important cost-shared investment between the Governments of Canada and Newfoundland and Labrador in addressing housing needs in the province.

Canada- Newfoundland and Labrador Housing Benefit

In 2021-22, the federal and provincial governments announced a \$74 million cost-shared investment for a new Canada-Newfoundland and Labrador Housing Benefit. Implemented in the fall of 2021, this housing benefit provides eligible households with a direct-to-tenant portable rental subsidy to support housing affordably within the private rental market. This new benefit expands the number of households receiving rental assistance in the private market from 1,800 under the current Rent Supplement Program, to 2,600 households by 2027-28, an increase of 44 per cent. This will allow NL Housing to reduce the wait times for households in severe housing need and also support the growing number of applicants seeking one-to-two-bedroom accommodations.

Preservation, Repairs, and Expansion of NL Housing Units

In 2021-22, NL Housing continued to prioritize NHS funding for the preservation and repair of its existing housing infrastructure. This included, for example, a \$2 million investment in Labrador West to provide exterior renovations, as well as introduce energy efficiency upgrades for 18 homes and support critical vacancy refurbishments on a further eight homes. Investments in energy efficiency not only adds to the comfort of the home but also allow tenants to realize savings in their home heating costs, while vacancy refurbishments allow the units to once again become homes for individuals and families in need of housing supports. This work will be completed in 2022-23.

Further, in 2021-22, NL Housing issued a tender for the construction of four new homes in Happy Valley-Goose Bay (HVGB). The four-unit building, will include two fully wheelchair-accessible, one-bedroom units on the main level, and two, one-bedroom units on the second level, with Universal Design features incorporated throughout the property. Energy efficiency and sustainability are also key elements in the design and construction of the building.

Provincial Housing and Homelessness Partnership Fund

In 2021-22, NL Housing's Provincial Housing and Homelessness Partnership Fund awarded \$1.5 million to seven successful recipient organizations. The Fund is designed to support projects throughout the province which leverage partnerships and strengthen the capacity of the community housing sector to provide housing options for low-income households. The successful recipient organizations included:

- Salvation Army Center of Hope – \$250,000
- Stella's Circle – \$250,000
- Town of Happy Valley-Goose Bay – \$250,000
- Anglican Homes Inc. – \$200,000
- Qalipu Mi'kmaq First Nation Band – \$63,000
- Central Residential Services Board – \$200,000
- City of St. John's – \$250,000

NL Housing also invested \$700,000 to support Indigenous partners to deliver home repair programs to assist low-income homeowners.

Rick Hansen Foundation Accessibility Certification

Through a \$1.5 million cost-shared investment under the NHS, NL Housing oversaw the construction of eight new affordable housing units on Froude Avenue in St. John's. The project prioritized accessibility and universal design and in the summer of 2021, the eight-unit building received certification through the Rick Hansen Foundation Accessibility Certification™ (RHFAC) Program. RHFAC is a national rating system that

helps measure the accessibility of buildings and sites based on a consistent methodology, and promotes increased access through the adoption of Universal Design principles.

The new building includes four wheelchair-accessible, two-bedroom units on the main level, and four two-bedroom units on the second level. Universal Design features were used throughout the building and include items such as 'no step' level entry building entrances, widened exterior and interior doors and hallways, lever-type door handles, grab bars, and minimal flooring transitions. The awarding of the RHFAC demonstrates NL Housing's commitment to ensuring that the construction of new social housing supports the increasing accessibility needs of current and future clients.

Rapid Housing Initiative

The Rapid Housing Initiative (RHI), initially launched as a COVID-19 response, is a federal application-based program aimed at expediting the expansion of new affordable housing across the country for people and populations who are vulnerable. During 2021-22, NL Housing was successful in its application under the RHI which leveraged \$20.2 million for the construction of 36 NL Housing units in St. John's and supported a partnership with The Gathering Place (TGP) to develop 56 new transitional and supportive housing units and 40 low-barrier shelter beds. These projects will commence in 2022-23 and will significantly support NL Housing's strategic goal of increasing access to affordable and adequate Housing, as well as importantly expanding supportive and accessible housing options.

Happy Valley-Goose Bay Action Team

The HVGB Action Team was established in May 2021 to address the needs of individuals who are experiencing homelessness in the area, including those presenting as transiently homeless. NL Housing is a member of the Action Team which includes representatives from provincial, municipal, federal and Indigenous governments and agencies, and community organizations in the housing and homelessness sector. The work of the Action Team is focused on improving coordination and integration of health,

housing, and other supportive services, and expanding outreach responses to support the needs of this vulnerable population.

To further support and build on the work of the Action Team, in 2021-22, NL Housing entered a three-year partnership with the Nunatsiavut Government (NG) to create a Housing Supports Manager position at the emergency shelter in HVGB. The position will assist individuals experiencing homelessness to navigate to more stable housing options in the community and will work closely with NL Housing in aligning access to the new portable Canada- Newfoundland and Labrador Housing Benefit. In addition, in 2021-22, NL Housing partnered with the Community Housing Transformation Centre to provide funding to the Labrador Friendship Centre, on behalf of the Action Team, to complete a community housing needs assessment to further understand and devise responses to housing affordability needs in the HVGB area.

Scholarships

Annually, NL Housing provides Youth and Adult Scholarships to support tenants in pursuing post-secondary studies. Scholarships are awarded in three regions in the province: Avalon/Eastern, Central, and Western/Labrador with each scholarship valued at \$1,000. Youth scholarships are awarded based on the student's academic or honours graduation averages, as set by the Department of Education. Adult scholarships are awarded based on demonstrated initiative and community involvement. The 2021NL Housing Scholarship recipients were as follows:

Youth Scholarships

Amy Wilcox

Avalon/Eastern

Nicholas Yetman

Avalon/Eastern

Jessica Rice

Avalon/Eastern

Kyle Caravan

Western/Labrador

Adult Scholarships

Jessica Upshall

Avalon/Eastern

Jaiden Terry-Baldwin

Avalon/Eastern

Jillian Terry-Baldwin

Avalon/Eastern

Wilman Lee Keough

Western/Labrador

Victoria Killam

Central

Report on Performance

Strategic Issue 1: Sustaining the Social Housing Stock

NL Housing is the largest landlord in the province and, along with various non-profit and cooperative housing providers, provides affordable housing options to individuals and families in low-income throughout the province. As the Corporation's existing housing stock was built 40-60 years ago, capital investment is required to repair and prevent deterioration of this important public asset and ensure its long-term sustainability.

Preservation and repair of existing social housing stock across Canada is a key priority of the NHS. Under the related nine-year bilateral agreement (2019-2028) between Newfoundland and Labrador and Canada, the following targets have been established by the end of March 2028:

- 5,957 social housing units continue to be available for low-income tenant households; and
- 1,192 social housing units receive repairs (20 per cent target)

NL Housing also recognizes that investments in energy efficiency improvements, as well as accessibility modifications to better serve the province's aging population and persons with disabilities, are key elements in the long-term sustainability of its housing stock.

2020-23 Strategic Plan Goal: By March 31, 2023, NL Housing will have improved the sustainability of its social housing stock through the completion of interior and exterior upgrades on units, energy efficiency improvements, and accessibility modifications on social housing units.

Indicators:

- Number of social rental housing units that receive interior upgrades.
- Number of social rental housing units that receive exterior upgrades.
- Number of social rental housing units that receive upgrades which include energy efficient upgrades.
- Number of social rental housing units that receive upgrades which include accessibility modifications.

2021-22 Objective: By March 31, 2022, NL Housing will have completed a further 150 interior and 150 exterior upgrades, energy efficiency improvements, and accessibility modifications on its social housing stock.

| 2021-22 Indicator | Results |
|--|---------|
| Number of social rental housing units that receive interior upgrades. | 163 |
| Number of social rental housing units that receive exterior upgrades. | 453 |
| Number of social rental housing units that receive upgrades which include energy efficiency upgrades. | 133 |
| Number of social rental housing units that receive upgrades which include accessibility modifications. | 120 |

Discussion of Results:

During 2021-22, NL Housing continued to prioritize investments for repairs and upgrades of its existing housing stock. Following provincial health guidance for COVID-19 to ensure the health and safety of tenants and employees alike, during certain periods throughout the year, focus was diverted from completing interior upgrades on occupied units to completing exterior upgrades and interior repairs on vacant units. This approach balanced safety with continuing to complete repairs to serve the needs of our clients. Further, this approach, as well as the nature of the exterior upgrades that focused on building envelope improvements, including windows, siding, and roofs on

larger multi-unit buildings, contributed to the number of exterior upgrades significantly exceeding the established target for 2021-22. Of the 163 interior upgrades completed in 2021-22, 22 were major repair vacancies, i.e. units with significant damage, requiring much higher than average repairs to allow the unit to be available for occupancy from the waitlist.

Energy efficiency and accessibility improvements also remain priorities for NL Housing. The NHS and Low Carbon Economy Fund (LCEF) have been instrumental in supporting energy efficiency upgrades across the housing stock. In 2021-22, funding under the LCEF supported furnace conversions, building envelope improvements (windows, doors, and siding) as well as attic insulation, all contributing to lower energy bills and greater home comfort for tenants. Accessibility improvements included wheelchair ramps, bathroom renovations, as well as installation of grab bars and other mobility aids.

2022-23 Objectives and Indicators

By March 31, 2023, NL Housing will have completed a further 100 interior and 350 exterior upgrades¹, energy efficiency improvements, and accessibility modifications on identified social housing units to support the sustainability of the NL housing stock.

- Number of social rental housing units that receive interior upgrades.
- Number of social rental housing units that receive exterior upgrades.
- Number of social rental housing units that receive upgrades which include energy efficient upgrades.
- Number of social rental housing units that receive upgrades which include accessibility modifications.

