

2019-20 Annual
Report
Newfoundland and
Labrador Housing
Corporation



MESSAGE FROM THE CHAIR

I am pleased to present the 2019-20 Annual Report for the Newfoundland and Labrador Housing Corporation (NL Housing), which provides an overview of the key activities, achievements, and financial information for the 2019-20 fiscal year.

The mandate of NL Housing is to develop and administer social housing policies and programs for the benefit of low-to-moderate income households throughout the province, with a focus on supporting the most vulnerable, including those with distinct needs. The services provided by NL Housing provide clients with access to safe, stable and affordable housing, which is essential to the social, financial, and physical well-being of individuals and communities. There is a wide range of housing needs across the province, from those facing homelessness or at risk of homelessness, to low income households needing assistance to pay rent or complete much-needed repairs on their homes and those who struggle with the challenges of achieving homeownership.

In 2019-20, the Province and the federal government signed a nine-year bilateral agreement to deliver over \$270 million in cost-shared housing investments through the National Housing Strategy. NL Housing also completed its first three-year Action Plan required under the bilateral agreement that is designed to support the shared goals of the National Housing Strategy and address Provincial housing priorities. This plan will help guide our strategic and operational priorities moving forward.

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



Rhonda Neary
Chair

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Corporate Overview

Governance Structure

NL Housing is a provincial Crown Corporation that operates under the authority of the **Housing Corporation Act**. It is governed by a Board of Directors appointed by the Lieutenant Governor in Council. The Board represents different geographic areas and interest groups and reports to the Government of Newfoundland and Labrador through the Minister Responsible for the Newfoundland and Labrador Housing Corporation.

Rhonda Neary (Chair) Portugal Cove-St. Phillips	Colin O'Brien Happy Valley-Goose Bay	David Loveys Conception Bay South
Karen Alexander Paradise	Derrick House Kippens	Barbara Cull Stephenville
Fraser Piccott St. John's	Julia Mullaley, CEO St. John's (Non-Voting Member)	

NL Housing Programs and Clients

NL Housing's clientele consists of individuals and families with low-to-moderate incomes who require assistance in accessing or maintaining safe, adequate and affordable housing. Programs also serve those with distinct needs, including for example, persons with disabilities, persons with complex service needs, seniors, youth, indigenous persons and victims of intimate partner violence. As such, NL Housing offers a diverse range of programs to meet the needs of clients. Key programs include:

- Operation and maintenance of the Corporation's 5,575 public social housing units throughout the Province.
- Partner-Managed Housing Program that provides financial and technical support to partner-managed and cooperative housing providers offering subsidized housing throughout the province.
- Rental Supplement Program that provides rental assistance to low-income households in private accommodations.
- Home Repair programs that provide financial assistance to low-income homeowners to complete much needed repairs to their homes, improve accessibility or to make energy efficiency improvements.

- Supportive Living Program that provides grants to non-profit organizations to provide services and supports or build community capacity towards addressing and preventing homelessness.
- Emergency Shelter Program which engages a range of non-profit and private shelter operators to respond to required shelter placement for individuals experiencing homelessness.
- Transition Housing Program that provides funding to the Province's 10 transition houses to provide safe short-term accommodations, services and resources to support women and their children who are vulnerable for, at risk of, or have been subjected to intimate partner violence.

In 2019-20, 11,835 households received direct assistance through NL Housing programs. Many other individuals and families have been assisted through a variety of community-based non-profit housing partnerships supported by NL Housing. Additional information about the programs and services offered by NL Housing as well as the current mandate can be found at the Newfoundland and Labrador Housing Corporation website www.nlhc.nl.ca

Corporate Overview of Households and Clients Served 2019-20		
Program	Households	Clients
NL Rental Housing	5,575	11,903
Rent Supplement	1,841	2,025
Co-Op Housing	90	n/a ¹
Partner Managed Housing	996	1,439
Federal Portfolio	522	n/a ¹
Investment in Affordable Housing	1,363 ²	1,731
Home Modification Program	198	n/a ¹
Provincial Home Repair Program	780	1,098
Home Energy Savings Program	470	616
Workplace NL	n/a ³	12 ⁴
Emergency Shelters	n/a ³	1,028
Transition House Program	n/a ³	846
Housed by Supportive Living Program	n/a ³	800 ⁵
At Risk of Homelessness Assisted by Supportive Living Program	n/a ³	4,300 ⁵
Total	11,835	25,798

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

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

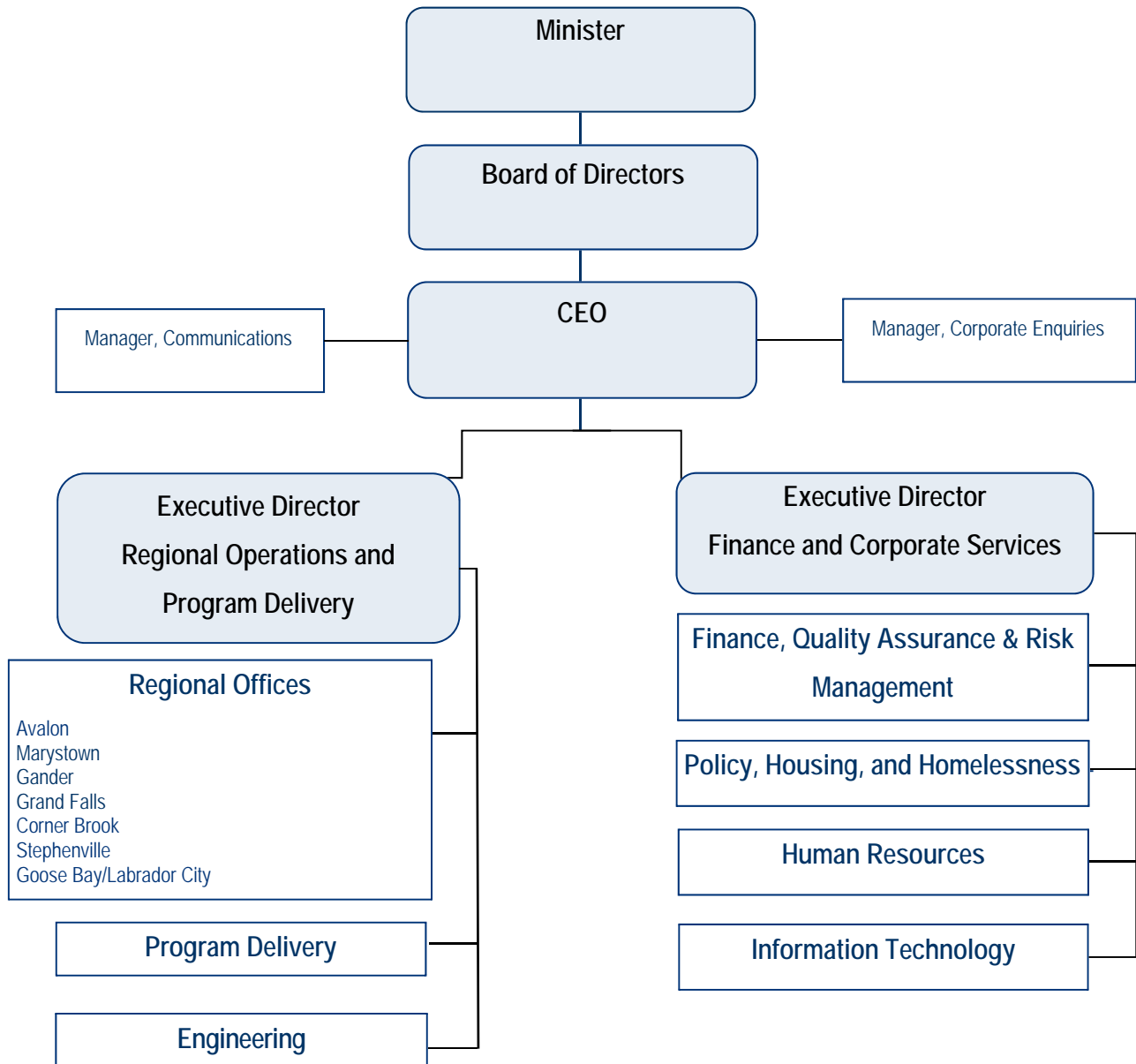
³ Household data is not applicable as these programs serve individual clients.

⁴ Inspections completed for Workplace NL formally known as Workplace Health, Safety and Compensation Commission clients.

