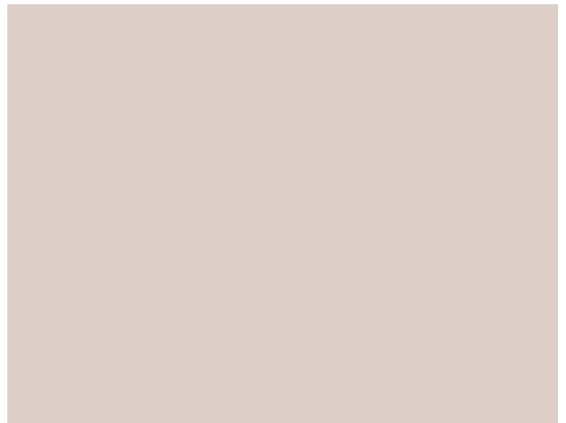




# Newfoundland Labrador

## Housing

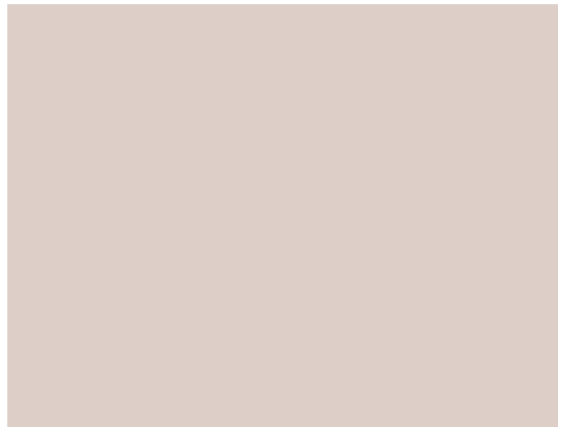


2013-14  
Annual Report





Housing



2013-14  
Annual Report





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## MESSAGE FROM THE CHAIR



I am pleased to present the 2013/14 Annual Report for Newfoundland Labrador Housing Corporation (NLHC). Access to affordable and suitable housing is vital for everyone and particularly challenging for our most vulnerable citizens. This report looks at the many activities and programs delivered by NLHC to improve the housing circumstances of those that need help the most.

The end of 2013-14 marked the halfway point of the 10-year Government of Newfoundland and Labrador's Social Housing Plan - *Secure Foundations*. Over the past 5 years, the initiatives delivered through Provincial and Federal investments have supported the plan's goals which in turn support the mandate of the Corporation. Significant investments continued to be made to ensure the provision of secure and affordable housing for households with low-to-moderate incomes.

2013-14 also brought an end to the three year Federal-Provincial Investment in Affordable Housing (IAH) 2011-14. I am pleased that the Governments of Canada and Newfoundland and Labrador have reached agreement on a 5-year extension to the IAH that will see over \$68 million in new housing investments by 2019.

This report provides an overview of the key activities, results, investments, financial information and challenges for the 2013-14 fiscal year. With the continued engagement and support from our many community and government partners as well as the commitment of NLHC staff we can meet the challenges ahead. NLHC is committed to providing a range of housing options for families, seniors, at risk youth, victims of violence, persons with disabilities and persons with varied and multiple complex needs.

This annual report was prepared under the direction of the Board of Directors of NLHC, in accordance with the *Transparency and Accountability Act* which requires category one entities to table an Annual Report. The Board of Directors is accountable for actual results reported in this document.

A blue ink handwritten signature, appearing to read 'Tom Lawrence', written in a cursive style.

Tom Lawrence  
Chairperson and CEO—Interim

## INTRODUCTION

The *Transparency and Accountability Act* (the *Act*) provides the legislative framework for the conduct of fiscal planning and reporting, and accountability for Government entities. The *Act* requires that Government entities complete three-year performance-based strategic plans. March 31, 2014 marked the end of one such three-year plan for NLHC. During 2013-2014 significant efforts went into completing the 2014-2017 Strategic Plan for the Corporation.

## NLHC MANDATE

To develop and administer housing and homelessness policy and programs for the benefit of low-to-moderate income persons and households throughout the province.

NLHC is the social housing arm of the provincial government. We offer a range of housing programs and services for the residents of the province. The suite of programs and services provided represent Government's commitment to improve overall housing quality and affordability for those who need it most.

## VISION AND MISSION

### Vision

That Newfoundlanders and Labradorians with the greatest need have access to secure and affordable housing.

NLHC continues to work to achieve the overarching goals of the Province's ten-year Social Housing Plan – *Secure Foundations*. The Plan, released in 2009 outlines the strategic action priorities in addressing the housing needs of lower-income households across the province.

The goals of the Social Housing Plan are:

- Increased emphasis on individual well-being and strengthened communities;
- Strengthened partnerships and management practices; and
- Improved housing assistance.

The strategic issues, goals and objectives identified in the 2011-2014 Strategic Plan, reported on in this Annual Report, work toward supporting outcomes envisioned in the Social Housing Plan.

### Mission

By March 31, 2017, to address changing housing needs, NLHC will have improved housing conditions for low-to-moderate income households and persons in Newfoundland and Labrador.



# LINES OF BUSINESS

The mandate is carried out through four different lines of business:

## Subsidized Rental Housing

- Provides social housing rental accommodation to low-income households on a rent-geared-to-income basis. Additionally, NLHC's Rent Supplement Program assists individuals and families on low incomes, and individuals with complex needs, by paying the portion of their rent that exceeds 25 per cent of their net household income up to \$800 monthly.

## Capital Assistance

- Provides forgivable grants for critical repairs, accessibility modifications or energy efficiency improvements to protect existing housing options for low-income households.
  - NLHC's Provincial Home Repair Program assists homeowners with low income who require repairs to their homes to bring dwellings up to minimum fire and life safety standards, with improvements in basic heating, electrical and plumbing services.
  - The Home Modification Program provides financial assistance to homeowners with disabilities and seniors with low-to-moderate incomes that require accessibility changes to their residences.
  - The Residential Energy Efficiency Program assists households with low income in making energy efficient retrofits to their homes. The program assists clients with retrofits that will make their homes more affordable and reduce greenhouse gas emissions that contribute to climate change.
- Provides forgivable capital grants to public, private and non-profit organizations to develop affordable rental housing for low-income households.
  - Partners with the Government of Canada to implement an agreement to invest in affordable housing to create new affordable housing units.

## Partner Managed Housing

- Provides financial, technical and administrative support to housing partners in the non-profit, co-operative, and health sector, which provide rental housing to low-to-moderate income households. NLHC continues to support Partner Managed Housing group operations at \$8.6 million/year.

## Property Stewardship

- Manages land and property holdings in a manner that is cost effective and sensitive to social housing and related government policy direction.

# CORPORATE STRUCTURE

We are a crown corporation responsible for the implementation of Government's social housing policy and programs. We are governed by a Board of Directors that is appointed by the Lieutenant-Governor in Council. The Board consists of members from varying geographical areas and interest groups and reports through the Minister of Advanced Education and Skills, Minister Responsible for Newfoundland and Labrador Housing Corporation.

The members of the Board as of March 31, 2014 were:

Len Simms Chairman, St. John's	Daniel J. McCann Port au Port West
William Hanlon Grand Falls - Windsor	Sheena McCrate Torbay
Glenda J. Belbin Corner Brook	Rhonda Neary St. John's
Olive Blake Goose Bay	Selma Pike St. Anthony
Barbara Cull Stephenville	Pauline Winter Lewisporte
Gerald F. Kennedy Mobile	



NLHC’s head office is located in St. John’s. As of March 31, 2014, there was a staff complement of 377 positions located at the seven regional offices in addition to head office in St. John’s. NLHC’s head office and Avalon Regional Office staff account for 247 employees or 66 per cent of our workforce. There are regional offices in Marystown, Gander, Grand Falls-Windsor, Corner Brook, Stephenville and Happy Valley-Goose Bay. The 130 employees at these locations (34 per cent of NLHC’s workforce) deliver programs and services to clients, a high percentage of whom live in rural communities. Furthermore, 222 of the 377 NLHC employees (59 per cent) are male and 155 (41 per cent) are female.

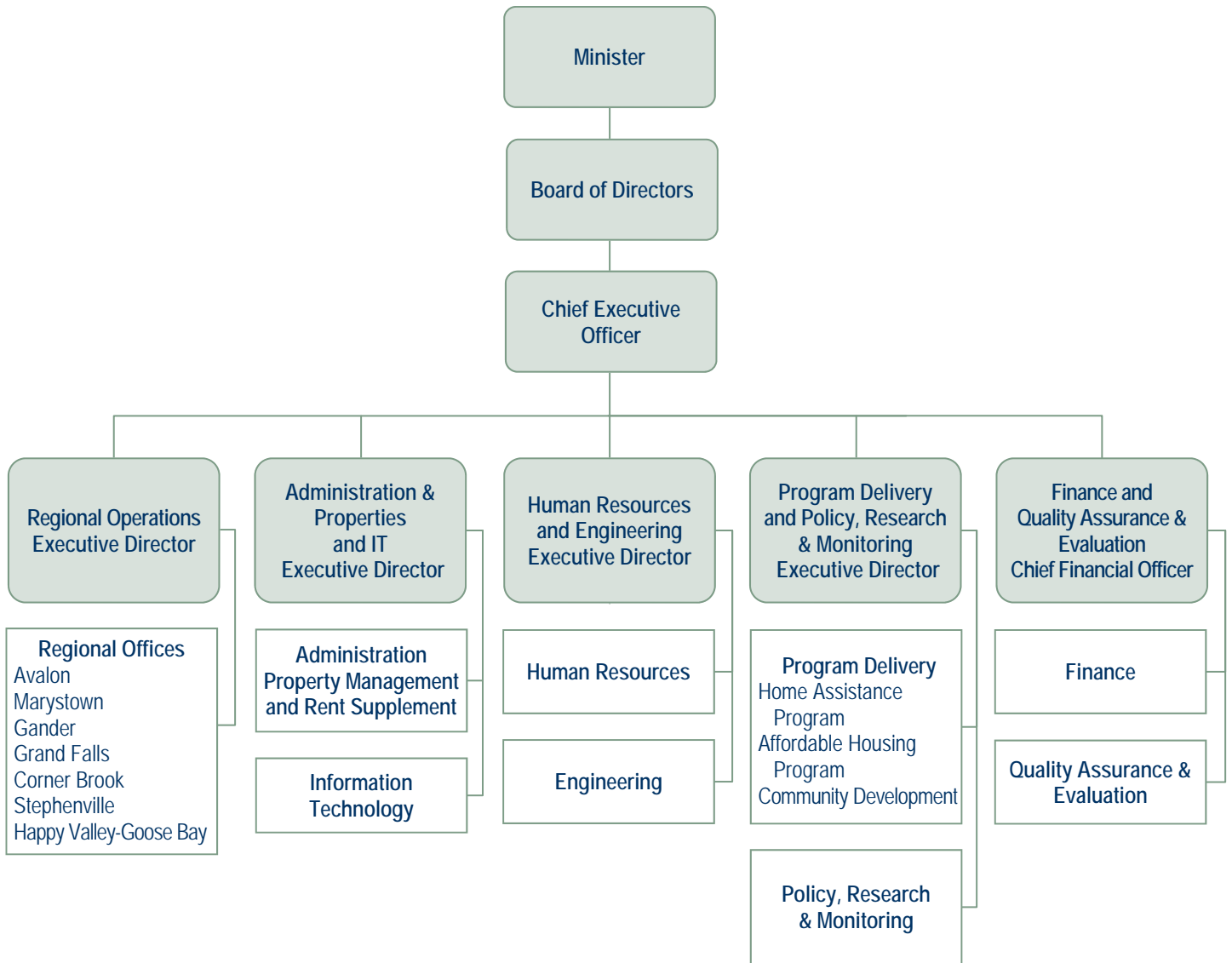
Location	Positions
Avalon Regional Office St. John’s	134
Marystown	10
Gander	14
Grand Falls-Windsor	28
Corner Brook	46
Stephenville	17
Happy Valley-Goose Bay	15
Head Office-St. John’s	113
Total	377

