

**NEWFOUNDLAND AND LABRADOR
HOUSING CORPORATION**

FINANCIAL STATEMENTS

MARCH 31, 2024

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



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, 2024, statement of operations, statement of change in net debt, and statement of 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, 2024, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

Other Information

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

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

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

INDEPENDENT AUDITOR'S REPORT (cont.)

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

INDEPENDENT AUDITOR'S REPORT (cont.)

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

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



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

July 23, 2024
St. John's, Newfoundland and Labrador

**NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
STATEMENT OF FINANCIAL POSITION**

As at March 31	2024 (000's)	2023 (000's)
FINANCIAL ASSETS		
Cash	\$ 20,820	\$ 5,330
Accounts receivable (Note 4)	3,294	2,755
Land held for sale (Note 5)	9	9
Due from government and other government organizations (Note 6)	42,687	36,678
Loans receivable (Note 7)	5,177	5,153
Receivables from municipalities		
- land transfers (Note 8)	426	464
	72,413	50,389
LIABILITIES		
Accounts payables and accrued liabilities (Note 9)	14,540	11,796
Employee future benefits (Note 10)	22,668	22,512
Due to government and other government organizations (Note 11)	1,630	1,446
Asset retirement obligations (Note 12)	141,051	135,424
Deferred revenue (Note 13)	43,492	30,664
Long-term debt (Note 14)	56,307	61,861
	279,688	263,703
Net debt	(207,275)	(213,314)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 15)	101,490	100,395
Inventories held for use	436	478
Prepaid expenses (Note 16)	4,613	4,250
	106,539	105,123
Accumulated deficit	\$ (100,736)	\$ (108,191)

Contingent liabilities (Note 17)

Contractual rights (Note 18)

Contractual obligations (Note 19)

Trust under administration (Note 23)

Signed on behalf of the Corporation:

Rhonda M. Neary

Dr. J. M. J. Dr. J. M. J.

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

	2024 Budget (000's)	2024 Actual (000's)	2023 Actual (000's)		
	Unaudited (Note 27)				
REVENUES (Note 20)					
Province of Newfoundland and Labrador					
operating grant	\$ 68,202	\$ 82,826	\$ 54,904		
CMHC revenue	56,246	55,354	49,507		
Other government sources	230	431	431		
Rent	23,679	23,304	23,371		
Interest	282	1,362	817		
Land sales	-	-	6		
Gain on sale of tangible capital assets	-	176	89		
Profit from land sales by municipalities	30	50	61		
Other	527	1,786	660		
	149,196	165,289	129,846		
EXPENSES (Note 20)					
Rental operations	51,345	61,997	54,808		
Partner managed housing	6,655	6,352	6,171		
Affordable housing investments (Note 21)	52,328	52,757	39,277		
Rent supplement	18,556	15,298	13,191		
Land development	-	-	866		
Administration	20,312	21,430	18,751		
	149,196	157,834	133,064		
Annual surplus (deficit)	-	7,455	(3,218)		
Accumulated deficit, beginning of year	(108,191)	(108,191)	(104,973)		
Accumulated deficit, end of year	\$ (108,191)	\$ (100,736)	\$ (108,191)		

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

	2024 Budget (000's)	2024 Actual (000's)	2023 Actual (000's)
Unaudited (Note 27)			
Annual surplus (deficit)	\$ -	\$ 7,455	\$ (3,218)
Changes in tangible capital assets (Note 15)			
Acquisition of tangible capital assets	(14,892)	(5,130)	(4,455)
Increase in tangible capital assets due to asset retirement obligations revaluation	-	(6,728)	-
Net book value of tangible capital asset disposals and write-downs		202	7
Amortization of tangible capital assets	4,196	10,561	4,584
	(10,696)	(1,095)	136
Changes in other non-financial assets			
Net use (acquisition) of inventories held for use	-	42	(21)
Net acquisition of prepaid expenses	-	(363)	(138)
	-	(321)	(159)
Decrease (increase) in net debt	(10,696)	6,039	(3,241)
Net debt, beginning of year	(213,314)	(213,314)	(210,073)
Net debt, end of year	\$ (224,010)	\$ (207,275)	\$ (213,314)