¹ The 2022-23 objective amended from original target of 150 interior and 150 exterior upgrades to 100 interior and 350 exterior upgrades due to additional funding allocations for repairs under the National Housing Strategy and finalization of specific repair projects, with more involving exterior upgrades.

Strategic Issue 2: Increasing Access to Affordable and Adequate Housing

Challenges in securing and maintaining affordable housing exist across the housing continuum in Newfoundland and Labrador, impacting both homeowners and renters, as well as individuals experiencing homelessness. Addressing these challenges requires diverse, multi-faceted solutions aimed at increasing access to safe, adequate, and affordable housing. In addition to sustaining existing social housing units, this includes constructing new social housing; expanding rental assistance in the private market; delivering home repair programs for low-income homeowners to make modest repairs or complete accessibility and energy efficiency modifications to their homes; and increasing access to low-barrier and supportive housing options for individuals experiencing homelessness.

The NHS includes a target of 15 per cent expansion of social and community housing. For Newfoundland and Labrador, this target translates into over 890 units to be added to the baseline number of 5,957 units by March 31, 2028. Efforts to reach these targets will continue through the extension of operational support to units which have expired under the social housing agreement, and continued expansion of social and affordable housing units across the housing continuum.

2020-23 Strategic Goal: By March 31, 2023, NL Housing will have increased access to affordable and adequate housing for individuals and families throughout the province.

Indicators:

- Implementation of a new portable housing benefit in partnership with the Federal Government.
- Number of individuals and families receiving rent supplement/housing benefit.
- Number of individuals and families served through expansion of housing, including social and affordable housing units, shelter beds, and supportive housing units.
- Number of homeowners receiving repair assistance, including energy efficiency and accessibility modifications.

2021-22 Objective: By March 31, 2022, NL Housing will have further expanded access to social and community housing, provided a portable rental benefit to at least 700 households, and home repair and modification assistance to a further 1,000 households.

| 2021-22 Indicator | Results |
|---|---|
| Implemented a new portable housing benefit in partnership with the Federal Government. | The new portable, direct-to-tenant Canada-Newfoundland and Labrador Housing Benefit was announced by the provincial and federal governments in August 2021. The first intake of tenants to the program commenced on September 27, 2021. |
| Number of new rent supplement/housing benefit clients. | In 2021-22, a total of 239 new households were served, or in the process of being served, under NL Housing's rental assistance programs. These programs engage directly in addressing the housing affordability needs of households renting in the private market. |
| Number of individuals served through expansion of housing, including social housing units, shelter beds and supportive housing units. | <p>Under the cost-matched NHS, in 2021-22, NL Housing renewed operating subsidies for 194 housing units for which federal support for the operation and maintenance of the unit expired under the Social Housing Agreement. A renewed commitment to retain these units within the housing portfolio means that households in core housing need will continue to be served.</p> <p>During the year, NL Housing engaged additional temporary shelter arrangements throughout the province in response to the increased demand for emergency shelter. This included 25 additional overflow shelter beds in HVGB, the provision of a NL Housing unit to the local housing and homeless coalition in</p> |

| | |
|---|---|
| | <p>Labrador City (3 beds), as well as a similar arrangement with a community partner in Corner Brook (3 beds). These innovative partnerships have supported community agencies to be responsive to local housing needs as well as creatively utilizing larger NL Housing units. In 2021-22, NL Housing’s Provincial Housing and Homelessness Fund (PHHPF) also provided funding to support the opening of 20 new supportive housing units at the Centre for Hope in St. John’s. Additional initiatives were awarded funding in 2021-22 under the PHHPF and are expected to be operational in 2022-23.</p> |
| <p>Number of homeowners receiving repair assistance, including energy efficiency modifications.</p> | <p>In 2021-22, 1,977 homeowners in low-income received repair assistance, including energy efficiency modifications. This includes grant funding provided under the Provincial Home Repair, Home Modification and Home Energy Savings Programs.</p> |

Discussion of Results:

NL Housing programs touch on all points along the housing continuum, with demand growing across many programs. This is evidenced by the growth in NL Housing’s rental housing waitlist of 30 per cent between March 2021 and March 2022 (to 1,930 applicants). Further, similar to trends across the country, point-in-time data reports that the number of individuals in shelters is increasing, almost doubling from 104 in March 2021 to 206 in March 2022.

With the uncertainty stemming from the COVID-19 pandemic, inflation, a highly competitive rental market, and tightening vacancy rates throughout the province, the implementation of the Canada-Newfoundland and Labrador Housing Benefit during 2021-22 has been a timely response in meeting affordability needs for low-income households throughout Newfoundland and Labrador. During the year, significant efforts were focused on overseeing implementation of the new program, including landlord

engagement, development of new policies and processes, IT system changes, hiring of navigator positions to better serve clients, and training of staff involved in program delivery. Implementation of the new program was delayed from the original planned date of April 2021 until the fall of 2021 due to provincial and federal elections and related caretaker periods. Nonetheless, in 2021-22, the Canada-Newfoundland and Labrador Housing Benefit was able to provide 236 individuals with a portable housing affordability benefit to help address core housing need experienced in the private rental market. Modest expansion of shelter beds and supportive housing units throughout the year were also key responses to addressing the needs of those experiencing homelessness.

The repair assistance programs also saw very high demand with 1,977 homeowners receiving assistance in 2021-22. The provincial homeownership rate for households with incomes under \$30,000 is 51.6 per cent, well above the Canadian average of 36 per cent. NL Housing home repair and accessibility modification programs are important housing affordability measures to support low-income homeowners, particularly seniors in rural areas, to remain in their homes, close to family and friends.

2022-23 Objectives and Indicators

By March 31, 2023, NL Housing will have increased access to affordable and adequate housing through further expansion of social and community housing options, and provision of a rental benefit to 650² households and home repair and modification assistance to a further 1,700³ households.

- Number of individuals served through expansion of housing, including social housing units, shelter beds, and supportive housing units.
- Number of new households accessing NL Housing rental assistance benefits (Rent Supplement/Canada- Newfoundland and Labrador Housing Benefit).
- Number of homeowners receiving repair assistance, including energy efficiency and accessibility modifications.

² The 2022-23 objective amended from original 700 households to 650 to reflect the delayed implementation of the Canada-NL benefit as noted in the discussion of results for 2021-22.

³ The 2022-23 objective amended from original 1,000 to 1,700 as delivery of the home repair programs in 2020-21 and 2021-22 were impacted by the COVID-19 pandemic and the increased number reflects the remaining carry-forward from these years.

Strategic Issue 3: Strengthening Partnerships to Address Homelessness

Homelessness is often the result of systemic or societal barriers, including a lack of affordable and appropriate housing, the financial, mental, cognitive, behavioral or physical challenges facing individuals in society, and/or racism and discrimination. For some, the experience of intergenerational trauma further compounds the issue.

Increasingly, and throughout the COVID-19 pandemic, provincial and national data highlights the growth and prevalence of homelessness in our communities and across key demographics, including Indigenous populations, youth, seniors, and those with complex service needs.

Homelessness is a complex social issue which requires multifaceted responses and strong partnerships across sectors and between, federal, provincial, municipal and Indigenous governments, and community partners. NL Housing remains committed to fostering and building on these partnerships, and exploring new ways of working together to coordinate and integrate responses which improve supports and outcomes for the vulnerable populations we serve.

2020-23 Strategic Plan Goal: By March 31, 2023, NL Housing will have strengthened partnerships with government, community and other stakeholders to improve the system of services and supports for individuals facing homelessness.

Indicators:

- Low-barrier shelter options created.
- Development and partial implementation of a comprehensive Provincial Housing and Homelessness Plan.
- Targeted policy and program responses to support the homeless population.
- Partnerships with government and community agencies to support better coordination of services and supports for those experiencing homelessness.
- Annual reporting on homeless shelter usage and number of individuals experiencing or at risk of homelessness transitioned to subsidized rental housing.

2021-22 Objective: By March 31, 2022, NL Housing will have partnered with the homeless serving sector to further strengthen integrated responses along the housing continuum, including the establishment of a low-barrier shelter and the development of a comprehensive Provincial Housing and Homelessness Plan.

| 2021-22 Indicator | Results |
|--|---|
| <p>Continued partnerships with community and government stakeholders to support the design, programming, and development of a permanent low-barrier shelter space.</p> | <p>On October 5, 2020, an interim low-barrier shelter was launched in partnership with TGP in St. John’s. Since its opening, the shelter has provided access to up to 30 beds/night for individuals experiencing homelessness. The shelter operates from a harm reduction and trauma-informed approach, which provides clients with access to shelter beds without any preconditions for sobriety or wellness. The interim low-barrier shelter has been a successful partnership between NL Housing and TGP, and in turn, has continued to strengthen partnerships throughout 2021-22 among the broader community of service providers.</p> <p>Over the last year, there has been significant progress towards the development of a more permanent and integrated shelter response. Under the federally announced RHI, in August 2021, NL Housing and TGP partnered on a proposal to redevelop the former Mercy Convent to provide not only for a permanent low-barrier 40-bed shelter but also 56 transitional and supportive housing units to serve as a key response for those experiencing homelessness. In December 2021, NL Housing was advised that the proposal was successful, resulting in a combined investment from federal and provincial governments and TGP of</p> |

