NL Housing

Annual Report

2016-17

Newfoundland Labrador

MESSAGE FROM THE CHAIR

In accordance with the **Transparency and Accountability Act**, I am pleased to present the 2016-17 Annual Report for the Newfoundland and Labrador Housing Corporation (NLHC). The report provides an overview of the key activities, achievements and financial information for the 2016-17 fiscal year as well as the overall accomplishments for the 2014-17 strategic planning period.

Access to safe, stable and affordable housing is fundamental to the social and economic well-being of individuals, families and our communities. NLHC's mandate is to implement Government's social housing policy and programs for the benefit of low-to-moderate income households throughout the province, with a focus on supporting the most vulnerable and those with distinct needs. 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, and those who struggle with the challenges of achieving homeownership. In 2016-17, NLHC collaborated with partners and stakeholders here and across Canada to inform the development of a more collaborative and coordinated approach to address these varying housing needs. We look forward to 2017-18 and the release of a National Housing Strategy and development of a comprehensive Provincial Housing Plan.

This report was prepared under the direction of the Board of Directors of NLHC, in accordance with the requirements of the **Transparency and Accountability Act**. NLHC's Board of Directors is accountable for the actual results reported in this document.

Julia Mullaley

JULIA MULLALEY, CPA, CA
Chair and Chief Executive Officer (Interim)

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Departmental Overview

Corporate Structure

NL Housing is a provincial Crown corporation which 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 of Children, Seniors and Social Development and Minister Responsible for NL Housing.

The members of the Board as of March 31, 2017:

Julia Mullaley, Chair St. John's	Sheena McCrate Torbay	Olive Blake Goose Bay	Barbara Cull Stephenville
Glenda Belbin Corner Brook	Rhonda Neary St. John's	Selma Pike St. Anthony	

Who We Serve

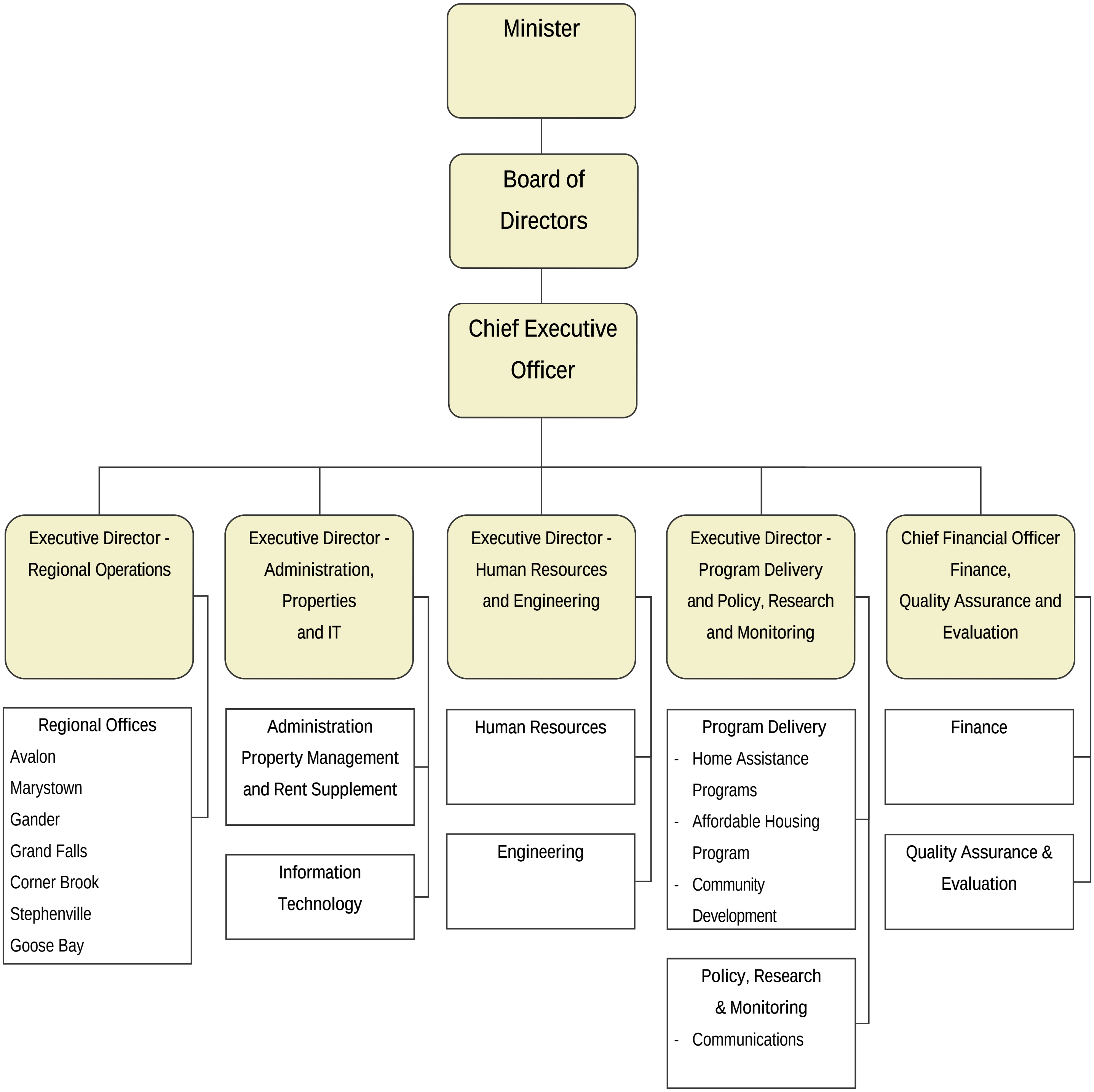
NLHC clients are individuals and families with low-to-moderate incomes who require varying amounts of assistance to access and/or maintain safe, stable and affordable housing. The programs NLHC delivers serve renters, homeowners, persons with disabilities, persons with complex needs, seniors, youth, and persons who have experienced family violence.

NLHC offers a range of programs including, for example, working in partnership with the private and non-profit sector to create affordable housing, delivering and maintaining a portfolio of social housing units and providing funding for necessary repairs and modifications to homes owned by individuals with low incomes. In 2016-17, 13,953 households, representing in excess of 31,000 individuals, received direct assistance through NLHC's social housing programs. Many other individuals and families have been assisted by non-profit partners supported by NLHC.

