



Newfoundland
Labrador

Housing

Annual Report 2014-15



Housing



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MESSAGE FROM THE CHAIR

I am pleased to present the 2014-15 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 most in need.



2014-15 marked the sixth year of the Government of Newfoundland and Labrador's 10-year Social Housing Plan—*Secure Foundations*. All of the initiatives delivered since 2009 support the mandate of the Corporation and have helped thousands of our most vulnerable citizens by providing a series of housing services each year. Significant investments have been made to ensure the continued provision of secure and affordable housing for households with low-to-moderate incomes all across the province.

2014-15 also marked the beginning of a 5-year extension of the Federal-Provincial Investment in Affordable Housing (IAH). I am pleased that the Governments of Canada and Newfoundland and Labrador were able to reach an agreement on this extension, which during the next five years will see over \$68 million in new housing investments.

This report provides an overview of the key activities, results, investments, financial information and challenges for the 2014-15 fiscal year. With the continued engagement and support from our many community and government partners, as well as the commitment of NLHC staff, the corporation can meet the challenges that lie before it.

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 the actual results reported in this document.

A handwritten signature in blue ink that reads "John C. Ottenheimer".

JOHN C. OTTENHEIMER, Q.C.
Chair and Chief Executive Officer

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. April 1, 2014 marked the beginning of the 2014-2017 Strategic Plan for the corporation. This report outlines the accomplishments of the corporation in meeting the goals and objectives as outlined in the first year of the new Strategic Plan.

CORPORATE OVERVIEW

NLHC is a crown corporation responsible for the implementation of Government's social housing policy and programs.

Who We Serve

NLHC's clientele consists of individuals and families with low to moderate incomes who require assistance in accessing or maintaining safe, adequate and affordable housing. The programs delivered serve renters, homeowners, persons with disabilities, persons with complex service needs, seniors, youth and victims of family violence. NLHC offers a diverse range of programs from private home repair assistance to the delivery and maintenance of public affordable social housing units. NLHC is committed to working collaboratively with our many community partners to help address the needs of those who require a combination of affordable accommodations and support services. In 2014-15, 15,497 households received direct assistance through social housing programs. As well, many other individuals and families have been assisted through a variety of community based non-profit housing partners supported by NLHC.

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 Responsible for Minister of Seniors, Wellness and Social Development, Minister of Advanced Education and Skills, Minister Responsible for the Newfoundland and Labrador Housing Corporation, Minister Responsible for Status of Persons with Disabilities.

The members of the Board as of March 31, 2015 were:

Tom Lawrence, Chairperson, St. John's
Daniel J. McCann, Port au Port West
William Hanlon, Grand Falls - Windsor
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
Sheena McCrate, Torbay

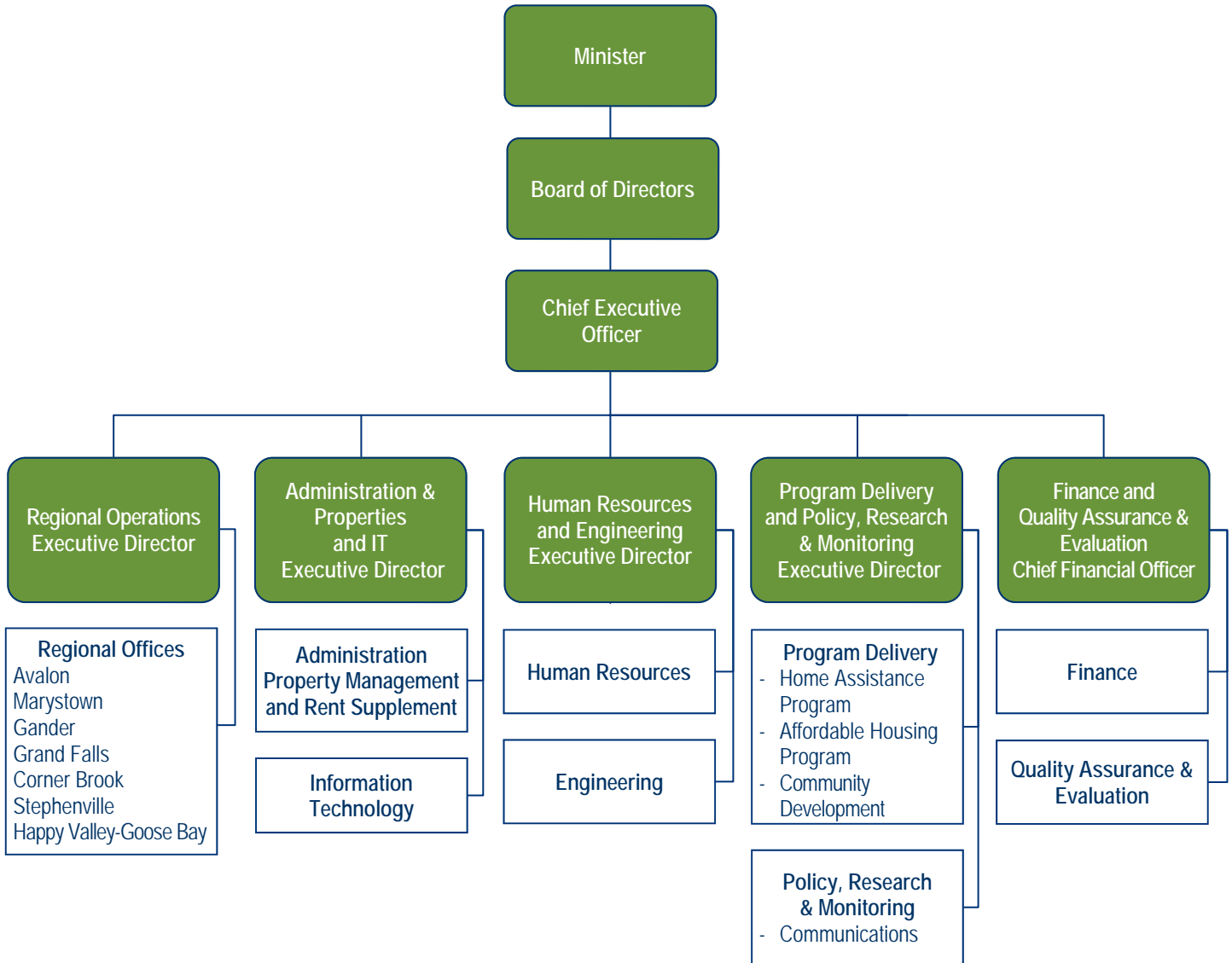


Board of Directors lending a hand at the Gathering Place.

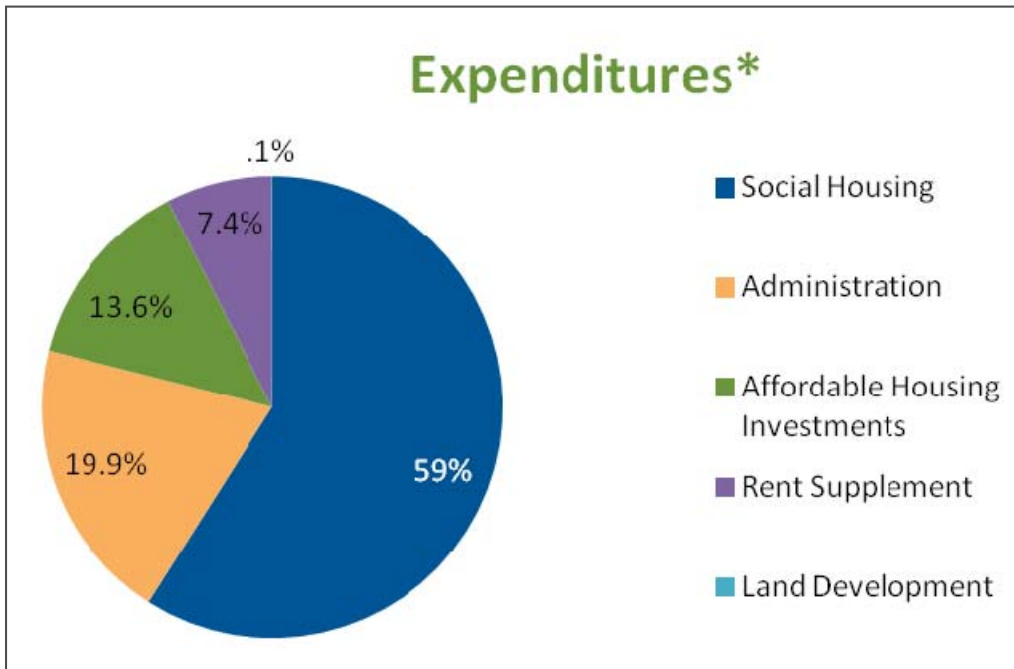
NLHC's Head Office is located in St. John's. As of March 31, 2015, the number of staff employed in the seven regional office locations and head office in St. John's was 348. Head Office and Avalon Regional Office staff in St. John's totaled 230, making up 66 percent of the workforce. The regional offices of Corner Brook, Gander, Happy Valley-Goose Bay, Grand Falls-Windsor, Marystown and Stephenville have a combined total of 118 employees or 34 percent of the workforce. Of the total workforce at NLHC, 59 percent are male and 41 percent are female.