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| | <p>approximately \$12.0 million. Work on the project commenced in the 2022-23 fiscal year.</p> |
| <p>Consultations with stakeholders to support the development and alignment of the Provincial Housing and Homelessness Plan with existing community and government strategies.</p> | <p>During 2021-22, NL Housing continued to conduct a series of one-on-one stakeholder engagement sessions. Sessions provided community agencies with an opportunity to engage and dialogue directly with the Minister and executive of NL Housing, as well as explore priorities, future directions, and opportunities for partnership. These dialogues have proven insightful and continue to inform the drafting of the Provincial Housing and Homelessness Plan.</p> <p>Throughout the evolving pandemic in 2021-22, with the support of the COVID-19 Housing and Homelessness Working Group, NL Housing continued to work in close partnership with EHSJ, Department of Health and Community Service, Eastern Health, and a wide range of community organizations to identify and support the needs of vulnerable persons. Further, through NL Housing’s membership on the Action Team in HVGB, there was regular and ongoing engagement with other provincial government departments, Indigenous governments and organizations, the municipality, Regional Health Authority, RCMP, and other community partners to identify and support the needs of individuals experiencing or at risk of homelessness in the HVGB area. These types of forums and ongoing partnerships and engagement with community agencies continue to further inform identification of housing needs and meaningful responses for consideration in development of the Provincial Housing and Homelessness Plan.</p> |

| | |
|---|--|
| <p>Continued partnership with End Homelessness St. John's, community and government stakeholders to support better coordination of services and supports for the homeless population.</p> | <p>In 2021-22, NL Housing continued to work in close partnership with EHSJ, the Department of Health and Community Services, Eastern Health and community organizations with the support of the COVID-19 Housing and Homelessness Working Group. This work was key in the continued partnership to support meaningful and evolving responses to the pandemic for those experiencing homelessness, including self-isolation protocols, space and related supports, as well as the provision of COVID-19 vaccinations and booster shots.</p> <p>In 2021-22, NL Housing's emergency shelter program strengthened its partnership with EHSJ and Eastern Health to bring the health services of Eastern Health's Harm Reduction Team to individuals experiencing homelessness. The Harm Reduction Team consists of psychiatric registered nurses, a nurse practitioner, a pharmacist, and an occupational therapist. The team operates from a drop-in site five days a week and also provides outreach services to shelters across the St. John's area.</p> <p>During 2021-22, NL Housing, in partnership with EHSJ, funded 12 organizations to extend COVID-19 supports to people experiencing or at imminent risk of homelessness. Through a combined provincial-federal investment of \$1.0 million, these community-based programs focused on the provision of homelessness prevention, rapid rehousing, and the promotion of housing stability for individuals exiting the shelter system.</p> |
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|---|--|
| | <p>In 2021-22, from a governance perspective, NL Housing’s senior leadership was also invited to formally join EHSJ’s Board of Directors and Community Advisory Board. This supported improved information sharing, organizational learning, input into priority setting and coordination across various community and government stakeholders.</p> <p>In 2021-22, NL Housing’s Provincial Housing and Homelessness Partnership Fund awarded \$1.5 million to seven organizations throughout the province, aimed at strengthening the capacity of the community housing sector to provide housing options for low-income households. This included funding to support the opening of 20 new supportive housing units at the Centre for Hope in St. John’s. NL Housing also invested \$700,000 to support partnerships with our Indigenous partners to deliver home repair programs to assist low-income homeowners.</p> <p>In 2021-22, NL Housing also built upon existing partnerships with Connections for Seniors, John Howard Society, Homestead, and Stella's Circle to further support improved housing stability for those experiencing or at risk of homelessness.</p> |
| <p>Continued collaboration with regional and rural stakeholders to leverage federal Reaching Home funding to support localized responses.</p> | <p>NL Housing continued to participate on both federal Reaching Home Regional Advisory Boards and worked closely with community and governmental partners in the review and recommendations for Reaching Home funded community initiatives.</p> <p>In 2021-22, the Labrador Friendship Centre (LFC), as the Reaching Home funded entity for off-reserve Indigenous</p> |

stream, approved 14 discrete projects across a number of Indigenous serving organizations including: First Light, Newfoundland Aboriginal Women's Network; and the Qalipu First Nation. The LFC also provided funding to support outreach positions across a number of organizations serving the HVGB area.

NL Housing continued to work closely with the Town of HVGB, other government departments and agencies, Indigenous governments, and community organizations to support a coordinated response to housing and homelessness issues in the area. In May 2021, this work was formalized with the formation of the HVGB Action Team, of which NL Housing is a member. The Action Team meets regularly to advance short, medium and long-term actions and responses to these issues.

Building upon the efforts of the Action Team to improve coordination and responses to serve those experiencing homelessness, from May 3-5, 2021, NL Housing hosted a series of virtual stakeholder sessions which provided the varied community partners an effective platform for information sharing and collaboration. The session included presentations from: the Nunatsiavut Government (operator of the Out of the Cold shelter), LFC (Reaching Home Indigenous off-reserve funded entity), Labrador Grenfell Health (mental health and addictions services), Canada Mortgage and Housing Corporation and TGP (community health services model). Consultations with the HVGB Action Team to further identify the need and potential housing and supportive services response for HVGB continued with the

| | |
|--|--|
| | <p>HVGB Action Team and community stakeholders throughout 2021-22.</p> <p>During 2021-22, NL Housing also partnered with the LFC and the Action Team in a funding application to the Community Housing and Transformation Centre to support a community housing needs assessment for HVGB. In February 2022, LFC was advised that their application was successful. NL Housing has partnered in this work and will provide additional funding to LFC to support travel costs associated with stakeholder engagement.</p> <p>Our partnerships under the Rural and Remote stream (Town of Grand Falls-Windsor) continued to include the provision of NL Housing units to community partners in Labrador City and Corner Brook. This partnership leverages federal Reaching Home funding, localized expertise and the utilization of NL Housing units to support community-led responses to homelessness. In 2021-22, the existing partnership in Labrador City was transformed to include a wider partnership with the local Housing and Homelessness Coalition and the opening of the region’s first emergency shelter.</p> |
|--|--|

Discussion of Results:

During 2021-22, there was an increased prevalence of individuals experiencing homelessness throughout the province which is consistent with trends across the country. More than ever, strong partnerships among federal, provincial, municipal, Indigenous, and community partners are needed to leverage each other’s resources and expertise and to coordinate responses to homelessness which integrate health, housing and supportive services.

Throughout 2021-22, these partnerships supported meaningful responses to homelessness, including: the work of the provincial COVID-19 Housing and Homelessness Working Group to provide evolving responses to the pandemic, such as self-isolation protocols, space and related supports, and COVID-19 vaccinations and booster shots; NL Housing's partnership with EHSJ to extend COVID-19 supports for homelessness prevention, rapid rehousing and the promotion of housing stability for individuals exiting the shelter system; and the work of Eastern Health's Harm Reduction Team across the shelter system.

Together, NL Housing and TGP partnered on a project that will see the construction of 56 supportive and transitional housing units, in addition to 40 shelter beds. This expansion of the services at TGP to include a dedicated shelter, as well as housing options, will be integral in supporting NL Housing's efforts to increase the number of staffed shelter and supportive housing options for individuals experiencing homelessness. In addition, the existing programs and services offered by TGP will provide important wrap-around and integrated supports to the 56 tenants and shelter guests. This \$12 million project epitomizes what can be done when community and governments come together to realize a mutual goal.

In HVGB, NL Housing continued to work with community partners in a number of facets, including the recently developed Case Management and Outreach Committees which includes resources and staff from the Nunatsiavut Government, Innu Round Table, Labrador Grenfell Health, Town of HVGB, HVGB Housing and Homelessness Coalition, LFC, RCMP, Nunatukavut Community Council, Salvation Army, and Mokami Status of Women to provide support for those experiencing homelessness. This work has grown from the foundational work led by the Labrador Affairs Secretariat and the formation of the HVGB Action Team which has come together to advance short, medium and long-term actions and responses to homelessness.

Collaboration, partnership and cross-organizational learning are key to growing organizational capacity, as well as improved understanding of the varied and intersecting contributions of organizations within a region. NL Housing's engagement across the Reaching Home entities has supported effective use of provincial, federal and community-based resources and expertise to support the timely development and resourcing of shelter and housing responses. These diverse points of engagement have also provided important opportunities for dialogue and consultation on what is working and emerging gaps across the housing continuum. Forging effective partnerships across various stakeholders and sectors is key to advancing lasting solutions to address homelessness.

2022-23 Objective and Indicators

By March 31, 2023, NL Housing will have further supported partnerships that strengthen integrated and coordinated responses for individuals experiencing or at risk of homelessness, including enhancement of regional emergency shelter responses⁴.

- Continued partnerships with federal, municipal and Indigenous governments and community organizations to support additional responses that address homelessness, including enhancement of regional emergency shelter responses.
- Continued collaboration with community stakeholders to leverage federal Reaching Home funding to support localized responses that address homelessness.
- Development of a Provincial Housing and Homelessness Plan in collaboration with other departments and stakeholders, with the goal of reducing core housing need and addressing the systemic barriers related to homelessness.

⁴ The 2022-23 objective amended from original to align more clearly with the intent of continued incremental support to partnerships that strengthen responses for individuals experiencing homelessness.

Opportunities and Challenges

Opportunities

The NHS and related \$344 million nine-year bilateral agreement between the governments of Canada and Newfoundland and Labrador continue to represent a significant opportunity to support the diverse and emerging housing needs in our province. Over the nine-year period of 2019-2028, investments will collectively support over 21,800 Newfoundland and Labrador households to access safe, affordable, and adequate housing. This investment includes \$74 million for the recently implemented Canada-Newfoundland and Labrador Housing Benefit which is a portable, direct-to-household affordability benefit and represents a significant opportunity to expand access to affordable housing options.

Affordable housing was a prominent focus of the 2022 federal budget. The budget outlined a number of new housing initiatives, as well as the continuation of others such as the RHI, which has proven to be a valuable opportunity to grow the social housing supply in Newfoundland and Labrador. Federal budget 2022 announced a further \$4.3 billion over seven years to improve housing for Indigenous communities; new funding for the Canada Housing Benefit for women and children fleeing violence; and an additional \$4 billion over five years to launch the Housing Accelerator Fund, aimed at supporting municipalities to remove barriers and build housing more quickly. While the eligibility and programming details for the majority of these new initiatives have not been finalized, the initiatives represent an important opportunity for NL Housing to work in partnership with municipal and Indigenous governments and community partners to leverage these federal programs in addressing the housing needs throughout our province.

