

**East Nipissing District Home for the Aged  
Non-consolidated  
Financial Statements  
For the year ended December 31, 2016**

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Non-consolidated Financial Statements  
For the year ended December 31, 2016**

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## Independent Auditor's Report

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### To the Board of Directors of the East Nipissing District Home for the Aged

We have audited the accompanying non-consolidated financial statements of East Nipissing District Home for the Aged, which comprise the non-consolidated statement of financial position as at December 31, 2016 and the non-consolidated statements of operations, non-consolidated changes in net assets and non-consolidated cash flow statement for the year then ended. These financial statements have been prepared by management in accordance with the basis of accounting described in Note 1.

### Management's Responsibility for the Non-consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements in accordance with the basis of accounting described in Note 1, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these non-consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the non-consolidated 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

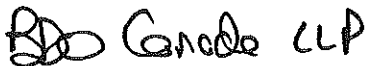
In our opinion, these non-consolidated financial statements present fairly, in all material respects, the financial position of the Home as at December 31, 2016 and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with the basis of accounting described in Note 1.

## Basis of Accounting and Restriction on Use

Without modifying our opinion, we draw attention to Note 1, which describes the basis of accounting. The financial statements are prepared to assist East Nipissing District Home for the Aged to comply with the reporting provisions established by the Ministry of Health and Long-Term Care referred to above. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Directors of East Nipissing District Home for the Aged and the Ministry of Health and Long-Term Care and should not be used by parties other than the Directors of East Nipissing District Home for the Aged and the Ministry of Health and Long-Term Care.

## Comparative Figures

The comparative information contained in these financial statements was audited by another public accountant, who issued a qualified audit report dated April 14, 2016.

 BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

North Bay, Ontario  
April 27, 2017

**East Nipissing District Home for the Aged  
Non-consolidated Statement of Financial Position**

December 31 2016 2015  
(Note 12)

**Assets**

**Current**

Cash and cash equivalents	\$ 3,697,742	\$ 2,745,419
Short-term investments (Note 2)	47,721	47,365
Accounts receivable (net of allowance of \$184,972) (Note 6)	232,980	631,917
Prepaid expenses	20,390	20,719

3,998,833 3,445,420

Capital assets (Note 3) 2,593,879 2,555,365

\$ 6,592,712 \$ 6,000,785

**Liabilities and Net Assets**

**Current**

Accounts payable and accrued liabilities	\$ 2,655,540	\$ 2,446,070
Employee future benefits (Note 5)	395,779	399,885

3,051,319 2,845,955

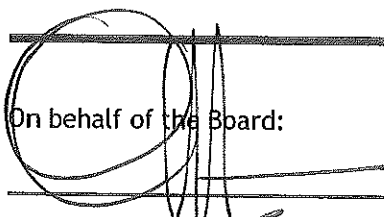
**Net Assets**


Unrestricted fund	847,514	499,465
Internally restricted	100,000	100,000
Internally restricted - invested in capital assets	2,593,879	2,555,365

3,541,393 3,154,830

\$ 6,592,712 \$ 6,000,785

On behalf of the Board:

 \_\_\_\_\_ Director

 \_\_\_\_\_ Director

## East Nipissing District Home for the Aged Non-consolidated Statement of Operations

For the year ended December 31	2016 Budget	2016 Actual	2015 Actual (Note 12)
<b>Revenues</b>			
Province of Ontario grants	\$ 11,131,308	\$ 11,205,299	\$ 10,757,116
Residents	4,571,544	4,577,218	4,506,722
Municipal levies	3,168,362	3,168,362	3,168,362
Catering	-	113,490	110,233
Management fee (Note 6)	77,531	112,677	92,000
Tuck shop	-	55,266	52,897
Other	-	23,513	27,194
Community Support Services Program (Note 10)	-	2,061,570	2,276,058
	<u>18,948,745</u>	<u>21,317,395</u>	<u>20,990,582</u>
<b>Expenses</b>			
Residents' medical and nursing	10,939,810	10,250,762	10,296,083
Dietary	2,745,516	2,626,783	2,853,844
General and administrative (Note 6)	1,359,986	1,450,364	1,324,088
Housekeeping	1,231,290	1,279,522	1,322,642
Building and property	1,303,780	1,182,625	1,631,887
Residents' social services, activities and comforts	834,584	1,042,885	1,005,982
Laundry and linen	533,718	492,869	494,033
Behavioural Supports Ontario	-	252,173	230,264
Catering	-	96,482	92,750
Tuck shop	-	49,681	46,031
Bad debts	-	48,253	28,053
Community Support Services program (Note 10)	-	2,116,227	2,134,566
	<u>18,948,684</u>	<u>20,888,626</u>	<u>21,460,223</u>
<b>Excess (deficiency) of revenues over expenses before item below</b>	61	428,769	(469,641)
<b>Ministry of Health and Long-term Care settlement adjustments</b>	-	(42,206)	(53,078)
<b>Excess (deficiency) of revenues over expenses for the year</b>	<u>\$ 61</u>	<u>\$ 386,563</u>	<u>\$ (522,719)</u>