⁵ Estimated minimum numbers served

Organizational Chart

The following chart provides an overview of NL Housing's organizational structure as of March 31, 2020:



Staff

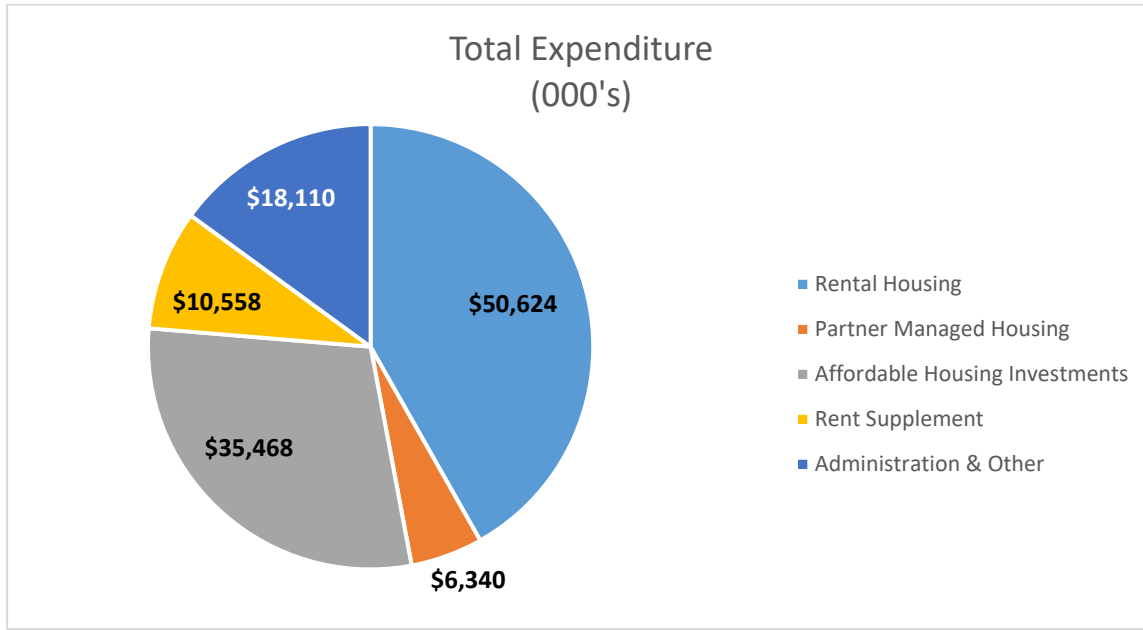
As of March 31, 2020, NL Housing had 309 permanent, seasonal, and temporary positions across four regions (7 offices and one satellite office) with the headquarters located in St. John's. Eighty-nine of the positions (29 per cent) are at the headquarters in St. John's while the regional offices have a combined total of 220 positions or 71 per cent. The workforce is 46 per cent female and 54 per cent male.

Geographic Area	Location	Number of Positions
Eastern Newfoundland	St. John's - Headquarters	88
	Avalon Regional Office	115
	Marystown	7
Central Newfoundland	Gander	10
	Grand Falls-Windsor	23
Western Newfoundland	Corner Brook	39
	Stephenville	14
Labrador	Happy Valley-Goose Bay	9
	Labrador City	4
Total		309

Financial Information

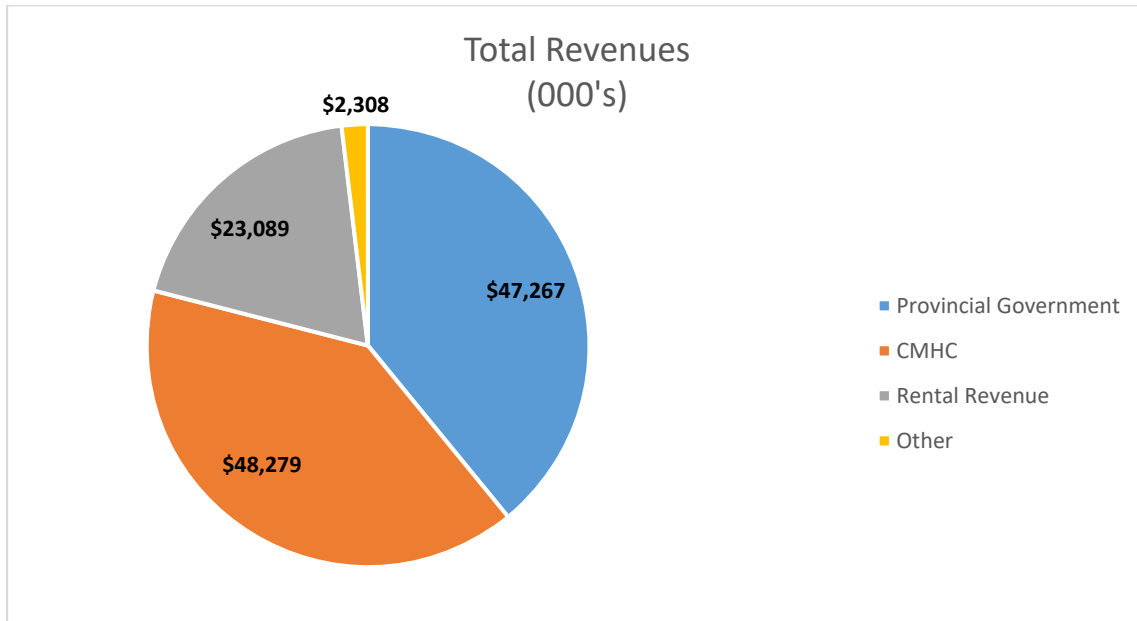
Expenditures

Total expenditures in 2019-20 were \$121.1 million. Please refer to the audited financial statements for further details.



Revenues

Total revenues in 2019-20 were \$120.9 million. Please refer to the audited financial statements for more information.



Highlights and Partnerships

National Housing Strategy and NL Housing Action Plan

In 2019-20, a substantial collaborative effort between the Province and the Federal Government resulted in the signing of a nine-year, \$270 million cost-shared bilateral agreement. This agreement, stemming from the National Housing Strategy, is focused on preserving, renewing and expanding social and community housing in Newfoundland and Labrador and bringing new housing solutions to many people in core housing need.

NL Housing also completed its first three-year Action Plan required under the bilateral agreement that is designed to support the shared goals of the National Housing Strategy and address Provincial housing priorities. We will work across sectors and in partnership with key stakeholders to realize the ambitious goals set forth in this plan. The full Action Plan can be found at <https://www.nlhc.nl.ca/wp-content/uploads/2020/03/2019-2022-3-year-Action-Plan.pdf>.

COVID-19 Partnerships

In response to the COVID-19 pandemic, in March 2019, NL Housing and the Department of Health and Community Services under the auspices of the Vulnerable Persons Task Group, established a Housing and Homelessness Working Group, comprised of government and community stakeholders engaged in the housing and homelessness sector.

The working group developed a rapid response and testing protocol for homeless persons that present as symptomatic or require self-isolation due to testing positive for COVID 19. Through partnership with End Homelessness St. John's and Eastern Health, a site to support self-isolation for this particular population was also secured. The working group also implemented business continuity plans and introduced measures that supported public health guidance and improved physical distancing within the shelter context. The provision of personal protective equipment (PPE) for front line staff working in the shelters and transition houses was also identified as a priority action. The early identification and provision of vital personal protective equipment was also a key priority action. A similar structure has been established to support regional responses. Through these various partnerships, NL Housing has worked with local stakeholders to ensure that federal Reaching Home funding is targeted to meet the needs of the homeless population in both the urban and rural context.

Eviction Prevention

Eviction prevention is integral to NL Housing's effort in breaking the cycle of homelessness. In 2019-2020, NL Housing completed an Eviction Prevention Framework. The framework set the context for NL Housing's approach to eviction prevention and reinforced our commitment to improving the housing stability of vulnerable Newfoundlanders and Labradorians. The companion policies and procedures currently guide staff in pursuing a balanced approach to managing safe and healthy communities.

In 2019-20, regular eviction prevention meetings were held with the four NL Housing regions on a monthly basis to highlight eviction prevention strategies and identify tenancies in need of support. The Eviction Prevention Coordinator is available on a daily basis to review cases, provide input on housing crisis intervention and consult with Housing Officers and Social Workers in their front-line work with tenants. During 2019-2020, the Eviction Prevention Coordinator was consulted on 91 cases in which a tenancy was at risk.

In 2019-2020, NL Housing began a pilot project with the Corner Brook regional office. The pilot applies an early intervention lens that gathers tenant information as a process of completing a housing risk assessment questionnaire. The pilot acknowledges that for many, supports and early intervention are key to supporting successful tenancies. The pilot will ultimately ascertain how early identification of support needs and housing history can facilitate more positive housing outcomes for tenants. Partnerships are being explored in all regions of our province to ensure staff are aware of the supports available to assist tenants in maintaining housing stability.

Supportive Living Program

The Supportive Living Program (SLP) provides grants to non-profit organizations to assist in the provision of services and supports, or to increase community capacity towards addressing and preventing homelessness. In 2019-20, SLP funded 22 partner organizations to deliver 28 projects across Newfoundland and Labrador with a budget of \$7.6 million.

The SLP primarily supports the Housing First approach which recognizes that permanent housing, combined with individualized flexible supports, without preconditions of wellness or sobriety, is essential to promote housing stability for individuals with complex needs. The target population of individuals supported through the Supportive Living Program experience one or more of the following:

- Complex needs;
- Require the support of multiple service providers that offer a range of support services;
- Traverse social, correctional, mental health, and addictions services systems;
- Rely on emergency shelter services on a regular basis due to a lack of affordable and supportive housing options;
- Access community supports because they have limited familial or financial resources available to them; and
- Experience social exclusion.