In alignment with the Minister's Mandate letter, in 2022-23, NL Housing will lead the development of a broader systems-wide Provincial Housing and Homelessness Plan. The Plan will be developed in collaboration with other departments and stakeholders

with the goal of reducing core housing need and addressing the systemic barriers related to homelessness. This Plan will draw upon recommendations of the recent Health Accord and work in tandem with other provincial strategies, including the Social and Economic-Well Being Plan under development, to address poverty and support the needs of the most vulnerable in our province. This plan presents a renewed opportunity to guide our strategic and operational priorities moving forward.

Challenges

Like the rest of the country, Newfoundland and Labrador continues to navigate the evolving COVID-19 pandemic and the related impacts. Various factors including inflation, a tightening rental market and escalating rental rates have placed an increased demand on the Corporation's programs. Our rental housing waitlist grew by an unprecedented 30 per cent between March 2021 and March 2022. Further, similar to trends across the country, point-in-time data reports that the number of individuals in shelters in our province is increasing - almost doubling over the last year and with a growing visibility in rural communities. Increasingly, provincial and national data speaks to the prevalence of homelessness among vulnerable populations including Indigenous populations and those experiencing complex mental health and addictions issues. Homelessness is a complex issue and will require continued strong partnerships among, federal, provincial, municipal and Indigenous governments and community partners. Strong partnerships will also be required across sectors addressing systemic barriers with a key focus of improving the integration of health and housing supports for our most vulnerable.

Affordability is the primary issue facing households who are in core housing need in the province and affects both renters and homeowners. A household is considered to be in core housing need if it does not meet at least one of the standards of adequacy, affordability or suitability and it would have to spend 30 per cent or more of its before-tax income to pay the median rent of alternative local housing. In the Newfoundland and Labrador context, 7.4 per cent of households in the province are deemed to be in "core housing need" compared to the Canadian context of 9.8 per cent (Canadian

Housing Survey, 2021). Continued efforts to expand access to affordable housing will remain critical as we move forward.

The fiscal reality of the province and NL Housing, as well as delivering programs and services throughout our vast geography, represent additional challenges in addressing the diverse range of housing and homelessness needs. Further, NL Housing's portfolio mostly built 40-60 years ago, consists primarily of three or more bedrooms while our demographics are driving the demand for one and two-bedroom units, as well as accessible units. Continued investments to preserve and maintain our existing homes, including opportunities to expand one and two-bedroom units, and improve the overall accessibility and energy efficiency of our portfolio will remain important goals.

Audited Financial Statements

**NEWFOUNDLAND AND LABRADOR
HOUSING CORPORATION**

FINANCIAL STATEMENTS

MARCH 31, 2022

Management's Report

Management's Responsibility for the Newfoundland and Labrador Housing Corporation Financial Statements

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

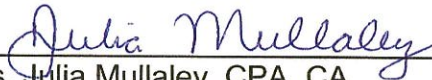
Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that transactions are properly authorized, assets are safeguarded and liabilities are recognized.

Management is also responsible for ensuring that transactions comply with relevant policies and authorities and are properly recorded to produce timely and reliable financial information.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board reviews internal financial information on a quarterly basis and external audited financial statements yearly.

The Auditor General conducts an independent audit of the annual financial statements of the Corporation, in accordance with Canadian generally accepted auditing standards, in order to express an opinion thereon. The Auditor General has full and free access to financial management of the Newfoundland and Labrador Housing Corporation.

On behalf of the Newfoundland and Labrador Housing Corporation.



Ms. Julia Mullaley, CPA, CA
Chief Executive Officer



Mr. Mike Tizzard, CPA, CGA
Executive Director of Finance and Corporate Services



OFFICE OF THE AUDITOR GENERAL
NEWFOUNDLAND AND LABRADOR

INDEPENDENT AUDITOR'S REPORT

To Chairperson and the Board of Directors
Newfoundland and Labrador Housing Corporation
St. John's, Newfoundland and Labrador

Opinion

I have audited the financial statements of the Newfoundland and Labrador Housing Corporation (the Corporation), which comprise the statement of financial position as at March 31, 2022, statements of operations, change in net debt, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Corporation in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance.

Independent Auditor's Report (cont.)

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

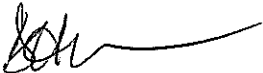
As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditor's Report (cont.)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



DENISE HANRAHAN, CPA, CMA, MBA, ICD.D
Auditor General

September 14, 2022
St. John's, Newfoundland and Labrador

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
STATEMENT OF FINANCIAL POSITION
As at March 31

| | 2022 | 2021 |
|---|------------------|------------------|
| | (000's) | (000's) |
| FINANCIAL ASSETS | | |
| Cash | \$ 23,800 | \$ 6,160 |
| Accounts receivable (Note 3) | 2,283 | 2,867 |
| Land held for sale (Note 4) | 9 | 9 |
| Due from government and other government organizations (Note 5) | 21,622 | 25,388 |
| Loans receivable (Note 6) | 5,690 | 6,231 |
| Receivables from municipalities - land transfers (Note 7) | 522 | 594 |
| | 53,926 | 41,249 |
| LIABILITIES | | |
| Accounts payable and accrued liabilities (Note 8) | 9,160 | 7,327 |
| Employee future benefits (Note 9) | 23,399 | 23,843 |
| Due to government and other government organizations (Note 10) | 1,551 | 2,084 |
| Deferred revenue (Note 11) | 28,003 | 13,205 |
| Long-term debt (Note 12) | 66,265 | 71,542 |
| | 128,378 | 118,001 |
| Net debt | (74,452) | (76,752) |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets (Note 13) | 98,892 | 102,818 |
| Inventories held for use | 457 | 440 |
| Prepaid expenses (Note 14) | 4,112 | 4,086 |
| | 103,461 | 107,344 |
| Accumulated surplus | \$ 29,009 | \$ 30,592 |
| Contingent liabilities (Note 15) | | |
| Contractual rights (Note 16) | | |
| Contractual obligations (Note 17) | | |
| Trust under administration (Note 21) | | |

Signed on behalf of the Corporation:


 Chairperson


 Member

The accompanying notes are an integral part of these financial statements.

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
STATEMENT OF OPERATIONS
For the Year Ended March 31

| | 2022 Budget | 2022 Actual | 2021 Actual |
|---|------------------------|------------------------|------------------------|
| | (000's) (Note 25) | (000's) | (000's) |
| REVENUES (Note 18) | | | |
| Province of Newfoundland and Labrador operating grant | \$ 46,943 | \$ 47,918 | \$ 53,051 |
| CMHC revenue | 43,784 | 40,296 | 42,791 |
| Other government sources | 164 | 409 | 200 |
| Rent | 23,280 | 23,493 | 23,237 |
| Interest | 262 | 388 | 352 |
| Land sales | - | - | 3 |
| Gain on sale of tangible capital assets | - | 2 | 51 |
| Profit from land sales by municipalities | 30 | 29 | 36 |
| Other | 452 | 717 | 641 |
| | 114,915 | 113,252 | 120,362 |
| EXPENSES (Note 18) | | | |
| Rental operations | 53,507 | 48,951 | 44,483 |
| Partner managed housing | 6,071 | 6,462 | 6,276 |
| Affordable housing investments (Note 19) | 32,315 | 30,437 | 31,290 |
| Rent supplement | 11,377 | 10,796 | 10,623 |
| Land development | - | 10 | 25 |
| Administration | 18,883 | 18,179 | 18,423 |
| | 122,153 | 114,835 | 111,120 |
| Annual (deficit) surplus | (7,238) | (1,583) | 9,242 |
| Accumulated surplus, beginning of year | 30,592 | 30,592 | 21,350 |
| Accumulated surplus, end of year | \$ 23,354 | \$ 29,009 | \$ 30,592 |

The accompanying notes are an
integral part of these financial statements.

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
STATEMENT OF CHANGE IN NET DEBT
For the Year Ended March 31

| | 2022 Budget | 2022 Actual | 2021 Actual |
|---|------------------------|------------------------|------------------------|
| | (000's) (Note 25) | (000's) | (000's) |
| Annual (deficit) surplus | \$ (7,238) | \$ (1,583) | \$ 9,242 |
| Changes in tangible capital assets (Note 13) | | | |
| Acquisition of tangible capital assets | (1,162) | (701) | (1,262) |
| Net book value of tangible capital asset disposals and write-downs | - | - | 3 |
| Amortization of tangible capital assets | 4,658 | 4,627 | 4,795 |
| | 3,496 | 3,926 | 3,536 |
| Changes in other non-financial assets | | | |
| Net (acquisition) use of inventories held for use | - | (17) | (46) |
| Net (acquisition) use of prepaid expenses | - | (26) | 269 |
| | - | (43) | 223 |
| Decrease (Increase) in net debt | (3,742) | 2,300 | 13,001 |
| Net debt, beginning of year | (76,752) | (76,752) | (89,753) |
| Net debt, end of year | \$ (80,494) | \$ (74,452) | \$ (76,752) |

The accompanying notes are an
integral part of these financial statements.