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

	2024	2023
	(000's)	(000's)
Operating transactions		
Annual surplus (deficit)	\$ 7,455	\$ (3,218)
Adjustment for non-cash items and change in non-cash operating items:		
Increase in provision for doubtful accounts, loans receivable	224	79
Amortization of tangible capital assets	10,561	4,584
Gain on sale of tangible capital assets	(176)	(89)
Gain on settlement of asset retirement obligations	(967)	(197)
Settlement of asset retirement obligations	(365)	-
Revaluation of asset retirement obligations	6,959	-
Increase in tangible capital assets due to asset retirement obligations revaluation	(6,728)	-
Write-down of tangible capital assets	32	-
Employee future benefits	156	(887)
Deferred revenue	12,828	2,661
Forgivable loans	4,358	6,049
Other (Note 24)	(3,941)	(13,156)
Cash provided from (applied to) operating transactions	30,396	(4,174)
Capital transactions		
Proceeds, net of selling costs, on sale of tangible capital assets	346	96
Cash used to acquire tangible capital assets	(5,130)	(4,455)
Cash applied to capital transactions	(4,784)	(4,359)
Investing transactions		
Decrease in receivable from municipalities - land transfers	38	58
Repayment of loans and advances	1,254	1,341
Forgivable loans	(4,358)	(6,049)
Loans and advances	(1,502)	(883)
Cash applied to investing transactions	(4,568)	(5,533)
Financing transactions		
Debt assumed	-	1,215
Debt retired	(5,554)	(5,619)
Cash applied to financing transactions	(5,554)	(4,404)
Increase (decrease) in cash	15,490	(18,470)
Cash, beginning of year	5,330	23,800
Cash, end of year	\$ 20,820	\$ 5,330

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

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

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 (the Province) 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. 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 14.

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

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

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, 2024

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, 2024

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. Exchange transactions are transactions where goods or services are provided to a payor for consideration. These transactions include performance obligations for the Corporation arising directly from a payment or promise of consideration by a payor. These transactions are not necessarily exchanges of fair or equal value.

The Corporation's rent revenue is an exchange transaction, with performance objections outlined in rental agreements. The Corporation's performance obligation for rent revenue is to maintain the premise in a good state of repair and fit for habitation during the tenancy and shall comply with a law respecting health, safety or housing. Tenants make payments on a monthly basis and rental terms are considered month to month. The Corporation satisfies its performance obligations with the passage of time.

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 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.

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

2. Summary of significant accounting policies (cont.)

(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 tangible capital assets, estimated employee future benefits, estimated cost of asset retirement obligations, impairment of assets and liabilities for contaminated sites.

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

(n) Asset retirement obligations

The Corporation accounts for an asset retirement obligation when the following criteria have been met: (a) there is a legal obligation to incur retirement costs in relation to a tangible capital asset; (b) the past transaction or event giving rise to the liability has occurred; (c) it is expected that future economic benefits will be given up and (d) a reasonable estimate of the amount can be made.

The asset retirement obligation is initially measured using the best estimate of the amount required to retire a tangible capital asset at the financial statement date. At the time of recognition the asset retirement obligation is recorded as a liability and the carrying value of the related tangible capital asset is increased by the same amount. The Corporation amortizes the increased carrying value of tangible capital assets over its remaining useful life.

When the Corporation identifies an asset retirement obligation in connection with a tangible capital asset that has not been recognized, a liability is recorded and the entire estimated cost of the asset retirement obligation is expensed in the same accounting period. Due to the uncertainty of building retirement dates and the large range of

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

2. Summary of significant accounting policies (cont.)

(n) Asset retirement obligations (cont.)

retirement for other assets the Corporation has not discounted the costs associated with asset retirement obligations and cannot reliably estimate the timing of expenditures.