In 2019-20, SLP began a new partnership with the designated community entity for federal Reaching Home Rural and Remote funding stream (Town of Grand-Falls Windsor). The goal of the partnership is to assist in preventing eviction and homelessness for families and individuals with limited financial resources. The Stabilizing Tenancy & Eviction Prevention Project (STEPP) provides funds to the nine Housing Support Workers located throughout rural areas of the Province to assist individuals maintain or secure housing by addressing such barriers as heat and

light and/or rental arrears and required damage deposits. These funds will support housing stability or provide new housing opportunities for tenancy in our rural areas.

Transition Houses

NL Housing provides funding of \$8.8 million for the operation of 10 transition houses throughout the Province and the Transition House Association of NL. The transition houses provide secure accommodations (127 beds) and services for women and their children who are at risk of or have been subjected to intimate partner violence, enabling them to recover from violence, rebuild self-esteem, and take steps to regain a self-determined and independent life. Such services may include, for example, facilitation for legal orders of protection; assistance in accessing housing, health and financial services; assistance in navigating the judicial, police, legal aid, and social service systems; counseling and empowerment; job readiness and advocacy. Transition houses promote women's equality and often have a role in speaking out on systemic issues of discrimination and societal experiences of women that give rise to violence against them. In 2019-20, NL Housing released a Request for Proposals to conduct a review of the Transition House Program in an effort to bring greater consistency to the service agreements, reporting requirements and to update the Operational Standards to ensure the program is appropriately situated and integrated along the housing continuum.

Emergency Shelter Program

NL Housing operates a 24/7 toll-free emergency shelter line to support individuals experiencing homelessness. NL Housing works in partnership with a range of non-profit and private shelter operators to provide emergency accommodations with a goal of connecting individuals experiencing homelessness with supports to secure permanent housing as quickly as possible. In 2019-20, NL Housing provided emergency shelter to 1,028 individuals.

Scholarships

The 2019 NL Housing youth and adult scholarships were awarded to students throughout the province pursuing post-secondary studies. The scholarships are valued at \$1,000 each and support adult tenants and tenants' children. 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. Recipients of adult scholarships are selected based on an assessment of financial need, initiative and community involvement. The 2019 recipients included one youth and one adult scholarship from the Central region and four youth and five adult scholarships from the Avalon/Eastern region.

Report on Performance

Strategic Issue 1: Responding to Diverse and Evolving Housing Needs

Housing needs in Newfoundland and Labrador continue to be diverse and evolving. These needs span the continuum of housing, from individuals who experience or are at risk of experiencing homelessness, to low-income households facing challenges in securing safe, adequate and affordable housing and those struggling to maintain homeownership. Across this continuum are many diverse and distinct populations whose housing needs are particularly acute, including seniors, youth, persons with disabilities, residents with mental and physical health challenges, Indigenous peoples, and women and children fleeing intimate partner violence.

While NL Housing owns some of the oldest social housing infrastructure in the country, with over half of our units having been built between 40 and 60 years ago, we are continuously renovating and updating our public housing stock. The bilateral agreement pursued under the National Housing Strategy and NL Housing's Action Plan will direct critical federal-provincial investments in preserving, repairing and expanding the social housing stock to meet both current and future demographic needs in our Province.

2017-20 Strategic Plan Goal: By March 31, 2020, NL Housing will have developed and partially implemented a Provincial Housing and Homelessness Plan.

2017-20 Indicator	2017-20 Accomplishment
Comprehensive Provincial Housing Plan developed	<p>Opportunities for alignment, collaboration and priority action were identified during the comprehensive 2017 Review of Programs and Services. This review resulted in the implementation of a number of initiatives over the 2017-2020 period which are described in more detail below under the next indicator.</p> <p>During the 2017-20 period, stemming from the 2017 Review, significant work was undertaken to improve alignment of NL Housing's programs and services to serve low income families and households along the housing continuum. Significant effort was focused on transitioning the responsibility of the Emergency Shelter Program and the Transition Housing Program from other Provincial departments to NL Housing.</p> <p>The 2017 Review further informed finalization in 2019 of a nine-year agreement between the Province and the federal</p>

	<p>government with respect to investments under the National Housing Strategy. It also informed development of NL Housing’s three-year Action Plan which was completed in 2019-20 and outlined planned investments and targets for the preservation, repair and expansion of the social housing stock as well as other provincial housing priorities.</p> <p>Having finalized the bi-lateral agreement in 2019 and the three-year Action Plan in 2020, moving forward, a priority of NL Housing is the development of a broader Provincial Housing and Homelessness Plan. This plan will be developed in collaboration with other ministers addressing social systemic barriers related to homelessness, along with community stakeholders working directly with individuals experiencing housing insecurity.</p>
<p>Priority initiatives implemented each year</p>	<p>The 2017 Review of Programs and Services resulted in the transfer to NL Housing of the transition house and emergency shelter programs from other Government departments in 2018-19.</p> <p>The transfer of these programs allowed NL Housing to better consolidate key components of the housing continuum under the umbrella of the Corporation. This established the foundation for greater synergies and alignment with NL Housing’s existing supportive living program, social housing rental program and other related homeownership affordability and home repair programs.</p> <p>This ultimately positioned NL Housing to identify and implement key priorities including: introduction of regular inspections within the emergency shelter system; improved reporting and occupancy statistics under the transition house program; and implementation of policy changes to better operationalize “Housing First” through changes to the wait list priority codes, improving prioritization of housing selections for vulnerable populations, including victims of violence and individuals experiencing homelessness.</p> <p>Continued annual investments of \$7.6M under the Supportive Living program; and \$8.8M to the Transition House program are priority initiatives targeted to support our province’s most</p>

	<p>vulnerable at risk of homelessness and women and children fleeing intimate partner violence.</p> <p>The 2017 Review also resulted in the implementation of a number of other initiatives over the 2017-2020 period including:</p> <ul style="list-style-type: none"> • Partnering with two non-profit organizations to prevent and end homelessness, foster long-term housing stability and provide on-site and outreach support services for individuals with complex service needs. • Creating additional affordable housing units in partnership with the private and non-profit sector, to benefit as many low-income households as possible. • Increasing the number of rent supplements and introducing a portable rent supplement pilot program. • Improving access to down payments for first-time homebuyers, enabling low to moderate income households to achieve home ownership. • Improving supports to Community Centres by establishing two Family Support Worker positions to support proactive interventions to youth and families to help improve academic performance and increase engagement in education by youth and parents.
<p>Annual reporting of results of implementation of the comprehensive Provincial Housing Plan</p>	<p>NL Housing has reported progress on key initiatives to address provincial housing needs through its annual reports.</p> <p>NL Housing’s first three-year action plan under the bi-lateral agreement was completed in March 2020. Progress towards targets established in this plan will be reported on an annual basis.</p>

2019-20 Objective: By March 31, 2020, the NL Housing will have implemented further initiatives from the Plan.

Indicators:

- Identified the priority issues of the Provincial Housing and Homelessness Plan

- Outlined timelines and sequencing of priority issues
- Implemented actions as per the timeline identified for 2019-20
- Pursued alignment with Canada Mortgage and Housing Corporation’s National Housing Strategy

2019-20 Indicator	2019-20 Accomplishment
Identified the priority issues of the Provincial Housing and Homelessness Plan	<p>In early 2019-20, the Province and the Federal Government signed a nine-year, \$270 million cost-shared bilateral agreement. This agreement, stemming from the National Housing Strategy, is focused on preserving, renewing and expanding social and community housing in Newfoundland and Labrador and bringing new housing solutions to many people in core housing need. Provincial funding commitments under the two key pillars of the National Housing Strategy include: Canada Community Housing Initiative: \$44,961,600; and Provincial Priorities Initiative: \$23,880,000.</p> <p>NL Housing also completed its first three-year Action Plan required under the bilateral agreement that is designed to support the shared goals of the National Housing Strategy and address Provincial housing priorities. This plan includes targets for each priority area of preservation, renewal and expansion of social and community housing in Newfoundland and Labrador and further outlines plans for other Provincial housing priorities. The full Action Plan can be found at http://www.nlhc.nl.ca/wp-content/uploads/2020/03/2019-2022-3-year-Action-Plan.pdf</p>
Outlined timelines and sequencing of priority issues	<p>In 2019-20, NL Housing’s first three-year Action plan was approved that established Federal/Provincial Budget allocations and priorities for 2019-20 and future years. The 2019-22 Action Plan will contribute \$68.8 M in federal-provincial cost matched funding to support social and affordable housing initiatives in Newfoundland and Labrador.</p> <p>The three-year Action Plan outlines the timelines and sequencing of federal-provincial cost matched funding and specifically, annual program targets and budget allocations to support the preservation, repair and expansion of social</p>