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
STATEMENT OF CASH FLOWS
For the Year Ended March 31

| | 2022 | 2021 |
|--|------------------|-----------------|
| | (000's) | (000's) |
| Operating transactions | | |
| Annual (deficit) surplus | \$ (1,583) | \$ 9,242 |
| Adjustment for non-cash items and change in non-cash operating items: | | |
| (Decrease) Increase in provision for doubtful accounts, loans receivable | (51) | 217 |
| Amortization of tangible capital assets | 4,627 | 4,795 |
| Gain on sale of tangible capital assets | (2) | (51) |
| Employee future benefits | (444) | (437) |
| Deferred revenue | 14,798 | 2,945 |
| Forgivable loans | 6,365 | 6,554 |
| Other (Note 22) | 5,607 | (12,976) |
| Cash provided from operating transactions | 29,317 | 10,289 |
| Capital transactions | | |
| Proceeds, net of selling costs, on sale of tangible capital assets | 2 | 54 |
| Cash used to acquire tangible capital assets | (701) | (1,262) |
| Cash applied to capital transactions | (699) | (1,208) |
| Investing transactions | | |
| Decrease in receivable from municipalities - land transfers | 72 | 66 |
| Repayment of loans and advances | 1,408 | 1,326 |
| Forgivable loans | (6,365) | (6,554) |
| Loans and advances | (816) | (811) |
| Cash applied to investing transactions | (5,701) | (5,973) |
| Financing transactions | | |
| Debt retirement | (5,277) | (5,177) |
| Cash applied to financing transactions | (5,277) | (5,177) |
| Increase (Decrease) in cash | 17,640 | (2,069) |
| Cash, beginning of year | 6,160 | 8,229 |
| Cash, end of year | \$ 23,800 | \$ 6,160 |

The accompanying notes are an integral part of these financial statements.

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2022

1. Nature of operations

The Newfoundland and Labrador Housing Corporation (the Corporation) operates under the authority of the Housing Corporation Act. The purpose of the Corporation is to provide cost-effective housing and related programs for the benefit of the residents of the Province of Newfoundland and Labrador with priority given to those most in need. Its affairs are governed by a Board of Directors appointed by the Lieutenant-Governor in Council.

The Corporation is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

2. Summary of significant accounting policies

(a) Basis of accounting

The Corporation is classified as an Other Government Organization as defined by Canadian public sector accounting standards (CPSAS). These financial statements are prepared by management in accordance with CPSAS for provincial reporting entities as established by the Canadian Public Sector Accounting Board (PSAB). The Corporation does not prepare a statement of remeasurement gains and losses as the Corporation does not enter into relevant transactions or circumstances that are being addressed by that statement. Outlined below are the significant accounting policies followed.

(b) Financial instruments

The Corporation's financial instruments recognized on the statement of financial position consist of cash, accounts receivable, due from government and other government organizations, loans receivable, receivables from municipalities - land transfers, accounts payable and accrued liabilities, due to government and other government organizations and long-term debt.

The Corporation generally recognizes a financial instrument when it enters into a contract which creates a financial asset or financial liability. The Corporation subsequently measures all of its financial assets and financial liabilities at cost or amortized cost. Financial assets measured at cost include cash, due from government and other government organizations, and receivables from municipalities - land transfers. Accounts receivable and loans receivable are measured at amortized cost as disclosed in Note 3 and Note 6, respectively. All financial assets are assessed annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations. Financial liabilities measured at cost include accounts payable and accrued liabilities and due to government and other government organizations. Long-term debt is measured at amortized cost as disclosed in Note 12.

Interest attributable to financial instruments is reported in the statement of operations.

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2022

2. Summary of significant accounting policies (cont.)

(c) Cash

Cash includes cash in the bank.

(d) Land held for sale

Land held for sale is recorded at the lower of cost and net realizable value.

(e) Loans receivable

Loans receivable are recorded at amortized cost. Valuation allowances are made when collection is in doubt and is estimated based on the value of accounts referred to a collection agency and the accounts with reported arrears balances.

(f) Liability for contaminated sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. A liability for a contaminated site is recognized based on management's best estimate of all costs directly attributable to remediation activities, including the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site, and is recorded net of any expected recoveries.

A liability for the remediation of a contaminated site is recognized when a site is generally not in productive use and all of the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the Corporation:
 - is directly responsible, or
 - accepts responsibility;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

(g) Employee future benefits

The cost of retirement life insurance and health care benefits and accumulating, non-vesting sick leave benefits are actuarially determined using management's best estimate of the long-term inflation rate, compensation increases, discount rate and health care cost trends.

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2022

2. Summary of significant accounting policies (cont.)

(g) Employee future benefits (cont.)

The employees of the Corporation are subject to the Public Service Pensions Act, 2019. Employee contributions are matched by the Corporation and remitted to Provident¹⁰ from which pensions will be paid to employees when they retire. This plan is a multi-employer, defined benefit plan, providing a pension on retirement based on the member's age at retirement, length of service and the average of their best 6 years of earnings for service on or after January 1, 2015, and, for service before January 1, 2015, the higher of the average of the frozen best 5 years of earnings up to January 1, 2015, or the average of the best 6 years of earnings for all service.

(h) Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

The cost, less residual value, of the tangible capital assets, excluding land, is amortized on a straight-line basis over their estimated useful lives as follows:

| | |
|---------------------------------|----------|
| Rental properties | 40 years |
| Office buildings | 40 years |
| Furniture and office equipment | 10 years |
| Maintenance tools and equipment | 10 years |
| Computer hardware and software | 4 years |
| Vehicles | 5 years |

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Corporation's ability to meet its mandate, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations.

Contributed capital assets are recorded as revenue at their fair market value on the date of donation, except in circumstances where fair value cannot be reasonably determined, which are then recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2022

2. Summary of significant accounting policies (cont.)

(i) Inventories held for use

Inventories held for use include rental property parts and supplies and are recorded at the lower of historical cost and replacement cost.

(j) Prepaid expenses

Prepaid expenses include property taxes, insurance, licenses and rent and are recorded as an expense over the periods expected to benefit from it.

(k) Revenues

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues in the period the transfer is authorized and all eligibility criteria have been met, except when and to the extent that the transfer gives rise to an obligation that meets the definition of a liability for the Corporation. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulations related to the liabilities are settled. Government transfers consist of funding from the Province of Newfoundland and Labrador and Canada Mortgage and Housing Corporation (CMHC).

Interest income is accounted for using the effective interest method for all loans, other than the impaired portion of loans. Recognition of interest in accordance with the terms of the original loan agreement ceases when a loan becomes impaired.

(l) Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is recorded as an expense.

Government transfers are recognized as expenses in the period in which the transfer is authorized and all eligibility criteria have been met. Government transfers include grants and subsidies under the Corporation's social programs.

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2022

2. Summary of significant accounting policies (cont.)

(m) Measurement uncertainty

The preparation of financial statements, in conformity with CPSAS, requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include the useful life of tangible capital assets, estimated employee future benefits, impairment of assets and liabilities for contaminated sites.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

(n) Change in accounting policy

The PSAB has issued *PS 3280 Asset Retirement Obligations* which is effective April 1, 2022. This is a new standard on how to account for and report legal obligations associated with the retirement of tangible capital assets. The standard has not been applied in these financial statements.

The Corporation plans to adopt this standard by the effective date and is currently analyzing the impact the standard will have on the financial statements.

3. Accounts receivable

| | 2022 | 2021 |
|---------------------------------------|-----------------|----------------|
| | (000's) | (000's) |
| Harmonized sales tax receivable | \$ 1,406 | \$ 2,136 |
| Rents | 985 | 685 |
| Other | 421 | 432 |
| | 2,812 | 3,253 |
| Less: provision for doubtful accounts | (529) | (386) |
| | \$ 2,283 | \$ 2,867 |

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2022

4. Land held for sale

| | 2022 | 2021 |
|---|----------------|----------------|
| | (000's) | (000's) |
| Land held for sale, beginning of year | \$ 9 | \$ 9 |
| Land development costs incurred during the year | - | - |
| | 9 | 9 |
| Less: cost of earned sales recognized during year | - | - |
| Land held for sale, end of year | \$ 9 | \$ 9 |

In September 1998, the Province directed the Corporation to divest of the majority of its land holdings. Land held for sale is valued at the lower of cost and net realizable value. The estimated net realizable value is determined using management's best estimates of future sales and costs. Management recognizes that changes in future conditions, such as market demand, assumed in making these estimates, are not predictable. Consequently, adjustments to the carrying value of the asset are possible depending upon the impact of any changes and management's best estimate of them.

5. Due from government and other government organizations

| | 2022 | 2021 |
|---------------------------------------|------------------|------------------|
| | (000's) | (000's) |
| CMHC | \$ 12,383 | \$ 12,336 |
| Province of Newfoundland and Labrador | 9,017 | 12,925 |
| Municipalities | 222 | 127 |
| | \$ 21,622 | \$ 25,388 |

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2022

6. Loans receivable

| | 2022 | 2021 |
|--|------------------|----------------|
| | (000's) | (000's) |
| Forgivable loans bearing no interest | \$ 72,763 | \$ 79,128 |
| Promissory notes bearing fixed interest rates ranging from 0.39% to 10.5%, repayable in blended monthly principal and interest payments with due dates ranging from April 2022 to February 2050. These notes are unsecured and can be retired prior to maturity. | 4,805 | 5,069 |
| Mortgages bearing fixed interest rates ranging from 0% to 4%, repayable in blended monthly principal and interest payments with due dates ranging from June 2022 to September 2040. These mortgages are secured and can be retired prior to maturity. | 2,291 | 2,619 |
| Less: provision for forgivable loans | (72,763) | (79,128) |
| <u>Less: provision for doubtful accounts</u> | (1,406) | (1,457) |
| | \$ 5,690 | \$ 6,231 |

Forgivable loans bearing no interest are advanced to recipients subject to meeting certain eligibility criteria and are recorded through grants and subsidies expense when advanced. Forgiveness terms include an amortization period ranging between 1 and 25 years, during which time the unamortized portion of the loan is required to be repaid only upon sale of the property. As such, there is a low likelihood of required repayment.

7. Receivable from municipalities - land transfers

In September 1998, the Province of Newfoundland and Labrador directed the Corporation to enter into agreements with municipalities to transfer its banked and developed industrial and commercial land. The agreements will transfer these lands to the municipalities under a mortgage arrangement and provide for a share of future land sales revenue to the Corporation.