Overview of Households and Clients Served 2016-2017		
Program	**Households**	**Clients**
Public Affordable Rental Housing	5,599	11,982
Rental Supplement	1,757	2,044
Community-Based Housing	2,528	1,469
Provincial Home Repair Program (PHRP)	1,649	2,368
Residential Energy Efficiency Program (REEP)	506	722
Affordable Housing	1,537	1,844
Home Modification Program (HMP)	377	n/a[1]
Supportive Living Program	n/a[2]	3,086
Provincial Homelessness Fund	n/a[2]	8,400
Total	**13,953**	**31,915**

1. **Individual client data is not applicable as these programs serve households.**
2. **Household data is not applicable as these programs serve individual clients.**

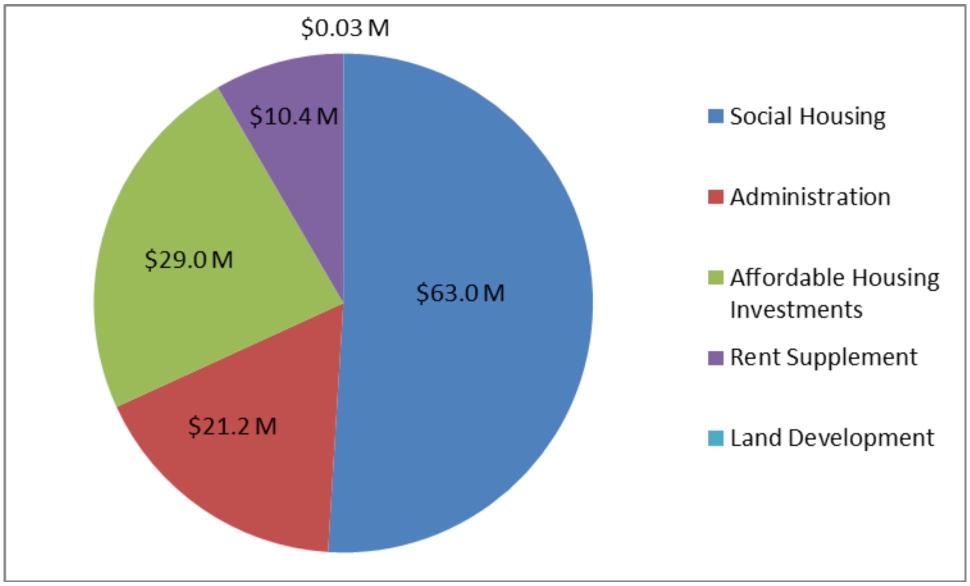
Organizational Chart



Financial Profile

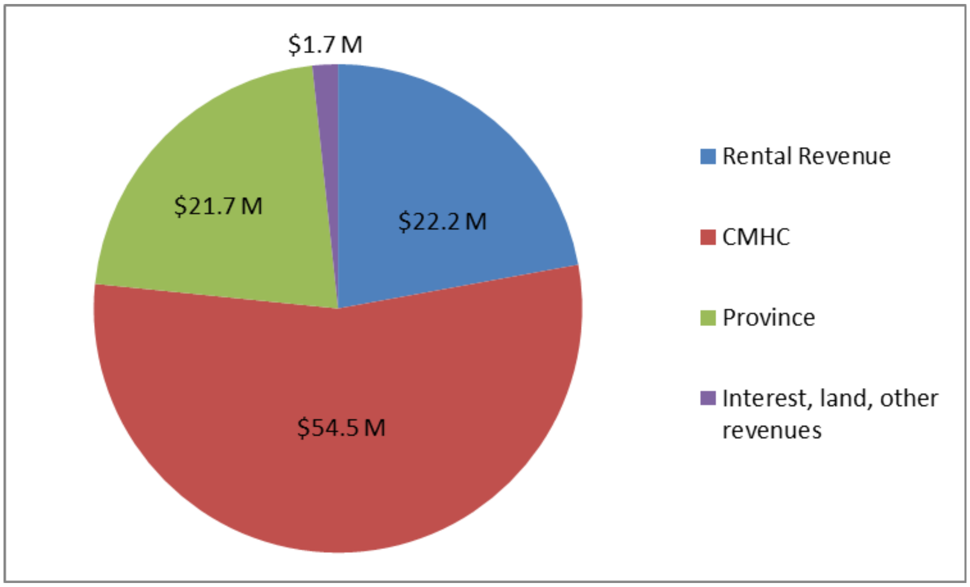
Expenditures

Total expenditures in 2016-2017 were $123.6 million. Please refer to the audited financial statements for further details.



Sources of Funds

Total revenues in 2016-17 were $100.1 million. Please refer to the audited financial statements for further details.



* CMHC: Canada Mortgage and Housing Corporation is a Federal Crown Corporation.

Staff

As of March 31, 2017, NLHC has 343 funded permanent, seasonal and temporary positions located in seven regional offices as well as the head office in St. John's. Head office positions comprise 31% of the funded positions (107 positions), while the regional offices have a combined total of 236 positions or 69% of the funded positions. The workforce of occupied positions is 43% female and 57% male.

Region	**Number of Positions**
Head Office	107
Avalon	120
Marystown	9
Grand Falls	24
Gander	11
Corner Brook	42
Stephenville	15
Labrador	15
Totals	**343**

Highlights and Partnerships

Review of Programs and Services

During the year, NLHC continued to work with private, non-profit and government partners to advance social housing objectives. Consistent with the direction of The Way Forward, NLHC commenced a review of its programs and services in November 2016 with a key objective of taking immediate steps to improve the efficiency and services of NLHC. As part of the review, NLHC conducted a series of extensive consultations with clients, community stakeholders and employees throughout the province. This consultation process was designed and delivered with extensive support from the Public Engagement Branch of Executive Council. A summary of what we heard through these consultations can be found at http://www.nlhc.nl.ca/documents/consultations/survey.pdf. Recommendations based on the review were provided to Government in March 2017 and the resulting Action Plan will be released in the near future. The review and consultations will also inform the development of a comprehensive provincial housing plan in 2017-18.

Continuous Improvements

While the review of our programs provided an opportunity to examine our operations at a point in time, it is important that we also build a culture of continuous improvement – a culture that strives to continually transform to meet the diverse needs of our clients. This aligns with the focus areas in The Way Forward to achieve "A More Efficient Public Sector" and "Better Services". In December 2016, NLHC initiated the introduction of "Lean" in our organization. "Lean" principles are derived from the Japanese manufacturing industry. The core idea of Lean is relentlessly working on eliminating activities that do not add value from the perspective of the customer. In January 2017, Lean projects commenced in the selected priority areas of application processing and vacancy turnaround with the objective of reducing processing times and more quickly placing clients in housing.

Social Infrastructure Funding

In October 2016, the Federal and Provincial Governments announced a new two-year, $48.9 million investment to provide greater access to more affordable housing including the doubling of current funding under the Investment in Affordable Housing Program, supporting affordable housing for seniors and victims of family violence, and addressing repairs of existing social housing. As of March 31, 2017, $31.1 million has been committed to priority areas with the remaining to be committed by March 31, 2018.

National Housing Strategy

In 2016-17, significant collaborative work continued among federal, provincial, and territorial governments to develop a National Housing Strategy. In November, Ministers responsible for housing across the country agreed on long-term aspirations to improve housing affordability and reduce homelessness. They also discussed more specific outcomes of a National Housing Strategy to improve housing conditions and affordability for the most vulnerable residents of Canada. The proposed outcomes are intended to contribute to economic growth, environmental sustainability, and increased social and economic participation of low income households. The outcomes of a National Housing Strategy and the details of a renewed federal, provincial, and territorial partnership will be established through a multi-lateral framework anticipated to be developed in 2017.