Location	Positions
Head Office-St. John's	109
Avalon Regional Office St. John's	121
Corner Brook	45
Gander	11
Happy Valley-Goose Bay	13
Grand Falls-Windsor	22
Marystown	9
Stephenville	18
Total	348

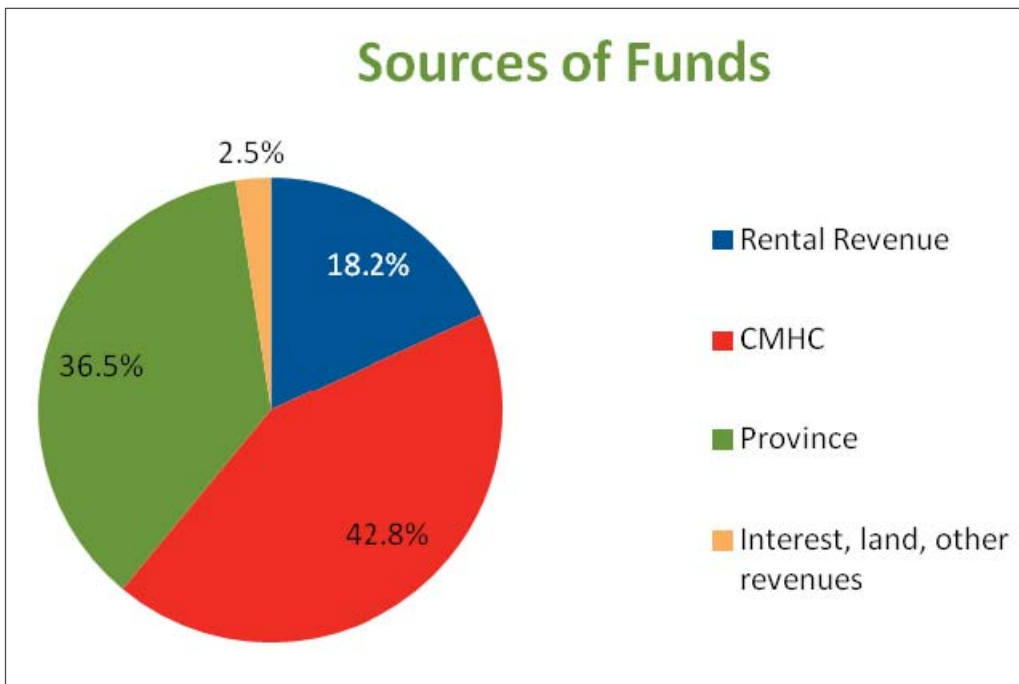
ORGANIZATION CHART



FINANCIAL PROFILE



*Total Current account expenditures in 2014-2015 were \$126,312,000.
(Please refer to audited financial statements on page 25 for further details.)



Canadian Mortgage and Housing Corporation (CMHC) is a Federal Crown 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. Programming offered by the Corporation includes a range of social housing and renovation programs and services for low to moderate-income households across the province. This suite of programs and services represents Government's commitment to improve overall housing quality and affordability for those who are most in need.

VISION AND MISSION

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

The Province's ten-year Social Housing Plan *Secure Foundations* was released in 2009. The plan continues to direct the strategic action priorities of the corporation 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 new 2014-2017 Strategic Plan, reported on in this Annual Report, align with the overarching 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 Corporation offers a wide range of housing programs and services for the residents of the province. To keep up with the ever changing needs that are presented, NLHC is required to adjust its programming and support to ensure that social housing needs are met. The suite of programs and services provided represent Government's commitment to improve housing quality and affordability for those who need it most. NLHC's mandate is carried out through four different lines of business:

Subsidized Rental Housing

This line of business provides assistance in the form of programs and services, to households with low incomes who are unable to find suitable, affordable housing in the private market.

Public Rental Housing

NLHC owns and operates 5,584 residential units which are located throughout the province. In 2014-15, 885 new tenants were placed in NLHC units. The majority of the existing rental stock is made up of 3-bedroom units, although efforts are constantly being made to create or access smaller rental units in order to more closely match the needs of applicants seeking housing assistance.

Rent Supplement Program

The private rental market has been and continues to be a very important part of how housing needs among those earning low-to-moderate incomes are addressed. There are many occasions when it is a private market rental that can best meet the needs of those with low-incomes. NLHC has developed hundreds of formal relationships with private landlords in an effort to deliver suitable and adequate rental accommodations to clients. 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 up to a maximum rental amount of \$800 per month. At the end of 2014-15 the total complement of rent supplement units totaled 1,852.

Modernization and Improvement

Operating 5,584 residential units is a significant undertaking and requires major capital investments. In 2007-08 the Government of Newfoundland and Labrador recognized the need for a major investment in the social housing infrastructure. The Modernization and Improvement budget was increased from \$4 million to \$12 million for six years. This increased commitment along with increased investments via the federal/provincial economic stimulus programming has allowed NLHC to make considerable progress in upgrading the existing housing stock.

Renovations of NLHC stock included the replacement of roofing, siding, windows and doors. As a result of modernization and improvements on the exterior of this stock, there has also been an opportunity to initiate some interior renovations. In 2014-15, 704 units in the seven regions had been upgraded in some way.

Maintenance

Large infrastructure investments are required to ensure long term upkeep; however, daily maintenance is also critical to maintaining the viability of the public rental stock. In addition to improving the daily living conditions of NLHC tenants, regular maintenance is crucial in sustaining the housing stock in the long term. NLHC's maintenance



Modernization and Improvement taking place on Crestview Avenue in Corner Brook.

department works hard to respond to wear and tear issues such as leaking pipes, broken heating systems, clogged drains, etc.

Maintaining and improving the quality of NLHC units continues to be a vital objective. This objective was identified in a past three year strategic plan (2011-14) as well as in the 10-year Social Housing Plan. In 2014-15 approximately \$10 million was budgeted for regular, everyday maintenance.

Heat Subsidy Program

The Heat Subsidy Program continues to be an important program that serves to reduce poverty and allow NLHC tenants to live comfortably. The program provides tenants with financial assistance to offset a significant portion of their home heating costs. The average subsidy received is \$1,177/year. The amount of heat subsidy a tenant receives depends upon number of bedrooms in their home.

In addition to providing a heat subsidy, NLHC has increased its emphasis on improving energy

efficiency when units are identified to receive modernization and improvement upgrades. Making units more energy efficient means the heat subsidy will go much further in helping tenants keep their homes warm and serves to improve overall housing affordability.