The receivable is valued at the lower of the carrying value of the land at the date of transfer and the Corporation's share of the net realizable value of the land as outlined in the agreements. The estimated net realizable value is determined using management's best estimates of future sales. Management recognizes that changes in future conditions, such as market demand, assumed in making these estimates are not predictable. Consequently, adjustments to the carrying value of the receivable from municipalities re: land transfers are possible depending on the impact of any changes and management's best estimate of them.

For the year ended March 31, 2022, 21 agreements were in place for the transfer of land to municipalities at a carrying value of \$522,000 (2021 - \$594,000).

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2022

8. Accounts payable and accrued liabilities

| | 2022 | 2021 |
|--|-----------------|-----------------|
| | (000's) | (000's) |
| Trade accounts payable | \$ 6,029 | \$ 4,211 |
| Salaries and benefits payable | 153 | 76 |
| Separation and restructuring charges payable | - | 112 |
| Accrued leave | 2,119 | 2,049 |
| Liability for contaminated sites (Note 8(a)) | 30 | 104 |
| Other | 829 | 775 |
| | \$ 9,160 | \$ 7,327 |

(a) Liability for contaminated sites

The Corporation recognized an estimated environmental liability of \$0 (2021 - \$74,000) for soil remediation at Cashin Avenue, St. John's. The nature of the liability is related to the removal of underground fuel storage tanks. Historical costs of previous work of this nature were used as a basis of measurement. No expenditures were incurred during the fiscal year ended March 31, 2022. All tanks have been removed and site closure work has been concluded. There are no estimated recoveries anticipated.

The Corporation recognized an estimated environmental liability of \$30,000 (2021 - \$30,000) for soil remediation at Empire Avenue, St. John's. The nature of the liability is related to the removal of underground fuel storage tanks. Historical costs of previous work of this nature were used as a basis of measurement. No expenditures were incurred during the fiscal year ended March 31, 2022. There are no estimated recoveries anticipated.

A liability has not been recognized in relation to the following contaminated site, since based on past experience, it is not expected that future economic benefits would be given up:

| Name of the Contaminated Site | Nature of Contamination |
|-------------------------------|--|
| Octagon Pond Area, Paradise | Hydrocarbons and various heavy metals in soil and ground water |

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2022

8. Accounts payable and accrued liabilities (cont.)

A liability has not been recognized in relation to the following contaminated sites since a reasonable estimate of the amount could not be made, due to the unknown extent of contamination:

| Name of the Contaminated Site | Nature of Contamination |
|--------------------------------------|-----------------------------------|
| Various Locations, St. John's | Underground fuel storage tanks |
| Stephenville Industrial Park | Abandoned fuel storage facilities |
| Gander Industrial Park | Soil contamination |

9. Employee future benefits

Information about obligations for retirement benefits and other employee future benefits is as follows:

(a) Pension Plan

The Corporation and its employees contribute to the Public Service Pension Plan in accordance with the Public Service Pensions Act, 2019 (the Act). The plan is administered by Provident¹⁰, including payment of pension benefits to employees to whom the Act applies.

The plan provides a pension to employees based on the member's age at retirement, their length of service and rates of pay. The maximum contribution rate for eligible employees was 11.85% (2021 - 11.85%). The Corporation contributes an amount equal to the employee contributions to the plan. The pension expense for the Corporation for the year ended March 31, 2022 was \$1,496,090 (2021 - \$1,535,479).

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2022

9. Employee future benefits (cont.)

(b) Retirement and other employee future benefit liabilities

| | 2022 | | | 2021 | |
|--|--|-----------------------------|--|--|--|
| | Retirement life insurance and health care benefits (000's) | Severance pay (000's) | Accumulating Non-vesting Sick leave benefits (000's) | Total Employee Benefits (000's) | Total Employee Benefits (000's) |
| Accrued employee future benefit obligations, end of year | \$ 19,651 | \$ 126 | \$ 820 | \$ 20,597 | \$ 20,187 |
| Unamortized actuarial gain (loss), end of year | 2,858 | - | (56) | 2,802 | 3,656 |
| Employee future benefits liability, end of year | \$ 22,509 | \$ 126 | \$ 764 | \$ 23,399 | \$ 23,843 |

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
 March 31, 2022

9. Employee future benefits (cont.)

(c) Change in employee future benefits liability

| | 2022 | | | 2021 | |
|--|--|-----------------------------|--|--|--|
| | Retirement life insurance and health care benefits (000's) | Severance pay (000's) | Accumulating Non-vesting Sick leave benefits (000's) | Total Employee Benefits (000's) | Total Employee Benefits (000's) |
| Current period benefit cost | \$ - | \$ - | \$ 84 | \$ 84 | \$ 138 |
| Interest on accrued benefit obligation | 903 | - | 37 | 940 | 1,012 |
| Amortization of actuarial (gains) losses | (891) | - | 38 | (853) | (779) |
| Employee future benefits expense | 12 | - | 159 | 171 | 371 |
| Less: benefits payments | (524) | - | (91) | (615) | (808) |
| Change in employee future benefits liability | \$ (512) | \$ - | \$ 68 | \$ (444) | \$ (437) |

(d) Retirement and other employee future benefits

i. Retirement life insurance and health care benefits

All retired employees of the Corporation are eligible to participate in the group insurance plans. Under the plans, the Corporation pays up to 50% of the total premium charged towards the benefits of both active employees and retirees for life insurance and health care benefits. The Corporation pays 100% of retirees' life insurance premiums after age 65. There are no fund assets associated with these group insurance plans.

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2022

9. Employee future benefits (cont.)

(d) Retirement and other employee future benefits (cont.)

ii. Severance pay

Effective May 1, 2014, there will be no further accumulation of severance pay service for unionized employees. Unionized employees who qualified for severance pay on that date could elect to either receive all, or a portion of severance pay accumulated as at April 30, 2014 in advance of resignation, retirement, expiry of recall rights or defer receiving their entitlement to a later date.

On May 31, 2018, the Province of Newfoundland and Labrador enacted legislation affecting severance pay for executives, managers, and non-management/non-union employees. As a result of the legislation, executive, managers and non-management/non-union employees with at least one year of service were entitled to one week of salary for each complete year of service, up to a maximum of 20 weeks, no additional severance accrued beyond May 31, 2018. Employees impacted by this change could elect to either receive all of their entitlement by March 31, 2019, or defer receiving their entitlement to a later date.

The severance liability as at March 31, 2022 represents severance owing to unionized and management employees who deferred receiving their severance entitlement.

iii. Accumulating, non-vesting sick leave benefits

All unionized employees hired before May 4, 2004 are credited with 2 days per month and all unionized employees hired thereafter are credited with 1 day per month for use as paid absences in the year due to illness. Employees are allowed to accumulate unused sick day credits each year, up to the allowable maximum provided in their respective employment agreement. Accumulated credits may be used in future years to the extent that the employee's illness exceeds the current year's allocation of credits. The use of accumulated sick days for sick leave compensation ceases on termination of employment. The benefit costs and liabilities are included in the financial statements.

iv. Actuarial valuation

The accrued benefit obligations, excluding severance, for employee future benefit plans as at March 31, 2022, are based on valuations performed as at March 31, 2021.

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2022

9. Employee future benefits (cont.)

(d) Retirement and other employee future benefits (cont.)

iv. Actuarial valuation (cont.)

Assumptions about future events used in the calculation of the accrued employee future benefit obligations are as follows:

| | 2022 | 2021 |
|--------------------------|--------------|-------|
| Long-term inflation rate | 1.75% | 1.75% |
| Compensation increase | 2.50% | 2.50% |
| Discount rate | 4.75% | 4.75% |
| Health care cost trend | 3.50% | 3.50% |

Other assumptions used in the valuation include termination rates, plan participation rates, utilization rates and mortality rates.

Actuarial assumptions are reviewed and assessed on a regular basis to ensure that the accounting assumptions take into account various changing conditions and reflect the Corporation's best estimate of expectations over the long-term.

v. Experience gains or losses

Experience gains or losses are amortized over twelve years, which is the estimated average remaining service life of active participants. The amortization amount will be included with retirement costs in the financial statements commencing in the year subsequent to the year in which the experience gain or loss arose.

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2022

10. Due to government and other government organizations

| | 2022 (000's) | 2021 (000's) |
|---|-----------------|-----------------|
| CMHC - accrued interest payable | \$ 685 | \$ 709 |
| Federal government business enterprise | 1 | 1 |
| Provincial government | 6 | 34 |
| Provincial government business enterprise | 17 | 12 |
| Municipalities | 842 | 1,328 |
| | \$ 1,551 | \$ 2,084 |

11. Deferred revenue

| | Balance, beginning of year (000's) | Billings/receipts during year (000's) | Transferred to revenue (000's) | Balance, end of year (000's) |
|---|--|---|--------------------------------------|------------------------------------|
| CMHC Affordable Housing Program | \$ 8,430 | \$ 19,153 | \$ (5,291) | \$ 22,292 |
| CMHC Provincial Home Repair Program | 3,459 | 3,890 | (2,773) | 4,576 |
| CMHC Rent Supplement Program | 1,092 | - | (163) | 929 |
| Seniors Resource Centre Association of Newfoundland and Labrador | 224 | 140 | (158) | 206 |
| | \$ 13,205 | \$ 23,183 | \$ (8,385) | \$ 28,003 |

Deferred revenue from CMHC relates to the unearned balance of funds from CMHC for programs as outlined under various federal-provincial agreements. The deferred revenue will be recognized as revenue when the related expenses are incurred. As of March 31, 2022, CMHC funding in the amount of \$27,797,000 was received or receivable but not earned.