	<p>housing as well as other provincial priorities related to the Provincial Home Repair Program and the establishment of a Provincial Housing and Homelessness Partnership Fund.</p> <p>In 2019-20, negotiations continued with CMHC on the co-design of the Canada - Newfoundland and Labrador Housing Benefit, a direct housing affordability benefit that will assist in addressing core housing need for eligible low-income individuals and households.</p>
<p>Implemented actions as per the timeline identified for 2019-20</p>	<p>Under the three-year Action Plan, work has progressed with respect to commitments to preservation, repair and expansion of social housing stock.</p> <p>In 2019-20, drawing upon federal-provincial commitments under the National Housing Strategy, \$4.2 million was invested in the social housing stock to preserve these assets, and ensure they are maintained within NL Housing’s portfolio and continue to be available to households in need in the future.</p> <p>Investments of \$2.7 million under NL Housing’s Maintenance and Improvement plan also supported important repair work. In 2019-20, significant progress was made with the awarding of a tender to support the redevelopment of eight units on Froude Avenue, of which four will be fully accessible and the other four built using universal design principles. At the conclusion of 2019-20, the foundation and construction of exterior walls were tangible outcomes of NL Housing’s commitment to expand its social housing stock.</p>
<p>Pursued alignment with Canada Mortgage and Housing Corporation’s National Housing Strategy</p>	<p>In April 2019, under the National Housing Strategy, Newfoundland and Labrador signed a historic bilateral housing agreement with Canada that will see \$270 million invested in social housing and other programs in the Province over the next nine years.</p> <p>In early 2020, preservation, repair and expansion targets under NL Housing’s first three-year Action Plan were agreed upon and finalized in partnership with CMHC. These targets aligned with the targets under the National Housing Strategy.</p>

Discussion of Results:

A comprehensive review of NL Housing's programs and services, which included extensive public consultations, was completed in 2017-18. This review was intended, among other things, to ensure the mandate of NL Housing reflected current priorities and to improve client services. Key outcomes of this review included the transfer in 2018-19 of the Emergency Shelter Program and the Transition House Program to NL Housing from other Provincial government departments. During 2018-19 and 2019-20, a key priority focused on transitioning these programs to NL Housing. The 2017 Review also resulted in the implementation of a number of other key initiatives over the 2017-2020 period as outlined earlier (page 10 and 11).

During the 2017-20 planning period, NL Housing also undertook unprecedented negotiations with the Canada Housing and Mortgage Corporation to support the endorsement of the National Housing Strategy and ultimate 2019 signing of a nine-year (2019-28) Federal-Provincial bilateral agreement. This cost-shared agreement will result in \$270 million in housing related investments under the National Housing Strategy over this nine-year period.

NL Housing's subsequent three-year Action Plan (2019-22), informed by the 2017 Review and the bi-lateral agreement, was completed in early 2020. The Plan outlined how Newfoundland and Labrador will deliver on its shared objectives under the National Housing Strategy related to preservation, repair and expansion targets and other Provincial housing priorities. This Plan and the bi-lateral agreement will help guide our strategic and operational priorities moving forward, including development of a broader Provincial Housing and Homelessness Plan. This plan will be developed in collaboration with other ministers addressing social systemic barriers related to homelessness, along with community stakeholders working directly with individuals experiencing housing insecurity.

In 2019-20, NL Housing also worked in close partnership with CMHC to ensure that components of the third and final stream under the National Housing Strategy, the Canada-NL Housing Benefit, would be responsive to housing affordability needs in the Newfoundland and Labrador context. The program elements of this direct housing affordability benefit are anticipated to be finalized in 2020-2021.

Strategic Issue 2: Maintaining and Optimizing the Use of Public Rental Housing Stock

Maintaining the provincial public rental housing portfolio is essential in ensuring that NL Housing is able to provide access to safe, quality and affordable housing for low income residents of this province. The current portfolio is comprised of 5,575 units across the province that vary in size and bedroom count. Deferred maintenance in past years, as well as the age of our stock, has contributed to a greater than average need for capital repairs in the units at present. Such upgrades are needed to improve the overall condition of our units as well as the energy efficiency, accessibility and longevity of stock.

In addition to the ongoing maintenance and renewal of our housing stock, the effective utilization of stock is an important goal for NL Housing. The portfolio mostly built 40-60 years ago, consists primarily of homes with three or more bedrooms while over 90 percent of current applicants require one or two-bedroom homes. In addition, some tenants are currently “over-housed,” meaning that they are occupying units that have more bedrooms than required. It is the social, economic and demographic trends that compel us to be innovative in how we use our current stock and plan for future housing needs. Practical design considerations related to accessibility, universal design, aging population and smaller family size all point to significant shifts that will ultimately impact our built environment. Opportunities for collaboration with the private, non-profit housing providers and various levels of government will ensure resources and expertise are leveraged and community need is at the forefront of any efforts to repurpose or expand our housing stock.

2017-20 Strategic Plan Goal: By March 31, 2020, NL Housing will have improved the condition and utilization of its public rental housing stock.

2017-20 Indicator	2017-20 Accomplishment
Number of public rental housing units that received interior upgrades	During the 2017-20 period, \$8.8 million was invested to complete interior upgrades in 995 units. Interior upgrades included primarily improvements to kitchens, bathrooms and flooring.
Number of public rental housing units that received exterior upgrades	During the 2017-20 period, \$25.7 million was invested to complete exterior upgrades in 2,006 units. Exterior upgrades included primarily the replacement of windows, doors, siding, and roofing.
Number of underutilized units redeveloped or repurposed.	During the 2017-20 period, NL Housing continued in its internal planning efforts to explore options for redevelopment and repurposing of units.

	<p>In consideration of assuming responsibility for the Province’s Emergency Shelter Program in 2018-19, NL Housing repurposed two of its units as designated emergency housing units to enhance its responsiveness to the homeless population.</p> <p>Further, in 2019-20, in response to the COVID-19 pandemic, NL Housing responded to a request from a community partner in the Lab West area to repurpose a NL Housing unit to support community-based responses to COVID-19 and the increasing needs related to self-isolation for vulnerable populations. A similar request was made by a community partner in the Corner Brook area in early 2020-21 that NL Housing was also able to support by providing a housing unit.</p>
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2019-2020 Objective: By March 31, 2020, NL Housing will have improved the condition and utilization of its public rental housing stock.

Indicators:

- Number of public rental housing units that received interior upgrades
- Number of public rental housing units that received exterior upgrades
- Further developed options for redevelopment and repurposing of underutilized housing units

2019-20 Indicator	2019-20 Accomplishment
Number of public rental housing units that received interior upgrades	In 2019-20, \$1.5 million was invested in interior upgrades on 121 units. Interior upgrades include improvements to kitchens, bathrooms, and flooring.
Number of public rental housing units that received exterior upgrades	In 2019-20, \$3.0 million was invested in exterior upgrades on 188 units. Exterior upgrades include primarily the replacement of windows, doors, siding, and roofing.
Further developed options for redevelopment and repurposing of underutilized	In 2019-20, NL Housing further explored options to redevelop and repurpose its existing units. Ongoing consideration of the Housing Optimization and Maintenance of Stock (HOMS) report, and companion Modernization and Improvement Plan work to identify units that may be well suited to be reconfigured or alternatively repurposed via partnership with community-based organizations.

	<p>A tangible outcome during this period included both the utilization of vacant units for emergency shelter purposes as well as a partnership with a women’s shelter in Lab West to assist with shelter capacity issues related to the COVID-19 pandemic. In early 2020-21, NL Housing was able to assist Corner Brook with a similar community based response to self-isolation requirements.</p>
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Discussion of Results:

Maintaining and optimizing the use of NL Housing’s public rental housing stock is essential in providing safe, quality and affordable housing to low-income households throughout the province.

Interior and exterior upgrades to our housing stock have been integral features of NL Housing’s Maintenance and Improvement plans. Interior and exterior upgrades in 2017-18 and 2018-19 were primarily supported by significant provincial and federal funding provided under the Social Infrastructure Fund (SIF). SIF investments of \$28 million were targeted towards maintenance and improvement during this three-year planning cycle. By March 31, 2020, \$26.8 million of the \$28 million in maintenance and improvement projects and upgrades had been completed.

In 2017-18, NL Housing initiated a comprehensive assessment of options to improve utilization of its housing portfolio and to advance recommendations to inform future planning and strategic investments under the National Housing Strategy.

In early 2018-19, the Housing Optimization and Maintenance of Stock (HOMS) report was completed. This initial report has informed the Corporation’s planning related to opportunities for reconfiguration and repurposing of its social housing stock. Further options under consideration include reconfiguration to more appropriately serve demand for housing units to serve singles and smaller families. Partnerships with community agencies are also being explored in order to better maximize existing bedroom count while serving key populations such as youth, seniors and individuals experiencing homelessness. Tangible examples include repurposing two of our units for use as emergency housing and two units to support public health measures related to self-isolation in relation to COVID-19.

Strategic Issue 3: Building a Culture of Continuous Improvement

NL Housing's greatest resources are our employees who work to deliver programs and services to our clients across the province. These employees have a wealth of experience and knowledge to help inform and drive the program, service and process changes required to ensure that NL Housing is meeting its mandate to our full potential.