Capital Assistance

Provides funding for the construction of new affordable housing, as well as grants and loans for critical repairs, accessibility modifications or energy efficiency improvements to protect existing housing options for low-income households.

Affordable Housing Program (AHP)

The Affordable Housing Program (AHP) is the primary funding source for the construction of new affordable housing. This program provides capital funding to both the private market and non-profit groups. In 2011-12, there was a proposal call which resulted in approvals for the construction of 173 private-sector units and 41 supportive-living



Minister Bergen and Minister Jackman Signing an unprecedented five-year IAH agreement.

units. By 2013-14, 90 units were constructed and ready for occupancy. In 2014-15, 43 of the remaining approved units were constructed and made ready for occupancy. In total, by March 31, 2015, of the 214 units approved for construction, 133 have been completed.

In 2014-15, NLHC signed a new 5-year Investment in Affordable Housing Agreement. Joint investment under the new agreement will see the Affordable Housing Program continue and new affordable housing projects constructed.

Provincial Home Repair Program (PHRP)

The Provincial Home Repair Program (PHRP) continues to be an important and successful program offered by NLHC. It is a cost-shared program with our federal counterpart Canada Mortgage and Housing Corporation (CMHC). Well over 55,000 low income households have benefited from this program through assistance in the form of grants and loans over the years. Assistance is offered to

individuals and families with low-incomes who require important critical repairs to their homes. PHRP continues to be a significant component in the Government of Newfoundland and Labrador's efforts to support homeownership. It allows people to continue to live in their own homes and in their own communities for as long as possible.

PHRP is delivered via two separate components: emergency and non-emergency. For urgent "emergency" needs, financial assistance is provided based on priority, with issues relating to life safety being most urgent. These are issues which, if not covered under the PHRP, would force the homeowner to leave their home. For non-emergency needs, financial assistance is provided for replacement of windows, doors, siding and foundation, etc.

As of March 31, 2015, the Corporation had approved \$5.25 million in PHRP grants to homeowners with low incomes across the province, serving 1,022

for “Regular Repairs” and 329 for “Emergency Repairs.” The average grant was \$3,892 and repayable loan commitments averaging \$4,019 were provided to 307 clients. The wait list for first time applicants at the end of the quarter was 277 (down from 4,300 in 2007).

Over the past 38 years, PHRP has provided more than \$343 million in loans and grants to approximately 55,000 low-income households throughout the Province. The average PHRP recipient is 67 years of age, a rural resident with a household income of \$19,963 and lives in a 50-year old house. The types of repairs that can be undertaken with a PHRP loan or grant include upgrades to heating, electrical or plumbing systems, and renovations and retrofits to structures, foundations, windows, doors, roofing or siding. Applications are prioritized based on previous assistance and emergency need. Applicants must be homeowners with annual incomes of \$32,500 or less.

Residential Energy Efficiency Program (REEP)

The Residential Energy Efficiency Program (REEP) provides one-time grants to low-income homeowners to allow them to complete energy efficiency upgrades to their homes. The Program also provides pre- and post-inspections that prescribe the work to be completed and show the results in terms of increased energy efficiency. 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 2014-15, 1,054 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 2,707 clients that have availed of the program over the past six years, and it was estimated that the average client will save \$713/year on their heating costs. The estimated total annual greenhouse gas savings is 19K tonnes.

Home Modification Program (HMP)

2014-15 marked the fourth 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 so that they are able to make accessibility modifications to their homes; allowing them to continue to live independently in their own homes.

As of March 31, 2015, approximately \$1.9M, in grants, was committed to assist 296 homeowners with low to moderate incomes from the seven regions make accessibility modifications to their homes. Thirty-four applicants have received an average of \$4,586 in repayable loans for a total of \$155,933.

The average HMP client is approximately 69 years of age, has an income of approximately \$19,390, 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.

Provincial Homelessness Fund (PHF)

The Provincial Homelessness Fund (PHF) was created in 2009 and provides funds for organizations who partner with NLHC. The Provincial Homelessness Fund provides capital funding for the development of working space/infrastructure that assists with the delivery of services for persons who are homeless or at risk of becoming homeless. In 2014-15, assistance was provided to 12 registered, non-profit organizations in 8 communities

to develop working spaces for on-site and out-reach services that promote housing stability and support greater self-reliance.

Since the program was started, there have been approximately 77 grants provided to organizations in 17 different communities. This funding has allowed a large number of community members access to a range of services.



Baking at the Community Centre on Froude Avenue in St. John's.

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	46	4%	29	10%	27	3%
Avalon (other)	351	26%	105	35%	294	28%
Marystown	98	7%	15	5%	69	7%
Labrador	20	2%	7	2%	1	0%
Gander	181	13%	29	10%	160	15%
Corner Brook	217	16%	33	11%	213	20%
Stephenville	164	12%	35	12%	76	7%
Grand Falls	274	20%	43	15%	214	20%
TOTAL	1,351	100%	296	100%	1,054	100%
Age Composition	Number	% of Total	Number	% of Total	Number	% of Total
18-54	259	14%	64	17%	224	15%
55-64	376	20%	63	16%	300	21%
65 +	1,209	66%	260	67%	923	64%
Total	1,844	100%	387	100%	1,447	100%
	Average: 67		Average: 69		Average: 66	
Age of Homes	Number	% of Total	Number	% of Total	Number	% of Total
29 Years and Less	153	11%	46	15%	171	16%
30 to 49 Years	561	42%	127	43%	439	42%
50 Years and Older	539	40%	106	36%	424	40%
Unknown	98	7%	17	6%	20	2%
Total	1,351	100%	296	100%	1,054	100%
	Average: 50		Average: 48		Average: 48	
Homeowner Income Profile	Number	% of Total	Number	% of Total	Number	% of Total
\$0 - \$14,999	315	24%	97	33%	227	22%
\$15,000 - \$19,999	364	27%	94	32%	286	27%
\$20,000 - \$24,999	234	17%	33	11%	177	17%
\$25,000 - \$32,500	438	32%	72	24%	364	34%
Total	1,351	100%	296	100%	1,054	100%
	Average: \$19,941		Average: \$19,390		Average: \$20,451	

Community Housing and Service Providers

Provides financial, technical and administrative support to community housing partners in the non-profit, co-operative, and health sector, thereby supporting the provision of rental housing to low-to-moderate income households and persons with complex needs.

Partner Managed Housing

In 2014-15, NLHC provided financial, technical and administrative support to 129 projects consisting of senior’s complexes, housing cooperatives and other community based housing providers for a total of 4,200 units and beds.

Supportive Living Program (SLP)

In 2014-15, NLHC continued to deliver the Supportive Living Program. The SLP provides grants to non-profit organizations in an effort to help individuals with complex service needs; thereby increasing community capacity to address and prevent homelessness. The budget of \$4.8 million per year was increased to \$5.3 million in 2014-15.

Interdepartmental Advisory Committee chaired by NLHC staff with members from Child Youth

and Family Services, Justice and Public Safety, Advanced Education and Skills, Women’s Policy Office, Seniors Wellness and Social Development, Eastern Health and Community Services continues to work in partnership to support and oversee this program. SLP compliments the longstanding programs that NLHC provides and it aligns with the first goal of the long-term Provincial Social Housing Plan, *Secure Foundations*: “increased emphasis on individual well-being and strengthened communities”.

In 2014-15 there were 22 groups, agencies or partnerships supported through this 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 offered by Choices for Youth and Stella’s Circle.

Property Stewardship

Management of land and property holdings in a manner that is cost effective and sensitive to social housing and in keeping with other government policy direction.