## Social Media ...

### “Employee Recognition”

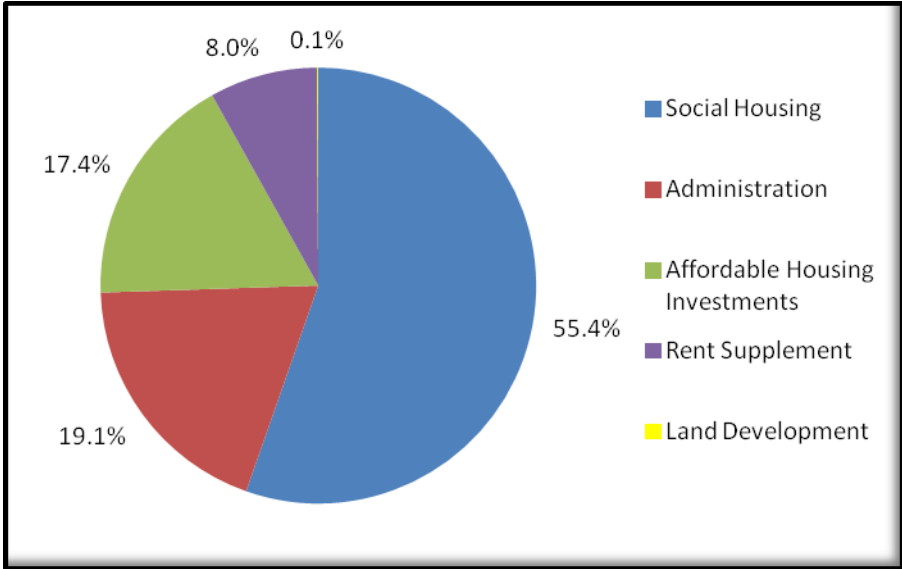
February 27, 2014: Our new safety slogan! “Your Safety’s Worth Dwelling on”. Congrats to Crystal Oldford-Ayles in our Engineering Department on winning our slogan contest!

# ORGANIZATION CHART



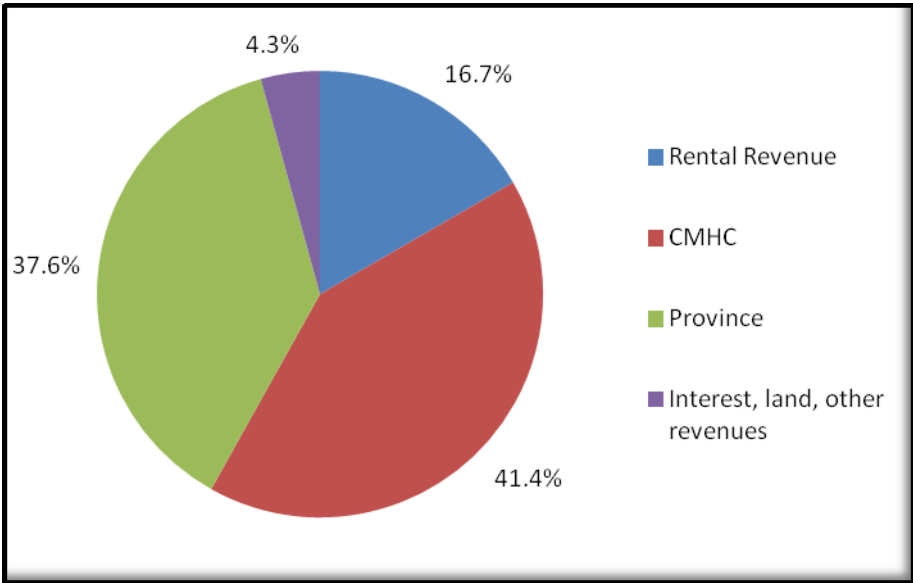
# FINANCIAL PROFILE

*Expenditures\**



\* Total current account expenditures in 2013-2014 were \$124,001,000.

*Sources of Funds*



## WHO WE SERVE

Our clients are families and individuals with low incomes who require assistance to access or maintain safe and affordable housing. The programs we deliver serve renters, homeowners, persons with disabilities, persons with complex service needs, seniors, youth and victims of family violence. We offer a diverse range of programs from private home repair assistance to maintaining and delivering affordable social housing rentals. We are also

committed to working collaboratively with our many community partners to help address the needs of those who require a combination of support services and affordable accommodations. In 2013-14, 15,046 households received direct assistance through our social housing programs. Many other individuals and families have been assisted through our non-profit partners whom we support in a variety of ways.

## PROGRAMS AND SERVICES

The Corporation offers a range of housing programs and solutions for the residents of the province. The needs presented are always changing and NLHC strives to stay connected and adjust its programming to ensure those changing needs are met. The suite of programs and services provided represents Government's commitment to improve housing quality and affordability for those who need it most.

The Supportive Living Program (transferred from the Department of Advanced Education and Skills in 2012-13) became the newest program offered through NLHC. This program provides operational funding to non-profit partners who deliver front-line services to persons with multiple and complex

needs. The realignment of the Supportive Living Program operating funds with NLHC's ongoing capital programs will strategically ensure better delivery of service to those who are most vulnerable. The Public Rental Housing Program (which includes the Heat Subsidy Program for public rental housing tenants) and the Provincial Home Repair Program are the two most well known and longest serving housing programs. The Rent Supplement Program, Home Modification Program, Residential Energy Efficiency Program, Affordable Housing Program and the Provincial Homelessness Fund also serve to reduce poverty among renters and homeowners with low-to-moderate incomes.

Households Receiving Direct Assistance	
Public Affordable Rental Housing	5,588
Rental Supplement Tenants	1,728
Partner- Managed Housing	4,249
Provincial Home Repair Program (PHRP)	1,650
Residential Energy Efficiency Program (REEP)	500
Subsidized Mortgages	36
Affordable Housing	995
Home Modification Program (HMP)	300
<b>Total</b>	<b>15,046</b>

## Public Rental Housing

NLHC owns and operates 5,588 residential rental units located throughout the province. In 2013-14, 768 new tenants were placed in NLHC homes. The majority of the existing rental stock is made up of three-bedroom units.



## Modernization and Improvement

Operating 5,588 residential units is challenging and requires significant capital investments. Funding levels for capital improvements had remained low and unchanged for many years. In 2007-08 the government of Newfoundland and Labrador recognized the need for a major investment in the social housing infrastructure. The first step taken to address years of deferred maintenance was to triple the Modernization and Improvement budget from \$4 million to \$12 million for six years. This increased commitment coupled with increased investments through the federal/provincial economic stimulus programming has allowed NLHC to make significant progress in upgrading the existing housing stock.

By March 31, 2014, 77 per cent of the housing stock had been upgraded. This marks a tremendous improvement from the 30 per cent considered to be in good condition in 2007, before the increased emphasis on infrastructure was put in place. In 2013-14 specifically, approximately 448 units underwent upgrading. Renovations included the

replacement of roofing, siding, windows and doors. Exterior retrofitting continues to take place on some of the oldest public rental housing in Canada. As a result of the improvements in the exterior condition of the stock, there has been recent opportunity to undertake some interior renovations; something which has never happened historically.

## Maintenance

While large infrastructure investments are required, daily upkeep of the public rental stock is also necessary to ensure safe and quality homes for our tenants. In addition to improving daily living circumstances, regular maintenance is fundamental to sustaining the housing stock over the long term. The maintenance department works hard on normal wear and tear issues such as broken faucets, clogged drains, broken furnaces, etc.

Maintaining and improving the quality of our homes continues to be an important objective of the corporation. This objective was outlined in the past three-year strategic plan as well as the 10-year Social Housing Plan. In 2013-14 approximately \$10 million was budgeted for regular, everyday maintenance.

## Heat Subsidy Program

The Heat Subsidy Program continues to be an important program for improving the lives of tenants. This program provides tenants with financial assistance to offset some of their home heating costs. The average subsidy received is \$1,450/year. The amount of heat subsidy a tenant receives depends on the size (number of bedrooms) of their home.

NLHC has increased its emphasis on improving energy efficiency in units when regular modernization and improvement is ongoing. When units are made more energy efficient, the heat subsidy can go a lot further in helping tenants keep their homes warm throughout the year and improve overall housing affordability.

## Provincial Home Repair Program

The Provincial Home Repair Program (PHRP) has been and continues to be one of the most acclaimed and successful programs offered by NLHC. Over the years more than 50,000 low-income households have been assisted through this program. PHRP provides grants and loans to families with low incomes who require critical repairs in order to remain in their own homes. PHRP continues to be a main component in the Government of Newfoundland and Labrador's efforts to support homeownership.

PHRP is delivered in two separate components: emergency and non-emergency. For urgent "emergency" items, financial assistance is provided on a priority basis for repairs that relate to life safety issues. The items covered under this component of PHRP are such that if they are not completed, the homeowner would be forced to leave their homes. For non-emergency items financial assistance is provided for less urgent but still critical items such as windows, doors, siding replacement and foundation repairs.

PHRP continues to be a cost-shared program with our federal counterpart Canada Mortgage and Housing Corporation (CMHC).

As of March 31st, 2014, the PHRP had approved approximately \$6.2 million in grants to homeowners with low incomes across the province to repair their homes, serving 1,382 for "Regular Repairs" and 266 for "Emergency Repairs." The average grant was \$3,769. The program also has a repayable loan option if the cost of repairs exceeds the maximum grant available. In 2013-14, repayable loan commitments averaging \$4,753 were provided to 313 clients (total of \$1.5 million in repayable loans).

The average PHRP recipient is 68 years of age, a rural resident with a household income of approximately \$20,271 and lives in a 50-year old house. Applications for regular repairs are prioritized based on previous assistance. Applicants must be homeowners with annual incomes of \$32,500 or less.

## Supportive Living Program (SLP)

NLHC continued to deliver the former Supportive Living Community Partnership Program which had previously been administered by the Department of Advanced Education and Skills. The program, which has been renamed the Supportive Living Program (SLP), was transferred on April 1, 2012, with a \$4.8 million budget. That budget remained the same for 2013-14. SLP provides grants to non-profit organizations to help individuals with complex service needs and for community capacity building initiatives aimed at preventing and addressing homelessness.

SLP is delivered through the Program Delivery Department. The Supervisor of Supportive Living Program has been seconded to NLHC to continue the delivery of the program. An Interdepartmental Advisory Committee chaired by NLHC staff with members from Child Youth and Family Services, Eastern Health, Health and Community Services, Justice, Advanced Education and Skills and the Women's Policy Office continues to work in partnership to support and oversee this program. The addition of the SLP program to NLHC's suite of programs provides aligns with the first goal contained in Secure Foundations, our long-term Provincial Social Housing Plan: "increased emphasis on individual well-being and strengthened communities". This move represents a strategic alignment of government resources and allows NLHC to better serve the people in greatest need.