Deferred revenue from Seniors Resource Centre Association of Newfoundland and Labrador Inc. relates to the unearned balance of funds from Seniors Resource Centre Association of Newfoundland and Labrador Inc. as outlined under a contribution agreement. The deferred revenue will be recognized as revenue when the related expenses are incurred. As of March 31, 2022 Seniors Resource Centre Association of Newfoundland and Labrador Inc. funding in the amount of \$206,000 was received but not earned.

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2022

12. Long-term debt

Long-term debt reported on the statement of financial position is comprised of the following:

| | 2022 | 2021 |
|---|------------------|-----------|
| | (000's) | (000's) |
| Long-term debt obligations arising from the Canada-Newfoundland Social Housing Agreement of April 1997 payable to CMHC, bearing fixed interest rates ranging from 7.25% to 19.75%, repayable in blended quarterly principal and interest payments of \$2,845,794 with due dates ranging from January 2023 to January 2038. This debt is not secured and cannot be retired prior to maturity. The principal and interest payments required are funded entirely through the annual CMHC grant pursuant to the Canada - Newfoundland Social Housing Agreement of April 1997. | \$ 59,566 | \$ 62,789 |
| CMHC fixed rate term debentures, at variable interest rates of 0.39% to 2.14% repayable in blended monthly installments of \$177,358, with final due dates ranging from August 2022 to January 2030. This debt is not secured and can be retired prior to maturity. | 6,699 | 8,753 |
| | \$ 66,265 | \$ 71,542 |

Anticipated annual principal repayments over the next five years and thereafter are as follows:

| | (000's) |
|-------------|------------------|
| 2023 | \$ 5,621 |
| 2024 | 5,555 |
| 2025 | 5,606 |
| 2026 | 5,548 |
| 2027 | 5,506 |
| 2028 - 2038 | <u>38,429</u> |
| | <u>\$ 66,265</u> |

Interest expense for the year on outstanding debt totaled \$8,210,000 (2021 - \$8,603,000) and is included in interest and bank charges in the segmented information by object (Note 18).

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2022

13. Tangible capital assets

March 31, 2022

| | Land (000's) | Rental properties (000's) | Office buildings (000's) | Furniture and office equipment (000's) | Maintenance tools and equipment (000's) | Computer hardware (000's) | Computer software (000's) | Vehicles (000's) | Total (000's) |
|---------------------------------|------------------|---------------------------------|--------------------------------|---|--|---------------------------------|---------------------------------|---------------------|------------------|
| Cost | | | | | | | | | |
| Opening balance | \$ 56,276 | \$ 242,516 | \$ 9,058 | \$ 246 | \$ 86 | \$ 1,453 | \$ 2,884 | \$ 2,016 | \$ 314,535 |
| Additions | 167 | 330 | - | - | - | 55 | 69 | 80 | 701 |
| Disposals | - | - | - | - | - | - | - | (28) | (28) |
| Write-downs | - | - | - | - | - | - | - | - | - |
| Closing balance | \$ 56,443 | \$ 242,846 | \$ 9,058 | \$ 246 | \$ 86 | \$ 1,508 | \$ 2,953 | \$ 2,068 | \$ 315,208 |
| Accumulated amortization | | | | | | | | | |
| Opening balance | \$ - | \$ 200,192 | \$ 5,637 | \$ 237 | \$ 86 | \$ 1,375 | \$ 2,616 | \$ 1,574 | \$ 211,717 |
| Amortization | - | 4,070 | 221 | 3 | - | 56 | 107 | 170 | 4,627 |
| Disposals | - | - | - | - | - | - | - | (28) | (28) |
| Write-downs | - | - | - | - | - | - | - | - | - |
| Closing balance | - | 204,262 | 5,858 | 240 | 86 | 1,431 | 2,723 | 1,716 | 216,316 |
| Net book value | \$ 56,443 | \$ 38,584 | \$ 3,200 | \$ 6 | \$ - | \$ 77 | \$ 230 | \$ 352 | \$ 98,892 |

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2022

13. Tangible capital assets (cont.)

March 31, 2021

| | Land (000's) | Rental properties (000's) | Office buildings (000's) | Furniture and office equipment (000's) | Maintenance tools and equipment (000's) | Computer hardware (000's) | Computer software (000's) | Vehicles (000's) | Total (000's) |
|---------------------------------|------------------|---------------------------------|--------------------------------|---|--|---------------------------------|---------------------------------|---------------------|-------------------|
| Cost | | | | | | | | | |
| Opening balance | \$ 56,276 | \$ 241,532 | \$ 9,058 | \$ 246 | \$ 86 | \$ 1,453 | \$ 2,758 | \$ 2,153 | \$ 313,562 |
| Additions | - | 984 | - | - | - | - | 126 | 152 | 1,262 |
| Disposals | - | - | - | - | - | - | - | (289) | (289) |
| Write-downs | - | - | - | - | - | - | - | - | - |
| Closing balance | \$ 56,276 | \$ 242,516 | \$ 9,058 | \$ 246 | \$ 86 | \$ 1,453 | \$ 2,884 | \$ 2,016 | \$ 314,535 |
| Accumulated amortization | | | | | | | | | |
| Opening balance | \$ - | \$ 195,943 | \$ 5,416 | \$ 233 | \$ 86 | \$ 1,318 | \$ 2,533 | \$ 1,679 | \$ 207,208 |
| Amortization | - | 4,249 | 221 | 4 | - | 57 | 83 | 181 | 4,795 |
| Disposals | - | - | - | - | - | - | - | (286) | (286) |
| Write-downs | - | - | - | - | - | - | - | - | - |
| Closing balance | - | 200,192 | 5,637 | 237 | 86 | 1,375 | 2,616 | 1,574 | 211,717 |
| Net book value | \$ 56,276 | \$ 42,324 | \$ 3,421 | \$ 9 | \$ - | \$ 78 | \$ 268 | \$ 442 | \$ 102,818 |

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2022

13. Tangible capital assets (cont.)

Cost of rental properties at March 31, 2022, includes work in progress of \$1,591,000 (2021 - \$3,297,000). Work in progress is not being amortized as it is not yet available for use. There were no contributed tangible capital assets during the year (2021 - \$0).

In accordance with current accounting standards, intangible assets and items inherited by right of the Crown, such as Crown lands are not recognized as tangible capital assets.

14. Prepaid expenses

Prepaid expenses consist of:

| | 2022 | 2021 |
|---|-----------------|-----------------|
| | (000's) | (000's) |
| Property taxes and other municipal fees | \$ 3,518 | \$ 3,479 |
| Insurance costs | 256 | 240 |
| Workers' compensation fees | 242 | 264 |
| Software licenses | 90 | 94 |
| Rent | 6 | 6 |
| Other | - | 3 |
| | \$ 4,112 | \$ 4,086 |

15. Contingent liabilities

(a) Guaranteed debt

The Corporation has provided loan guarantees pursuant to the Canada-Newfoundland Social Housing Agreement in respect of certain CMHC debt of partner managed housing operators. For the year ended March 31, 2022, the amount of the principal outstanding under this guarantee, and limit of the guarantee, was \$15,673,000. There was no provision for losses during the year on the loan guarantees.

(b) Legal liabilities

A number of small claims have been filed against the Corporation for alleged breach of contract, general damages and personal claims. These claims have not progressed far enough to enable the formation of a definite opinion as to their outcomes. Therefore, the likelihood and the amount of loss to the Corporation is not determinable at this time.

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2022

16. Contractual rights

Contractual rights are rights to economic resources arising from contracts or agreements that will result in revenues and assets in the future. The Corporation has entered into the Social Housing Agreement (1997) and the CMHC – Newfoundland and Labrador Bilateral Agreement under the 2017 National Housing Strategy. The contractual rights of the Corporation for future assets and revenues are \$226,746,000 for the Social Housing Agreement (1997) and \$137,717,000 for CMHC-Newfoundland and Labrador Bilateral Agreement.

17. Contractual obligations

| | 2022 | 2021 |
|---|------------------|------------------|
| | (000's) | (000's) |
| Uncompleted purchase and construction contracts | \$ 7,377 | \$ 3,130 |
| Commitments under lending programs | 6,009 | 5,611 |
| Commitments under grant programs | 5,542 | 2,616 |
| | \$ 18,928 | \$ 11,357 |

Contractual obligations are those to outside organizations and individuals in respect of contracts entered into on or before March 31, 2022. These contractual obligations will become liabilities when the terms of the contracts are met.

18. Segmented information by object

The Corporation reports its revenue and expenses by program area as outlined in its approved budget.