Households Receiving Direct Assistance	
Public Affordable Rental Housing	5,584
Rental Supplement Tenants	1,852
Partner-Managed Housing	4,200
Provincial Home Repair Program (PHRP)	1,351
Residential Energy Efficiency Program (REEP)	1,054
Subsidized Mortgages	32
Affordable Housing	1,128
Home Modification Program (HMP)	296
Total	15,497

SHARED COMMITMENTS

Report on Homelessness

NLHC has been leading the advancement of the Province's commitment to complete a study to quantify the housing needs of Newfoundlanders and Labradorians. This commitment required an in-depth review of regional variations, accounting for needs that are hidden from plain view as well as the development of progressive approaches to address homelessness effectively in partnership with community based service and housing providers. In 2014-15, the Minister Responsible for NLHC released the "Road Map to Ending Homelessness in Newfoundland and Labrador," the independent consultant's report commissioned in early 2013.

Homelessness is an issue that crosses many government departments. Oversight of the consultant and subsequent report was collaborative from the beginning to end, including government's reaction to the report upon its release. The selection of the consultant was overseen by a transparent Request for Proposal process and determined by a selection committee made up of various government departments as well as community representatives. Ongoing oversight during the two years of the project was carried out by the Interdepartmental Advisory Committee which oversees the Supportive Living Program and consisted of senior officials from NLHC as well as the Department of Advanced Education and Skills, Justice and Public Safety, Health and Community Services, Eastern Health, Women's Policy Office and Child, Youth and Family

Services. These key departments and agencies were responsible for ensuring that the diverse needs of their various clients and stakeholders were reflected in the research and reporting.

Following the release of the consultant's report in February 2015, the Minister Responsible for NLHC announced the creation of a Steering Committee. With representatives from key government departments as well as key stakeholders, the purpose of the committee was to review the report recommendations and provide implementation advice back to government.

Departments and Agencies represented on the Steering Committee:

- NLHC (Chair)
- Health and Community Services
- Newfoundland and Labrador Housing and Homelessness Network
- Nunatsiavut Government
- Child, Youth and Family Services
- Community Youth Network
- Women's Policy Office
- Grace Sparkes House
- Community Mental Health Initiative
- Seniors, Wellness and Social Development
- End Homelessness St. John's
- Eastern Health
- Advanced Education and Skills
- Justice and Public Safety
- Correction Services Canada
- Transition House Association of Newfoundland and Labrador

Social Housing Plan

The Social Housing Plan- *Secure Foundations* is a multi-departmental initiative originally involving NLHC, Advanced Education and Skills, Health and Community Services, and Justice and Public Safety. Since the plan was introduced in 2009, NLHC has held an annual Stakeholder Input Session. During the October 2014 session, key stakeholders from government and the community were invited to participate in discussions regarding the Social Housing Plan, successes, learning opportunities and what direction housing issues and the subsequent responses to these issues are headed.

Also, the Plan commits to provide a report on progress every two years. The Third Bi-Annual Progress Report on the Social Housing plan was created in 2014-15. This report outlines ways in which NLHC has engaged the community on issues regarding affordable housing, supportive living and homelessness, as well as the solutions and investments in social and affordable housing as guided by the Strategic Action Priorities identified in the Plan.



Public Affordable Rental Homes in Stephenville.

HIGHLIGHTS AND ACCOMPLISHMENTS

NLHC Announces 2014 Scholarship Program Winners

The winners of the 2014 NLHC youth and adult scholarships were announced in December 2014. The scholarships are valued at \$1,000 each. Nine designated for youth and three for adult students pursuing post-secondary education. The scholarships are awarded in three regions of the province: Avalon/Eastern, Central and Western/Labrador. Youth scholarships are awarded based on performance on public examinations. Winners of adult scholarships are selected based on an assessment of educational accomplishments, community experience and financial need.

Employees Reaching Out

Employees Reaching out (ERO) celebrated 25 years this year with a thank-you brunch for NLHC staff. The ERO program was started after an employee discovered that a family had absolutely nothing for Christmas. Employees took it upon themselves and formed a committee to help address such situations. In 2014-15, ERO helped 13 families with hampers, assisted 5 families with emergency needs, provided funds to approximately 15 Tenant Associations for children's Christmas parties and held 8 seniors' Christmas parties.

Care to be Aware

In 2015, NLHC's Joint Occupational Health and Safety (JOH&S) Committees launched a new safety program called "Care to be Aware" Incident Prevention. The objective of this program is to utilize

the skills and knowledge of employees to make proactive improvements to practices, processes, procedures, tools and equipment used at NL Housing.



The Gathering Place

NLHC provided \$500,000 to the Gathering Place through the Provincial Homelessness Fund. These funds, along with funding from other Provincial Government departments allowed The Gathering Place to renovate and become more efficient. The Gathering Place is a non-profit organization which for the last 20 years has provided a safe and caring environment for those who need it. They serve approximately 126 people per day.

Zing

NLHC's intranet site enjoyed increased utilization as its functionality was improved for formal and informal communication. All departments have access to post information on the intranet home page and policies, program and service information are regularly updated for easy access. Zing provides consistent information for NLHC staff members.



Partner Managed Housing Conference, October 24-25, 2014.

Partner-Managed Housing Conference

The annual Partner Managed Housing Conference took place on October 24-25, 2014. The conference provides Newfoundland Labrador Housing with the opportunity to acknowledge the valuable contributions made by the volunteer boards of Partner Managed Housing and Co-op Projects. The dedication, hard work and expertise of these hardworking volunteers cannot be underestimated. Groups are provided with an opportunity to share their experiences during a day of education sessions and a closing dinner.

Anti-Stigma Campaign (Take Another Look!)

In January 2015, Newfoundland and Labrador Housing launched its second set of radio ads to

help reduce the stigma associated with living in social housing. Similar to the Corporation's previous radio campaign which ran in 2011, the Take Another Look! campaign aired three rotating 30-second ads province-wide on Steele Communications stations over a period of three weeks. The speakers in the ads were volunteer tenants who spoke about their own personal circumstances; specifically a special needs tenant, single parent finishing university and a working family. The idea for the radio ads came from an NL Housing stakeholders meeting in 2011. A survey by NL Statistics Agency completed after the 2011 campaign indicated that households who heard the ads tended to have a more favourable opinion about NLHC tenants. Before the ads, 43% had a favourable opinion. After the ads, 50% had a favourable opinion.

STRATEGIC PLAN—REPORT ON PERFORMANCE

In 2014-15, NLHC's mission, as previously stated in the 2011-14 Strategic Plan, was to address changing housing needs and "improve housing conditions for low to moderate income households in Newfoundland and Labrador." As expressed in the 2014-17 Strategic Plan, the strategic direction of NLHC is focused on providing "effective housing and homelessness responses for persons with the greatest need." This outcome supports the policy direction of government and requires a collaborative response from multiple departments in an effort to improve the delivery of sufficient housing supports to those who are most vulnerable. The following section identifies the major accomplishments by NLHC in 2014-15 toward fulfilling the goals of the Social Housing Plan- *Secure Foundations*.

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 5,584 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 through the Modernization and Improvement efforts, thereby addressing Government's strategic direction in NLHC's Strategic Plan, sustaining the public affordable housing stock.

2014-17 Strategic Plan Goal:

By March 31, 2017, NLHC will have improved the condition of the public affordable rental housing stock.

2015 Objective:

By March 31, 2015, NLHC will have upgraded public affordable housing homes and continued the revitalization plans in older public affordable housing neighbourhoods.

Measure:

Upgraded Public affordable rental housing homes and continued renewal in older public affordable housing neighbourhoods.

2014-2015 Indicators	2014-2015 Accomplishments
Average condition rating of public housing rental homes identified for upgrades from year to year	77% of public housing rental homes are currently classified as being in 'good' condition. Due to an internal delay at NLHC, the implementation of a new asset management system was not completed in time for the average condition ratings to be made available.
Number of public affordable rental housing homes that receive interior upgrades.	219 units received interior renovations in 2014-15.
Number of public affordable rental housing homes that receive exterior upgrades.	<p>485 units received exterior upgrades in 2014-15.</p> <ul style="list-style-type: none"> • Modernization and Improvement standards were introduced by NLHC's Engineering department to standardize how buildings are upgraded. This standard resulted in overall improvement and consistency, especially in the area of safety and energy efficiency. • 40% of the Modernization and Improvement upgrades were completed on the Avalon, the remaining 60% were completed across the rest of the province.
Overall percentage of completed select older public affordable housing neighbourhoods, through revitalization.	Work was continued in the areas of Cashin/Froude Avenue, Graves/Hoyles/Empire in St. John's and Crestview Avenue in Corner Brook. The Cashin/Froude renewal was 97% complete as of March 31, 2015 while Crestview was at 65% complete and Graves/Hoyles/Empire was 100% complete.