In 2013-14 there were 29 groups, agencies or partnerships supported through the program throughout the province which resulted in the delivery of 28 different projects. These projects ranged in service delivery from small used furniture bank operations to significant supportive living operations like that delivered by Choices for Youth at the Lilly Building project.

## Home Modification Program (HMP)

2013-14 marked the third year of the province's specialized Home Modification Program (HMP). This program was announced in April 2011 with a budget of \$3 million a year. HMP provides funding for low- to-moderate income persons with disabilities and seniors to make accessibility modifications to their homes which allow them to continue to live there independently. This focused approach to home modifications recognizes changing Provincial demographics; particularly the aging population and strategically helps to address this need and others.

As of March 31, 2014, approximately \$1.9M in forgivable grants were committed to assist 300 homeowners with low to moderate incomes from the seven regions to make accessibility modifications to their homes. Additionally, 46 applicants have received an average of \$4,532 in repayable loans for a total of \$208,463.

The average HMP client is approximately 68 years of age, has an income of approximately \$19,761, and lives in a 48-year-old house. The types of

projects that can be undertaken with a Home Modification Program loan or grant include ramp installations, interior chair lifts, widening of doorways and halls, kitchen and bathroom alterations such as lowering kitchen counters, and the installation of walk-in showers.

## Residential Energy Efficiency Program (REEP)

The Residential Energy Efficiency Program (REEP) provides one-time grants to homeowners to allow them to complete energy efficiency upgrades to their homes. The program also pays for pre and post inspections to help ensure that homeowners use the funding to make the energy retrofits that will have the biggest impact. REEP supports Government's *Energy Plan 2007* in its commitment "to facilitate an energy efficiency and conservation program and to encourage energy consumers to make the effort and investments required". The program also supports the efforts of the *Climate Change Action Plan* released in 2011.

In 2013-14, 500 applicants were approved to receive a REEP grant. These homeowners were eligible to undertake renovations such as basement and attic insulation, draft proofing, heating system upgrades as well as energy efficient windows and doors. Analysis has been completed on 2,529 clients that have availed of the program over the past five years, and it was estimated that the average client will save \$720/year on their heating costs. The number one recommendation for energy efficiency upgrades is insulation.

## Social Media ...

### "Did you know series"

June 3, 2013: It's Seniors Month! Did you know that over 83% of all recipients of Home Repair and Energy Efficiency programs are seniors! Just one way that NLHC serves our seniors.

## Home Assistance Programs, Client Profiles at a Glance

	PHRP		HMP		REEP	
Regional Breakdown	Number	% of Total	Number	% of Total	Number	% of Total
St. John's & Mt. Pearl	51	3%	30	10%	9	2%
Avalon (other)	379	23%	63	21%	130	26%
Marystown	118	7%	21	7%	44	9%
Labrador	22	1%	7	2%	2	0%
Gander	351	21%	42	14%	71	14%
Corner Brook	200	12%	38	13%	102	20%
Stephenville	172	11%	40	13%	53	10%
Grand Falls	355	22%	59	20%	95	19%
<b>TOTAL</b>	<b>1648</b>	<b>100%</b>	<b>300</b>	<b>100%</b>	<b>506</b>	<b>100%</b>
Age Composition	Number	% of Total	Number	% of Total	Number	% of Total
18-39	65	3%	24	7%	21	4%
40-54	216	10%	34	9%	72	14%
55-64	407	19%	65	18%	104	21%
65 +	1502	68%	236	66%	309	61%
<b>Total</b>	<b>2190</b>	<b>100%</b>	<b>359</b>	<b>100%</b>	<b>506</b>	<b>100%</b>
PHRP & HMP: Homeowner age composition. REEP: Head of Household age composition.						
Age of Homes	Number	% of Total	Number	% of Total	Number	% of Total
Less than 20 Years	51	3%	17	6%	27	5%
20 to 29 Years	162	11%	26	9%	45	9%
30 to 39 Years	293	19%	55	20%	102	21%
40 to 49 Years	358	23%	66	24%	117	23%
50 Years and Older	670	44%	117	41%	210	42%
Homeowner Income Profile	Number	% of Total	Number	% of Total	Number	% of Total
\$0 - \$9,999	163	10%	50	17%	49	10%
\$10,000 - \$14,999	180	11%	47	16%	54	11%
\$15,000 - \$19,999	470	28%	83	27%	128	25%
\$20,000 - \$24,999	308	19%	33	11%	115	23%
\$25,000 - \$32,500	527	32%	87	29%	160	31%
<b>Total</b>	<b>1,648</b>	<b>100%</b>	<b>300</b>	<b>100%</b>	<b>506</b>	<b>100%</b>
	Average: \$20,271		Average: \$19,761		Average: \$20,395	

## Rent Supplement Program

The private rental housing market continues to be an important piece of the puzzle when it comes to addressing the housing needs among low-to-moderate income households in this province. In fact, there are many instances whereby private rentals can best meet the needs of those with low-incomes. NLHC has developed hundreds of formal relationships with private landlords to deliver suitable and adequate accommodations. The Rent Supplement Program assists clients by paying the portion of their rent that exceeds 25 per cent of their net household income. The portion paid by NLHC is paid directly to the landlord.

In 2013-14 the Rent Supplement Program was enhanced once again. An increase of \$1 million annually provided an additional 178 rent supplements to bring the total complement of NLHC rent supplements to 1,728 across the province.

## Affordable Housing Program (AHP)

The Affordable Housing Program (AHP) continues to be the primary funding source for generating the construction of new affordable accommodations. The program provides capital funding to private market developers and non-profit groups to support new unit construction.



In 2011-2012, there was a proposal call which resulted in approvals for the construction of 183

private-sector units and 41 supportive-living units. In 2012-2013 51 approved units were constructed and ready for occupancy. In 2013-2014, another 51 of the approved units were constructed and made ready for occupancy. In total, by March 31, 2014, of the 224 units approved for construction during the proposal call 102 have been completed (94 private-sector units and 8 non-profit sector units). The remaining units were still under construction.

## Provincial Homelessness Fund (PHF)

The Provincial Homelessness Fund (PHF) for organizations who partner with NLHC provides capital funding for the development of space/ infrastructure that assists with the delivery of services for persons who are homeless or at risk of being homeless. In 2013-14, the program provided assistance for 18 registered, non-profit organizations in ten communities to develop service space for on-site and out-reach services that promote housing stability and greater self-reliance.

Since the program was started in 2009, there have been approximately 65 grants provided to organizations in 15 different communities. This funding has served a large number of community residents.



## Provincial Homelessness Fund (PHF)

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### Social Media ... “Staying Connected”

August 15, 2013: NLHC announces \$3.9 million to help our partners address homelessness and provide support for vulnerable citizens.

# SHARED COMMITMENTS

## Strategic Partnerships

NLHC supports government’s strategic commitments in many policy areas through participation on cross-departmental committees that guide the development of priority initiatives. The collaborative approach to this type of work helps ensure government takes a holistic view of the needs of residents. Many Social Housing Plan initiatives that have been implemented since the release of the Plan in 2009 support other government strategies. These initiatives continued to be supported in 2013-14.

Strategic Initiative	NLHC Support
<i>Poverty Reduction Strategy</i>	<ul style="list-style-type: none"> <li>• Education Incentive Program</li> <li>• Increased funding to Community Centre Programs.</li> <li>• Provincial Homelessness Fund Program</li> <li>• Expansion of Rent Supplement Program</li> </ul>
<i>Access. Inclusion. Equality.</i>	<ul style="list-style-type: none"> <li>• Home Modification Program</li> <li>• Requirement for AHJ proposals to include “universal design” principles</li> <li>• Increase the proportion of NLHC stock with accessibility features</li> </ul>
<i>Healthy Aging Policy Framework</i>	<ul style="list-style-type: none"> <li>• New Affordable Housing stock (built under AHJ) mostly targeted for seniors</li> <li>• Home Modification Program</li> </ul>
<i>Violence Prevention Initiative</i>	<ul style="list-style-type: none"> <li>• Victims of Family Violence Policy</li> <li>• Staff participation in Regional Committees Against Violence</li> </ul>
<i>Youth Retention and Attraction Strategy</i>	<ul style="list-style-type: none"> <li>• Partner in the Hiring Apprenticeship Program initiative</li> </ul>
<i>Climate Change Action Plan</i>	<ul style="list-style-type: none"> <li>• Residential Energy Efficiency Program</li> <li>• Partnership with Choices for Youth to retrofit public housing</li> <li>• Overall retrofitting of public housing during scheduled modernization and improvement</li> </ul>
<i>Long-Term Care and Community Support Services Strategy</i>	<ul style="list-style-type: none"> <li>• Home Modification Program</li> </ul>

In the 2011-14 Strategic Plan NLHC identified two strategic directions of government (poverty reduction and inclusion of persons with disabilities) that the corporation would support through its operational plan. Several initiatives were carried out to support the province’s *Poverty Reduction Strategy* including the Education Incentive Program and the Provincial Homelessness Fund Program. This programming is designed to enhance the self-reliance of individuals through the prevention, reduction and/or alleviation of economic poverty. Also, NLHC carried out several initiatives that support the province’s strategy document *Access. Inclusion. Equality.* and the *Healthy Aging Policy Framework* designed to enhance the inclusion of persons with disabilities in all aspects of society.

## Participation on Community and Regional Committees

NLHC's community partnerships are enhanced through the work of many community and regional committees. Strong working relationships with community leaders and government colleagues support more effective responses to local housing needs and the coordination of services among organizations that serve the same clients.

Community/Regional Committee	Description
Newfoundland and Labrador Housing and Homelessness Network (NLHHN)	A group of community-based service providers, municipal, provincial and federal departments and agencies, and representatives of persons at risk of homelessness who are committed to working on issues related to homelessness and housing.
Habitat For Humanity	A non-profit organization that helps families with low incomes achieve homeownership by mobilizing volunteers and community partners to build affordable housing.
St. John's Community Advisory Board	Community-based committee established by Human Resources Development Canada (HRDC) to provide input on initiatives under the <i>Homelessness Partnership Strategy</i> .
Mayor's Advisory Committee on Affordable Housing and Homelessness (MACAH)	A committee of government, community, and private-sector stakeholders established by the City of St. John's to guide the implementation and evaluation of its Affordable Housing Action Plan.
Vibrant Communities Leadership Team	A collaboration of community, business and government representatives focused on the development of poverty reduction projects. An initiative of the Community Sector Council Newfoundland and Labrador.
Community Advisory Boards (CABs)	CABs are regional boards consisting of representation of community-based service providers, municipal, provincial and federal departments and agencies and others who are working together to help address housing and homeless issues on a regional level. Current CABs include: Burin Region, Baccalieu Region/Bay Roberts, Clarenville-Bonavista, Corner Brook, Gander-New-Wes- Valley, Grand Falls-Windsor, Happy Valley- Goose Bay, Labrador West, St. John's, Stephenville, Coast of Bays and Mount Pearl.
Regional Committees Against Violence	Regional network of government and community partners that work collaboratively to share information, encourage public awareness and improve responses to the problem of violence.