To this end, in 2016-17, NL Housing initiated the introduction of Lean principles in our organization. Lean principles focus on current processes and on eliminating activities that do not add value from the perspective of the client or customer. Lean also provides a collection of tips, tools, and techniques (i.e. best practices) that have been proven effective for driving wasted effort out of a process. Lean principles and techniques can be replicated and piloted throughout the organization to identify and formalize future efficiencies and improvements as well as other dedicated processes within the organization.

Making continuous improvement a key strategic issue for the three-year planning cycle ensured there was a formalized and focused emphasis placed on providing a framework, training, and tools to build a culture of continuous improvement with a commitment to improving the effectiveness and efficiency of NL Housing's programs and services.

2017-2020 Strategic Plan Goal: By March 31, 2020, NL Housing will have improved its capacity in implementing continued process improvements.

2017-20 Indicator	2017-20 Accomplishment
Number of staff qualified in Lean certification.	Lean activities at NLHC were led by staff who had been certified in Lean. One primary lead has been certified in Lean. Throughout the 2017-20 period, NL Housing continued in its efforts to strengthen internal capacity and knowledge of Lean principles and process improvements. Lean was made a standing item added to the agenda of monthly senior management meetings in an effort to embed Lean principles and practices throughout NL Housing. This practice has supported the informal sharing of tools and learnings from Lean processes across the organization.
Number of Lean reviews completed.	In 2017, the Avalon Regional Office undertook a Lean review of vacancy turnaround times, including applicant selection and move-in processes as well as maintenance turnaround. During this review, updates were made immediately following the identification of opportunities for improvement.

	<p>In 2018-19, a Lean review of the Home Modification Program and Provincial Home Repair Program was led by the Central Region. The review mapped the application intake process and resulted in recommendations to increase process efficiency.</p>
<p>Number of process improvements implemented.</p>	<p>Throughout 2017-20, program applications were developed with Lean processes and Way Forward digital by design best practices and commitments in mind.</p> <p>Application system and processes: In 2018-19, work was done to streamline the process by which applications move through NL Housing. In early 2019-20, NL Housing introduced an online application system, providing applicants with a web-based interface, in addition to the traditional hard copy application.</p> <p>Home Repair Program: Staff capacity in the Central Region was strengthened in 2018-19 following commencement of the Home Repair Program Lean initiative. In 2019-20, the Central Region Office developed a process map for the Home Repair Program and established benchmarks around each application processing stage.</p> <p>Vacancy turnaround: In 2017, the Avalon Regional Office launched a project with the goal to reduce the vacancy turnaround time. The initiative focused on the full scope of processes involved in the turnaround procedure including applicant selection, move-in processes, and maintenance turnaround.</p> <p>Other process improvements: From 2017-20, a number of other process improvement initiatives have been introduced, including: development of technology solution with Canada Revenue Agency allowing direct access, upon client consent, to required income information to reduce demands on clients and reduce program application times; adoption of TRIM (HP electronic records management system); Cyclical Inspections with an integrated IT system prompt and documentation to support timely and regularized inspections of units; and a review of NL Housing’s priority waitlist codes to streamline coding and support housing unit selection for priority vulnerable populations.</p>
<p>Program delivery service standards developed and</p>	<p>Throughout 2017-20, NL Housing remained committed to furthering the development of service standards. Service standards and associated timelines and processes related to</p>

published for all areas reviewed.	corporate inquiries, the administration of the Provincial Home Repair Program and electronic funds transfer were published on the NL Housing’s website during this period. As of March 31, 2019, NL Housing had published three (3) service standards on its corporate website, Service standards included areas of Corporate Enquiries, Home Repair Programs, and Finance.
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2019-20 Objective: By March 31, 2020, NL Housing will have improved its capacity in implementing continued process improvements.

Indicators:

- Strive to continue the development and publication of service standards
- Strengthen internal communications and capacity building and knowledge sharing around the Lean Process

2019-20 Indicator	2019-20 Accomplishment
Strive to continue the development and publication of service standards	<p>Throughout 2019-20, NL Housing remained committed to acting upon its established service standards.</p> <p>In 2019-20, the Central Region Office developed a process map for the Home Repair Program and established benchmarks around each application processing stage. Initial process mapping identified several recommendations that were implemented during 2019-20 that improved program efficiency. Efforts have been focused on the application intake to the initial inspection and approval stage as this is the area that presents the greatest opportunity for efficiency gain.</p> <p>The Central Region continues to perform analysis of the application process to identify further opportunities for process improvement. The process map, and results of this review, will be shared with other regional offices to assess whether efficiencies can also be achieved in these offices.</p> <p>In early 2019-20, NL Housing launched its online application form to provide applicants with a web-based alternative to traditional hard copy applications.</p> <p>In late 2019-20, in response to the COVID-19 pandemic and shift to remote operations, NL Housing developed a FAQ</p>

	<p>sheet which included critical program and regional contact information. The FAQ was posted on the NL Housing website and updated as program and service offerings were altered. NL Housing also introduced a centralized toll-free line to assist in prioritizing and triaging tenant questions during COVID-19.</p>
<p>Strengthen internal communications and capacity building and knowledge sharing around Lean Processes</p>	<p>Throughout 2019-20, NL Housing continued in its efforts to strengthen internal capacity and knowledge of Lean principles and process improvements. Lean inspired processes initiated across the Corporation in 2019-20 including: Introduction of TRIM (HP Records/Information Management system) and associated staff training and development and dissemination of document control guidelines; and Cyclical Inspections. The review of the wait list priority codes is a further example of how Lean and the commitment to process improvements have been imbedded within the organizational culture.</p> <p>Lean continues to be a standing item for monthly senior management meetings, providing a continued opportunity for information sharing and capacity building among senior management and support teams.</p>

Discussion of Results:

Building capacity and a culture that strives for continuous improvement in all processes was a key priority for 2017-20. An overview of Lean processes was provided to staff to increase awareness of Lean principles. Two pilot projects were completed that reviewed processes related to unit vacancy turnover and home repair programs. These initial projects, as well as additional reviews, led to the development and publishing in 2018-19 of three service standards as a means of reflecting its commitment to the unique requirements of the NL Housing’s programs and services. First, a service standard regarding corporate enquiries states that NL Housing’s Manager of Corporate Enquires will attempt to contact the enquirer within two (2) business days of receiving an enquiry. The second service standard was related to the Provincial Home Repair Program which committed NL Housing to strive to provide an acknowledgment to the applicant within ten (10) business days of receiving an application for all home assistance programs. The third service standard was related to the expansion of electronic funds transfers (EFT) to include vendors and nonprofit grants recipients.

Furthermore, in 2017-18 and 2018-19, work was completed to streamline the process by which applications move through NL Housing. Program applications were developed with Lean processes and Way Forward digital by design best practices and commitments in mind. This included working with the Canada Revenue Agency on a technology solution that allows direct

access, upon client consent, to required income information to reduce demands on clients and reduce program application times. Further, in June, 2019, NL Housing launched its electronic application system, allowing applicants to complete and submit their applications electronically.

Following upon its earlier examination of social housing inspections, in 2019-20, NL Housing moved forward with the implementation and roll out of its Cyclical Inspection initiative. The initiative has resulted in new and improved: policy and guidance documents, cyclical inspection forms, and an IT system to support prompting for scheduled inspections. A planned approach to the scheduling of cyclical inspections will allow NL Housing staff to keep in view units that may require annualized inspections, or to schedule less frequent inspections for units and tenants that may not require annual inspections.

In early 2019-20, NL Housing commenced implementation of its waitlist code review. The review included an examination of wait list codes, accompanying definitions with an eye to streamlining coding processes, removal of any codes that were not widely utilized and ensuring codes more appropriately reflect NL Housing's commitments to providing social housing to the province's most vulnerable.

In 2019-20, NL Housing also commenced implementation of a new electronic content management system (HP-ECM) to better support the Corporation's strategic information management objectives as well as provide a mechanism to digitize its records and approval processes across the Corporation. In 2019-20, training and guidance documents were provided to key departments in an effort to prioritize the roll out of the initiative. Executive and Policy departments were included in the initial pilot with all staff being trained and HP-ECM fully operational by fiscal year end.

The varied nature of the above initiatives crosses a number of departments and success of the initiatives is ultimately contingent upon a clear appreciation of the value that Lean processes bring to both internal and external facing work. Lean continues to be a standing item on the Senior Management Committee monthly meetings, further imbedding and reinforcing the processes and capacity building opportunities among the senior management team.

Opportunities and Challenges

Opportunities

The National Housing Strategy and ensuing \$270 million, nine-year bilateral between the Province and the federal government, represents the most significant opportunity in recent history to address housing needs in our Province. Over the course of the bilateral agreement, investments will provide housing supports to over 17,500 households, targeting households in core housing need. Work will continue with the federal government to finalize elements of a new Canada-NL Housing benefit that will further assist in addressing affordability challenges faced by low-income renter households.

NL Housing's first three-year Action Plan (2019-2022) is designed to support the shared goals of the National Housing Strategy and address Provincial housing priorities. This plan includes targets for each priority area of preservation, renewal and expansion of social and community housing in Newfoundland and Labrador and outlines other Provincial housing priorities. The bilateral agreement and the three-year Action Plan will help guide our strategic and operational priorities moving forward.