Down Payment Assistance Pilot

In 2016-17 NLHC continued delivery of the final year of the 2 year pilot program providing down payment assistance to first-time homebuyers. In 2016-17, an additional 74 households utilized funding under this pilot to purchase a home, bringing the total number of households served to 174 over the pilot. An assessment of the pilot was included in the overall review of NLHC's programs.

Partner Managed Housing Conference

In 2016, the bi-annual partner managed housing conference was held on October 21-22. The conference provides an opportunity for groups and individuals in partner managed housing to share their experiences and to participate in education sessions. In 2016, some of the topics of conversation included: how to attract volunteers, lease compliance/tenant issues, and board governance and education. This bi-annual conference also gives NLHC an opportunity to acknowledge the hard work of the volunteer boards of Partner Managed Housing and Co-op projects.

Employees Reaching Out (ERO)

In 2016-17, ERO raised funds of $5,806 through a variety of initiatives such as a summer burger day, Christmas buffet, ticket draws, 50/50 ticket sales and a St. Patrick's Day breakfast. Funds went toward supporting children's Christmas events for ten tenant associations, Christmas functions for NLHC's nine Seniors buildings, arranging and delivering fifteen Christmas hampers to low income families, and assisting eleven tenant families throughout the year by providing items ranging from bus passes to sandwich trays for bereaved families. All of these efforts were made possible by the generosity of NLHC employees.

Scholarships

The winners of the 2016 NLHC youth and adult scholarships were announced in December 2016 (http://www.nlhc.nl.ca/media/mediaReleases/2016/11-30.html). The scholarships are valued at $1,000 each; 4 were designated for youth and 6 for adult students pursuing post-secondary education. The scholarships are awarded in three regions of the province: Avalon/Eastern, Central and Western/Labrador. Youth scholarships are awarded based on performance on public examinations. Winners of adult scholarships are selected based on an assessment of financial need, initiative and community involvement.

Report on Performance

Strategic Issue 1: Sustaining the public affordable housing portfolio

Sustaining NLHC's public housing portfolio is essential in maintaining a supply of safe, stable and affordable housing for low income households in the province. NLHC owns some of the oldest social housing units in Canada. Of our 5,599 housing units, over half were built between 30 and 50 years ago. The aging infrastructure, combined with years of deferred maintenance, has led to a need to invest significantly in revitalizing our housing stock. There are a number of different approaches to the improvements:

- following through on regularly schedule maintenance and improvement requirements;
- providing increased funding for both external and internal repairs and upgrades;
- providing investments for insulation and energy efficiency upgrades; and
- planning and carrying out full neighbourhood renewal plans in neighborhoods that need repairs the most.

In recent years, the overall condition of the NLHC housing stock has been improved through investments in the Modernization and Improvement Program.

2014-17 Goal: By March 31, 2017, NLHC will have improved the condition of the public affordable rental housing stock.

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

2014-17 Indicators	2014-17 Accomplishments
Number of public affordable rental housing homes that received exterior upgrades	Over the 2014-17 period, 1,978 public affordable rental housing units throughout the province received exterior upgrades.
Number of public affordable rental housing homes that received interior upgrades	Over the 2014-17 period, 355 public affordable rental housing units throughout the province received interior upgrades.
Average condition rating of public housing rental homes identified for upgrades from year to year	A new asset management system has been developed but average condition ratings are not yet available as condition assessments of units are still underway to input into the new system. While condition ratings are not yet available, 67 per cent of the NLHC stock has received major renovation since 2006 with another 16 per cent scheduled to be upgraded by March 31, 2017; bringing the total percentage of units upgraded since April 2006 to 83 per cent.
Overall percentage completion of revitalization of select older public affordable housing neighbourhoods	For the 2014-17 period, the following three priority neighbourhood revitalization projects were selected: • The Graves/Hoyles/Empire neighbourhood revitalization in St. John’s was completed as of March 31, 2015. • The Cashin/Froude neighbourhood revitalization in St. John’s was completed as of March 31, 2016. • The Crestview neighbourhood revitalization in Corner Brook was 80 per cent completed as of March 31, 2017.

2016-17 Objective: By March 31, 2017, NLHC will have completed a new three-year modernization and improvement plan for the public affordable rental housing portfolio and continued the revitalization of select older public affordable housing neighbourhoods.

Measure: A completed three-year modernization plan and upgraded public affordable rental housing units.

2016-17 Indicators	2016-17 Accomplishments
Number of public affordable rental housing homes that received upgrades	1,161 units received upgrades throughout the province. This includes 1,063 regular Modernization and Improvement upgrades, 14 major repair vacancies and 84 interior renovations.
Overall percentage of completed select older public affordable housing neighbourhoods, through revitalization	The Crestview renewal project is 80% complete as of the end of 2016-17.
A completed modernization plan for 2017-2020	A modernization plan was completed for 2017-2020 and is updated on a regular basis to reflect the changing demand of the housing stock and available budget. A Corporate asset management system has been developed and condition assessments of the units have commenced. Once the system contains the required information on the housing stock, it will improve the ability to facilitate development of modernization plans and monitoring of unit conditions.

Discussion of Results:

In 2016-17, NLHC continued to advance its goal of improving the condition of its social housing portfolio. During 2016-17, 1,161 units, in 345 buildings, received upgrades. This brings the total number of units receiving exterior and interior upgrades over the 2014-17 period to 1,978 and 355 respectively. This work is important and integral to the effort of improving the physical condition of units and the useful life of the units, as well as increasing their energy efficiency. NLHC continued efforts over this period to implement an asset management system to improve information on the housing stock to better inform infrastructure investment decisions.

Strategic Issue 2: Responding to changing housing needs

Housing need often arises when people find themselves unable to find affordable housing or afford to remain in their accommodations. Need can also arise when a dwelling's condition is deteriorated so much that it is no longer considered safe or adequate for habitation. Indeed, housing needs span the continuum of housing, from individuals who experience or risk experiencing homelessness, to housing affordability for low income households, and through to those struggling to achieve homeownership. Housing needs are also influenced by our changing demographics including an aging population with accessibility and supportive services considerations, smaller family size and an increased percentage of single individuals comprising of clients receiving income support. An estimated 25 per cent of NLHC's units are one and two bedrooms while over 90 per cent of housing applications require one and two-bedroom units.

In addition to the direct delivery of NLHC rental housing units and the provision of rental subsidies for low income households in private rental accommodations, NLHC also invests in addressing housing needs by creating affordable housing units in partnership with the private and non-profit sector, providing financial assistance to homeowners for necessary home repairs, providing grants to non-profit community organizations to prevent and end homelessness and providing down-payment assistance to low-to-moderate income households to support home ownership.

These suites of programs are key elements in addressing the continuum of housing needs in the Province.

2014-17 Strategic Plan Goal: By March 31, 2017, NLHC will have improved housing options within the stock of privately owned homes and rental homes in response to changing housing needs.

Measure: Improved housing options within the stock of privately owned homes and rental homes in response to changing housing needs.