Regional Homelessness Partnering Initiatives	Regional committees working on community plans to address housing needs.
Regional Senior Management Councils	Information sharing and coordination of activities for enhanced effectiveness of services and programs for shared clients of the Department of Advanced Education and Skills, Regional Health Authorities and NLHC.
Community Centre Boards <ul style="list-style-type: none"> <li>• Froude Avenue</li> <li>• Buckmaster's Circle</li> <li>• Rabbittown CC</li> <li>• Virginia Park</li> <li>• MacMorran</li> <li>• Smallwood Crescent</li> <li>• Exploits</li> <li>• Westrock</li> </ul>	Community Centres operate within NLHC neighborhoods and have a volunteer Board of Directors whose members include tenants and community representatives. The Boards are incorporated non-profit organizations established with the objective of enhancing community capacity and building tenant self-reliance. They provide policy and program guidance and ensure accountability for the operation of the centre within its mandate and established principles. NLHC managers sit as board members and NLHC social workers sit on programming committees to help support the work of the centres.
Interdepartmental Working Group (IWG) – <i>Poverty Reduction Strategy</i>	Provides departmental input for the <i>Poverty Reduction Strategy</i> .
Interdepartmental Advisory Committee (IAC) – Supporting Clients with Complex Needs	Contributes to the development of supportive living options and models for clients with complex needs.
NAVNET (Navigators and Networks)	Inter-system Collaborative Network which works to improve access to services and supports required by individuals who have complex service needs.
Interdepartmental Working Group (IWG) – Aging and Seniors	Provides departmental input into the development of the <i>Provincial Healthy Aging Policy Framework</i> .
Interdepartmental Steering Committee – Long-Term Care and Community Support Services (LTC-CSS)	Provides guidance to the Department of Health and Community Services in formulating recommendations to reform the LTC-CSS system.
Interdepartmental Working Group (IWG) – Disability Policy Office	Provides input and contributes to planning to ensure that government services and programs include persons with disabilities.
Pleasant Manor	Pleasant Manor responds to the housing needs of adults with mental health issues seeking to achieve maximum community integration and the highest possible quality of life. It is also a system of living, learning, working and social skills.

Canadian Home Builders Association – Eastern Newfoundland	Assists its members in serving the housing needs and meeting the aspirations of Newfoundlanders and Labradorians living in the Eastern Region of Newfoundland and Labrador. It achieves an environment in which members can operate successfully and promote affordability and choice for housing.
Statistics Coordinating Committee	Committee established for the sharing of housing and homeless data and statistics among community and government partners.

## Social Media ...

### “Partnering on Priorities”

November 25, 2013: Today marks the beginning of the Purple Ribbon Campaign to raise awareness of the issue of domestic violence. From today until the campaign’s end, our Facebook and Twitter pages will wear the purple ribbon as our profile pic. Ribbons and vehicle decals are also available at all NLHC offices.



# HIGHLIGHTS AND ACCOMPLISHMENTS

2013-2014 proved to be another exciting and active year for the staff at NLHC. In addition to the many programs delivered that make such a positive impact on people's lives our staff is constantly engaged in the day to day lives of people and in communities on many levels. Some of the highlights from 2013-2014 are below:

## Investments in Tenants

### NLHC announces 2013 Scholarship Program Winners

The winners of the NLHC 2013 youth and adult scholarships were announced in January 2014. The scholarships are valued at \$1,000 each and are awarded to help tenants' children who have graduated high school and are in their first year of post-secondary education as well as adult tenants pursuing a postsecondary education. Scholarships are awarded in three regions of the province: Avalon/Eastern, Central and Western/Labrador. Youth scholarships are awarded based on the results of the Department of Education's scholarship score, which is derived from a student's performance on public examinations. Winners of the adult scholarships are selected based on an assessment of educational accomplishments, community experience and need.

### Employees Reaching Out

Employees Reaching Out (ERO) began operating at NLHC in 1990 after an employee discovered a family that literally had nothing for Christmas. Employees took action and formed a committee to help address such situations. In 2013-14 the committee raised over \$6,500 through fundraising to assist tenants in need. In addition to financial contributions, the committee organizes Christmas hamper donations to help improve the lives of tenant families most in need.

### Tenant Conference

On September 13th, representatives from 30 Tenant Associations gathered in Gander for the 28th Annual Tenant Conference. The theme of this year's conference was Because you Matter!

Tenant Associations had the opportunity at the conference to display their activities and show all the great things they have done over the past year. Guest speakers this year included NLHC's own Colin Hepditch and Wayne Follett, Valerie Fagan from Central Health, Fran Keough from SWAP Program (Aids NL); and Peggy Matchim and Amy Percy from Character NL.



## Community Involvement and Partnerships

### Partner-Managed Housing Conference

The 2013 Partner-Managed Housing Conference was held in St. John's October 12th and 13th. Approximately 90 housing stakeholders province-wide were in attendance. This year's conference featured presentations on presentations covering topics including Aging in Place, Emergency Preparedness/Measures, Therapy Dog Program and Fall Prevention, just to mention a few. Appreciation awards were presented to volunteers who were nominated by their group for their valuable volunteer efforts.

### Crime Stoppers Memorandum of Understanding

NLHC and Crime Stoppers of Newfoundland and Labrador signed a memorandum of understanding (MOU) on January 9th that allows both parties to use each other's corporate logos on promotional property and electronic databases for the promotion of the crime-fighting program. As part of this partnership, NLHC also made a \$5,000 contribution to support Crime Stoppers efforts to make our communities safer. Crime Stoppers has agreed to support NLHC by providing information on crime pertaining to NL Housing properties.



### The Gathering Place

In 2013, NLHC provided \$250,000 to the Gathering Place through the Provincial Homelessness Fund. Until renovations to the original location on Military Road are complete, The Gathering Place is utilizing the Lantern on Barnes Road. The Gathering Place is a non-profit organization providing services and respite to members of the community who need support from isolation and loneliness. NLHC board members helped serve lunch at The Gathering Place in St. John's on January 24th.

### Staff Involvement in Community Efforts

Once again in 2013-14, NLHC employees demonstrated their incredible commitment to contribute to community fundraising efforts. Efforts in 2013-14 included:

- In April, NLHC employees participate in Young Adult Cancer Canada's Shave for the Brave. \$8,600 was raised by 6 brave employees with support from others, with all funds collected used to send young adults with cancer to gatherings of fellow cancer survivors. NLHC was the 2nd highest fundraiser among workplaces in all of Canada.
- In October, NLHC participated in the Janeway Foundation's Jamarama fundraiser. A total of \$5,002 was raised to support the work of the Janeway Children's Hospital, making NLHC the 2nd highest fundraising team in the province.
- In addition, throughout the year NLHC participated in fundraising and awareness campaigns for the Children's Wish Foundation, The Alzheimers Society, the Autism Society of Newfoundland and Labrador, and anti-bullying awareness campaigns.

## Other Highlights 2013-14

### CMHC Award

During the Canada Housing and Renewal Association (CHRA) annual congress in Ottawa on May 1, Chairman Len Simms (pictured below with then Minister of Human Resources and Skills Development and Minister Responsible for Canada Mortgage and Housing Corporation Diane Finley and Canadian Housing and CHRA President Phil Brown) was awarded the CMHC Award. This award recognizes outstanding leadership and contribution to affordable housing.

In the House of Assembly the same day, the Honourable Paul Davis, then Minister Responsible for



NLHC congratulated Len Simms: "Mr. Speaker, whether he's visiting with tenants, meeting with non-profit or private sector affordable housing developers, flipping pancakes at homelessness fundraisers, or sleeping under the stars with youth homelessness advocates . . . it is clear that he has a deep personal commitment to helping ensure those most vulnerable have a safe and affordable place to call home.

"Through his guidance and leadership NLHC has and will continue to break new ground and increase affordable housing options for people."

## New Safety Slogan

NLHC ran a contest for employees to come up with a safety slogan that demonstrates the corporation's commitment to safety and promote safety awareness to help reduce accidents. Many companies and organizations have adopted safety slogans, and now NLHC has joined them with the slogan "Your Safety's Worth Dwelling On". There were a total of 58 slogans submitted with the winning slogan selected by a committee comprised of representatives from each of the Corporation's seven OH&S committees.



# STRATEGIC PLAN - REPORT ON PERFORMANCE

In 2013-14, NLHC's mission continued to be to address changing housing needs by improving housing conditions for low-to-moderate income households in Newfoundland and Labrador. This mission helps define NLHC's activities in the short term; it also correlates nicely with the long-term vision outlined in the Province's Social Housing Plan "that Newfoundlanders and Labradorians have access to secure and affordable housing". The following report identifies the primary goals to accomplish this mission in 2013-14, as well as the major accomplishments achieved by the corporation in meeting those goals.

## Strategic Issue 1: Sustaining the public affordable housing portfolio

The province of Newfoundland and Labrador owns some of the oldest social housing in Canada. Of the 5,588 units provincially owned, over half were built between 30 and 50 years ago. The aging infrastructure combined with years of deferred maintenance has led government to invest significantly to revitalize this critical housing stock. This investment has manifested itself in a number of different approaches:

- by following through on regularly scheduled maintenance and improvement requirements;
- providing increased funding for external repairs and upgrades;
- providing first ever designated funding for internal repairs and upgrades;
- providing first ever investments in insulation; and
- planning and carrying out full neighbourhood renewal plans in the most challenged neighbourhoods.

Government's financial support to NLHC has improved the condition of the social housing stock. NLHC has made great progress towards this target; in fact 77 per cent of NLHC homes are now rated as being in good condition, this is up from just 30 per cent just seven years ago.

This addresses Government's strategic direction relating to housing via improvements to housing infrastructure, which is a component assigned to NLHC's Strategic Plan.

## 2013-2014 Report on Performance

**Objective 2014:** By March 31, 2014, NLHC will have completed its three-year plan for modernization and improvement.

**Measures:** Upgraded public affordable rental housing homes and continued renewal in older public affordable rental housing neighbourhoods.

Indicators	2013-2014 Accomplishments
<p>Number of units upgraded through the Modernization and Improvement program.</p>	<p>\$8.4 million was spent upgrading 448 units. Major upgrades were made to doors, windows, siding, roofing, electrical systems as well as foundation repairs and accessibility modifications.</p> <p>Guidelines for the selection of work:</p> <ul style="list-style-type: none"> <li>• Building or component condition ratings</li> <li>• Employment for seasonal workers</li> <li>• Correcting health and safety risks</li> <li>• Correcting code or legislation violations</li> <li>• On-going redevelopment schemes</li> </ul> <p>How upgrades are carried out:</p> <ul style="list-style-type: none"> <li>• Work is performed following requirements of all current legislation (such as the Public Tender Act, OHS, WHSCC, etc.) as well as internal policies and procedures.</li> </ul> <p>Modernization and Improvement standards were introduced by NLHC's Engineering department to standardize how buildings are upgraded. This standard resulted in an overall improvement more consistency, especially in the area of safety and energy efficiency</p>
<p>Percentage completion of the long-term renewal plans of older public affordable rental housing neighbourhoods.</p>	<p>Work was continued in the three main neighbourhood renewal projects (Cashin/Froude, Empire Avenue and Crestview). The Cashin/Froude renewal, as of March 31, 2014 is 48 per cent complete; the Empire Avenue renewal is 41 per cent complete; and the Crestview renewal in Corner Brook is 54 per cent complete.</p>