The Corporation reconsiders the carrying amount of the liability for an asset retirement obligation at each financial reporting date as new information becomes available regarding the estimated cost to settle the liability.

3. Change in significant accounting policy

On April 1, 2023, the Corporation adopted PS 3400 Revenue. This Section establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations, referred to as "exchange transactions", and transactions that do not have performance obligations, referred to as "non-exchange transactions". The Corporation's policy for revenue can be found in note 2(k).

Adoption of PS 3400 did not result in any significant changes to the Corporation's revenue recognition. The section was adopted prospectively, requiring no changes to comparative figures.

4. Accounts receivable

	2024 (000's)	2023 (000's)
Harmonized sales tax receivable	\$ 1,680	\$ 1,707
Rents	2,369	1,733
Other	491	242
	4,540	3,682
Less: Provision for doubtful accounts	(1,246)	(927)
	\$ 3,294	\$ 2,755

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

5. Land held for sale

	2024 (000's)	2023 (000's)
Land held for sale, beginning fo the year	\$ 9	\$ 9
Land development costs incurred during the year	-	-
	9	9
Less: cost of earned sales recognized during the 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.

6. Due from government and other government organizations

	2024 (000's)	2023 (000's)
CMHC	\$ 27,101	\$ 29,432
Province of Newfoundland and Labrador	15,389	6,990
Municipalities	197	256
	\$ 42,687	\$ 36,678

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

7. Loans receivable

	2024 (000's)	2023 (000's)
Forgivable loans bearing no interest	\$ 62,356	\$ 66,714
Promissory notes bearing fixed interest rates ranging from 0.57% to 10.5%, repayable in blended monthly principal and interest payments with due dates ranging from April 2024 to January 2054. These notes are unsecured and can be retired prior to maturity.	4,902	4,732
Mortgages bearing fixed interest rates ranging from 0% to 6.2%, repayable in blending monthly principal and interest payments with due dates ranging from June 2031 to May 2044. These mortgages are secured and can be retired prior to maturity	1,984	1,906
Less: provision for forgivable loans	(62,356)	(66,714)
Less: provision for doubtful accounts	(1,709)	(1,485)
	<hr/> \$ 5,177	<hr/> \$ 5,153

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 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

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

8. Receivable from municipalities - land transfers (cont.)

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, 2024, 21 agreements were in place for the transfer of land to municipalities at a carrying value of \$426,000 (2023 - \$464,000).

9. Accounts payable and accrued liabilities

	2024 (000's)	2023 (000's)
Trade accounts payable	\$ 9,883	\$ 7,513
Salaries and benefits payable	266	235
Accrued leave	2,503	2,180
Liability for contaminated sites (Note 9(a))	877	877
Other	1,011	991
	<hr/> \$14,540	<hr/> \$11,796

(a) Liability for contaminated sites

The Corporation recognized an estimated environmental liability of \$847,000 related to the removal of abandoned fuel storage facilities in the Stephenville Industrial Park (2023 - \$847,000). A report from an independent consulting firm with expertise in engineering and environmental services was used as a basis of measurement. No expenditures were incurred during the fiscal year ended March 31, 2024. There are no estimated recoveries anticipated.

The Corporation also recognized an estimated environmental liability of \$30,000 related to soil remediation at Empire Avenue, St. John's (2023 - \$30,000). The nature of the liability is related to the removal of underground fuel storage tanks. Historical costs of previous work of this nature were used as a basis of measurement. No expenditures were incurred during the fiscal year ended March 31, 2024. 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:

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

9. Accounts payable and accrued liabilities (cont.)

(a) Liability for contaminated sites (cont.)