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 1 by internal staff (on a scale of 1 to 5) which means it is in good physical condition and does not require any major investment in the next five years. As of March 31, 2015, just under \$8.1 million had been spent on upgrading 576 units in 2014-15; 77 percent of NLHC's units are now rated in good condition. Major upgrades including the replacement of windows, doors, siding, and electrical systems comprised a large part of this important work and is an integral part of the effort to improve the physical condition and increase energy efficiency of NLHC's housing stock.

While Modernization and Improvement work continues, so too does the work to advance Neighbourhood Renewal work. In addition to major exterior renovations; these older neighbourhoods have been undergoing full neighbourhood renewal plans. In 2014-15 work continued in the Cashin/Froude Avenue in St. John's and the Crestview Avenue neighbourhood in Corner Brook; work on the Empire Avenue (Rabbittown) neighbourhood in St. John's was completed. These renewals have been well received by tenants and neighbourhoods in each community.

2016 Objective:

By March 31, 2016, NLHC will have continued with scheduled modernization and improvement of the public affordable rental housing stock and neighbourhood revitalization Plan. Indicators for this objective are as follows:

- Number of public affordable rental housing homes that receive exterior upgrades
- Number of public affordable rental housing homes that receive interiors upgrades
- Overall percentage of completed select older public affordable housing neighbourhoods, through revitalization

Strategic Issue 2: Responding to changing housing needs

Housing need primarily arises when people cannot afford to remain where they live. Need can also arise when the condition of a home has deteriorated so much that it is no longer considered adequate or suitable. As the population in the province ages, the housing needs of the people change. 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.

Considering the changing demographics; responsive, evolving programming is required to ensure people's needs are being met. NLHC offers a suite of programs which range from grants to make homes accessible, to income supplements that allow people to continue to rent in the private rental market. These programs recognize Government's strategic direction pertaining to housing and ensure social housing options for households with the greatest need. This is a key component identified in NLHC's Strategic Plan.

2014-17 Strategic Plan Goal:

By March 31, 2017, NLHC will have improved housing options within the stock of privately owned homes and rental homes in response to changing housing needs.

2015 Objective:

By March 31, 2015, NLHC will have undertaken measures to respond to changing housing needs.

Measure:

Initiatives undertaken to respond to changing housing needs.

2014-2015 Indicators	2014-2015 Accomplishments
Number of repair and modification grants provided	<ul style="list-style-type: none"> • In 2014-15, 1,022 households were served with regular PHRP grants and 329 households were served with emergency PHRP grants. These grants allow homeowners to complete essential repairs and modifications and thereby remain in their own homes and communities. The average PHRP recipient is 67 years old and is a rural resident. • 296 households were served with Home Modification Program grants, allowing them to make accessibility improvements to their homes.
Number of repair and modification grants provided to target groups	<ul style="list-style-type: none"> • PHRP and HMP assisted the following number of households in specified target groups in 2014-15: <ul style="list-style-type: none"> • Seniors (persons 65 years or older) 635 • Non-Seniors 1,209 • 296 households were served with Home Modification Program grants, allowing them to make accessibility improvements to their homes. The average HMP client is approximately 69 years old and has an income of approximately \$19,390.
Number of energy efficiency grants provided	<ul style="list-style-type: none"> • 1,044 households received REEP grants to allow them to undertake energy efficiency improvements on their homes.
Number of households assisted with Rent Supplements	<ul style="list-style-type: none"> • Utilized approximately \$9.4 million in the private sector. By the end of March 2015, 2,203 households had received assistance throughout the year. 131 new rental accommodations were gained during this time.
Number of new private affordable housing and supportive living units developed for specific target groups	<ul style="list-style-type: none"> • By the end of March 2015, the following had been completed under the 2011 Affordable Housing proposal call: <ul style="list-style-type: none"> • Multiple Target Groups: 84 units • Seniors: 21 units • Supportive Housing: 16 units
Number of new private affordable housing units approved for development	<ul style="list-style-type: none"> • In 2014-15, 383 units (48 projects) were approved for development across the province under the 2014-19 IAH proposal call for private development.
Number of new private affordable housing units constructed	<ul style="list-style-type: none"> • 123 units were constructed across the province by the private sector (under the 2011 IAH proposal call).
Number of new supportive living units approved for development	<ul style="list-style-type: none"> • In 2014-15, 96 units (11 projects) were approved for development under the 2014-19 IAH proposal call for non-profit development.
Number of new supportive living units constructed	<ul style="list-style-type: none"> • 10 units were constructed by the supportive living sector, from the 2011 IAH proposal call .
Number of individuals assisted by community groups funded through the Supportive Living Program (SLP)	<ul style="list-style-type: none"> • In 2014-15 there were 2,382 individuals assisted across the province by the community groups funded through SLP. As we do not have an integrated data system, it is possible that some individuals utilized more than one program and as such were counted more than one.

Discussion of Results:

In addition to the direct delivery of public affordable rental housing, the results from 2014-15 show that NLHC remains committed to assisting homeowners live in adequate and affordable housing, and in promoting the development and utilization of affordable rental housing in the private rental market. Approximately 2,405 low-income homeowners availed of the residential repair programs (REEP and PHRP) which provide funding through grants and loans to make critical repairs to their accommodations; without which they would often not be able to remain in their homes. The Residential Energy Efficiency Program in particular helps to improve affordability by allowing homeowners to reduce their heating costs; in 2014-15 1,054 grants were approved for this program. The full complement of rent supplements offered through NLHC grew further in 2014-15 to a total of 1,852. These programs positively and directly improve people's housing quality and affordability and are extremely important in meeting the province's commitment to deliver housing services to those most in need across the province. Further to these programs, construction stimulated through the Affordable Housing Initiative engaged the private and non-profit sectors and helped address specific housing needs across the province.

2016 Objective:

By March 31, 2016, NLHC will have further implemented measures to respond to changing housing needs. Indicators for this objective are as follows:

- Number of repair and modifications grants provided
- Number of repair and modifications grants provided to target groups
- Number of energy efficiency grants provided
- Number of households assisted with Rent Supplements
- Number of new private affordable housing units approved for development
- Number of new private affordable housing units constructed
- Number of new supportive living units approved for development
- Number of new supportive living units constructed
- Number of new private affordable housing and supportive living units developed for specific target groups
- Number of individuals assisted by community groups funded through the supportive living program

CHALLENGES

With the release of the report “A Road Map for Ending Homelessness in Newfoundland and Labrador” in early 2015, NLHC and the province as a whole are working toward the implementation of a Housing First approach to ending homelessness. This approach stems from the premise that housing is the only cure for homelessness. By aligning current resources, NLHC intends to move to advance this approach thereby better serving community members who are homeless or at imminent risk of becoming homeless.

The current economic climate will be an important factor in the delivery of programs and services in the coming year. While many clients have enjoyed healthier financial realities in previous years,

there is a concern about seniors living on fixed incomes. NLHC will continue to strive to serve these populations as well as possible; allowing current programs and services to evolve as needed and continuing the effort to provide new services that will most effectively serve the people of the province.

As the economic growth that was experienced in certain areas of the province in recent years has slowed, housing needs have changed. NLHC will continue to monitor these challenging needs and work with community partners to serve the population as efficiently as possible.

OPPORTUNITIES

In November 2014 a new Investment in Affordable Housing (IAH) Agreement was signed for an unprecedented five year term. NLHC looks forward to continuing work with private and non-profit sectors to meet the increasing province-wide demand for the housing services.