2014-17 Indicators	2014-17 Accomplishments
Addressed select affordable housing challenges	Over the 2014-17 period: • Assisted 2,572 homeowners with energy efficiency retrofits through the Residential Energy Efficiency Program making homes more affordable to heat. • Placed 812 households in rent supplemented units (through available rent supplement funding or by turnover in units by tenants).
Addressed housing adequacy challenges	Over the 2014-17 period: • Assisted 4,590 homeowners with general or emergency home repairs through the Provincial Home Repair Program. • Assisted 1,039 homeowners with accessibility modifications through the Home Modification Program.
Increased affordable housing supply	Over the 2014-17 period, affordable housing was constructed in the following areas: • Private 152 • Supportive 46 • Non-Profit 14

Increased supply of supportive living options	Over the 2014-17 period, 46 supportive living units were constructed.
Worked with community, government and private sector partners	Over the 2014-17 period, through a total investment of $19.1 million, NLHC supported 25 community organizations through the Supportive Living Program, with assistance being delivered to nearly 7,300 vulnerable clients*.

* These 7,300 clients are unique individuals.

2016-17 Objective: By March 31, 2017, NLHC will have further implemented measures to respond to changing housing needs.

Measure: Initiatives undertaken to respond to changing housing needs.

2016-17 Indicators	2016-17 Accomplishments
Number of repair and modification grants provided	In 2016-17, 1,650 households received Provincial Home Repair Program (PHRP) grants. These grants allow homeowners to complete essential repairs and modifications and thereby remain in their own homes and communities. The average PHRP recipient is 68 years old, a rural resident with a household income of $21,275. 378 households received Home Modification Program (HMP) grants, thus allowing them to make accessibility improvements to their homes. The average HMP client is approximately 71 years old, a rural resident with an income of $14,260.
Number of repair and modification grants provided to target groups	PHRP and HMP assisted the following number of households in specified target groups in 2016-17: • Seniors 1,428 (persons 65 years or older) • Non-Seniors 600

Number of energy efficiency grants provided	In 2016-17, 506 energy efficiency grants were provided to clients averaging 49 years of age and with an average income of $21,368.
Number of households assisted with Rent Supplements	In 2016-17, 168 households were placed in rent supplement units with a total of 1,757 rent supplement units at March 31, 2017.
Number of new private affordable housing and supportive units developed for specific target groups	In 2016-17, the following reached completion under the Investment in Affordable Housing program: • Multiple Target Groups: 75 units • Independent Seniors: 65 units • Supportive: 20 • Families: 6 units
Number of new private affordable housing units approved for development	The funding available under the Investment in Affordable Housing program for private affordable housing units has been fully subscribed and units have either already been completed, are under construction or approved for development and reported in the appropriate section on accomplishments. In 2016-17, 179 affordable and supportive rental housing units reached full construction throughout the province.
Number of new private affordable housing units constructed	153 units reached full construction completion across the province.
Number of new supportive living units approved for development	The funding available under the Investment in Affordable Housing program for supportive living units has been fully subscribed and units have either already been completed, are under construction or approved for development and reported in the appropriate section on accomplishments.

Number of new non-profit/supportive units constructed	In 2016-17, 26 non-profit/supportive units were constructed across the province.
Number of individuals assisted by community groups funded through the Supportive Living Program (SLP)	In 2016-17, there were approximately 2,500 individuals assisted across the province by the community groups funded through SLP. As an integrated data system has not yet been completed, it is possible that some individuals utilized more than one program and as such were counted more than once.

Discussion of Results:

NLHC remains committed to supporting the varying housing needs of low income households throughout the province. In 2016-17, NLHC provided financial assistance under the Provincial Home Repair and Home Modification programs to over 2,000 low income homeowners to complete necessary home repairs and accessibility modifications enabling them to remain in their homes. In 2016-17, NLHC also provided grants to 506 low income homeowners for energy efficiency improvements, helping to improve housing affordability through average annual reduced heating costs per household of approximately $660. Over the period 2014-17, approximately 8,200 low income households received funding through the home repair and energy efficiency programs.

In 2016-17, NLHC continued to assist low income households by subsidizing rental payments to landlords in the private rental market. Throughout the year, 168 households were placed in rent supplement units as vacancies and program budget allowed. At the end of March 31, 2017, NLHC was subsidizing a total of 1,757 households under the Rent Supplement program.

Under the Investment in Affordable Housing program, in partnership with the private and non-profit sector, an additional 179 affordable and supportive rental housing units reached full construction in 2016-17 to help address housing affordability for low income households throughout the province. Over the 2014-17 period, 212 affordable and supportive housing units were constructed, with an additional 286 units approved for development.

In 2016-17, under the Supportive Living program, NLHC provided funding of approximately $7.6 million to non-profit community based organizations to prevent and end homelessness and foster long-term housing stability for over 2,500 individuals. Over the 2014-17 period, the Supportive Living program invested over $19.0 million in 25 community organizations to assist approximately 7,300 clients who were homeless or at risk of homelessness throughout the province.

Opportunities and Challenges

Opportunities

Safe, stable and affordable housing is fundamental to the social and economic well-being of individuals, families and our communities. Federal Budget 2017 includes a commitment to long-term funding for social and affordable housing, to be delivered through a strengthened Federal-Provincial-Territorial partnership. This partnership is a key element of the National Housing Strategy (NHS), to be released in 2017, which also includes new initiatives designed to address shared housing outcomes in our province. Investments and programming within the NHS presents an opportunity to align shared goals and initiatives in the development of a new Provincial Housing Plan in 2017-18. This comprehensive provincial housing plan will address the diverse needs of our residents, paying particular attention to housing needs and support for the most vulnerable and those with distinct needs.

The review of our programs, together with extensive stakeholder consultations in 2016-17, presents further opportunities to inform the development of the provincial housing plan, reflective of the housing goals and aspirations of stakeholders and housing needs of the residents of the province.

Challenges

The economic and fiscal challenges facing the province are likely to continue to create pressures on the delivery of housing supports and services in the immediate future as households are impacted by the economic downturn with projected growth in unemployment rates. In addition, while new Federal funding will enhance service delivery, much of this funding is dependent on provincial cost-matching. Changing demographics, particularly an aging population, will continue to increase demand for affordable and supportive housing, home repair and rental assistance for seniors.

While the social housing stock remains a critical source of housing infrastructure across the province, the utilization of this stock presents a significant challenge. The current stock does not reflect the current need in most communities, as an older housing stock of 3 and 4 bedroom units cannot effectively serve a waitlist which is primarily composed of singles, couples, and small families. NLHC will need to find ways to better utilize this stock, through modernization and transformation, while continuing to serve those low income households that require social housing as a critical source of shelter.

Audited Financial Statements

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

FINANCIAL STATEMENTS

MARCH 31, 2017

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.

Julia Mullaley

Ms. Julia Mullaley, CPA, CA
Chairperson and Chief Executive Officer (Interim)

AUDITOR
GENERAL
of Newfoundland and Labrador

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

I have audited the accompanying financial statements of the Newfoundland and Labrador Housing Corporation which comprise the statement of financial position as at March 31, 2017, the statements of operations, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Independent Auditor's Report (cont.)