## 2011-2014 Plan Review

**Goal:** By March 31, 2014, NLHC will have improved the condition of the public affordable rental housing portfolio.

**Goal Measure:** Improved condition of the public affordable rental housing portfolio.

2011-2014 Indicators	2011-2014 Accomplishments
Upgraded public affordable rental housing homes.	<p>Between 2011 and 2014, 1,398 units underwent major upgrading with the work being valued at \$27.35 million. Major upgrades were made to doors, windows, siding, roofing, electrical systems as well as foundation repairs and accessibility modifications.</p> <p>Guidelines for the selection of work:</p> <ul style="list-style-type: none"> <li>• Building or component condition ratings</li> <li>• Employment for seasonal workers</li> <li>• Correcting health and safety risks</li> <li>• Correcting code or legislation violations</li> <li>• On-going redevelopment schemes</li> </ul> <p>How upgrades are carried out:</p> <ul style="list-style-type: none"> <li>• Work is performed following requirements of all current legislation (such as the <i>Public Tender Act</i>, OHS, WHSCC, etc.) as well as internal policies and procedures.</li> </ul> <p>Modernization and Improvement standards were introduced by NLHC's Engineering department to standardize how buildings are upgraded. This standard resulted in an overall improvement more consistency, especially in the area of safety and energy efficiency.</p>
Renewed select older public affordable housing neighborhoods.	<p>Between 2011 and 2014, NLHC upgraded three main neighbourhood renewal projects (Cashin/Froude, Empire Avenue and Crestview). The Cashin/Froude renewal is 48 per cent complete; the Empire Avenue renewal is 41 per cent complete; and the Crestview renewal in Corner Brook is 54 per cent complete.</p>

Discussion of Results:

Since 2007, NLHC has been able to make continuous progress towards achieving the goal of upgrading the social housing portfolio. Before this concerted effort was taken on 30 per cent of the stock was given a rating of 5 by internal staff (on a scale of 1 to 5) which means it is in good physical condition and do not require any major investment in the next five years. As of March 31, 2014 77 per cent of the stock is now graded as being in good physical condition. These results are possible because government saw fit to triple the traditional budget line of \$4 million annually to \$12 million. This investment coupled with the 2009-11 Federal/Provincial Economic Stimulus funding has allowed the corporation to take great strides. The budget level for Modernization and Improvement was maintained at the \$10 million level in 2013-14 and this funding assisted in the upgrading of another 448 homes. Examples in the past couple of years that illustrate the exciting results of the increased investment in Modernization and Improvement include two innovative projects in Corner Brook. These projects required an investment of \$900,000 and underwent remarkable changes as follows:

- 1. Wheeler’s Road (total project cost \$313,400) – converted two, three bedroom row units into three units (two, one bedroom units on the upper floor and one, two bedroom accessible unit on the main floor).
- 2. Green Garden Road & Hendon Drive project (total project cost \$589,500) – converted four semi-detached units into two single family homes with customized accessibility features on the main floor of each home (additional living spaces in the basement areas). In both of these homes NLHC worked with in situ families which had specialized needs.

Work continues to advance on our Neighbourhood renewals as well. In addition to major exterior renovations; these older more challenging neighbourhoods have been undergoing full neighbourhood renewal plans. In 2013-14 work continued in the Cashin/Froude Avenue and the Empire Avenue (Rabbittown) neighbourhoods in St. John’s as well as the Crestview Avenue neighbourhood in Corner Brook. These renewals have been well received by tenants, neighbourhoods and all communities.





## Strategic Issue 2: Responding to changing housing needs

Housing need primarily arises when people cannot afford to remain where they live, it can also arise when the condition of a home has deteriorated so that it is no longer adequate or suitable. As the population in the province evolves so does the housing needs of the people. A significant part of the work carried out by NLHC that goes beyond providing affordable rentals through social housing is supporting people in the private market, whether they be low-income homeowners or low-income renters renting in the private rental market.

Considering the changing demographics; responsive, evolving programming is required to ensure people’s needs are being met. NLHC offers a suite of programs that ranges from grants to make homes accessible to supplements to allow people to continue to rent in the private rental market.

These programs address Government’s strategic direction relating to housing via responsive social housing options for households with the greatest need. This is a component assigned to NLHC’s Strategic Plan.

### 2013-2014 Report on Performance

**Objective 2014:** By March 31, 2014, NLHC will have further implemented measures to respond to changing housing needs.

**Measure:** Activities taken to improve housing conditions to respond to changing housing need.

Indicators	2013-2014 Accomplishments
Number of repair grants and loans provided	<ul style="list-style-type: none"> <li>• In 2013-14, 1,382 households were served with regular PHRP grants and 266 households were served with Emergency PHRP grants. These grants help people remain in their homes by allowing them to complete essential repairs.</li> <li>• 313 households received repayable loans from NLHC for the purpose of repairing their homes.</li> </ul>

<p>Number of accessibility related grants and loans provided</p>	<ul style="list-style-type: none"> <li>• 300 households were served with Home Modification Program grants allowing them to make accessibility improvements to their homes.</li> <li>• 46 households received repayable loans to assist with acces-</li> </ul>
<p>Number of repair and accessibility modification grants and loans provided to specific target groups</p>	<p>PHRP and HMP assisted the following households in specified target groups in 2013-14:</p> <p>Seniors – 2,210  Non-seniors – 339  Persons with Disabilities – 300</p>
<p>Number of energy efficiency grants provided to homeowners to improve the energy efficiency of their homes</p>	<p>500 households were approved for the REEP grant to allow them to undertake energy efficiency improvements to their homes.</p>
<p>Number of households assisted under the Rent Supplement Program</p>	<p>Utilized another \$1.0 million of increased funding for rent supplements to gain 178 new low-income accommodations.</p> <p>The full rent supplement complement now stands at 1,728 rental homes.</p>
<p>Number of new affordable housing units reaching construction completion</p>	<p>In 2013-14, 51 homes were completed and added to the Provincial affordable housing stock.</p>
<p>Number of new affordable housing units reaching construction completion for specific target groups.</p>	<ul style="list-style-type: none"> <li>• By the end of March, 2014, the following has been completed under the 2011 proposal Affordable Housing proposal call:</li> </ul> <p>Multiple Target Groups - 61  Seniors – 30  Supportive Housing – 11</p>

## 2011-2014 Plan Review

<b>Goal:</b>	By March 31, 2014, NLHC will have improved housing options within the stock of privately owned homes and rental homes in response to changing housing needs.
<b>Goal Measure:</b>	Improved housing options within the stock of privately owned homes and rental homes in response to changing housing needs.

2011-2014 Indicators	2011-2014 Accomplishments
Addressed select housing affordability challenges	<ul style="list-style-type: none"> <li>• A total of 1,170 clients received funding, allowing them to make accessibility improvements to their homes through the Home Modification Program (HMP).</li> <li>• 106 households received repayable loans to assist with accessibility modifications to their homes.</li> <li>• 2,528 Residential Energy Efficiency Program (REEP) applicants were approved, allowing people to undertake energy efficiency improvements to their homes improving overall affordability of homeownership.</li> </ul>
Addressed housing adequacy challenges	<ul style="list-style-type: none"> <li>• 4,491 households were served with funding for regular home repairs and 1,584 households with funding for emergency repairs. This funding enabled clients to complete essential repairs and remain in their own homes.</li> <li>• 1,136 households received repayable loans to assist with home repairs.</li> <li>• The home renovation suite of programs assisted the following specific target groups:               <ul style="list-style-type: none"> <li>• Seniors – 7,352</li> <li>• Non-seniors – 1,270</li> <li>• Persons with Disabilities – 1,230</li> </ul> </li> </ul>

<p>Increased affordable housing supply</p>	<ul style="list-style-type: none"> <li>• \$3.0 million was utilized in increased funding for rent supplements to gain 503 new low-income accommodations <ul style="list-style-type: none"> <li>• The full rent supplement complement now stands at 1,728 rental homes.</li> </ul> </li> <li>• 2011-12 saw the completion of 366 units under the Affordable Housing Initiative that were approved in the 2009 proposal call.</li> <li>• In 2011-12, there was a proposal call which resulted in the conditional approval of 183 private sector and 41 non-profit sector units to be built (total: 224)</li> </ul>
<p>Worked with community, government and private-sector partners.</p>	<ul style="list-style-type: none"> <li>• By March 31, 2014, through the Affordable Housing Initiative, NLHC will have worked with private sector partners to finish 104 private sector units as well as community partners to finish 4 non-profit supportive sector units were completed under the 2011 proposal call. There were 55* remaining units still under construction heading into 2013-14 and 51 who had not reached the final approval stage by March 31, 2014.</li> <li>• The original 246 conditional approvals from the 2011 proposal call were generated for the following groups: <ul style="list-style-type: none"> <li>• Multiple Target Groups - 131</li> <li>• Seniors - 76</li> <li>• Supportive Housing - 39</li> </ul> </li> <li>• By the end of March, 2014, 102 new affordable housing units were completed for the following groups: <ul style="list-style-type: none"> <li>• Multiple Target Groups - 61</li> <li>• Seniors – 30</li> <li>• Supportive Housing – 11</li> </ul> </li> </ul>

### Discussion of Results:

In addition to the direct delivery of public affordable rental housing, the results from 2011-14 clearly show that we remain equally committed to the goal of assisting homeowners with ensuring the adequacy and affordability of their homes and to promote the development and utilization of affordable rental housing in the private rental market. Approximately 7,000 low-income homeowners availed of home renovation/repair programming between 2011 and 2014 which directly improves on adequacy issues. Particularly the Residential Energy Efficiency Program improves affordability in an ongoing way by allowing homeowners to reduce their heating costs. The full complement of rent supplements offered through NLHC has grown to over 1,700. These are very positive programs that directly improve people's housing quality and affordability; and are extremely important in meeting the province's commitment to delivering to these most in need in our society. Additionally, new construction stimulated through the affordable Housing Initiative engages the private and non-profit sector in a creative way to help address particularly identified needs across the province.

\* A project withdrew their proposal for 10 units which accounts for the discrepancy.

## CHALLENGES

The changing demographic make-up of the population as the province continues to age has created a situation where the characteristics of the social housing stock do not match the needs of applicants. More and more people require one and two-bedroom homes while the social housing portfolio (mostly built 30-50 years ago) consists of homes with three or more bedrooms. NLHC has been very creative in bridging this divide and continues to work hard by accessing private market rentals through the rent supplement program and by reconfiguring current homes whenever feasible.

Increasing rental rates attributed to economic booms in various regions of the province and low rental vacancies put pressure on those who are not experiencing economic benefits. Over the past year, vacancy rates have improved, particularly in St. John's. This may be a sign that the upward pressure on rental rates will lessen in the near future. NLHC continues to leverage resources to encourage the construction of new affordable rental units across the province. So far over 900 new homes have been constructed through the Affordable Housing Program creating lower cost rentals for target populations throughout the province.

Another priority is the need to respond to individuals who are homeless or at imminent risk of becoming homeless. Individuals who are homeless or at imminent risk of becoming homeless often require immediate housing services; this is complicated by the reality that these individuals often require supports to assist with diverse and at times complex needs. The only cure for homelessness is a home. Research across Canada has shown that a "Housing First" approach to addressing homelessness is much more effective than the traditional emergency response. Housing First removes the graduated step process evident in traditional responses to homelessness and puts the priority on a rapid and direct move from homelessness to housing. This allows persons requiring supports to receive housing and at the same time receive flexible and ongoing supports. Individuals are generally more responsive to supports received in the security and comfort of their own homes rather than traditional facilities.

## OPPORTUNITIES

NLHC continues to show a commitment to helping those who are most in need. Budget 2014 recognized the need for continued investment in upgrading and maintaining the social housing stock. The strategic action priorities outlined in the Social Housing Plan – *Secure Foundations* remain relevant and guides the actions of government to help ensure that the people of the province have a safe, secure place to live.