NL Housing will continue to focus on partnerships with community-based organizations in order to better and more efficiently serve those in need. There are also opportunities for alignment between Federal, Provincial, and Municipal governments under the National Housing Strategy which could encourage shared information, knowledge, and lead to services that are more geographically inclusive and ensure that resources are wisely and prudently deployed in a strategic and planned manner.

The continued strengthening of the Transition Houses and Emergency Housing Programs improves NL Housing's ability to partner with community-based organizations in order to be responsive and support clients at various points along the housing continuum. These relationships can help streamline efforts and contribute to the development of emergency shelter options that better meet the needs of our community, and support more positive outcomes for clients, as well as further the work of Transition Houses that provide secure accommodations for women and their children at risk of violence.

Challenges

Like all jurisdictions around the world, the COVID-19 pandemic represents a key risk to NL Housing's operations in the coming months and year. The economic environment resulting from COVID-19 will be an important factor in the delivery of NL Housing programs and services, as housing need increases due to job losses or reduced wages. The health challenges of the pandemic also represent a significant challenge in the provision of shelter services, as facilities are increasingly challenged to provide shelter while respecting health and safety requirements

and the unique risk that COVID-19 poses for those facing homelessness. The financial circumstances of individuals and families in this province will also impact the demand for assistance, especially those with low and fixed incomes. NL Housing will focus on providing services that are most effective in providing safe, stable, and affordable housing while also considering new and innovative ways to reach those most in need.

As the population of Newfoundland and Labrador continues to age and rely on fixed incomes, it is anticipated that the demand for the range of programs offered by NL Housing will increase. The vast geography of this province can also be challenging as NL Housing works to meet various housing needs in both urban and rural communities. The size and distance between communities are just two of the barriers to receiving adequate services for some individuals. This is a challenge that NL Housing continues to focus on, often in consultation with community stakeholders and partner departments.

Currently, there is an underutilization of some NL Housing's stock in rural areas. In some areas of the province, there is little to no demand for units and/or bedroom configurations that exist within the housing stock. Considering the expansion of their use to meet other social purposes will be further examined in the coming year and in the context of the targets established under the National Housing Strategy. Pending available resources, units could potentially be repurposed as shared accommodations, emergency accommodations, or to provide space for other endeavors as local need dictates. Working with key community partners and government departments to envision and resource supportive housing options will continue to be a collective priority and challenge which requires us to be nimble and responsive to the needs of our province's most vulnerable. Improved housing, client and in some cases community outcomes can be realized by creatively leveraging our respective budgetary allocations in new and innovative ways.

Audited Financial Statements

**NEWFOUNDLAND AND LABRADOR
HOUSING CORPORATION**

FINANCIAL STATEMENTS

MARCH 31, 2020

Management's Report

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

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

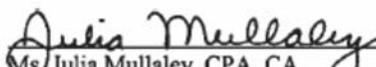
Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that transactions are properly authorized, assets are safeguarded and liabilities are recognized.


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

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

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

On behalf of the Newfoundland and Labrador Housing Corporation.


Ms. Julia Mullaley, CPA, CA
Chief Executive Officer


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



OFFICE OF THE AUDITOR GENERAL
NEWFOUNDLAND AND LABRADOR

INDEPENDENT AUDITOR'S REPORT

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

Opinion

I have audited the financial statements of the Newfoundland and Labrador Housing Corporation (the Corporation), which comprise the statement of financial position as at March 31, 2020, statements of operations, change in net debt, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

Other Information

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

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

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

Independent Auditor's Report (cont.)

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

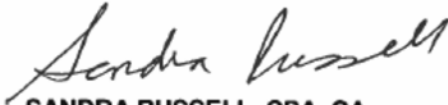
As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

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

Independent Auditor's Report (cont.)

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

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



SANDRA RUSSELL, CPA, CA
Deputy Auditor General

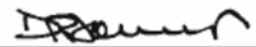
July 24, 2020
St. John's, Newfoundland and Labrador

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

	2020	2019
	(000's)	(000's)
FINANCIAL ASSETS		
Cash	\$ 8,229	\$ 3,973
Accounts receivable (Note 3)	1,659	1,554
Land held for sale (Note 4)	9	9
Due from government and other government organizations (Note 5)	12,854	22,645
Loans receivable (Note 6)	6,963	7,258
Receivables from municipalities - land transfers (Note 7)	660	688
	<u>30,374</u>	<u>36,127</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 8)	6,938	7,953
Employee future benefits (Note 9)	24,280	24,552
Due to government and other government organizations (Note 10)	1,930	1,879
Deferred revenue (Note 11)	10,260	12,605
Long-term debt (Note 12)	76,719	81,549
	<u>120,127</u>	<u>128,538</u>
Net debt	<u>(89,753)</u>	<u>(92,411)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 13)	106,354	109,227
Inventories held for use	394	401
Prepaid expenses (Note 14)	4,355	4,290
	<u>111,103</u>	<u>113,918</u>
Accumulated surplus	<u>\$ 21,350</u>	<u>\$ 21,507</u>
Contingent liabilities (Note 15)		
Contractual rights (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.

Office of the Auditor General

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

	2020 Budget	2020 Actual	2019 Actual
	(000's) (Note 24)	(000's)	(000's)
REVENUES (Note 18)			
Province of Newfoundland and Labrador operating grant	\$ 44,563	\$ 47,267	\$ 71,946
CMHC revenue	45,836	48,279	53,686
Other government sources	250	226	184
Rent	22,823	23,089	22,669
Interest	567	526	534
Land sales	-	158	177
Gain on sale of tangible capital assets	-	24	-
Profit from land sales by municipalities	30	34	82
Other	37	1,340	369
	114,106	120,943	149,647
EXPENSES (Note 18)			
Rental operations	48,380	50,624	54,315
Partner managed housing	6,805	6,340	6,969
Affordable housing investments	30,010	35,468	43,254
Rent supplement	11,377	10,558	10,597
Land development	-	23	-
Administration	18,717	18,087	18,426
	115,289	121,100	133,561
Annual surplus (deficit)	(1,183)	(157)	16,086
Accumulated surplus, beginning of year	21,507	21,507	5,421
Accumulated surplus, end of year	\$ 20,324	\$ 21,350	\$ 21,507

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

Office of the Auditor General

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

	2020 Budget	2020 Actual	2019 Actual
	(000's) (Note 24)	(000's)	(000's)
Annual surplus (deficit)	\$ (1,183)	\$ (157)	\$ 16,086
Changes in tangible capital assets (Note 13)			
Acquisition of tangible capital assets	(1,445)	(1,908)	(926)
Net book value of tangible capital asset disposals and write-downs	-	-	184
Amortization of tangible capital assets	4,755	4,781	5,312
	3,310	2,873	4,570
Changes in other non-financial assets			
Net use (acquisition) of inventories held for use	-	7	21
Net use (acquisition) of prepaid expenses	-	(65)	39
	-	(58)	60
Decrease in net debt	2,127	2,658	20,716
Net debt, beginning of year	(92,411)	(92,411)	(113,127)
Net debt, end of year	\$ (90,284)	\$ (89,753)	\$ (92,411)

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

	2020	2019
	(000's)	(000's)
Operating transactions		
Annual surplus (deficit)	\$ (157)	\$ 16,086
Adjustment for non-cash items and change in non-cash operating items:		
Contribution of tangible capital assets	(866)	-
Increase in provision for doubtful accounts, loans receivable	82	307
Amortization of tangible capital assets	4,781	5,312
Write-down of tangible capital assets	-	23
Loss (gains) on sale of tangible capital assets	(24)	111
Employee future benefits	(272)	(1,157)
Deferred revenue	(2,345)	(9,014)
Forgivable loans	2,842	2,750
Other (Note 21)	8,664	(2,794)
Cash provided from operating transactions	12,705	11,624
Capital transactions		
Proceeds, net of selling costs, on sale of tangible capital assets	24	50
Cash used to acquire tangible capital assets	(1,042)	(926)
Cash applied to capital transactions	(1,018)	(876)
Investing transactions		
Decrease in receivable from municipalities - land transfers	28	88
Repayment of loans and advances	1,544	1,337
Forgivable loans	(2,842)	(2,750)
Loans and advances	(1,331)	(2,324)
Cash applied to investing transactions	(2,601)	(3,649)
Financing transactions		
Debt assumed	268	-
Debt retirement	(5,098)	(5,152)
Cash applied to financing transactions	(4,830)	(5,152)
Increase in cash	4,256	1,947
Cash, beginning of year	3,973	2,026
Cash, end of year	\$ 8,229	\$ 3,973

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

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2020

1. Nature of operations

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

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

2. Summary of significant accounting policies

(a) Basis of accounting

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

(b) Financial instruments

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

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

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

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2020

2. Summary of significant accounting policies (cont.)

(c) Cash

Cash includes cash in the bank.

(d) Land held for sale

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

(e) Loans receivable

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

(f) Liability for contaminated sites

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

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

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

(g) Employee future benefits

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

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2020

2. Summary of significant accounting policies (cont.)

(g) Employee future benefits (cont.)