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

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Newfoundland and Labrador Housing Corporation as at March 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

TERRY PADDON, CPA, CA
Auditor General

July 24, 2017
St. John's, Newfoundland and Labrador

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

	2017	2016
	(000's)	(000's) (Restated) (Note 26)
FINANCIAL ASSETS		
Cash	$ 10,335	$ 36,801
Accounts receivable (Note 4)	2,012	3,446
Land held for sale (Note 5)	9	-
Due from government and other government organizations (Note 6)	20,999	3,582
Loans receivable (Note 7)	6,531	5,490
Receivables from municipalities - land transfers (Note 8)	777	832
	40,663	50,151
LIABILITIES		
Accounts payable and accrued liabilities (Note 9)	9,837	10,994
Employee future benefits (Note 10)	25,948	26,109
Due to government and other government organizations (Note 11)	1,567	1,505
Deferred revenue (Note 12)	26,825	9,865
Long-term debt (Note 13)	92,024	97,078
	156,201	145,551
Net debt	(115,538)	(95,400)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 14)	118,112	121,398
Inventories held for use	383	392
Prepaid expenses (Note 15)	4,326	4,404
	122,821	126,194
Accumulated surplus	$ 7,283	$ 30,794

Contingent liabilities (Note 16)
Contractual obligations (Note 17)
Trust under administration (Note 20)

Signed on behalf of the Corporation: Julia Mullaley **Chairperson** ______ **Member**

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

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

	2017 Budget	2017 Actual	2016 Actual
	(000's) (Note 24)	(000's)	(000's) (Restated) (Note 26)
REVENUES (Note 18)			
Province of Newfoundland and Labrador operating grant	$ 21,334	$ 21,720	$ 36,430
CMHC revenue	48,179	54,528	53,691
Other government sources	250	361	381
Rent	21,421	22,150	21,682
Interest	612	499	841
Land sales	5,000	10	7,512
Gain on sale of tangible capital assets	591	7	-
Profit from land sales by municipalities	200	23	124
Other	37	789	263
	97,624	100,087	120,924
EXPENSES (Note 18)			
Rental operations	48,706	54,270	65,599
Partner managed housing	8,235	8,756	10,519
Affordable housing investments	24,122	28,962	24,900
Rent supplement	10,305	10,351	11,456
Land development	-	28	52
Administration	22,353	21,231	23,099
	113,721	123,598	135,625
Annual deficit	(16,097)	(23,511)	(14,701)
Accumulated surplus, beginning of year	30,794	30,794	45,495
Accumulated surplus, end of year	$ 14,697	$ 7,283	$ 30,794

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

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

	2017 Budget	2017 Actual	2016 Actual
	(000's) (Note 24)	(000's)	(000's) (Restated) (Note 26)
Annual deficit	$ (16,097)	$ (23,511)	$ (14,701)
Changes in tangible capital assets (Note 14)			
Acquisition of tangible capital assets	(284)	(2,369)	(1,545)
Net book value of tangible capital asset disposals and write-downs	-	148	76
Amortization of tangible capital assets	-	5,507	5,758
	(284)	3,286	4,289
Changes in other non-financial assets			
Net use (acquisition) of inventories held for use	-	9	(24)
Net use (acquisition) of prepaid expenses	-	78	(659)
	-	87	(683)
Increase in net debt	(16,381)	(20,138)	(11,095)
Net debt, beginning of year	(95,400)	(95,400)	(84,305)
Net debt, end of year	$ (111,781)	$ (115,538)	$ (95,400)

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

	2017	2016
	(000's)	(000's) (Restated) (Note 26)
Operating transactions		
Annual deficit	$ (23,511)	$ (14,701)
Adjustment for non-cash items and change in non-cash operating items:		
Contribution of tangible capital assets	(137)	-
Decrease in provision for doubtful accounts, loans receivable	(26)	(25)
Amortization of tangible capital assets	5,507	5,758
(Gains) losses on sale of tangible capital assets	(7)	70
Employee future benefits	(161)	(16)
Deferred revenue	16,960	(904)
Forgivable loans	5,313	3,190
Other (Note 21)	(16,991)	(4,400)
Cash applied to operating transactions	(13,053)	(11,028)
Capital transactions		
Proceeds, net of selling costs, on sale of tangible capital assets	155	6
Cash used to acquire tangible capital assets	(2,232)	(1,545)
Cash applied to capital transactions	(2,077)	(1,539)
Investing transactions		
Decrease in receivable from municipalities - land transfers	55	19
(Increase) decrease in land for sale	(9)	22
Repayment of loans and advances	1,639	1,670
Forgivable loans	(5,313)	(3,190)
Loans and advances	(2,654)	(1,811)
Cash applied to investing transactions	(6,282)	(3,290)
Financing transactions		
Debt assumed	486	-
Debt retirement	(5,540)	(6,286)
Cash applied to financing transactions	(5,054)	(6,286)
Decrease in cash	(26,466)	(22,143)
Cash, beginning of year	36,801	58,944
Cash, end of year	$ 10,335	$ 36,801

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

1. Nature of operations

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

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

2. Summary of significant accounting policies

(a) Basis of accounting

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

(b) Financial instruments

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

The Corporation generally recognizes a financial instrument when it enters into a contract which creates a financial asset or financial liability. The Corporation subsequently measures all of its financial assets and financial liabilities at cost or amortized cost. Financial assets measured at cost include cash, due from government and other government organizations, and receivables from municipalities - land transfers. Accounts receivable and loans receivable are measured at amortized cost as disclosed in Note 4 and Note 7, respectively. All financial assets are assessed annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations. Financial liabilities measured at cost include accounts payable and accrued liabilities and due to government and other government organizations. Long-term debt is measured at amortized cost as disclosed in Note 13.

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

(c) Cash

Cash includes cash in the bank.

2. Summary of significant accounting policies (cont.)

(d) Land held for sale

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

(e) Loans receivable

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

(f) Liability for contaminated sites

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

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

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

(g) Employee future benefits

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

The employees of the Corporation are subject to the *Public Service Pensions Act, 1991*. Employee contributions are matched by the Corporation and remitted to the Provident[10] from which pensions will be paid to employees when they retire. This plan is a multi-employer, defined benefit plan, providing a pension on retirement based on the member's age at retirement, length of service and the average of their best six years of earnings for service on or after January 1, 2015, and, for service before January 1, 2015, the higher of the average of the frozen best 5 years of earnings up to January 1, 2015, or the average of the best 6 years of earnings for all service.

2. Summary of significant accounting policies (cont.)

(g) Employee future benefits (cont.)

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

(h) Tangible capital assets

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

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

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

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

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

(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.

2. Summary of significant accounting policies (cont.)

(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.

(m) Measurement uncertainty

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

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

3. Accounting pronouncements

There are several new standards issued by the PSAB that are not yet effective and have not been applied in these financial statements. These standards and corresponding effective dates are as follows:

Effective April 1, 2017:

PS 2200 Related Party Disclosures – a new standard defining related parties and establishing disclosure requirements for related party transactions.

PS 3210 Assets – a new standard providing guidance for applying the definition of assets and establishing general disclosure requirements for assets but does not provide guidance for the recognition and disclosure of specific types of assets.

PS 3320 Contingent Assets – a new standard defining and establishing disclosure requirements for contingent assets but does not include disclosure standards for specific types of contingent assets.