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2022

18. Segmented information by object (cont.)

| | Rental operations | | Partner managed housing | | Affordable housing investments | | Rent supplement | | Land development | | Administration | | Total | | |
|---|-------------------|-------------------|-------------------------|------------------|--------------------------------|-------------------|-------------------|-------------------|------------------|--------------|------------------|------------------|------------------|-----------------|--|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | |
| | (000's) | (000's) | (000's) | (000's) | (000's) | (000's) | (000's) | (000's) | (000's) | (000's) | (000's) | (000's) | (000's) | (000's) | |
| | \$ - | \$ 45 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 47,918 | \$ 53,006 | \$ 47,918 | \$ 53,051 | |
| Province of Newfoundland and Labrador operating grant | - | - | - | - | 8,430 | 9,449 | 171 | 171 | - | - | 31,695 | 33,171 | 40,296 | 42,791 | |
| CMHC revenue | - | 120 | - | 80 | 195 | - | - | - | - | - | - | - | 409 | 200 | |
| Other government sources | 214 | 23,237 | - | - | - | - | - | - | - | - | - | - | 23,493 | 23,237 | |
| Rent | 23,493 | - | - | - | - | - | - | - | - | - | 388 | 352 | 388 | 352 | |
| Interest | - | - | - | - | - | - | - | - | - | - | - | - | - | 3 | |
| Land sales | - | - | - | - | - | - | - | - | 3 | - | - | - | - | - | |
| Gain on sale of tangible capital assets | 2 | 51 | - | - | - | - | - | - | - | - | - | - | 2 | 51 | |
| Profit from land sales by Municipalities | - | - | - | - | - | - | - | - | 29 | 36 | - | - | 29 | 36 | |
| Other | - | - | - | - | - | - | - | - | - | - | 717 | 641 | 717 | 641 | |
| | 23,709 | 23,453 | - | - | 8,625 | 9,529 | 171 | 171 | 29 | 39 | 80,718 | 87,170 | 113,252 | 120,362 | |
| Expenses | | | | | | | | | | | | | | | |
| Rental property operating costs | 22,523 | 18,421 | - | - | - | - | - | - | - | - | - | - | 22,523 | 18,421 | |
| Amortization | 3,813 | 4,000 | 428 | 428 | - | - | - | - | - | - | 386 | 367 | 4,627 | 4,795 | |
| Grants and subsidies | 8,921 | 7,877 | 6,024 | 5,836 | 30,392 | 31,014 | 10,796 | 10,623 | - | - | - | - | 56,133 | 55,350 | |
| Other administration | - | - | - | - | - | - | - | - | 10 | 25 | 2,487 | 2,832 | 2,497 | 2,857 | |
| Salaries and benefits | 4,920 | 5,191 | - | - | - | - | - | - | - | - | 14,495 | 14,364 | 19,415 | 19,555 | |
| Interest and bank charges | 8,367 | 8,786 | 10 | 12 | - | - | - | - | - | - | 811 | 860 | 9,188 | 9,658 | |
| Valuation allowances | 407 | 208 | - | - | 45 | 276 | - | - | - | - | - | - | 452 | 484 | |
| | 48,951 | 44,483 | 6,462 | 6,276 | 30,437 | 31,290 | 10,796 | 10,623 | 10 | 25 | 18,179 | 18,423 | 114,835 | 111,120 | |
| Annual (deficit) surplus | \$(25,242) | \$(21,030) | \$(6,462) | \$(6,276) | \$(21,812) | \$(21,761) | \$(10,625) | \$(10,452) | \$ 19 | \$ 14 | \$ 62,539 | \$ 68,747 | \$(1,583) | \$ 9,242 | |

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2022

19. Affordable Housing Investments by Program

| | 2022 | 2021 |
|---|------------------|------------------|
| | (000's) | (000's) |
| Transition Houses | \$ 9,012 | \$ 8,786 |
| Supportive Living | 7,862 | 8,199 |
| Emergency Housing | 6,017 | 4,742 |
| Home Repair & Modification | 5,019 | 3,736 |
| Affordable Housing | 1,304 | 3,650 |
| Home Energy Savings | 954 | 924 |
| Provincial Housing & Homelessness Partnership | 125 | 858 |
| Provincial Homelessness Fund | 120 | 357 |
| Down Payment Assistance | 24 | 38 |
| | \$ 30,437 | \$ 31,290 |

20. Related party transactions

(a) Transactions with related parties

| | 2022 | 2021 |
|--|----------------|----------------|
| | (000's) | (000's) |
| REVENUES | | |
| Province of Newfoundland and Labrador operating grant | | |
| Consolidated Revenue Fund | \$ 47,918 | \$ 53,051 |
| Rent | | |
| Consolidated Revenue Fund | 160 | 160 |
| Labrador-Grenfell Regional Health Authority | 13 | 13 |
| EXPENSES | | |
| Rental operations | | |
| Nalcor Energy | 58 | 52 |
| Consolidated Revenue Fund | 108 | 96 |
| Partner managed housing | | |
| Eastern Regional Health Authority | 516 | 579 |
| Western Regional Health Authority | 280 | 253 |
| Central Regional Health Authority | 133 | 220 |

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2022

20. Related party transactions (cont.)

| | 2022 | 2021 |
|---|----------------|----------------|
| | (000's) | (000's) |
| Expenses (cont.) | | |
| Labrador-Grenfell Regional Health Authority | 41 | 32 |
| Affordable housing investments | | |
| Eastern Regional Health Authority | 175 | 178 |
| Administration | | |
| Consolidated Revenue Fund | 230 | 193 |
| Eastern Regional Health Authority | - | 4 |
| Nalcor Energy | 1 | 1 |

(b) Balances due from and to related parties

Due from government and other government organizations

| | | |
|---|----------|-----------|
| Consolidated Revenue Fund | \$ 8,968 | \$ 12,925 |
| Labrador-Grenfell Regional Health Authority | 33 | - |
| Central Regional Health Authority | 9 | - |
| Eastern Regional Health Authority | 4 | - |
| Western Regional Health Authority | 3 | - |

Due to government and other government organizations

| | | |
|---|----|----|
| Consolidated Revenue Fund | 1 | 2 |
| Nalcor Energy | 17 | 12 |
| Central Regional Health Authority | - | 32 |
| Labrador-Grenfell Regional Health Authority | 5 | - |

21. Trust under administration

For the year ended March 31, 2022, the balance of funds held in trust was \$3,206,000 (2021 - \$3,206,000). The funds are held on behalf of various non-profit housing groups to provide for the future replacement or repair of capital items.

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2022

22. Statement of cash flows - other

| | 2022 | 2021 |
|--|-----------------|--------------------|
| | (000's) | (000's) |
| Accounts receivable | \$ 441 | \$ (1,192) |
| Accounts receivable - provision for doubtful accounts | 143 | (16) |
| Due from government and other government organizations | 3,766 | (12,534) |
| Accounts payable and accrued liabilities | 1,833 | 389 |
| Due to government and other government organizations | (533) | 154 |
| Inventories held for use | (17) | (46) |
| Prepaid expenses | (26) | 269 |
| | \$ 5,607 | \$ (12,976) |

23. Financial Risk Management

The Corporation recognizes the importance of managing risks and this includes policies, procedures and oversight designed to reduce risks identified to an appropriate threshold. The risks that the Corporation is exposed to through its financial instruments are credit risk, market risk, and liquidity risk. There was no significant change in the Corporation's exposure to these risks or its processes for managing these risks from the prior year.

Credit risk

Credit risk is the risk that the Corporation will incur a loss due to the failure by its debtors to meet their contractual obligations. The Corporation is exposed to credit risk with respect to cash, accounts receivable, due from government and other government organizations, loans receivable, and receivables from municipalities – land transfers. The Corporation's maximum exposure to credit risk is the carrying amounts of these financial instruments. The Corporation is not exposed to significant credit risk with its cash because this financial instrument is held with a Chartered Bank. The Corporation is not exposed to significant credit risk with due from government and other government organizations and receivables from municipalities - land transfers because of their nature.

The Corporation has policies and procedures for the monitoring and collection of accounts receivable, due from government and other government organizations, loans receivable, and receivables from municipalities - land transfers so as to mitigate potential credit losses. Also, the Corporation has mitigated its exposure to credit risk on its mortgage loans receivable through claims on real estate properties should borrowers default on paying the loans. In the case of a foreclosure, the Corporation has the option of evicting the tenant and selling the real estate property, using the proceeds to clear the mortgage debt.

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2022

23. Financial Risk Management (cont.)

Credit risk (cont.)

An estimated impairment of accounts receivable for \$529,000 has been provided for through an allowance for decline in value, as disclosed in Note 3. An estimated impairment of loans receivable for \$1,406,000 has been provided for through an allowance for decline in value, as disclosed in Note 6. The Corporation classifies its loans receivable as impaired in accordance with Note 2(e). The Corporation classifies its accounts receivable as impaired when collection is in doubt and is based on analysis of the balance.

At March 31, 2022, the aging of loans receivable that are past due but not impaired, are as follows:

| | (000's) |
|--------------|---------------|
| 30 days | \$ 94 |
| 60 days | 116 |
| 90 days | 41 |
| Over 90 days | <u>46</u> |
| | <u>\$ 297</u> |

Accounts receivable and loans receivable which are not impaired or past due are considered collectible by the Corporation. There are no provisions for doubtful accounts for the other financial instruments, as all amounts are considered collectible.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency (foreign exchange) risk, interest rate risk and other price risk. The Corporation is not exposed to significant currency (foreign exchange) risk or other price risk.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure relates to cash, loans receivable and long-term debt. For the year ended March 31, 2022, the interest rate exposure on cash is such that a change of 25 basis points in interest rates would result in an increase/decrease in annual surplus of \$37,000. The interest rate risk on loans receivable is considered to be low because the interest rates are fixed to maturity. The Corporation is subject to the risks associated with long-term debt financing, including the risk that debt will not be refinanced on terms as favorable as those of the existing debts. There is no interest rate risk on long-term debt obligations arising from the Canada-Newfoundland Social Housing Agreement as interest rates are fixed to maturity. For the year ended March 31, 2022, the increase/decrease in annual surplus for each one percent change in interest rates on the CMHC fixed rate term debentures amounts to \$42,000.

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2022

23. Financial Risk Management (cont.)

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial liabilities and contractual obligations as they fall due. The liquidity risk, relating mainly to accounts payable and accrued liabilities, due to government and other government organizations, long-term debt, and contractual obligations, is considered to be low. The anticipated annual principal repayments on the Corporation's long-term debt is disclosed in Note 12. The Corporation maintains adequate cash to ensure all its financial liabilities and contractual obligations can be met when they fall due. The Corporation has an authorized credit facility totaling \$3,000,000, which is unused as at March 31, 2022.

24. Self-insurance

With the exception of certain high-risk projects, the Corporation follows the policy of self-insuring its rental properties for property damage such as fire, water and vandalism. The costs of these repairs are charged to rental properties expenses.

25. Budgeted figures

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the Board of Directors and the Lieutenant-Governor in Council.

26. Non-financial assets

The recognition and measurement of non-financial assets is based on their service potential. These assets will not provide resources to discharge liabilities of the Corporation. For non-financial assets, the future economic benefit consists of their capacity to render service to further the Corporation's objectives.