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

**East Nipissing District Home for the Aged  
Non-consolidated Statement of Changes in Net Assets**

For the year ended December 31

2016

2015  
(Note 12)

	Invested in capital assets (Note 3)	Internally Restricted fund	Unrestricted fund	Total	Total
Balance, beginning of year	\$ 2,555,365	\$ 100,000	\$ 499,465	\$ 3,154,830	\$ 3,677,549
Excess (deficiency) of revenues over expenses for the year	-	-	386,563	386,563	(522,719)
Transfer	38,514	-	(38,514)	-	-
<b>Balance, end of year</b>	<b>\$ 2,593,879</b>	<b>\$ 100,000</b>	<b>\$ 847,514</b>	<b>\$ 3,541,393</b>	<b>\$ 3,154,830</b>

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

**East Nipissing District Home for the Aged  
Non-consolidated Statement of Cash Flows**

For the year ended December 31	2016	2015 (Note 12)
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess (deficiency) of revenues over expenses for the year	\$ 386,563	\$ (522,719)
Changes in non-cash working capital balances		
Short-term investments	(356)	(470)
Accounts receivable	398,937	(397,286)
Prepaid expenses	329	(10,173)
Accounts payable and accrued liabilities	209,470	717,782
Employee future benefits	(4,106)	70,558
	<u>990,837</u>	<u>(142,308)</u>
<b>Investing activities</b>		
Increase in assets under construction	<u>(38,514)</u>	-
<b>Increase (decrease) in cash and cash equivalents during the year</b>	<b>952,323</b>	<b>(142,308)</b>
Cash and cash equivalents, beginning of year	<u>2,745,419</u>	<u>2,887,727</u>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 3,697,742</b>	<b>\$ 2,745,419</b>

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



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## East Nipissing District Home for the Aged Notes to Non-consolidated Financial Statements

December 31, 2016

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### 1. Summary of Significant Accounting Policies

**Nature of Organization** The East Nipissing District Home for the Aged (the "Home") is a non-profit organization incorporated in the Province of Ontario under the Homes for the Aged and Rest Homes Act and provides accommodation, activity programs and medical services for elderly from participating municipalities. The Home is exempt from income taxes under the Income Tax Act.

**Participating Municipalities** The participating municipalities are:

- The Corporation of the City of North Bay
- Township of Calvin
- Township of Bonfield
- Township of Chisholm
- Township of South Algonquin
- Town of Mattawa
- Township of East Ferris
- Township of Mattawan
- Township of Papineau-Cameron

**Basis of Accounting** The non-consolidated financial statements have been prepared in accordance with accounting principles prescribed by the Ministry of Health and Long-Term Care and are considered appropriate for government controlled not-for-profit organizations of this nature. The basis of accounting used in these financial statements may materially differ from Canadian public sector accounting standards including the PS 4200 Series of sections for government controlled not-for-profit organizations.

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# East Nipissing District Home for the Aged Notes to Non-consolidated Financial Statements

December 31, 2016

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## 1. Summary of Significant Accounting Policies (continued)

### Capital Assets and Capital Grants

Capital assets purchased from operating funds are expensed to operations rather than being capitalized over their estimated useful lives. The corresponding grants are also included in revenue rather than being deferred and amortized over their estimated useful lives.

Capital assets purchased from proceeds of debenture debt financing are capitalized and amortized at a rate equal to the annual principal repayment on the debenture.

Assets under construction are capitalized as expenditures are incurred and no amortization is recorded until assets are ready for use.