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 (in addition to above costs)
Gander Industrial Park	Soil contamination
Carpenter's Loop, Hopedale	Soil contamination
Laura's Lane, Makkovik	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, 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% (2023 - 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, 2024 was \$1,598,510 (2023 - \$1,505,054).

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

10. Employee future benefits (cont.)

(b) Retirement and other employee future benefit liabilities

	2024		2023	
	Retirement life insurance and health care benefits (000's)	Severance pay (000's)	Accumulating non-vesting sick leave benefits (000's)	Total employee future benefits (000's)
Accrued employee future benefit obligations, end of year	\$ 25,904	\$ 80	\$ 796	\$ 26,780
Unamortized actuarial loss, end of year	(3,864)	-	(248)	(4,112)
Employee future benefits liability, end of year	\$ 22,040	\$ 80	\$ 548	\$ 22,668
				\$ 22,512

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

10. Employee future benefits (cont.)

(c) Change in employee future benefits liability

	2024		2023	
	Retirement life insurance and health care benefits (000's)	Severance pay (000's)	Accumulating non-vesting sick leave benefits (000's)	Total employee future benefits (000's)
Current period benefit cost	\$ -	\$ -	\$ 88	\$ 88
Interest on accrued benefit obligation	1,020	-	29	1,049
Amortization of actuarial (gains) losses	(153)	-	5	(148)
Employee future benefits expense (recovery)	867	-	122	989
Less: benefits payments	(582)	-	(251)	(833)
Changes in employee future benefits liability	\$ 285	\$ -	\$ (129)	\$ 156
				\$ (887)

(d) Retirement and other employee future benefits

i. Retirement life insurance and health care benefits

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

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

10. Employee future benefits (cont.)

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

ii. Severance pay

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

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

The severance liability as at March 31, 2024 represents severance owing to unionized and management employees who deferred receiving their severance entitlement.

iii. Accumulating, non-vesting sick leave benefits

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

iv. Actuarial valuation

The accrued benefit obligations, excluding severance, for employee future benefit plans as at March 31, 2024, are based on valuations performed as at March 31, 2024.

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

10. 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:

	2024	2023
Long-term inflation rate	2.00%	1.75%
Compensation increase	3.00%	2.50%
Discount rate	4.75%	4.75%
Health care cost trend	4.00%	3.50%

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

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

v. Experience gains or losses

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

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

11. Due to government and other government organization

	2024 (000's)	2023 (000's)
CMHC - accrued interest payable	\$ 615	\$ 652
Federal government business enterprise	1	1
Provincial government	2	2
Provincial government business enterprise	17	16
Municipalities	995	775
	\$ 1,630	\$ 1,446

12. Asset retirement obligations

The Corporation's asset retirement obligations relate to asbestos found in buildings and disposal of oil tanks, septic systems, water wells and air conditioning systems.

The asset retirement obligation for asbestos is amortized on a straight-line basis over the original 40-year useful life of buildings due to buildings having no estimated retirement date. Oil tank asset retirement obligations are expensed in the year of asset acquisition. Water well and septic system asset retirement obligations are amortized on a straight-line basis over ranges of 15-30 years and 15-25 years, respectively.

The liabilities were estimated using a quote provided by an independent third party with expertise in engineering and environmental consulting. During the year ended March 31, 2024 there were additions of \$6,959,000 (2023 - \$0) related to a revised estimate of existing asset retirement obligations. During the year ended March 31, 2024 there was expenditures of \$365,000 (2023 - \$0) related to the retirement of asset retirement obligation. There was a gain of \$967,000 (2023 - \$197,000) as a result of settlement of asset retirement obligations in the year ended March 31, 2024. A summary of the liability can be found in the table below:

	Asbestos (000's)	Oil Tanks (000's)	Other (000's)	Total (000's)
Balance March 31, 2022	\$ 130,412	\$ 4,633	\$ 576	\$ 135,621
Additions	-	-	-	-
Settlement of obligations	(197)	-	-	(197)
Balance, March 31, 2023	130,215	4,633	576	135,424
Additions	6,439	232	288	6,959
Gain on settlement of asset retirement obligations	(961)	(6)	-	(967)
Settlement of asset retirement obligations	(57)	(308)	-	(365)
Balance, March 31, 2024	\$ 135,636	\$ 4,551	\$ 864	\$ 141,051

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

13. 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	\$ 20,512	\$ 9,333	\$ (14,492)	\$ 15,353
CMHC Provincial Home Repair Program	5,056	3,869	(2,130)	6,795
CMHC Rent Supplement Program	766	-	(163)	603
CMHC Co-Investment Fund	-	8,660	-	8,660
Seniors Resource Centre Association of Newfoundland and Labrador	194	140	(160)	174
Province of Newfoundland and Labrador	4,136	5,372	(574)	8,934
Town of Happy Valley-Goose Bay	-	4,986	(2,013)	2,973
	\$ 30,664	\$ 32,360	\$ (19,532)	\$ 43,492

Deferred revenue from CMHC relates to the unearned balance of funds from CMHC for programs as outlined under various federal-provincial agreements. The deferred revenue will be recognized as revenue when the related expenses are incurred. As of March 31, 2024, CMHC funding in the amount of \$31,411,000 (2023 - \$26,334,000) was received but not earned. The audited financial statements for the year ended March 31, 2023 disclosed the CMHC funding as \$26,344,000, the correct amount is \$26,334,000.

Deferred revenue from Seniors Resource Centre Association of Newfoundland and Labrador Inc. relates to the unearned balance of funds from Seniors Resource Centre Association of Newfoundland and Labrador Inc. as outlined under a contribution agreement. The deferred revenue will be recognized as revenue when the related expenses are incurred. As of March 31, 2024, Seniors Resource Centre Association of Newfoundland and Labrador Inc. funding in the amount of \$174,000 (2023 - \$194,000) was received but not earned.

Deferred revenue from Province of Newfoundland & Labrador relates to the unearned balance of funds from Province of Newfoundland & Labrador as outlined under a contribution agreement. The deferred revenue will be recognized as revenue when the related capital expenditures are incurred. As of March 31, 2024, Province of Newfoundland & Labrador funding in the amount of \$8,934,000 (2023 - \$4,136,000) was received but not earned.

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

13. Deferred Revenue (cont.)

Deferred revenue from the Town of Happy Valley-Goose Bay relates to the unearned balance of funds from the Town of Happy Valley-Goose Bay as outlined under a contribution agreement. The deferred revenue will be recognized as revenue when the related capital expenditures are incurred. As of March 31, 2024, Town of Happy Valley-Goose Bay funding in the amount of \$2,973,000 (2023 - \$0) was received but not earned.

14. Long-term debt

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

	2024 (000's)	2023 (000's)
Long-term debt obligations arising from the Canada-Newfoundland Social Housing Agreement of April 1997 payable to CMHC, bearing fixed interest rates ranging from 7.88% to 19.75%, repayable in blended quarterly principal and interest payments of \$2,815,592 with due dates ranging from January 2025 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.	\$ 52,011	\$ 55,949
CMHC fixed rate term debentures, at variable interest rates of 0.57% to 4.51% repayable in blended monthly installments of \$105,944, with final due dates ranging from July 2024 to January 2030. This debt is not secured and can be retired prior to maturity.	3,081	4,697
CMHC forgivable loan arising under the CMHC Federal Lands Initiative with an anticipated substantial project completion date of March 15, 2026.	1,215	1,215
	\$ 56,307	\$ 61,861

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

14. Long-term debt (cont.)

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

	(000's)
2025	\$ 5,600
2026	5,547
2027	5,494
2028	5,893
2029	5,523
2030 - 2038	27,035
Forgivable loan	<u>1,215</u>
	 <u>\$ 56,307</u>

Interest expense for the year on outstanding debt totaled \$7,334,000 (2023 - \$7,861,000) and is included in interest and bank charges in the segmented information by object (Note 20).