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

(h) Tangible capital assets

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

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

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

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

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

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2020

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, 2020

2. Summary of significant accounting policies (cont.)

(m) Measurement uncertainty

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

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

3. Accounts receivable

	2020	2019
	(000's)	(000's)
Harmonized sales tax receivable	\$ 1,114	\$ 1,105
Rents	702	461
Other	245	247
	2,061	1,813
<u>Less: provision for doubtful accounts</u>	<u>(402)</u>	<u>(259)</u>
	<u>\$ 1,659</u>	<u>\$ 1,554</u>

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
 March 31, 2020

4. Land held for sale

	2020 (000's)	2019 (000's)
Land held for sale, beginning of year	\$ 9	\$ 9
Land development costs incurred during the year	-	-
	9	9
Less: cost of earned sales recognized during year	-	-
Land held for sale, end of year	\$ 9	\$ 9

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

5. Due from government and other government organizations

	2020 (000's)	2019 (000's)
CMHC	\$ 9,956	\$ 17,878
Province of Newfoundland and Labrador	2,754	4,602
Municipalities	144	165
	\$ 12,854	\$ 22,645

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
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March 31, 2020

6. Loans receivable

	2020	2019
	(000's)	(000's)
Forgivable loans bearing no interest	\$ 85,682	\$ 88,524
Promissory notes bearing fixed interest rates ranging from 0.99% to 11%, repayable in blended monthly principal and interest payments with due dates ranging from April 2020 to February 2044. These notes are unsecured and can be retired prior to maturity.	5,347	5,603
Mortgages bearing fixed interest rates ranging from 0% to 8%, repayable in blended monthly principal and interest payments with due dates ranging from September 2020 to July 2040. These mortgages are secured and can be retired prior to maturity.	2,856	2,813
Less: provision for forgivable loans	(85,682)	(88,524)
<u>Less: provision for doubtful accounts</u>	<u>(1,240)</u>	<u>(1,158)</u>
	\$ 6,963	\$ 7,258

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

7. Receivable from municipalities - land transfers

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

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

For the year ended March 31, 2020, 21 agreements were in place for the transfer of land to municipalities at a carrying value of \$660,000 (2019 - \$688,000).

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
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8. Accounts payable and accrued liabilities

	2020	2019
	(000's)	(000's)
Trade accounts payable	\$ 4,657	\$ 4,820
Salaries and benefits payable	1	636
Management restructuring charges payable	48	-
Accrued leave	1,482	1,522
Liability for contaminated sites (Note 8(a))	121	214
Other	629	761
	\$ 6,938	\$ 7,953

(a) Liability for contaminated sites

The Corporation recognized an estimated environmental liability of \$121,000 (2019 - \$214,000) for soil remediation at Cashin Avenue and Empire Avenue, St. John's. The nature of the liability is related to the removal of underground fuel storage tanks. Historical costs of previous work of this nature were used as a basis of measurement. Expenditures of \$87,000 were incurred during the fiscal year ended March 31, 2020. Furthermore, there was a reduction in the estimated environmental liability of \$6,000 due to lower than anticipated costs. 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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9. Employee future benefits

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

(a) Pension Plan

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

The plan provides a pension to employees based on the member's age at retirement, their length of service and rates of pay. The maximum contribution rate for eligible employees was 11.85% (2019 - 11.85%). The Corporation contributes an amount equal to the employee contributions to the plan. The pension expense for the Corporation for the year ended March 31, 2020 was \$1,544,199 (2019 - \$1,597,132).

(b) Retirement and other employee future benefit liabilities

	2020			2019	
	Retirement life insurance and health care benefits (000's)	Severance pay (000's)	Accumulating Non-vesting Sick leave benefits (000's)	Total Employee Benefits (000's)	Total Employee Benefits (000's)
Accrued employee future benefit obligations, end of year	\$ 19,710	\$ 194	\$ 838	\$ 20,742	\$ 20,457
Unamortized actuarial gain (loss), end of year	3,658	-	(120)	3,538	4,095
Employee future benefits liability, end of year	\$ 23,368	\$ 194	\$ 718	\$ 24,280	\$ 24,552

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
 March 31, 2020

9. Employee future benefits (cont.)

(c) Change in employee future benefits liability

	2020			2019	
	Retirement life insurance and health care benefits	Severance pay	Accumulating Non-vesting Sick leave benefits	Total Employee Benefits	Total Employee Benefits
	(000's)	(000's)	(000's)	(000's)	(000's)
Current period benefit cost	\$ -	\$ -	\$ 134	\$ 134	\$ 349
Interest on accrued benefit obligation	950	-	43	993	974
Amortization of actuarial (gains) losses	(594)	-	37	(557)	(560)
Employee future benefits expense	356	-	214	570	763
Less: benefits payments	(474)	(104)	(264)	(842)	(1,920)
Change in employee future benefits liability	\$ (118)	\$ (104)	\$ (50)	\$ (272)	\$ (1,157)

(d) Retirement and other employee future benefits

i. Retirement life insurance and health care benefits

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

9. Employee future benefits (cont.)

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

ii. Severance pay

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

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

The severance liability as at March 31, 2020 represents severance owing to employees who deferred receiving their severance entitlement.

iii. Accumulating, non-vesting sick leave benefits

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

iv. Actuarial valuation

The accrued benefit obligations, excluding severance, for employee future benefit plans as at March 31, 2020, have been extrapolated based on valuations performed as at March 31, 2018.

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
 March 31, 2020

9. Employee future benefits (cont.)

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

iv. Actuarial valuation (cont.)

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

	2020	2019
Long-term inflation rate	2.0%	2.0%
Compensation increase	2.5%	2.5%
Discount rate	5.0%	5.0%
Health care cost trend	4.0%	4.0%

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

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

v. Experience gains or losses

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

10. Due to government and other government organizations

	2020 (000's)	2019 (000's)
CMHC - accrued interest payable	\$ 742	\$ 771
Federal government business enterprise	4	3
Provincial Government	-	160
Provincial government business enterprise	76	12
Municipalities	1,108	933
	\$ 1,930	\$ 1,879

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2020

11. Deferred revenue

	Balance, beginning of year (000's)	Billings/receipts during year (000's)	Transferred to revenue (000's)	Balance, end of year (000's)
CMHC Affordable Housing Program	\$ 9,789	\$ 2,783	\$ (6,823)	\$ 5,749
CMHC Provincial Home Repair Program	1,398	7,172	(5,314)	3,256
CMHC Rent Supplement Program	1,418	-	(163)	1,255
	\$ 12,605	\$ 9,955	\$ (12,300)	\$ 10,260

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, 2020, CMHC funding in the amount of \$10,260,000 was received or receivable but not earned.

12. Long-term debt

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

	2020 (000's)	2019 (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 6.00% to 19.75%, repayable in blended quarterly principal and interest payments of \$2,916,835 with due dates ranging from January 2021 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.	\$ 65,938	\$ 68,975

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2020

12. Long-term debt (cont.)

	2020 (000's)	2019 (000's)
Long-term debt obligations arising from the Canada-Newfoundland Social Housing Agreement of April 1997 payable to CMHC, bearing fixed interest rate of 6.25% repayable in blended monthly principal and interest payments of \$1,257 with due date of 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.	4	120
CMHC fixed rate term debentures, at variable interest rates of 1.01% to 2.14% repayable in blended monthly installments of \$178,468, with final due dates ranging from December 2021 to January 2030. This debt is not secured and can be retired prior to maturity.	10,777	12,454
	\$ 76,719	\$ 81,549

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

	(000's)
2021	\$ 5,175
2022	5,269
2023	5,619
2024	5,557
2025	5,608
2026 - 2038	<u>49,491</u>
	<u>\$ 76,719</u>

Interest expense for the year on outstanding debt totaled \$8,882,000 (2019 - \$9,234,000) 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, 2020

13. Tangible capital assets

March 31, 2020

	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	\$ 56,218	\$ 240,104	\$ 9,058	\$ 246	\$ 86	\$ 1,436	\$ 2,523	\$ 2,212	\$ 311,883
Additions	58	1,428	-	-	-	17	235	170	1,908
Disposals	-	-	-	-	-	-	-	(229)	(229)
Write-downs	-	-	-	-	-	-	-	-	-
Closing balance	\$ 56,276	\$ 241,532	\$ 9,058	\$ 246	\$ 86	\$ 1,453	\$ 2,758	\$ 2,153	\$ 313,562
Accumulated amortization									
Opening balance	\$ -	\$ 191,708	\$ 5,190	\$ 222	\$ 84	\$ 1,247	\$ 2,483	\$ 1,722	\$ 202,656
Amortization	-	4,235	226	11	2	71	50	186	4,781
Disposals	-	-	-	-	-	-	-	(229)	(229)
Write-downs	-	-	-	-	-	-	-	-	-
Closing balance	\$ -	195,943	5,416	233	86	1,318	2,533	1,679	207,208
Net book value	\$ 56,276	\$ 45,589	\$ 3,642	\$ 13	\$ -	\$ 135	\$ 225	\$ 474	\$ 106,354