With vacancy rates increasing in recent years and remaining fairly stable this past year, there remains an opportunity for the rent supplement market to become more accommodating to NLHC clients. NLHC will be exploring this market further in the coming year with the continuation of the Portable Rent Supplement Pilot Project, introduced in January 2015.

With the City of St. John’s recently releasing a plan to end homelessness utilizing a Housing First Approach, NLHC has an opportunity to also work collaboratively with the city to efficiently meet joint objectives. This will allow NLHC to consider possible implementation of similar plans and best practices for clients across the province. The Housing First approach to ending homelessness focuses on finding appropriate, suitable homes for people with complex needs and then attaching the supports they need to help maintain their tenancy. The main premise is that people will respond better to getting the support they need if they have a good, stable place to live.

**NEWFOUNDLAND AND LABRADOR
HOUSING CORPORATION**

FINANCIAL STATEMENTS

MARCH 31, 2015

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. Thomas F. Lawrence, FCPA, FCMA
Chairperson and Chief Executive Officer - Interim



Mr. Dave Aker, CPA, CGA
Chief Financial Officer - Interim



**AUDITOR
GENERAL**
of Newfoundland and Labrador

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, 2015, 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, 2015, 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 'Terry Paddon', with a long horizontal line extending to the right.

TERRY PADDON, CPA, CA
Auditor General

July 9, 2015
St. John's, Newfoundland and Labrador

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

	2015 (000's)	2014 (000's) Restated (Note 3)
FINANCIAL ASSETS		
Cash	\$ 58,944	\$ 67,314
Accounts receivable (Note 4)	1,395	1,353
Land held for sale (Note 5)	22	22
Due from government and other government organizations (Note 6)	2,957	2,250
Loans receivable (Note 7)	5,324	5,765
Receivables from municipalities - land transfers (Note 8)	851	984
	69,493	77,688
LIABILITIES		
Accounts payable and accrued liabilities (Note 9)	12,492	10,263
Employee future benefits (Note 10)	26,125	26,186
Due to government and other government organizations (Note 11)	1,993	1,709
Deferred revenue (Note 12)	10,769	9,517
Long-term debt (Note 13)	103,364	109,830
	154,743	157,505
Net debt	(85,250)	(79,817)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 14)	125,687	129,657
Inventories held for use	368	377
Prepaid expenses (Note 15)	3,745	3,603
	129,800	133,637
Accumulated surplus	\$ 44,550	\$ 53,820
Contingent liabilities (Note 16)		
Contractual obligations (Note 17)		
Trust under administration (Note 20)		

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

	2015 Budget	2015 Actual	2014 Actual
	(000's) (Note 25)	(000's)	(000's) Restated (Note 3)
REVENUES (Note 18)			
Province of Newfoundland and Labrador operating grant	\$ 41,495	\$ 42,754	\$ 47,803
CMHC revenue	51,302	50,092	52,703
Other government sources	225	308	317
Rent	20,292	21,321	21,172
Interest	796	1,160	1,145
Land sales	-	1,075	3,242
Profit from land sales by municipalities	200	193	248
Other	37	139	497
	114,347	117,042	127,127
EXPENSES (Note 18)			
Rental operations	57,406	64,543	58,962
Partner managed housing	9,635	9,995	9,705
Affordable housing investments	26,190	17,155	21,577
Rent supplement	9,355	9,409	9,966
Land development	-	28	89
Administration	21,771	25,182	23,702
	124,357	126,312	124,001
Annual (deficit) surplus	(10,010)	(9,270)	3,126
Accumulated surplus, beginning of year	53,820	53,820	50,694
Accumulated surplus, end of year	\$ 43,810	\$ 44,550	\$ 53,820

*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

	2015 Budget	2015 Actual	2014 Actual
	(000's) (Note 25)	(000's)	(000's) Restated (Note 3)
Annual (deficit) surplus	\$ (10,010)	\$ (9,270)	\$ 3,126
Changes in tangible capital assets (Note 14)			
Acquisition of tangible capital assets	(1,836)	(2,470)	(4,210)
Net book value of tangible capital asset disposals and write-downs	-	352	263
Amortization of tangible capital assets	-	6,088	6,526
	(1,836)	3,970	2,579
Changes in other non-financial assets			
Net use of inventories held for use	-	9	14
Net (acquisition) use of prepaid expenses	-	(142)	641
	-	(133)	655
(Increase) decrease in net debt	(11,846)	(5,433)	6,360
Net debt, beginning of year	(79,817)	(79,817)	(86,177)
Net debt, end of year	\$ (91,663)	\$ (85,250)	\$ (79,817)

*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**

	2015	2014
	(000's)	(000's)
Operating transactions		
Annual (deficit) surplus	\$ (9,270)	\$ 3,126
Adjustment for non-cash items and change in non-cash operating items:		
Contribution of tangible capital assets	(138)	-
Decrease in provision for doubtful accounts, loans receivable	(184)	(185)
Amortization of tangible capital assets	6,088	6,526
Write-down of tangible capital assets	54	216
Losses on sale of tangible capital assets	144	9
Employee future benefits	(61)	1,284
Deferred revenue	1,252	(651)
Forgivable loans	(5,368)	1,607
Other (Note 21)	1,631	3,600
Cash (applied to) provided by operating transactions	(5,852)	15,532
Capital transactions		
Proceeds, net of selling costs, on sale of tangible capital assets	154	38
Cash used to acquire tangible capital assets	(2,332)	(4,210)
Cash applied to capital transactions	(2,178)	(4,172)
Investing transactions		
Decrease in receivable from municipalities - land transfers	133	60
Increase in land for sale	-	(22)
Repayment of loans and advances	1,980	2,513
Forgivable loans	5,368	(1,607)
Loans and advances	(1,355)	(1,526)
Cash provided by (applied to) investing transactions	6,126	(582)
Financing transactions		
Debt retirement	(6,466)	(5,976)
Cash applied to financing transactions	(6,466)	(5,976)
(Decrease) increase in cash	(8,370)	4,802
Cash, beginning of year	67,314	62,512
Cash, end of year	\$ 58,944	\$ 67,314

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

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2015

1. Nature of operations

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

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

2. Summary of significant accounting policies

(a) Basis of accounting

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

(b) Financial instruments

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

The Corporation generally recognizes a financial instrument when it enters into a contract which creates a financial asset or financial liability. The Corporation subsequently measures all of its financial assets and financial liabilities at cost or amortized cost. Financial assets measured at cost include cash, due from government and other government organizations, and receivables from municipalities - land transfers. Accounts receivable and loans receivable are measured at amortized cost as disclosed in Note 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.

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) Liability for contaminated sites

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

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

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

(g) Employee future benefits

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

The employees of the Corporation are subject to the *Public Service Pensions Act, 1991*. Employee contributions are matched by the Corporation and remitted to the Public Service Pension Plan Corporation from which pensions will be paid to employees when they retire. This plan is a multi-employer, defined benefit plan, providing a pension on retirement based on the member's age at retirement, length of service and the average of their best six years of earnings for service on or after January 1, 2015, and, for service before January 1, 2015, the higher of the average of the frozen best 5 years of earnings up to January 1, 2015, or the average of the best 6 years of earnings for all service.

2. Summary of significant accounting policies (cont.)

(g) Employee future benefits (cont.)

During the year, there were significant changes made to the Public Service Pension Plan. The changes include: increases in contribution rates of between 2.15% and 3.25% of pensionable earnings; calculation of pension benefits, for service on or after January 1, 2015, using the average of the best six years of earnings rather than the average of the best five years of earnings; calculation of pension benefits, for service before January 1, 2015, using the higher of the average of the frozen best 5 years of earnings up to January 1, 2015, or the average of the best 6 years of earnings for all service rather than the average of the best five years of earnings; and increases in the minimum age and/or service requirements for early retirement with an unreduced pension benefit. Employees who are eligible, or become eligible, to retire on or before January 1, 2020, are exempt from increases in the minimum age and/or service requirements for early retirement with an unreduced pension benefit.