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2024

15. Tangible capital assets

March 31, 2024

	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	\$ 57,718	\$ 375,352	\$ 9,693	\$ 246	\$ 86	\$ 1,546	\$ 2,953	\$ 2,199	\$ 449,793
Adjustments	258	(258)	-	-	-	-	-	-	-
Additions	852	3,620	-	-	-	297	-	361	5,130
Asset retirement obligations revaluation	-	6,697	31	-	-	-	-	-	6,728
Disposals	(111)	(1,665)	-	-	-	-	-	(173)	(1,949)
Write-downs	-	(322)	-	-	-	-	-	-	(322)
Closing balance	58,717	383,424	9,724	246	86	1,843	2,953	2,387	459,380
Accumulated amortization									
Opening balance	-	336,489	6,704	242	86	1,476	2,835	1,566	349,398
Amortization	-	9,937	251	2	-	62	78	231	10,561
Disposals	-	(1,606)	-	-	-	-	-	(173)	(1,779)
Write-downs	-	(290)	-	-	-	-	-	-	(290)
Closing balance	-	344,530	6,955	244	86	1,538	2,913	1,624	357,890
Net book value	\$ 58,717	\$ 38,894	\$ 2,769	\$ 2	\$ -	\$ 305	\$ 40	\$ 763	\$ 101,490

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2024

15. Tangible capital assets (cont.)

March 31, 2023

Cost	Land (000's)	Rental properties (000's)	Office buildings (000's)	Furniture and office equipment (000's)	Maintenance tools and equipment (000's)	Computer hardware (000's)	Computer software (000's)	Vehicles (000's)	Total (000's)
	\$ 56,443	\$ 373,199	\$ 9,693	\$ 246	\$ 86	\$ 1,508	\$ 2,953	\$ 2,068	\$ 446,196
Opening balance	\$ 1,275	2,671	-	-	-	38	-	471	4,455
Additions	-	(7)	-	-	-	-	-	(340)	(347)
Disposals	-	(511)	-	-	-	-	-	-	(511)
Write-downs	-	-	-	-	-	-	-	-	-
Closing balance	57,718	375,352	9,693	246	86	1,546	2,953	2,199	449,793
Accumulated amortization									
Opening balance	-	332,987	6,482	240	86	1,431	2,723	1,716	345,665
Amortization	-	4,013	222	2	-	45	112	190	4,584
Disposals	-	-	-	-	-	-	-	(340)	(340)
Write-downs	-	(511)	-	-	-	-	-	-	(511)
Closing balance	-	336,489	6,704	242	86	1,476	2,835	1,566	349,398
Net book value	\$ 57,718	\$ 38,863	\$ 2,989	\$ 4	\$ -	\$ 70	\$ 118	\$ 633	\$ 100,395

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

15. Tangible capital assets (cont.)

Cost of rental properties at March 31, 2024, includes work in progress of \$6,122,000 (2023 - \$2,502,000) and land includes \$1,848,000 (2023 - \$1,314,000) of work in progress. Work in progress is not being amortized as it is not yet available for use. There were no contributed tangible capital assets during the year (2023 - \$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.

16. Prepaid expenses

Prepaid expenses consist of:

	2024 (000's)	2023 (000's)
Property taxes and other municipal fees	\$ 3,899	\$ 3,637
Insurance costs	204	263
Workers compensation fees	254	232
Software licenses	250	112
Rent	6	6
	<hr/> \$ 4,613	<hr/> \$ 4,250

17. 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, 2024, the amount of the principal outstanding under this guarantee, and limit of the guarantee, was \$8,462,000 (2023 - \$11,884,000). There was no provision for losses during the year on the loan guarantees (2023 - \$0). Guaranteed debt for partner managed housing and other housing operators have maturity dates ranging from July 2024 to January 2030 at interest rates varying from 0.57% to 10.5%.