In 2013, the Federal and Provincial governments committed to cost-share the Investment in Affordable Housing Agreement for an additional five years.

Announced in Budget 2014, this is the longest extension of the agreement that has been announced to date and provides the province with the opportunity to strategically plan investments that will generate new affordable housing stock, respond to demands for supportive living options and meet the needs of low-income families who require significant repairs to their homes.

Understanding and addressing homelessness in a Newfoundland and Labrador context continues to be a priority. In 2013, NLHC engaged an internationally known consultant to undertake a collaborative

provincial consultation process to engage with communities across Newfoundland and Labrador. This process provided an opportunity to quantify the problem and identify a series of options for future directions and priorities with respect to homelessness in this province. Data collected throughout the consultative engagement process identifies particular challenges or barriers identified by stakeholders that may contribute to homelessness.

Stakeholders were consulted and are supportive of the process. The recommendations stemming from this research are expected to challenge the status quo, and may result in changes to program priorities and funding arrangements to provide better alignment with the real needs that have been identified. The final report from this research should be released in 2014.

NLHC remains committed to engaging stakeholders from community on social housing and homelessness issues as well as nurturing partnerships with community groups who work tirelessly to assist vulnerable populations. These relationships are key to understanding and generating responses to meet the ever changing needs of the residents of the province. The 2014 Stakeholder Input Session will provide an opportunity for stakeholders to further provide their input to NLHC. Similarly, continued partnerships will provide an opportunity to identify and implement a series of creative and innovative solutions.

# ANNEX A - FINANCIAL STATEMENTS

**NEWFOUNDLAND AND LABRADOR  
HOUSING CORPORATION**

**FINANCIAL STATEMENTS**

**MARCH 31, 2014**



## **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.



Mr. Len Simms  
Chairperson and Chief Executive Officer



Mr. Thomas F. Lawrence, CMA, FCMA  
Chief Financial Officer

June 30, 2014



**AUDITOR  
GENERAL**  
of Newfoundland and Labrador

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**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Financial Statements**

I have audited the accompanying financial statements of the Newfoundland and Labrador Housing Corporation which comprise the statement of financial position as at March 31, 2014, the statements of operations, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these 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.

*Auditor's Responsibility*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

## **Independent Auditor's Report (cont.)**

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### *Opinion*

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Newfoundland and Labrador Housing Corporation as at March 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in black ink, appearing to read 'T. Paddon', with a long horizontal flourish extending to the right.

**TERRY PADDON, CA**  
**Auditor General**

June 30, 2014  
St. John's, Newfoundland and Labrador

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

	2014	2013
	(000's)	(000's)
<b>FINANCIAL ASSETS</b>		
Cash	\$ 67,314	\$ 62,512
Accounts receivable (Note 4)	1,353	1,836
Land held for sale (Note 5)	22	-
Due from government and other government organizations (Note 6)	2,250	5,185
Loans receivable (Note 7)	5,765	6,567
Receivables from municipalities - land transfers (Note 8)	984	1,044
	<b>77,688</b>	<b>77,144</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 9)	9,480	9,993
Employee future benefits (Note 10)	26,186	24,902
Due to government and other government organizations (Note 11)	1,709	1,669
Deferred revenue (Note 12)	9,517	10,168
Long-term debt (Note 13)	109,830	115,806
	<b>156,722</b>	<b>162,538</b>
<b>Net debt</b>	<b>(79,034)</b>	<b>(85,394)</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 14)	129,657	132,236
Inventories held for use	377	391
Prepaid expenses (Note 15)	3,603	4,244
	<b>133,637</b>	<b>136,871</b>
<b>Accumulated surplus</b>	<b>\$ 54,603</b>	<b>\$ 51,477</b>
<b>Contingent liabilities (Note 16)</b>		
<b>Contractual obligations (Note 17)</b>		
<b>Trust under administration (Note 20)</b>		

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

	2014 Budget	2014 Actual	2013 Actual
	(000's) (Note 26)	(000's)	(000's)
<b>REVENUES (Note 18)</b>			
Province of Newfoundland and Labrador operating grant	\$ 46,793	\$ 47,803	\$ 56,551
CMHC revenue	51,931	52,703	55,884
Other government sources	225	317	350
Rent	20,716	21,172	20,852
Interest	919	1,145	1,385
Land sales	-	3,242	15,078
Profit from land sales by municipalities	200	248	548
Other	37	497	477
	<b>120,821</b>	<b>127,127</b>	<b>151,125</b>
<b>EXPENSES (Note 18)</b>			
Rental operations	58,027	58,962	62,038
Partner managed housing	9,635	9,705	11,208
Affordable housing investments	23,315	21,577	24,820
Rent supplement	8,355	9,966	8,683
Land development	-	89	1,019
Administration	21,890	23,702	24,310
	<b>121,222</b>	<b>124,001</b>	<b>132,078</b>
<b>Annual (deficit) surplus before the transfer of funds to the Province of Newfoundland and Labrador</b>	<b>(401)</b>	<b>3,126</b>	<b>19,047</b>
<b>Transfer of funds to the Province of Newfoundland and Labrador (Note 21)</b>	<b>-</b>	<b>-</b>	<b>(13,400)</b>
<b>Annual (deficit) surplus</b>	<b>(401)</b>	<b>3,126</b>	<b>5,647</b>
<b>Accumulated surplus, beginning of year</b>	<b>51,477</b>	<b>51,477</b>	<b>45,830</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 51,076</b>	<b>\$ 54,603</b>	<b>\$ 51,477</b>

*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**

	2014 Budget	2014 Actual	2013 Actual
	(000's) (Note 26)	(000's)	(000's)
<b>Annual (deficit) surplus</b>	\$ (401)	\$ 3,126	\$ 5,647
<b>Changes in tangible capital assets (Note 14)</b>			
Acquisition of tangible capital assets	(3,379)	(4,210)	(2,801)
Net book value of tangible capital asset disposals and write-downs	-	263	71
<u>Amortization of tangible capital assets</u>	-	6,526	6,085
	<u>(3,379)</u>	<u>2,579</u>	<u>3,355</u>
<b>Changes in other non-financial assets</b>			
Net use (acquisition) of inventories held for use	-	14	(9)
<u>Net use (acquisition) of prepaid expenses</u>	-	641	(505)
	-	655	(514)
<b>(Increase) decrease in net debt</b>	<b>(3,780)</b>	<b>6,360</b>	<b>8,488</b>
<b>Net debt, beginning of year</b>	<b>(85,394)</b>	<b>(85,394)</b>	<b>(93,882)</b>
<b>Net debt, end of year</b>	<b>\$ (89,174)</b>	<b>\$ (79,034)</b>	<b>\$ (85,394)</b>

*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**

	2014	2013
	(000's)	(000's)
<b>Operating transactions</b>		
Annual surplus	\$ 3,126	\$ 5,647
Adjustment for non-cash items and change in non-cash operating items:		
Decrease in provision for doubtful accounts, loans receivable	(185)	(115)
Amortization of tangible capital assets	6,526	6,085
Write-down of tangible capital assets	216	65
Losses on sale of tangible capital assets	9	9
Employee future benefits	1,284	1,928
Deferred revenue	(651)	(3,396)
Forgivable loans	1,607	4,953
Other (Note 22)	3,600	(1,422)
<b>Cash provided by operating transactions</b>	<b>15,532</b>	<b>13,754</b>
<b>Capital transactions</b>		
Proceeds, net of selling costs, on sale of tangible capital assets	38	(3)
Cash used to acquire tangible capital assets	(4,210)	(2,801)
<b>Cash applied to capital transactions</b>	<b>(4,172)</b>	<b>(2,804)</b>
<b>Investing transactions</b>		
Decrease in receivable from municipalities - land transfers	60	106
(Increase) decrease in land for sale	(22)	534
Repayment of loans and advances	2,513	2,561
Forgivable loans	(1,607)	(4,953)
Loans and advances	(1,526)	(1,678)
<b>Cash applied to investing transactions</b>	<b>(582)</b>	<b>(3,430)</b>
<b>Financing transactions</b>		
Debt retirement	(5,976)	(6,432)
<b>Cash applied to financing transactions</b>	<b>(5,976)</b>	<b>(6,432)</b>
<b>Increase in cash</b>	<b>4,802</b>	<b>1,088</b>
<b>Cash, beginning of year</b>	<b>62,512</b>	<b>61,424</b>
<b>Cash, end of year</b>	<b>\$ 67,314</b>	<b>\$ 62,512</b>

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

# NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

## NOTES TO FINANCIAL STATEMENTS

March 31, 2014

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### 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.

#### (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 4 and Note 7, 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 13.

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

#### (c) Cash

Cash includes cash in the bank.



# NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

## NOTES TO FINANCIAL STATEMENTS

March 31, 2014

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### 2. Summary of significant accounting policies (cont.)

**(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) Employee future benefits**

The cost of retirement life insurance and health care benefits, severance pay, and 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.

**(g) 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, 2014

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### 2. Summary of significant accounting policies (cont.)

#### (h) 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.

#### (i) 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.

#### (j) 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 stipulation 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.

#### (k) 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, and also include transfer of funds to the Province of Newfoundland and Labrador.

# NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

## NOTES TO FINANCIAL STATEMENTS

March 31, 2014

### 2. Summary of significant accounting policies (cont.)

#### (I) 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 capital assets, recoverable value of land held for sale, estimated employee future benefits and impairment of assets.

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.

### 3. Accounting pronouncements

In June 2010, the PSAB approved Section PS 3260, *Liability for Contaminated Sites*. This section is effective for fiscal years beginning on or after April 1, 2014, for government organizations but earlier adoption is encouraged. The Section establishes recognition, measurement and disclosure standards for liabilities relating to contaminated sites of government organizations. The Corporation is evaluating the impact of this new section.

### 4. Accounts receivable

	2014	2013
	(000's)	(000's)
Harmonized sales tax receivable	\$ 861	\$ 1,415
Rents	375	275
Other	327	303
	1,563	1,993
<u>Less: provision for doubtful accounts</u>	<u>(210)</u>	<u>(157)</u>
	<u>\$ 1,353</u>	<u>\$ 1,836</u>

# NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

## NOTES TO FINANCIAL STATEMENTS

March 31, 2014

### 5. Land held for sale

	2014 (000's)	2013 (000's)
Land held for sale, beginning of year	\$ -	\$ 534
Land development costs incurred during the year	110	187
	110	721
Less: cost of earned sales recognized during year	(88)	(721)
Land held for sale, end of year	\$ 22	\$ -

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, material adjustments to the carrying value of the asset are possible depending upon the impact of any changes and management's best estimate of them.

### 6. Due from government and other government organizations

	2014 (000's)	2013 (000's)
CMHC	\$ 1,055	\$ 4,194
Province of Newfoundland and Labrador	994	715
Municipalities	201	276
	\$ 2,250	\$ 5,185

**NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2014**

**7. Loans receivable**

	<b>2014</b>	<b>2013</b>
	<b>(000's)</b>	<b>(000's)</b>
Forgivable loans bearing no interest	<b>\$ 77,772</b>	\$ 76,165
Promissory notes bearing fixed interest rates ranging from 0% to 12.75%, repayable in blended monthly principal and interest payments with due dates ranging from April 2014 to April 2041. These notes are unsecured and can be retired prior to maturity.	<b>5,813</b>	6,487
Mortgages bearing fixed interest rates ranging from 0% to 10.00%, repayable in blended monthly principal and interest payments with due dates ranging from April 2014 to January 2021. These mortgages are secured and can be retired prior to maturity.	<b>1,038</b>	1,351
Less: provision for forgivable loans	<b>(77,772)</b>	(76,165)
<u>Less: provision for doubtful accounts</u>	<b>(1,086)</b>	(1,271)
	<b>\$ 5,765</b>	\$ 6,567

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.