Employee future benefit expenses are included with salaries and benefits in the Corporation's financial statements.

(h) Tangible capital assets

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

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

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

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

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

2. Summary of significant accounting policies (cont.)

(i) Inventories held for use

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

(j) Prepaid expenses

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

(k) Revenues

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

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

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

(l) Expenses

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

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

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2015

2. Summary of significant accounting policies (cont.)

(m) Measurement uncertainty

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

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

3. Change in accounting policy

On April 1, 2014, the Corporation adopted the new CPSAS Handbook Section PS 3260, *Liability for Contaminated Sites*. This Section establishes recognition, measurement and disclosure standards for liabilities relating to contaminated sites of government organizations. This change has been applied retroactively with restatement of prior period comparative amounts. An adjustment to the accumulated surplus at April 1, 2013, of \$783,000 was made to record the impact of adopting this new standard. The impact of the change in accounting policy on the statement of financial position as at March 31, 2014 and at March 31, 2015, is an increase in accounts payable and accrued liabilities of \$783,000 and a decrease in accumulated surplus of \$783,000. There was no impact on the operating results for the years ended March 31, 2014, and March 31, 2015 as a result of adopting this standard.

4. Accounts receivable

	2015	2014
	(000's)	(000's)
Harmonized sales tax receivable	\$ 1,159	\$ 861
Rents	219	375
Other	148	327
	1,526	1,563
<u>Less: provision for doubtful accounts</u>	<u>(131)</u>	<u>(210)</u>
	\$ 1,395	\$ 1,353

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2015

5. Land held for sale

	2015	2014
	(000's)	(000's)
Land held for sale, beginning of year	\$ 22	\$ -
Land development costs incurred during the year	-	110
	22	110
Less: cost of earned sales recognized during year	-	(88)
Land held for sale, end of year	\$ 22	\$ 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

	2015	2014
	(000's)	(000's)
CMHC	\$ 2,373	\$ 1,055
Province of Newfoundland and Labrador	294	994
Municipalities	290	201
	\$ 2,957	\$ 2,250

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2015

7. Loans receivable

	2015 (000's)	2014 (000's)
Forgivable loans bearing no interest	\$ 72,404	\$ 77,772
Promissory notes bearing fixed interest rates ranging from 0% to 8%, repayable in blended monthly principal and interest payments with due dates ranging from April 2015 to April 2041. These notes are unsecured and can be retired prior to maturity.	5,463	5,813
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 2015 to January 2021. These mortgages are secured and can be retired prior to maturity.	763	1,038
Less: provision for forgivable loans	(72,404)	(77,772)
Less: provision for doubtful accounts	(902)	(1,086)
	\$ 5,324	\$ 5,765

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, 2015, 21 agreements were in place for the transfer of land to municipalities at a carrying value of \$851,000 (2014 - \$984,000).

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2015

9. Accounts payable and accrued liabilities

	2015	2014
	(000's)	(000's)
Trade accounts payable	\$ 8,344	\$ 6,153
Salaries and benefits payable	718	816
Accrued leave	2,003	1,933
Liability for contaminated sites (Note 9(a))	783	783
Other	644	578
	\$ 12,492	\$ 10,263

(a) Liability for contaminated sites

The Corporation recognized an estimated liability for contaminated sites of \$783,000 for soil remediation at Chalker Place, St. John's. The nature of the liability is related to the removal of seven electrical transformers containing polychlorinated biphenyls (PCBs) and includes the remediation of soil contaminants resulting from all transformers. Historical costs of previous work of this nature were used as a basis of measurement. Expenditures are expected to occur in the fiscal year ended March 31, 2016. There are no estimated recoveries anticipated.

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

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

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

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

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
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March 31, 2015

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 plan will be administered by the Public Service Pension Plan Corporation, including payment of pension benefits to employees to whom the *Act* applies.

The plan provides a pension to employees based on the member's age at retirement, their length of service and rates of pay. The maximum contribution rate for eligible employees was 11.85% (2014 - 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, 2015, was \$1,433,690 (2014 - \$1,325,110).

(b) Retirement and other employee future benefit liabilities

	2015			2014	
	Retirement life insurance and health care benefits (000's)	Severance pay (000's)	Accumulating Non-vesting Sick leave benefits (000's)	Total Employee Benefits (000's)	Total Employee Benefits (000's)
Accrued employee future benefit obligations, end of year	\$ 18,494	\$ 1,886	\$ 1,258	\$ 21,638	\$ 28,605
Unamortized actuarial (loss) gain, end of year	4,703	45	(261)	4,487	(2,419)
Employee future benefits liability, end of year	\$ 23,197	\$ 1,931	\$ 997	\$ 26,125	\$ 26,186

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2015

10. Employee future benefits (cont.)

(c) Change in employee future benefits liability

	2015			2014	
	Retirement life insurance and health care benefits (000's)	Severance pay (000's)	Accumulating Non-vesting Sick leave benefits (000's)	Total Employee Benefits (000's)	Total Employee Benefits (000's)
Current period benefit cost	\$ 560	\$ 119	\$ 32	\$ 711	\$ 675
Benefit payments	(326)	(2,061)	(235)	(2,622)	(1,232)
Interest on accrued benefit obligation	1,191	137	54	1,382	1,375
Amortization of actuarial losses (gains)	466	(4)	6	468	466
Change in employee future benefits liability	\$ 1,891	\$(1,809)	\$ (143)	\$ (61)	\$ 1,284

(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. For the year ended March 31, 2015, the group insurance plan provided benefits to 242 retirees. There are no fund assets associated with these group insurance plans.

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2015

10. Employee future benefits (cont.)

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

ii. Severance pay

Severance pay is calculated based on years of service and current salary levels. Entitlement to severance pay vests with non-unionized employees after nine years of continuous service. Effective May 1, 2014, there is no further accumulation of severance pay service for unionized employees. During the year ended March 31, 2015, unionized employees that had accumulated severance pay prior to May 1, 2014 elected to receive all, or a portion, of severance pay accumulated or to defer payment of their accumulated severance to retirement without further accumulation.

Severance pay 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. For the year ended March 31, 2015, a severance liability was calculated for 79 non-unionized employees and 38 unionized employees.

iii. Accumulating, non-vesting sick leave benefits

All unionized employees hired before May 4, 2004 are credited with 2 days per month and all unionized employees hired thereafter are credited with 1 day per month for use as paid absences in the year due to illness. Employees are allowed to accumulate unused sick day credits each year, up to the allowable maximum provided in their respective employment agreement. Accumulated credits may be used in future years to the extent that the employee's illness exceeds the current year's allocation of credits. The use of accumulated sick days for sick leave compensation ceases on termination of employment. The benefit costs and liabilities are included in the financial statements. For the year ended March 31, 2015, a sick leave liability was calculated for 318 employees.

iv. Actuarial valuation

The accrued benefit obligations for employee future benefit plans as at March 31, 2015, are based on an actuarial valuation for accounting purposes as at March 31, 2015.

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

	2015	2014
Long-term inflation rate	2.0%	2.0%
Compensation increase	4.0%	4.0%
Discount rate	5.0%	5.0%
Health care cost trend	5.5%	7.5%

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

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2015

10. Employee future benefits (cont.)

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

iv. Actuarial valuation (cont.)

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.