(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, 2024

18. 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), the CMHC – Newfoundland and Labrador Bilateral Agreement under the 2017 National Housing Strategy, and the National Housing Co-investment Fund Contribution Agreement (2023). The contractual rights of the Corporation for future assets and revenues are \$166,273,000 (2023 - \$195,814,000) for the Social Housing Agreement (1997), \$103,055,000 (2023 - \$120,313,000) for CMHC-Newfoundland and Labrador Bilateral Agreement, and \$8,660,000 (2023 - \$0) for the National Housing Co-investment Fund Contribution Agreement.

19. Contractual obligations

	2024 (000's)	2023 (000's)
Uncompleted purchase and construction contracts	\$16,055	\$ 4,539
Commitments under lending programs	5,266	5,495
Commitments under grant programs	5,194	5,738
Lease of transitional housing property	21,902	-
	\$48,417	\$15,772

Contractual obligations are those to outside organizations and individuals in respect of contracts entered into on or before March 31, 2024. These contractual obligations will become liabilities when the terms of the contracts are met.

20. 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, 2024

20. Segmented information by object (cont.)

	Rental operations		Partner managed housing		Affordable housing investments		Rent supplement		Land development		Administration		Total		
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	
	(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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 82,826	\$ 54,904	
CMHC revenue	-	-	-	-	25,563	18,348	201	171	-	-	29,590	30,988	55,354	\$ 54,904	
Other government sources	190	248	-	-	241	183	-	-	-	-	-	-	431	431	
Rent	23,304	23,371	-	-	-	-	-	-	-	-	-	-	23,304	23,371	
Interest	-	-	-	-	-	-	-	-	-	-	1,362	817	1,362	817	
Land sales	-	-	-	-	-	-	-	-	-	6	-	-	-	6	
Gain on sale of tangible capital assets	176	89	-	-	-	-	-	-	-	-	-	-	-	-	
Profit from land sales by Municipalities	-	-	-	-	-	-	-	-	50	61	-	-	50	61	
Other	-	-	-	-	-	-	-	-	-	-	1,786	660	1,786	660	
	23,670	23,708	-	-	25,804	18,531	201	171	50	67	115,564	87,369	165,289	129,846	
Expenses															
Rental property operating costs	29,378	29,273	-	-	-	-	-	-	-	-	395	381	29,378	29,273	
Amortization	9,738	3,775	428	428	-	-	-	-	-	-	-	-	10,561	4,584	
Grants and subsidies	9,243	8,613	5,916	5,734	52,530	39,111	15,298	13,191	-	-	866	2,827	82,987	66,649	
Other administration	-	-	-	-	-	-	-	-	-	-	-	-	2,534	2,827	
Salaries and benefits	5,327	4,497	-	-	-	-	-	-	-	-	17,270	14,989	22,597	19,486	
Interest and bank charges	7,517	7,935	8	9	-	-	-	-	-	-	938	847	8,463	8,791	
Valuation allowances	794	715	-	-	227	166	-	-	-	-	-	-	1,021	881	
	61,997	54,808	6,352	6,171	52,757	39,277	15,298	13,191	-	866	21,430	18,751	157,834	133,064	
Annual (deficit) surplus	\$38,327	\$31,100	\$6,352	\$6,171	\$26,953	\$20,746	\$15,097	\$13,020	\$ -	\$ 50	\$ (799)	\$ 94,134	\$ 68,618	\$ 7,455	\$ (3,218)

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2024

21. Affordable Housing Investments by Program

	2024	2023
	(000's)	(000's)
Emergency Housing	\$ 22,568	\$ 11,865
Transition Housing	11,286	9,162
Supportive Living	8,465	7,938
Home Repair & Modifications	5,981	5,332
Home Energy Savings	2,317	2,204
Provincial Housing & Homelessness Partnership	1,064	1,498
Hurricane Fiona Rent Relief	315	819
Affordable Housing	671	475
Down Payment Assistance	88	(16)
Provincial Homelessness Fund	2	-
	\$ 52,757	\$ 39,277