**8. 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, 2014, 21 agreements were in place for the transfer of land to municipalities at a carrying value of \$984,000 (2013 - \$1,044,000).

# NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

## NOTES TO FINANCIAL STATEMENTS

March 31, 2014

### 9. Accounts payable and accrued liabilities

	2014	2013
	(000's)	(000's)
Trade accounts payable	\$ 6,153	\$ 7,041
Salaries and benefits payable	816	499
Accrued leave	1,933	1,960
Other	578	493
	\$ 9,480	\$ 9,993

### 10. 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, 1991* (the *Act*). The Government of Newfoundland and Labrador administers the Public Service Pension Plan, including payment of pension benefits to employees to whom the *Act* applies. The Public Service Pension Plan is a multi-employer, defined benefit plan.

The plan provides a pension to employees based on their length of service and rates of pay. The maximum contribution rate for eligible employees was 8.6% (2013 - 8.6%). The Corporation contributes an amount equal to the employee contributions to the plan. The Corporation is not required to make contributions in respect of any actuarial deficiencies of the plan. The pension expense for the Corporation for the year ended March 31, 2014, was \$1,325,110 (2013 - \$1,364,544).

**NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

March 31, 2014

**10. Employee future benefits (cont.)**

**(b) Retirement and other employee future benefit liabilities**

	2014			2013	
	Retirement life insurance and health care benefits (000's)	Severance pay (000's)	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	\$ 23,704	\$ 3,713	\$ 1,188	\$ 28,605	\$ 27,787
Unamortized actuarial (loss) gain, end of year	(2,398)	27	(48)	(2,419)	(2,885)
Employee future benefits liability, end of year	\$ 21,306	\$ 3,740	\$ 1,140	\$ 26,186	\$ 24,902

**(c) Retirement and other employee future benefit expenses**

	2014			2013	
	Retirement life insurance and health care benefits (000's)	Severance pay (000's)	Non-vesting sick leave benefits (000's)	Total Employee Benefits (000's)	Total Employee Benefits (000's)
Employer contributions	\$ 529	\$ 113	\$ 33	\$ 675	\$ 640
Benefit payments	(665)	(507)	(60)	(1,232)	(685)
Interest on accrued benefit obligation	1,132	186	57	1,375	1,387
Amortization of actuarial losses (gains)	465	(4)	5	466	586
Employee future benefit expenses	\$ 1,461	\$ (212)	\$ 35	\$ 1,284	\$ 1,928

**10. Employee future benefits (cont.)**

**(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 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.

**ii. Severance pay**

Severance pay is calculated based on years of service and current salary levels. Entitlement to severance pay vests with employees after nine years of continuous service. The amount is payable when employees cease employment with the Corporation unless an employee transfers to another entity in the public service, in which case the liability is transferred with that employee to the other entity. The Corporation's severance liability also includes a provision for employees with less than nine years of continuous service, based upon the Corporation's best estimate of the probability of having to pay severance to those employees.

Effective May 1, 2014, there will be no further accumulation of service for unionized employees for severance pay purposes. Unionized employees who qualify for severance pay may elect to receive all, or a portion, of severance pay accumulated as at April 30, 2014 in advance of resignation, retirement, or expiry of recall rights. There have been no changes for management and non-unionized employees.

**iii. 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.



# NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

## NOTES TO FINANCIAL STATEMENTS

March 31, 2014

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### 10. Employee future benefits (cont.)

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

##### iv. Actuarial valuation

The accrued employee future benefit obligations as at March 31, 2014, have been extrapolated based on valuations performed as at March 31, 2012.

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

	2014	2013
Long-term inflation rate	2.0%	2.0%
Compensation increase	4.0%	4.0%
Discount rate	5.0%	5.0%
Health care cost trend	7.5%	7.5%

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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 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, 2014

**11. Due to government and other government organizations**

	<b>2014</b>	<b>2013</b>
	(000's)	(000's)
CMHC - accrued interest payable	\$ 976	\$ 1,018
CMHC - other	4	93
Provincial Government	137	73
Provincial government business enterprise	32	16
<u>Municipalities</u>	<u>560</u>	<u>469</u>
	<b>\$ 1,709</b>	<b>\$ 1,669</b>

**12. Deferred revenue**

	<b>Balance, beginning of year</b>	<b>Billings/receipts during year</b>	<b>Transferred to revenue</b>	<b>Refundable to CMHC</b>	<b>Balance, end of year</b>
	(000's)	(000's)	(000's)	(000's)	(000's)
CMHC Affordable Housing Program	\$ 10,108	\$ 3,338	\$ (3,942)	\$ -	\$ 9,504
CMHC Provincial Home Repair Program	60	3,472	(3,519)	-	13
	<b>\$ 10,168</b>	<b>\$ 6,810</b>	<b>\$ (7,461)</b>	<b>\$ -</b>	<b>\$ 9,517</b>

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. If the funds are not spent for the programs specified under the agreements, they will have to be repaid to CMHC. As of March 31, 2014, CMHC funding in the amount of \$9,517,000 was received but not earned.

# NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

## NOTES TO FINANCIAL STATEMENTS

March 31, 2014

### 13. Long-term debt

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

	2014 (000's)	2013 (000's)
<p>Long-term debt obligations arising from the Canada-Newfoundland Social Housing Agreement of April 1997 payable to CMHC, bearing fixed interest rates ranging from 5.50% to 19.75%, repayable in blended quarterly principal and interest payments of \$2,972,083 with due dates ranging from January 2020 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.</p>	<b>\$ 80,248</b>	<b>\$ 81,500</b>
<p>Long-term debt obligations arising from the Canada-Newfoundland Social Housing Agreement of April 1997 payable to CMHC, bearing fixed interest rates ranging from 6.25% to 16.00%, repayable in blended monthly principal and interest payments of \$321,938 with due dates ranging from April 2014 to June 2020. 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.</p>	<b>8,550</b>	<b>11,556</b>
<p>CMHC fixed rate term debentures, at variable interest rates of 1.67% to 2.75% repayable in blended monthly installments of \$180,539, with final due dates ranging from December 2021 to January 2030. This debt is not secured and can be retired prior to maturity.</p>	<b>20,952</b>	<b>22,546</b>
<p>Long-term debt obligations arising from the Canada-Newfoundland Global Agreement on Social Housing of February 1986, Canada-Newfoundland Operating Agreement of June 1986, and the Canada-Newfoundland Agreement on the Provincial Home Repair Program of January 1999 payable to CMHC, bearing fixed interest rates ranging from 2.00% to 12.75%, with final due dates ranging from April 2014 to February 2020. This debt is not secured and can be retired prior to maturity.</p>	<b>80</b>	<b>204</b>
	<b>\$ 109,830</b>	<b>\$ 115,806</b>

# NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

## NOTES TO FINANCIAL STATEMENTS

March 31, 2014

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### 13. Long-term debt (cont.)

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

	(000's)
2015	\$ 6,460
2016	6,288
2017	5,435
2018	5,192
2019	5,057
2020 - 2038	<u>81,398</u>
	<u>\$ 109,830</u>

Interest expense for the year on outstanding debt totaled \$11,770,000 (2013 - \$12,311,000) 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, 2014**

**14. Tangible capital assets**

**March 31, 2014**

	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)
<b>Cost</b>									
Opening balance	\$ 55,612	\$ 232,658	\$ 9,058	\$ 228	\$ 86	\$ 1,040	\$ 2,322	\$ 2,216	\$ 303,220
Additions	722	3,272	-	-	-	112	60	44	4,210
Disposals	(14)	(110)	-	-	-	-	-	(102)	(226)
Write-downs	(45)	(795)	-	-	-	-	-	-	(840)
<b>Closing balance</b>	<b>\$ 56,275</b>	<b>\$ 235,025</b>	<b>\$ 9,058</b>	<b>\$ 228</b>	<b>\$ 86</b>	<b>\$ 1,152</b>	<b>\$ 2,382</b>	<b>\$ 2,158</b>	<b>\$ 306,364</b>
<b>Accumulated amortization</b>									
Opening balance	-	162,618	3,834	83	31	736	2,031	1,651	170,984
Amortization	-	5,739	226	23	9	136	135	258	6,526
Disposals	-	(77)	-	-	-	-	-	(102)	(179)
Write-downs	-	(624)	-	-	-	-	-	-	(624)
<b>Closing balance</b>	<b>\$ -</b>	<b>\$ 167,656</b>	<b>\$ 4,060</b>	<b>\$ 106</b>	<b>\$ 40</b>	<b>\$ 872</b>	<b>\$ 2,166</b>	<b>\$ 1,807</b>	<b>\$ 176,707</b>
<b>Net book value</b>	<b>\$ 56,275</b>	<b>\$ 67,369</b>	<b>\$ 4,998</b>	<b>\$ 122</b>	<b>\$ 46</b>	<b>\$ 280</b>	<b>\$ 216</b>	<b>\$ 351</b>	<b>\$ 129,657</b>

**NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

March 31, 2014

**14. Tangible capital assets (cont.)**

**March 31, 2013**

	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)
<b>Cost</b>									
Opening balance	\$ 54,714	\$ 231,471	\$ 9,058	\$ 286	\$ 86	\$ 894	\$ 2,361	\$ 2,220	\$ 301,090
Adjustments	866	(866)	-	-	-	-	-	-	-
Additions	32	2,333	-	-	-	232	106	98	2,801
Disposals	-	(42)	-	(58)	-	(86)	(145)	(102)	(433)
Write-downs	-	(238)	-	-	-	-	-	-	(238)
Closing balance	\$ 55,612	\$ 232,658	\$ 9,058	\$ 228	\$ 86	\$ 1,040	\$ 2,322	\$ 2,216	\$ 303,220
<b>Accumulated amortization</b>									
Opening balance	-	157,672	3,608	118	22	653	2,025	1,401	165,499
Amortization	-	5,155	226	23	9	169	151	352	6,085
Disposals	-	(36)	-	(58)	-	(86)	(145)	(102)	(427)
Write-downs	-	(173)	-	-	-	-	-	-	(173)
Closing balance	\$ -	\$ 162,618	\$ 3,834	\$ 83	\$ 31	\$ 736	\$ 2,031	\$ 1,651	\$ 170,984
<b>Net book value</b>	<b>\$ 55,612</b>	<b>\$ 70,040</b>	<b>\$ 5,224</b>	<b>\$ 145</b>	<b>\$ 55</b>	<b>\$ 304</b>	<b>\$ 291</b>	<b>\$ 565</b>	<b>\$ 132,236</b>

**NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
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**14. Tangible capital assets (cont.)**

Cost of rental properties at March 31, 2014 includes work in progress of \$2,327,185 (2013 - \$2,844,000). There were no contributed tangible capital assets during the year (2013 - \$nil).

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.