PS 3380 Contractual Rights – a new standard defining and establishing disclosure requirements for contractual rights but does not include disclosure standards for specific types of contractual rights.

PS 3420 Inter-entity Transactions – a new standard on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

Effective April 1, 2018:

PS 3430 Restructuring Transactions – a new standard on how to account for and report restructuring transactions by both transferors and recipients of assets and/or liabilities.

The Corporation plans to adopt these standards by the effective dates and is currently analyzing the impact these standards will have on the financial statements.

4. Accounts receivable

	2017	2016
	(000's)	(000's) (Restated) (Note 26)
Harmonized sales tax receivable	**$ 1,806**	$ 3,229
Rents	**158**	205
Other	**203**	161
	2,167	3,595
Less: provision for doubtful accounts	**(155)**	(149)
	$ 2,012	$ 3,446

5. Land held for sale

	2017 (000's)	2016 (000's)
Land held for sale, beginning of year	$ -	$ 22
Land development costs incurred during the year	9	7
	9	29
Less: cost of earned sales recognized during year	-	(29)
Land held for sale, end of year	$ 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, material adjustments to the carrying value of the asset are possible depending upon the impact of any changes and management's best estimate of them.

6. Due from government and other government organizations

	2017 (000's)	2016 (000's) (Restated) (Note 26)
CMHC	$ 20,613	$ 2,699
Province of Newfoundland and Labrador	138	590
Municipalities	248	293
	$ 20,999	$ 3,582

7. Loans receivable

	2017 (000's)	2016 (000's)
Forgivable loans bearing no interest	**$ 80,907**	$ 75,594
Promissory notes bearing fixed interest rates ranging from 0% to 11.5%, repayable in blended monthly principal and interest payments with due dates ranging from April 2017 to April 2041. These notes are unsecured and can be retired prior to maturity.	**5,266**	5,310
Mortgages bearing fixed interest rates ranging from 0% to 8.75%, repayable in blended monthly principal and interest payments with due dates ranging from November 2018 to April 2037. These mortgages are secured and can be retired prior to maturity.	**2,116**	1,057
Less: provision for forgivable loans	**(80,907)**	(75,594)
Less: provision for doubtful accounts	**(851)**	(877)
	$ 6,531	$ 5,490

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

8. Receivable from municipalities - land transfers

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

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

For the year ended March 31, 2017, 21 agreements were in place for the transfer of land to municipalities at a carrying value of $777,000 (2016 - $832,000).

9. Accounts payable and accrued liabilities

	2017 (000's)	2016 (000's)
Trade accounts payable	**$ 5,814**	$ 6,211
Salaries and benefits payable	**776**	902
Accrued leave	**2,130**	2,109
Liability for contaminated sites (Note 9(a))	**422**	1,131
Other	**695**	641
	$ 9,837	$ 10,994

(a) Liability for contaminated sites

The Corporation recognized an estimated liability for contaminated sites of $100,000 (2016 - $754,000) for soil remediation at Chalker Place, St. John's. The nature of the liability is related to the removal of seven electrical transformers containing polychlorinated biphenyls (PCBs) and includes the remediation of soil contaminants resulting from all transformers. Historical costs of previous work of this nature were used as a basis of measurement. Expenditures of $203,000 were incurred during the fiscal year ended March 31, 2017. Furthermore, there was a reduction in the estimated environmental liability of $451,000 due to lower than anticipated costs and no soil contamination being detected during the removal of three of the seven electrical transformers. There are no estimated recoveries anticipated.

The Corporation recognized an estimated environmental liability of $322,000 (2016 - $377,000) for soil remediation at Cashin Avenue and Pleasantville, 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 $2,000 were incurred during the fiscal year ended March 31, 2017. Furthermore, there was a reduction in the estimated environmental liability of $53,000 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

9. Accounts payable and accrued liabilities (cont.)

(a) Liability for contaminated sites (cont.)

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

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

10. Employee future benefits

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

(a) Pension Plan

The Corporation and its employees contribute to the Public Service Pension Plan in accordance with the *Public Service Pensions Act, 1991* (the *Act*). The plan is administered by Provident[10], 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% (2016 - 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, 2017 was $1,697,796 (2016 - $1,787,477).

10. Employee future benefits (cont.)

(b) Retirement and other employee future benefit liabilities

	2017				2016
	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	**$ 19,603**	**$ 1,485**	**$ 1,100**	**$ 22,188**	$ 21,962
Unamortized actuarial gain (loss), end of year	**3,921**	**33**	**(194)**	**3,760**	4,147
Employee future benefits liability, end of year	**$ 23,524**	**$ 1,518**	**$ 906**	**$ 25,948**	$ 26,109

(c) Change in employee future benefits liability

	2017				2016
	Retirement life insurance and health care benefits (000's)	**Severance pay (000's)**	**Accumulating Non-vesting Sick leave benefits (000's)**	**Total Employee Benefits (000's)**	Total Employee Benefits (000's)
Current period benefit cost	**$ -**	**$ 31**	**$ 109**	**$ 140**	$ 135
Interest on accrued benefit obligation	**943**	**78**	**57**	**1,078**	1,063
Amortization of actuarial (gains) losses	**(415)**	**(6)**	**34**	**(387)**	(340)
Employee future benefits expense	**528**	**103**	**200**	**831**	858
Less: benefits payments	**(401)**	**(309)**	**(282)**	**(992)**	(874)
Change in employee future benefits liability	**$ 127**	**$ (206)**	**$ (82)**	**$ (161)**	$ (16)

10. Employee future benefits (cont.)

(d) Retirement and other employee future benefits

i. Retirement life insurance and health care benefits

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

ii. Severance pay

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

Severance pay is payable when employees cease employment with the Corporation unless an employee transfers to another entity in the public service, in which case the liability is transferred with that employee to the other entity. The Corporation's severance liability also includes a provision for non-union employees with less than nine years of continuous service, based upon the Corporation's best estimate of the probability of having to pay severance to those employees.

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.

10. Employee future benefits (cont.)

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

iv. Actuarial valuation

The accrued benefit obligations for employee future benefit plans as at March 31, 2017, have been extrapolated based on valuations performed as at March 31, 2015.

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

	2017	2016
Long-term inflation rate	**2.0%**	2.0%
Compensation increase	**4.0%**	4.0%
Discount rate	**5.0%**	5.0%
Health care cost trend	**5.5%**	5.5%

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 eight 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.

11. Due to government and other government organizations

	2017 (000's)	2016 (000's)
CMHC - accrued interest payable	**$ 833**	$ 869
CMHC - other	**1**	-
Federal government business enterprise	**-**	1
Provincial Government	**12**	10
Provincial government business enterprise	**44**	25
Municipalities	**677**	600
	$ 1,567	$ 1,505

12. Deferred revenue

	Balance, beginning of year (000's)	Billings/receipts during year (000's)	Transferred to revenue (000's)	Refundable to CMHC (000's)	Balance, end of year (000's)
CMHC Affordable Housing Program	$ 9,860	$ 24,517	$ (8,479)	$ -	$ 25,898
CMHC Rent Supplement Program	-	500	-	-	500
CMHC Provincial Home Repair Program	5	7,397	(6,975)	-	427
	$ 9,865	$ 32,414	$ (15,454)	$ -	$ 26,825

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, 2017, CMHC funding in the amount of $26,825,000 was received or receivable but not earned.