22. Related party transactions

(a) Transactions with related parties

	2024	2023
	(000's)	(000's)
REVENUES		
Province of Newfoundland and Labrador operating grant		
Consolidated Revenue Fund	\$ 82,826	\$ 54,904
Rent		
Consolidated Revenue Fund	160	160
Newfoundland and Labrador Health Services	13	13
EXPENSES		
Rental operations		
Consolidated Revenue Fund	113	91
Nalcor Energy	41	71

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2024

22. Related party transactions (cont.)

	2024	2023
	(000's)	(000's)
Expenses (cont.)		
Partner managed housing		
Newfoundland and Labrador Health Services	776	1,136
Affordable housing investments		
Newfoundland and Labrador Health Services	175	175
Administration		
Consolidated Revenue Fund	284	230
Memorial University	-	9
College of the North Atlantic	1	2
Nalcor Energy	1	1

(b) Balances due from and to related parties

Due from Government and other government organizations

Consolidated Revenue Fund	\$ 15,383	\$ 6,970
Newfoundland and Labrador Health Services	6	20

Due to Government and other government organizations

Consolidated Revenue Fund	2	-
Nalcor Energy	17	16
College of the North Atlantic	-	2

These transactions are in the normal course of business measured at the exchange amount.

23. Trust under administration

For the year ended March 31, 2024, the balance of funds held in trust was \$3,206,000 (2023 - \$3,206,000). The funds are held on behalf of various non-profit housing groups to provide for the future replacement or repair of capital items.

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

24. Statement of cash flows – other

	2024	2023
	(000's)	(000's)
Accounts receivable	\$ (858)	\$ (870)
Accounts receivable - provision for doubtful accounts	319	398
Due from government and other government organizations	(6,009)	(15,056)
Accounts payable and accrued liabilities	2,744	2,636
Due to government and other government organizations	184	(105)
Inventories held for use	42	(21)
Prepaid expenses	(363)	(138)
	<hr/>	<hr/>
	\$ (3,941)	\$ (13,156)

25. Financial risk management

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

Credit risk

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

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

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

25. Financial risk management (cont.)

Credit risk (cont.)

An estimated impairment of accounts receivable for \$1,246,000 (2023 - \$927,000) has been provided for through an allowance for decline in value, as disclosed in Note 4. An estimated impairment of loans receivable for \$1,709,000 (2023 - \$1,485,000) 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, 2024, the aging of loans receivable that are past due but not impaired, are as follows:

	(000's)
30 days	\$ 101
60 days	219
90 days	72
Over 90 days	<u>46</u>
	<u>\$ 438</u>

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

Market risk

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

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure relates to cash, loans receivable and long-term debt. For the year ended March 31, 2024, 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 \$33,000 (2023 - \$36,000). 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, 2024, the increase/decrease in annual surplus for each one point change in interest rates on the CMHC fixed rate term debentures amounts to \$23,000 (2023 - \$34,000).

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

25. Financial risk management (cont.)

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial liabilities and contractual obligations as they fall due. The liquidity risk, relating mainly to accounts payable and accrued liabilities, due to government and other government organizations, asset retirement obligations, 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 14. 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 (2023 - \$3,000,000), which is unused as at March 31, 2024.

26. 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.

27. 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. Budgeted figures included in the financial statements are not audited.

28. 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.

29. Integration into core government

It was announced by the Deputy Premier and Minister of Finance and President of Treasury Board at the Second Session of the 50th General Assembly of the House of Assembly on March 20th, 2024 that the Corporation will be integrated into core government as a dedicated Department of Housing. No date has been set for this integration.

30. Comparative figures

Certain comparative amounts have been reclassified to conform to current year's presentation.