**15. Prepaid expenses**

Prepaid expenses consist of:

	2014 (000's)	2013 (000's)
Property taxes and other municipal fees	\$ 3,048	\$ 2,990
Rent supplement subsidies	-	617
Insurance costs	172	235
Workers' compensation fees	288	283
Software licenses	89	117
Rent	5	-
Other	1	2
	<b>\$ 3,603</b>	<b>\$ 4,244</b>

**16. 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, 2014, the amount of the principal outstanding under this guarantee, and limit of the guarantee, was \$73,625,000. 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, 2014**

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**16. Contingent liabilities (cont.)**

**(c) Environmental issues**

Possible environmental liabilities exist for the following:

- i. In 1996, the Corporation learned that possible environmental liabilities exist with respect to potential large quantities of fuel left in abandoned fuel storage facilities in the Stephenville area. The Corporation has removed some of the underground tanks and fuel lines and has undertaken some further study. To date, expenditures related to this work have totaled \$2,807,000. As well, based on the studies completed to date, further remediation is internally estimated to cost \$30,000,000.
- ii. In 1998, the Corporation learned that possible environmental liabilities exist with respect to environmental contaminants including hydrocarbons and various heavy metals in the soil and groundwater on 20 hectares of the total 102 hectares in the Paradise area. Title to this site had been transferred to the Town of Paradise during 1998-99 as part of the Corporation's land divestiture program; however, the Corporation will be liable for any costs that must be incurred to clean up the site. Based on studies completed to date, remediation is internally estimated to cost \$20,000,000.
- iii. In 1999, the Corporation learned of possible environmental liabilities relating to the 17 underground fuel tanks in its St. John's properties located at Buckmaster's Circle. To date, expenditures related to this work have totaled \$325,000. All 17 tanks have been removed and remediation has been completed on eight of the 17 sites. The remaining cost to complete the remediation is internally estimated at \$900,000.
- iv. In 2005, the Corporation learned of possible environmental liabilities relating to underground fuel tanks in its St. John's properties located on Cashin Avenue, Froude Avenue, Empire Avenue and Hoyles Avenue. It is currently estimated that there are 21 underground fuel tanks at these properties. To date, expenditures related to this work have totaled approximately \$324,000. Removal and remediation has been completed on nine of the estimated 21 sites. The remaining cost to complete the remediation is internally estimated at \$1,100,000.
- v. In 2009, the Corporation learned of possible environmental liabilities relating to seven underground fuel tanks in its St. John's properties located at Pleasantville. The cost of environmental remediation is internally estimated at \$700,000.



**NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2014**

**16. Contingent liabilities (cont.)**

**(c) Environmental issues (cont.)**

- vi. In 2009, the Corporation learned of possible environmental liabilities relating to electrical transformers containing polychlorinated biphenyls (PCBs) located around its St. John's properties at Chalker Place. To date, the expenditures related to this work have totaled approximately \$33,000. Removal has been completed on two transformers. The remaining cost to complete the remediation is internally estimated at \$200,000.
- vii. In 2010, the Corporation learned of possible environmental liabilities relating to 43 fuel tanks at its St. John's properties in the Guy Street-Whiteway Street area. To date, expenditures related to this work have totaled approximately \$110,000. The remaining cost to complete the remediation is internally estimated at \$1,200,000.

The Corporation's ability to remediate these sites is dependent upon further funding from the Province of Newfoundland and Labrador.

**17. Contractual obligations**

	2014 (000's)	2013 (000's)
Uncompleted purchase and construction contracts	\$ 5,663	\$ 3,441
Commitments under lending programs	17,230	20,671
Commitments under grant programs	777	2,754
	<b>\$ 23,670</b>	<b>\$ 26,866</b>

Contractual obligations are those to outside organizations in respect of contracts entered into on or before March 31, 2014. 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, 2014**

**18. Segmented information by object (cont.)**

	Rental operations		Partner managed housing		Affordable housing investments		Rent supplement		Land development		Administration		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	(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)
<b>Revenues</b>														
Province of Newfoundland and Labrador operating grant	\$ 369	\$ 413	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56,138	\$ 47,803	\$ 56,551
CMHC revenue	-	-	-	-	7,562	10,118	-	-	-	-	-	45,766	52,703	55,884
Other government sources	201	276	-	-	116	74	-	-	-	-	-	-	317	350
Rent	21,172	20,852	-	-	-	-	-	-	-	-	-	-	21,172	20,852
Interest	-	-	-	-	-	-	-	-	-	-	-	1,385	1,145	1,385
Land sales	-	-	-	-	-	-	-	-	3,242	15,078	-	-	3,242	15,078
Profit from land sales by municipalities	-	-	-	-	-	-	-	-	248	548	-	-	248	548
Other	-	-	-	-	-	411	-	-	-	-	497	-	497	477
	<b>21,742</b>	<b>21,541</b>	<b>-</b>	<b>-</b>	<b>7,678</b>	<b>10,603</b>	<b>-</b>	<b>-</b>	<b>3,490</b>	<b>15,626</b>	<b>94,217</b>	<b>103,355</b>	<b>127,127</b>	<b>151,125</b>
<b>Expenses</b>														
Rental property operating costs	25,343	28,858	-	-	-	-	-	-	-	-	-	-	25,343	28,858
Amortization	5,570	5,076	428	428	-	-	-	-	-	-	528	581	6,526	6,085
Grants and subsidies	9,077	8,891	8,578	9,930	21,412	24,623	9,966	8,683	-	-	150	150	49,183	52,277
Land costs	-	-	-	-	-	-	-	-	89	721	-	-	89	721
Other administration	-	-	290	261	-	-	-	-	-	256	3,768	4,106	4,058	4,623
Salaries and benefits	7,087	7,308	-	-	-	-	-	-	-	-	17,997	18,128	25,084	25,436
Interest and bank charges	11,443	11,692	409	589	73	127	-	-	-	-	1,259	1,345	13,184	13,753
Loss on sale of tangible capital assets	9	9	-	-	-	-	-	-	-	-	-	-	9	9
Valuation allowances	433	204	-	-	92	70	-	-	-	42	-	-	525	316
	<b>58,962</b>	<b>62,038</b>	<b>9,705</b>	<b>11,208</b>	<b>21,577</b>	<b>24,820</b>	<b>9,966</b>	<b>8,683</b>	<b>89</b>	<b>1,019</b>	<b>23,702</b>	<b>24,310</b>	<b>124,001</b>	<b>132,078</b>
Annual (deficit) surplus before the transfer of funds to the Province of Newfoundland and Labrador	(37,220)	(40,497)	(9,705)	(11,208)	(13,899)	(14,217)	(9,966)	(8,683)	3,401	14,607	70,515	79,045	3,126	19,047
Transfer of funds to the Province of Newfoundland and Labrador (Note 21)	-	-	-	-	-	-	-	-	-	(13,400)	-	-	-	(13,400)
<b>Annual (deficit) surplus</b>	<b>\$ (37,220)</b>	<b>\$ (40,497)</b>	<b>\$ (9,705)</b>	<b>\$ (11,208)</b>	<b>\$ (13,899)</b>	<b>\$ (14,217)</b>	<b>\$ (9,966)</b>	<b>\$ (8,683)</b>	<b>\$ 3,401</b>	<b>\$ 1,207</b>	<b>\$ 70,515</b>	<b>\$ 79,045</b>	<b>\$ 3,126</b>	<b>\$ 5,647</b>

**NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2014**

**19. Related party transactions**

**(a) Transactions with related parties**

	<b>2014</b>	<b>2013</b>
	<b>(000's)</b>	<b>(000's)</b>
<b>REVENUES</b>		
<b>Province of Newfoundland and Labrador operating grant</b>		
Province of Newfoundland and Labrador - Consolidated Revenue Fund	<b>\$ 47,803</b>	<b>\$ 56,551</b>
<b>Rent</b>		
Consolidated Revenue Fund	<b>202</b>	<b>188</b>
Western Regional Health Authority	<b>12</b>	<b>15</b>
Eastern Regional Health Authority	<b>9</b>	<b>9</b>
Labrador-Grenfell Regional Health Authority	<b>8</b>	<b>59</b>
<b>EXPENSES</b>		
<b>Rental operations</b>		
Consolidated Revenue Fund	<b>132</b>	<b>142</b>
Nalcor Energy	<b>37</b>	<b>14</b>
<b>Partner managed housing</b>		
Eastern Regional Health Authority	<b>1,040</b>	<b>1,413</b>
Western Regional Health Authority	<b>561</b>	<b>422</b>
Central Regional Health Authority	<b>303</b>	<b>130</b>
Labrador-Grenfell Regional Health Authority	<b>92</b>	<b>69</b>
<b>Affordable housing investments</b>		
Consolidated Revenue Fund	<b>-</b>	<b>1</b>
<b>Administration</b>		
Consolidated Revenue Fund	<b>432</b>	<b>521</b>
Eastern Regional Health Authority	<b>40</b>	<b>39</b>
Memorial University of Newfoundland	<b>19</b>	<b>45</b>
Nalcor Energy	<b>2</b>	<b>21</b>
Central Regional Health Authority	<b>1</b>	<b>-</b>
College of the North Atlantic	<b>-</b>	<b>1</b>
Transfer of Funds to the Province of Newfoundland and Labrador	<b>-</b>	<b>13,400</b>

**NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2014**

**19. Related party transactions (cont.)**

**(b) Balances due from and to related parties**

	2014 (000's)	2013 (000's)
<b>Due from government and other government organizations</b>		
Consolidated Revenue Fund	\$ 994	\$ 715
<b>Due to government and other government organizations</b>		
Consolidated Revenue Fund	104	69
Nalcor Energy	32	16
Memorial University of Newfoundland	3	3
Eastern Regional Health Authority	4	1
Labrador-Grenfell Regional Health Authority	24	-
Western Regional Health Authority	2	-

**20. Trust under administration**

For the year ended March 31, 2014, the balance of funds held in trust was \$3,565,000 (2013 - \$3,565,000). The funds are held on behalf of various non-profit housing groups to provide for the future replacement or repair of capital items.

**21. Transfer of Funds to the Province of Newfoundland and Labrador**

During the year, the Corporation transferred \$0 (2013- \$13,400,000) of proceeds from land assembly sales to the Province of Newfoundland and Labrador.

**22. Statement of cash flows - other**

	2014 (000's)	2013 (000's)
Accounts receivable	\$ 483	\$ (259)
Due from government and other government organizations	2,935	(234)
Accounts payable and accrued liabilities	(513)	(178)
Due to government and other government organizations	40	(237)
Inventories held for use	14	(9)
Prepaid expenses	641	(505)
	<b>\$ 3,600</b>	<b>\$ (1,422)</b>

# NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

## NOTES TO FINANCIAL STATEMENTS

March 31, 2014

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### 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 receivables, 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.

An estimated impairment of accounts receivable for \$210,000 has been provided for through an allowance for decline in value, as disclosed in Note 4. An estimated impairment of loans receivable for \$1,086,000 has been provided for through an allowance for decline in value, as disclosed in Note 7. 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, 2014, the aging of loans receivable that are past due but not impaired, are as follows:

	(000's)
30 days	\$ 100
60 days	212
90 days	37
Over 90 days	<u>58</u>
	\$ <u>407</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.

**23. Financial Risk Management (cont.)**

**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, 2014, 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 \$162,000. 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, 2014, the increase/decrease in annual surplus for each one percent change in interest rates on the CMHC fixed rate term debentures amounts to \$218,000.

**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 13. 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, 2014.

**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. Comparative figures**

Certain comparative figures have been restated to conform to the current year's presentation.

**NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2014**

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**26. 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.

**27. 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.



## **Housing**

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