11. Due to government and other government organizations

	2015 (000's)	2014 (000's)
CMHC - accrued interest payable	\$ 931	\$ 976
CMHC - other	7	4
Federal government business enterprise	5	-
Provincial Government	103	137
Provincial government business enterprise	31	32
<u>Municipalities</u>	<u>916</u>	<u>560</u>
	<u>\$ 1,993</u>	<u>\$ 1,709</u>

12. Deferred revenue

	Balance, beginning of year	Billings/receipts during year	Transferred to revenue	Refundable to CMHC	Balance, end of year
	(000's)	(000's)	(000's)	(000's)	(000's)
CMHC Affordable Housing Program	\$ 9,504	\$ 5,363	\$ (4,103)	\$ -	\$ 10,764
CMHC Provincial Home Repair Program	13	1,447	(1,455)	-	5
	<u>\$ 9,517</u>	<u>\$ 6,810</u>	<u>\$ (5,558)</u>	<u>\$ -</u>	<u>\$ 10,769</u>

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

12. Deferred revenue (cont.)

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, 2015, CMHC funding in the amount of \$10,769,000 was received but not earned.

13. Long-term debt

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

	2015 (000's)	2014 (000's)
Long-term debt obligations arising from the Canada-Newfoundland Social Housing Agreement of April 1997 payable to CMHC, bearing fixed interest rates ranging from 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.	\$ 78,424	\$ 80,248
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 14.25%, repayable in blended monthly principal and interest payments of \$280,089 with due dates ranging from April 2015 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.	5,604	8,550
CMHC fixed rate term debentures, at variable interest rates of 1.67% to 2.75% repayable in blended monthly installments of \$180,460, with final due dates ranging from December 2021 to January 2030. This debt is not secured and can be retired prior to maturity.	19,312	20,952
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 2015 to September 2020. This debt can be retired prior to maturity.	24	80
	\$ 103,364	\$ 109,830

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2015

13. Long-term debt (cont.)

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

	(000's)
2016	\$ 6,273
2017	5,427
2018	5,193
2019	5,061
2020	5,023
2021 - 2038	<u>76,387</u>
	<u>\$ 103,364</u>

Interest expense for the year on outstanding debt totaled \$11,212,000 (2014 - \$11,770,000) 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, 2015

14. Tangible capital assets

March 31, 2015

	Land (000's)	Rental properties (000's)	Office buildings (000's)	Furniture and office equipment (000's)	Maintenance tools and equipment (000's)	Computer hardware (000's)	Computer software (000's)	Vehicles (000's)	Total (000's)
Cost									
Opening balance	\$ 56,275	\$ 235,025	\$ 9,058	\$ 228	\$ 86	\$ 1,152	\$ 2,382	\$ 2,158	\$ 306,364
Additions	21	2,371	-	-	-	-	11	67	2,470
Disposals	(104)	(539)	-	-	-	-	-	(50)	(693)
Write-downs	-	(91)	-	-	-	-	-	-	(91)
Closing balance	\$ 56,192	\$ 236,766	\$ 9,058	\$ 228	\$ 86	\$ 1,152	\$ 2,393	\$ 2,175	\$ 308,050
Accumulated amortization									
Opening balance	\$ -	\$ 167,656	\$ 4,060	\$ 106	\$ 40	\$ 872	\$ 2,166	\$ 1,807	\$ 176,707
Amortization		5,424	226	22	8	111	110	187	6,088
Disposals		(345)	-	-	-	-	-	(50)	(395)
Write-downs		(37)	-	-	-	-	-	-	(37)
Closing balance	\$ -	\$ 172,698	\$ 4,286	\$ 128	\$ 48	\$ 983	\$ 2,276	\$ 1,944	\$ 182,363
Net book value	\$ 56,192	\$ 64,068	\$ 4,772	\$ 100	\$ 38	\$ 169	\$ 117	\$ 231	\$ 125,687

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2015

14. Tangible capital assets (cont.)

March 31, 2014

Cost	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)
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)
Closing balance	\$ 56,275	\$ 235,025	\$ 9,058	\$ 228	\$ 86	\$ 1,152	\$ 2,382	\$ 2,158	\$ 306,364
Accumulated amortization									
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)
Closing balance	\$ -	\$ 167,656	\$ 4,060	\$ 106	\$ 40	\$ 872	\$ 2,166	\$ 1,807	\$ 176,707
Net book value	\$ 56,275	\$ 67,369	\$ 4,998	\$ 122	\$ 46	\$ 280	\$ 216	\$ 351	\$ 129,657

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2015

14. Tangible capital assets (cont.)

Cost of rental properties at March 31, 2015 includes work in progress of \$1,782,000 (2014 - \$2,327,185). Work in progress is not being amortized as it is not yet available for use. There were contributed tangible capital assets with a fair value of \$138,000 recorded during the year (2014 - \$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:

	2015	2014
	(000's)	(000's)
Property taxes and other municipal fees	\$ 3,149	\$ 3,048
Insurance costs	176	172
Workers' compensation fees	311	288
Software licenses	102	89
Rent	5	5
Other	2	1
	\$ 3,745	\$ 3,603

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, 2015, the amount of the principal outstanding under this guarantee, and limit of the guarantee, was \$65,458,000. 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, 2015

17. Contractual obligations

	2015	2014
	(000's)	(000's)
Uncompleted purchase and construction contracts	\$ 8,369	\$ 5,663
Commitments under lending programs	30,024	17,230
Commitments under grant programs	2,120	777
	\$ 40,513	\$ 23,670

Contractual obligations are those to outside organizations in respect of contracts entered into on or before March 31, 2015. 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, 2015

19. Related party transactions

(a) Transactions with related parties

	2015	2014
	(000's)	(000's)
REVENUES		
Province of Newfoundland and Labrador operating grant		
Consolidated Revenue Fund	\$ 42,754	\$ 47,803
Rent		
Consolidated Revenue Fund	184	202
Western Regional Health Authority	32	12
Eastern Regional Health Authority	9	9
Labrador-Grenfell Regional Health Authority	2	8
EXPENSES		
Rental operations		
Consolidated Revenue Fund	148	132
Nalcor Energy	65	37
Partner managed housing		
Eastern Regional Health Authority	1,323	1,040
Western Regional Health Authority	605	561
Central Regional Health Authority	256	303
Labrador-Grenfell Regional Health Authority	83	92
Affordable housing investments		
Eastern Regional Health Authority	131	-
Consolidated Revenue Fund	1	-
Administration		
Consolidated Revenue Fund	400	432
Eastern Regional Health Authority	43	40
Memorial University of Newfoundland	20	19
Nalcor Energy	2	2
Central Regional Health Authority	-	1

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2015

19. Related party transactions (cont.)

(b) Balances due from and to related parties

	2015	2014
	(000's)	(000's)
Due from government and other government organizations		
Consolidated Revenue Fund	\$ 294	\$ 994
Due to government and other government organizations		
Consolidated Revenue Fund	36	104
Nalcor Energy	31	32
Memorial University of Newfoundland	5	3
Eastern Regional Health Authority	40	4
Labrador-Grenfell Regional Health Authority	-	24
Western Regional Health Authority	22	2

20. Trust under administration

For the year ended March 31, 2015, the balance of funds held in trust was \$3,572,000 (2014 - \$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. Statement of cash flows - other

	2015	2014
	(000's)	(000's)
Accounts receivable	\$ (42)	\$ 483
Due from government and other government organizations	(707)	2,935
Accounts payable and accrued liabilities	2,229	(513)
Due to government and other government organizations	284	40
Inventories held for use	9	14
Prepaid expenses	(142)	641
	\$ 1,631	\$ 3,600

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

22. 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 \$131,000 has been provided for through an allowance for decline in value, as disclosed in Note 4. An estimated impairment of loans receivable for \$902,000 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, 2015, the aging of loans receivable that are past due but not impaired, are as follows:

	(000's)
30 days	\$ 34
60 days	122
90 days	50
Over 90 days	<u>41</u>
	<u>\$ 247</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.

22. 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, 2015, 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 \$158,000. 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, 2015, the increase/decrease in annual surplus for each one percent change in interest rates on the CMHC fixed rate term debentures amounts to \$200,000.

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, 2015.

23. 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.

24. 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, 2015

25. Budgeted figures

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

26. Non-financial assets

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



Housing

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