13. Long-term debt

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

	2017 (000's)	2016 (000's)
Long-term debt obligations arising from the Canada-Newfoundland Social Housing Agreement of April 1997 payable to CMHC, bearing fixed interest rates ranging from 5.50% to 19.75%, repayable in blended quarterly principal and interest payments of $2,972,083 with due dates ranging from January 2020 to January 2038. This debt is not secured and cannot be retired prior to maturity. The principal and interest payments required are funded entirely through the annual CMHC grant pursuant to the Canada - Newfoundland Social Housing Agreement of April 1997.	$ 74,180	$ 76,409
Long-term debt obligations arising from the Canada-Newfoundland Social Housing Agreement of April 1997 payable to CMHC, bearing fixed interest rates ranging from 6.25% to 11.75%, repayable in blended monthly principal and interest payments of $107,190 with due dates ranging from April 2017 to June 2020. This debt is not secured and cannot be retired prior to maturity. The principal and interest payments required are funded entirely through the annual CMHC grant pursuant to the Canada - Newfoundland Social Housing Agreement of April 1997.	1,572	3,038

13. Long-term debt (cont.)

	2017 (000's)	2016 (000's)
CMHC fixed rate term debentures, at variable interest rates of 1.01% to 2.04% repayable in blended monthly installments of $184,285, with final due dates ranging from December 2021 to January 2030. This debt is not secured and can be retired prior to maturity.	**16,261**	17,619
Long-term debt obligations arising from the Canada-Newfoundland Global Agreement on Social Housing of February 1986, Canada-Newfoundland Operating Agreement of June 1986, and the Canada-Newfoundland Agreement on the Provincial Home Repair Program of January 1999 payable to CMHC, bearing fixed interest rates ranging from 2.00% to 11.00%, with final due dates ranging from May 2017 to March 2048. This debt can be retired prior to maturity.	**11**	12
	$ 92,024	$ 97,078

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

	(000's)
2018	$ 5,315
2019	5,555
2020	5,051
2021	5,070
2022	5,162
2023 - 2038	65,871
	$ 92,024

Interest expense for the year on outstanding debt totaled $9,969,000 (2016 - $10,379,000) and is included in interest and bank charges in the segmented information by object (Note 18).

14. Tangible capital assets

March 31, 2017

	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	$ 56,166	$ 237,762	$ 9,058	$ 246	$ 86	$ 1,212	$ 2,491	$ 2,260	$ 309,281
Additions	159	1,991	-	-	-	65	-	154	2,369
Disposals	(49)	(392)	-	-	-	(20)	-	(273)	(734)
Write-downs	-	-	-	-	-	-	-	-	-
Closing balance	$ 56,276	$ 239,361	$ 9,058	$ 246	$ 86	$ 1,257	$ 2,491	$ 2,141	$ 310,916
Accumulated amortization									
Opening balance	$ -	$ 177,774	$ 4,512	$ 152	$ 57	$ 1,088	$ 2,362	$ 1,938	$ 187,883
Amortization	-	4,989	226	25	9	80	56	122	5,507
Disposals	-	(293)	-	-	-	(20)	-	(273)	(586)
Write-downs	-	-	-	-	-	-	-	-	-
Closing balance	$ -	$ 182,470	$ 4,738	$ 177	$ 66	$ 1,148	$ 2,418	$ 1,787	$ 192,804
Net book value	**$ 56,276**	**$ 56,891**	**$ 4,320**	**$ 69**	**$ 20**	**$ 109**	**$ 73**	**$ 354**	**$ 118,112**

14. Tangible capital assets (cont.)

March 31, 2016

	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	$ 56,192	$ 236,766	$ 9,058	$ 228	$ 86	$ 1,152	$ 2,393	$ 2,175	$ 308,050
Additions	-	1,143	-	18	-	60	98	226	1,545
Disposals	(26)	(147)	-	-	-	-	-	(141)	(314)
Write-downs	-	-	-	-	-	-	-	-	-
Closing balance	$ 56,166	$ 237,762	$ 9,058	$ 246	$ 86	$ 1,212	$ 2,491	$ 2,260	$ 309,281
Accumulated amortization									
Opening balance	$ -	$ 172,698	$ 4,286	$ 128	$ 48	$ 983	$ 2,276	$ 1,944	$ 182,363
Amortization	-	5,173	226	24	9	105	86	135	5,758
Disposals	-	(97)	-	-	-	-	-	(141)	(238)
Write-downs	-	-	-	-	-	-	-	-	-
Closing balance	$ -	$ 177,774	$ 4,512	$ 152	$ 57	$ 1,088	$ 2,362	$ 1,938	$ 187,883
Net book value	**$ 56,166**	**$ 59,988**	**$ 4,546**	**$ 94**	**$ 29**	**$ 124**	**$ 129**	**$ 322**	**$ 121,398**

14. Tangible capital assets (cont.)

Cost of rental properties at March 31, 2017, includes work in progress of $3,568,000 (2016 - $2,743,000). Work in progress is not being amortized as it is not yet available for use. There were contributed tangible capital assets with a fair value of $622,000 recorded during the year (2016 - $nil).

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

15. Prepaid expenses

Prepaid expenses consist of:

	2017 **(000's)**	2016 (000's)
Property taxes and other municipal fees	**$ 3,341**	$ 3,379
Insurance costs	**420**	390
Workers' compensation fees	**276**	280
Software licenses	**278**	327
Rent	**10**	10
Other	**1**	18
	$ 4,326	$ 4,404

16. Contingent liabilities

(a) Guaranteed debt

The Corporation has provided loan guarantees pursuant to the Canada-Newfoundland Social Housing Agreement in respect of certain CMHC debt of partner managed housing operators. For the year ended March 31, 2017, the amount of the principal outstanding under this guarantee, and limit of the guarantee, was $46,067,000. 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.

17. Contractual obligations

	2017 (000's)	2016 (000's)
Uncompleted purchase and construction contracts	$ 6,782	$ 6,521
Commitments under lending programs	29,925	30,085
Commitments under grant programs	2,593	3,339
	$ 39,300	$ 39,945

Contractual obligations are those to outside organizations in respect of contracts entered into on or before March 31, 2017. 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. Certain comparative figures have been restated as a result of the correction of prior period errors as outlined in Note 26.