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2020

13. Tangible capital assets (cont.)

March 31, 2019

	Land (000's)	Rental properties (000's)	Office buildings (000's)	Furniture and office equipment (000's)	Maintenance tools and equipment (000's)	Computer hardware (000's)	Computer software (000's)	Vehicles (000's)	Total (000's)
Cost									
Opening balance	\$ 56,276	\$ 239,989	\$ 9,058	\$ 246	\$ 86	\$ 1,257	\$ 2,491	\$ 2,283	\$ 311,686
Additions	-	508	-	-	-	179	32	207	926
Disposals	(58)	(317)	-	-	-	-	-	(278)	(653)
Write-downs	-	(76)	-	-	-	-	-	-	(76)
Closing balance	\$ 56,218	\$ 240,104	\$ 9,058	\$ 246	\$ 86	\$ 1,436	\$ 2,523	\$ 2,212	\$ 311,883
Accumulated amortization									
Opening balance	\$ -	\$ 187,162	\$ 4,964	\$ 201	\$ 75	\$ 1,193	\$ 2,453	\$ 1,841	\$ 197,889
Amortization	-	4,813	226	21	9	54	30	159	5,312
Disposals	-	(214)	-	-	-	-	-	(278)	(492)
Write-downs	-	(53)	-	-	-	-	-	-	(53)
Closing balance	\$ -	\$ 191,708	\$ 5,190	\$ 222	\$ 84	\$ 1,247	\$ 2,483	\$ 1,722	\$ 202,656
Net book value	\$ 56,218	\$ 48,396	\$ 3,868	\$ 24	\$ 2	\$ 189	\$ 40	\$ 490	\$ 109,227

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2020

13. Tangible capital assets (cont.)

Cost of rental properties at March 31, 2020, includes work in progress of \$2,313,000 (2019 - \$1,961,000). Work in progress is not being amortized as it is not yet available for use. There were contributed tangible capital assets of \$1,134,000 recorded during the year (2019 - \$0).

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

14. Prepaid expenses

Prepaid expenses consist of:

	2020 (000's)	2019 (000's)
Property taxes and other municipal fees	\$ 3,493	\$ 3,507
Insurance costs	433	407
Workers' compensation fees	275	266
Software licenses	141	104
Rent	13	6
	\$ 4,355	\$ 4,290

15. Contingent liabilities

(a) Guaranteed debt

The Corporation has provided loan guarantees pursuant to the Canada-Newfoundland Social Housing Agreement in respect of certain CMHC debt of partner managed housing operators. For the year ended March 31, 2020, the amount of the principal outstanding under this guarantee, and limit of the guarantee, was \$24,376,000. 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, 2020

16. Contractual rights

Contractual rights are rights to economic resources arising from contracts or agreements that will result in revenues and assets in the future. The Corporation has entered into the Social Housing Agreement (1997) and the CMHC – Newfoundland and Labrador Bilateral Agreement under the 2017 National Housing Strategy. The contractual rights of the Corporation for future assets and revenues are \$291,402,000 for the Social Housing Agreement (1997) and \$125,356,000 for CMHC-Newfoundland and Labrador Bilateral Agreement.

17. Contractual obligations

	2020 (000's)	2019 (000's)
Uncompleted purchase and construction contracts	\$ 3,456	\$ 4,070
Commitments under lending programs	8,149	16,255
Commitments under grant programs	2,729	2,521
	\$ 14,334	\$ 22,846

Contractual obligations are those to outside organizations and individuals in respect of contracts entered into on or before March 31, 2020. 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, 2020

18. Segmented information by object (cont.)

	Rental operations		Partner managed housing		Affordable housing investments		Rent supplement		Land development		Administration		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Revenues														
Province of Newfoundland and Labrador operating grant	\$ 73	\$ 267	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 47,194	\$ 71,679	\$ 47,267	\$ 71,946
CMHC revenue	-	-	12,137	15,113	-	-	171	171	-	-	35,971	38,402	48,279	53,686
Other government sources	137	157	89	27	-	-	-	-	-	-	-	-	226	184
Rent	23,089	22,669	-	-	-	-	-	-	-	-	-	-	23,089	22,669
Interest	-	-	-	-	-	-	-	-	-	-	526	534	-	534
Land sales	-	-	-	-	-	-	-	-	158	177	-	-	158	177
Gain on sale of tangible capital assets	24	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit from land sales by municipalities	-	-	-	-	-	-	-	-	34	82	-	-	34	82
Other	866	-	-	-	-	-	-	-	-	-	474	369	1,340	369
	24,189	23,093	-	12,228	15,140	171	171	171	192	259	84,165	110,984	120,843	149,647
Expenses														
Rental property operating costs	22,496	24,663	-	-	-	-	-	-	-	-	-	-	22,496	24,663
Amortization	3,991	4,549	428	428	-	-	-	-	-	-	382	335	4,781	5,312
Grants and subsidies	8,647	9,023	5,897	6,512	35,197	42,909	10,558	10,597	-	-	-	-	60,299	69,041
Other administration	-	-	-	-	-	-	-	-	23	-	2,524	2,706	2,547	2,706
Salaries and benefits	5,999	6,298	-	-	-	-	-	-	-	-	14,367	14,551	20,366	20,849
Interest and bank charges	9,075	9,394	15	29	-	1	-	-	-	-	834	834	9,924	10,258
Loss on sale of tangible capital assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation allowances	416	277	-	271	344	-	-	-	-	-	-	-	687	621
	50,624	54,315	6,340	6,969	35,468	43,254	10,958	10,597	23	-	18,087	18,426	121,100	133,581
Annual (deficit) surplus	\$(26,435)	\$(31,222)	\$(6,340)	\$(6,969)	\$(23,242)	\$(28,114)	\$(10,387)	\$(10,426)	\$ 169	\$ 259	\$66,078	\$92,558	\$(157)	\$ 16,086

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NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
 March 31, 2020

19. Related party transactions

(a) Transactions with related parties

	2020	2019
	(000's)	(000's)
REVENUES		
Province of Newfoundland and Labrador operating grant		
Consolidated Revenue Fund	\$ 47,267	\$ 71,946
Rent		
Consolidated Revenue Fund	160	165
Labrador-Grenfell Regional Health Authority	13	13
EXPENSES		
Rental operations		
Nalcor Energy	53	63
Consolidated Revenue Fund	134	131
Western Regional Health Authority	-	2
Partner managed housing		
Eastern Regional Health Authority	690	846
Western Regional Health Authority	250	330
Central Regional Health Authority	154	263
Labrador-Grenfell Regional Health Authority	47	39
Affordable housing investments		
Eastern Regional Health Authority	178	176
Western Regional Health Authority	1	-
Administration		
Consolidated Revenue Fund	282	337
Eastern Regional Health Authority	-	40
Nalcor Energy	-	1
Memorial University of Newfoundland	1	1

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2020

19. Related party transactions (cont.)

(b) Balances due from and to related parties

	2020	2019
	(000's)	(000's)
Due from government and other government organizations		
Consolidated Revenue Fund	\$ 2,754	\$ 4,586
Central Regional Health Authority	-	16
Due to government and other government organizations		
Consolidated Revenue Fund	-	74
Nalcor Energy	76	12
Central Regional Health Authority	-	86

20. Trust under administration

For the year ended March 31, 2020, the balance of funds held in trust was \$3,327,000 (2019 - \$3,482,000). 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

	2020	2019
	(000's)	(000's)
Accounts receivable	\$ (248)	\$ 434
Accounts receivable - provision for doubtful accounts	143	66
Due from government and other government organizations	9,791	51
Accounts payable and accrued liabilities	(1,015)	(3,227)
Due to government and other government organizations	51	(178)
Inventories held for use	7	21
Prepaid expenses	(65)	39
	\$ 8,664	\$ (2,794)

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2020

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

An estimated impairment of accounts receivable for \$402,000 has been provided for through an allowance for decline in value, as disclosed in Note 3. An estimated impairment of loans receivable for \$1,240,000 has been provided for through an allowance for decline in value, as disclosed in Note 6. The Corporation classifies its loans receivable as impaired in accordance with Note 2(e). The Corporation classifies its accounts receivable as impaired when collection is in doubt and is based on analysis of the balance.

At March 31, 2020, the aging of loans receivable that are past due but not impaired, are as follows:

	(000's)
30 days	\$ 163
60 days	266
90 days	82
Over 90 days	<u>72</u>
	<u>\$ 583</u>

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22. Financial Risk Management (cont.)

Credit risk (cont.)

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

Market risk

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

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure relates to cash, loans receivable and long-term debt. For the year ended March 31, 2020, 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 \$15,000. 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, 2020, the increase/decrease in annual surplus for each one percent change in interest rates on the CMHC fixed rate term debentures amounts to \$116,000.

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 12. The Corporation maintains adequate cash to ensure all its financial liabilities and contractual obligations can be met when they fall due. The Corporation has an authorized credit facility totaling \$3,000,000, which is unused as at March 31, 2020.

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.

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24. 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.

25. 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.