18. Segmented information by object (cont.)

	Rental operations		Partner managed housing		Affordable housing investments		Rent supplement		Land development		Administration		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	(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	$ 385	$ 519	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 21,335	$ 35,911	$ 21,720	$ 36,430
CMHC revenue	-	-	-	-	13,045	10,124	-	-	-	-	41,483	43,567	54,528	53,691
Other government sources	247	293	-	-	114	88	-	-	-	-	-	-	361	381
Rent	22,150	21,682	-	-	-	-	-	-	-	-	-	-	22,150	21,682
Interest	-	-	-	-	-	-	-	-	-	-	499	841	499	841
Land sales	-	-	-	-	-	-	-	-	10	7,512	-	-	10	7,512
Gain on sale of tangible capital assets	7	-	-	-	-	-	-	-	-	-	-	-	7	-
Profit from land sales by Municipalities	-	-	-	-	-	-	-	-	23	124	-	-	23	124
Other	137	-	-	-	-	-	-	-	-	-	652	263	789	263
	22,926	22,494	-	-	13,159	10,212	-	-	33	7,636	63,969	80,582	100,087	120,924
Expenses														
Rental property operating costs	24,504	34,246	-	-	-	-	-	-	-	-	-	-	24,504	34,246
Amortization	4,687	4,884	428	428	-	-	-	-	-	-	392	446	5,507	5,758
Grants and subsidies	7,986	8,298	8,192	9,850	28,811	24,758	10,351	11,456	-	-	-	-	55,340	54,362
Land costs	-	-	-	-	-	-	-	-	-	29	-	-	-	29
Other administration	-	-	-	-	-	-	-	-	28	23	3,141	3,939	3,169	3,962
Salaries and benefits	6,758	7,279	-	-	-	-	-	-	-	-	16,775	17,765	23,533	25,044
Interest and bank charges	10,020	10,537	136	241	11	23	-	-	-	-	923	949	11,090	11,750
Loss on sale of tangible capital assets	-	70	-	-	-	-	-	-	-	-	-	-	-	70
Valuation allowances	315	285	-	-	140	119	-	-	-	-	-	-	455	404
	54,270	65,599	8,756	10,519	28,962	24,900	10,351	11,456	28	52	21,231	23,099	123,598	135,625
Annual (deficit) surplus	$ (31,344)	$ (43,105)	$ (8,756)	$ (10,519)	$ (15,803)	$ (14,688)	$ (10,351)	$ (11,456)	$ 5	$ 7,584	$ 42,738	$ 57,483	$ (23,511)	$ (14,701)

19. Related party transactions

(a) Transactions with related parties

	2017 (000's)	2016 (000's)
REVENUES		
Province of Newfoundland and Labrador operating grant		
Consolidated Revenue Fund	$ 21,720	$ 36,430
Rent		
Consolidated Revenue Fund	178	181
Western Regional Health Authority	-	25
Labrador-Grenfell Regional Health Authority	13	-
Eastern Regional Health Authority	3	9
EXPENSES		
Rental operations		
Consolidated Revenue Fund	149	146
Nalcor Energy	60	58
Partner managed housing		
Eastern Regional Health Authority	953	1,180
Western Regional Health Authority	405	486
Central Regional Health Authority	278	268
Labrador-Grenfell Regional Health Authority	59	94
Affordable housing investments		
Eastern Regional Health Authority	175	175
Consolidated Revenue Fund	-	-
Administration		
Consolidated Revenue Fund	333	418
Eastern Regional Health Authority	39	40
Memorial University of Newfoundland	4	18
Nalcor Energy	1	1

19. Related party transactions (cont.)

(b) Balances due from and to related parties

	2017 (000's)	2016 (000's)
Due from government and other government organizations		
Consolidated Revenue Fund	$ 119	$ 590
Central Regional Health Authority	15	-
Eastern Regional Health Authority	4	-
Due to government and other government organizations		
Nalcor Energy	44	25
Consolidated Revenue Fund	6	7
Eastern Regional Health Authority	6	1
Memorial University of Newfoundland	-	2
Western Regional Health Authority	-	-

20. Trust under administration

For the year ended March 31, 2017, the balance of funds held in trust was $3,482,000 (2016 - $3,572,000). 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

	2017 (000's)	2016 (000's) (Restated) (Note 26)
Accounts receivable	$ 1,428	$ (1,124)
Accounts receivable - provision for doubtful accounts	6	18
Due from government and other government organizations	(17,417)	(625)
Accounts payable and accrued liabilities	(1,157)	(1,498)
Due to government and other government organizations	62	(488)
Inventories held for use	9	(24)
Prepaid expenses	78	(659)
	$ (16,991)	$ (4,400)

22. Financial Risk Management

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

Credit risk

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

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

An estimated impairment of accounts receivable for $155,000 has been provided for through an allowance for decline in value, as disclosed in Note 4. An estimated impairment of loans receivable for $851,000 has been provided for through an allowance for decline in value, as disclosed in Note 7. The Corporation classifies its loans receivable as impaired in accordance with Note 2(e). The Corporation classifies its accounts receivable as impaired when collection is in doubt and is based on analysis of the balance.

At March 31, 2017, the aging of loans receivable that are past due but not impaired, are as follows:

	(000's)
30 days	$ 60
60 days	258
90 days	79
Over 90 days	60
	$ 457

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

22. Financial Risk Management (cont.)

Market risk

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

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure relates to cash, loans receivable and long-term debt. For the year ended March 31, 2017, 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 $59,000. 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, 2017, the increase/decrease in annual surplus for each one percent change in interest rates on the CMHC fixed rate term debentures amounts to $167,000.

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial liabilities and contractual obligations as they fall due. The liquidity risk, relating mainly to accounts payable and accrued liabilities, due to government and other government organizations, long-term debt, and contractual obligations, is considered to be low. The anticipated annual principal repayments on the Corporation's long-term debt is disclosed in Note 13. The Corporation maintains adequate cash to ensure all its financial liabilities and contractual obligations can be met when they fall due. The Corporation has an authorized credit facility totaling $3,000,000, which is unused as at March 31, 2017.

23. Self-insurance

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

24. 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.

26. Correction of prior period errors

(a) Harmonized Sales Tax (HST) recovery on grants to homeowners

An indirect HST recovery review of the Corporation was completed by a third-party during 2016.

Two programs, Provincial Home Repair Program (includes Home Modification Program) and Residential Energy Efficiency Program, were identified for which NLHC had not been claiming the HST rebates. The Corporation has subsequently claimed the rebates and the prior year comparative figures have been restated to correct the error. As a result of the restatement, net debt as at March 31, 2015, has declined by $945,000, representing the impact of the error up to March 31, 2015. Also, expenses and annual deficit for the year ended March 31, 2016, have declined by $1,051,000. In addition, accounts receivable as at March 31, 2016, has increased by $1,996,000 and net debt has declined by $1,996,000. Accounts receivable as at March 31, 2017, continues to include $1,996,000 related to the HST rebates.

(b) Recognition of CMHC revenue on grants to homeowners

During 2016, the Corporation provided grants to homeowners of $4,806,000. The Corporation did not record revenue from CMHC of $2,403,000 related to these grants. The Corporation has subsequently claimed the CMHC revenue and the prior year financial statements have been restated to correct the error.

As a result of the restatement, CMHC revenue for the year ended March 31, 2016, has increased by $2,403,000 and the annual deficit for the year ended March 31, 2016, has declined by $2,403,000. Also, due from government and other government organizations as at March 31, 2016, has increased by $2,403,000 and net debt has declined by $2,403,000. Due from government and other government organizations as at March 31, 2017, continues to include $2,403,000 for CMHC revenues related to grants to homeowners during 2016.

Newfoundland Labrador

Housing