### Revenue Recognition

The Home follows the deferral method of accounting for contributions. Funding for programs comes from the Province of Ontario primarily, in accordance with signed service contracts and is recorded as revenue in the period to which they relate. Funding approved but not received at the end of an accounting period is recognized in the period of receipt. Any excess funding is recorded in the period of repayment.

Residents, catering, tuck shop and interest revenue is recognized when earned, and collection is reasonably assured.

Municipal levies are recognized as revenue in the period they are levied.

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## East Nipissing District Home for the Aged Notes to Non-consolidated Financial Statements

December 31, 2016

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### 1. Summary of Significant Accounting Policies (continued)

#### Pension Plans

The Home is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The Home has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The Home records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the Plan for past employee service.

#### Financial Instruments

Cash and equity instruments quoted in an active market are measured at fair value. Accounts receivable and accounts payable are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to financial instruments are reported in the statement of operations.

When investment income and realized and unrealized gains and losses from changes in the fair value of financial instruments are externally restricted, the investment income and fair value changes are recognized as revenue in the period in which the resources are used for the purpose specified.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

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## East Nipissing District Home for the Aged Notes to Non-consolidated Financial Statements

December 31, 2016

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### 1. Summary of Significant Accounting Policies (continued)

#### Use of Estimates

The preparation of the non-consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the non-consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Accounts receivable are reported based on amounts expected to be recovered and reflect an appropriate allowance for unrecoverable amounts based on management's estimates. Actual results could differ from those estimates.

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## East Nipissing District Home for the Aged Notes to Non-consolidated Financial Statements

December 31, 2016

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### 2. Short-term Investments

	2016	2015
Term deposit	\$ 47,721	\$ 47,365

The term deposit matures on March 29, 2017 with an effective interest rate of 0.75% (2015 - 0.75%).

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### 3. Capital Assets

	2016		2015	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 966,801	\$ 966,801	\$ -	\$ -
Buildings	11,875,233	11,875,233	-	-
Assets under construction (i)	2,593,879	-	2,593,879	2,555,365
	\$ 15,969,598	\$ 13,375,719	\$ 2,593,879	\$ 2,555,365

(i) The Home is in the initial stages of planning the redevelopment of the building. The existing facility will undergo a major transformation to include modern design standards. The project will consist of two phases of construction with an undetermined start and occupancy date. To date, the Home has spent \$2,593,879 for initial planning and architect fees which is included in capital assets. The preliminary budget for the 240 bed redevelopment is estimated at \$53 million.

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### 4. Credit Facilities

The Home has an authorized credit limit of \$750,000. The line of credit is unsecured and bears interest at the bank's prime rate less 0.5%. At year end the line of credit was unused.

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## East Nipissing District Home for the Aged Notes to Non-consolidated Financial Statements

**December 31, 2016**

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### **5. Employee Future Benefits**

Under the accumulated sick leave benefit plan, unused sick leave can accumulate and employees may become entitled to a cash payment on retirement.

Employees in a specific union are credited with 144 hours per year for the use as paid absences in the year, due to illness or injury. Employees are allowed to accumulate unused sick day credits each year, up to a maximum of 2,400 hours. Accumulated credits may be used in future years if the employee's illness or injury exceeds the annual allocation of credits. Hours accumulated must be paid upon employee retirement when the employee has 7 years of service to the Home.

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### **6. Related Party Transactions**

The Home receives management fees of \$112,677 (2015 - \$92,000) from a controlled non-profit organization, Castle Arms Non-Profit Apartment Corporation ("Castle Arms"). Included in accounts receivable at year end is \$19,559 receivable from Castle Arms. During the year the Home incurred administrative costs totaling \$74,851 (2015 - \$37,440) which are included in general and administrative expenses.

These transactions are in the normal course of operations and are measured at the exchange value, being the amount of consideration established and agreed to by the related parties.

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## East Nipissing District Home for the Aged Notes to Non-consolidated Financial Statements

December 31, 2016

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### 7. Pension Plans

The Home makes contributions to the Ontario Municipal Employees Retirement Fund ("OMERS"), which is a multi-employer pension plan, on behalf of full-time members of staff. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. OMERS provides pension services to more than 470,000 active and retired members and approximately 1,000 employers.

Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the "Plan") by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2016. The results of this valuation disclosed total actuarial liabilities of \$87,554 million in respect of benefits accrued for service with actuarial assets at that date of \$81,834 million indicating an actuarial deficit of \$5,720 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Home does not recognize any share of the OMERS pension surplus or deficit. Contributions made by the Home to OMERS for 2016 were \$989,229 (2015 - \$930,955)

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### 8. Financial Instrument Risk

#### Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Home is exposed to credit risk through its cash and cash equivalents and accounts receivable. The Home maintains cash and cash equivalents with its financial institution in excess of federally insured limits and is therefore exposed to risk from the concentration of cash and cash equivalents.

The Home measures its exposure to credit risk based on the amount of cash and cash equivalents held at financial institutions over the federally insured amount, and the balance of long outstanding accounts receivables.

The Home's maximum exposure to credit risk at the financial statement date is the carrying value of its cash and cash receivable and accounts receivable as presented on the statement of financial position.

There have not been any changes from the prior year in the Home's exposure to credit risk or the policies, procedures and methods it uses to manage and measure the risk.

## East Nipissing District Home for the Aged Notes to Non-consolidated Financial Statements

December 31, 2016

### 9. Non-consolidated Controlled Not-for-Profit Organizations

#### a. Castle Arms Non Profit Corporation

The Board of Directors of the Home controls Castle Arms as the Board of Directors of the Home has majority representation on the Board of Directors of Castle Arms. Castle Arms is incorporated without share capital under the laws of the Province of Ontario as a non-profit organization and its primary purpose is to provide housing to senior citizens on a rent-g geared-to-income basis.

Castle Arms has not been consolidated in the Home's non-consolidated financial statements. Financial statements for Castle Arms are available on request. A summary of the financial statements of this unconsolidated entity as at December 31 is as follows:

	2016	2015
Assets	\$ 16,715,179	\$ 17,270,525
Liabilities	14,992,256	15,688,895
Net Assets	\$ 1,722,923	\$ 1,581,630
Revenue	\$ 2,946,999	\$ 2,934,872
Expenses	2,836,567	2,777,639
Excess of Revenue over Expenses	\$ 110,432	\$ 157,233
Cash flow provided by (used for):		
Operating activities	\$ 731,969	\$ 664,194
Financing and investing activities	(704,230)	(559,504)
	\$ 27,739	\$ 104,690

Restrictions on the resources of Castle Arms are as follows:

Under the terms of an agreement with the Ministry of Municipal Affairs and Housing, a capital reserve fund in the amount of \$1,102,211 (2015 - \$958,270) is maintained to finance approved capital replacements.



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## East Nipissing District Home for the Aged Notes to Non-consolidated Financial Statements

December 31, 2016

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9. **Non-consolidated Controlled Not-for-Profit Organizations (continued)**

b. **Board of Management of Cassellholme, Home for the Aged for the District of Nipissing**

The Home is the beneficial owner of the net assets of the Board of Management of Cassellholme, Home for the Aged for the District of East Nipissing, a registered charity.

The net assets and results of operations of the Board of Management have not been consolidated in the Home's non-consolidated financial statements. A summary of the most recently available financial statements for this unconsolidated entity as at December 31 is as follows:

	2016	2015
Assets	\$ 177,650	\$ 103,590
Liabilities	1,500	1,500
	<b>\$ 176,150</b>	<b>\$ 102,090</b>
Revenue	\$ 80,141	\$ 6,592
Expenses	7,590	36,260
	<b>\$ 72,551</b>	<b>\$ (29,668)</b>

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## East Nipissing District Home for the Aged Notes to Non-consolidated Financial Statements

December 31, 2016

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### 10. Community Support Services Program

The Home operates the Community Support Services Program which is funded separately by the Ministry of Health and Long-Term Care on a March 31 year end basis. The primary purposes of the program is to provide activities which are aimed at helping senior citizens in the North Bay Community.

A summary of the financial statements of this program as at March 31 is as follows:

	<u>2016</u>	<u>2015</u>
Assets	\$ 64,852	\$ 91,025
Liabilities	<u>89,300</u>	<u>115,473</u>
Net Assets	<u>\$ (24,448)</u>	<u>\$ (24,448)</u>
Revenue	\$ 2,066,168	\$ 2,085,845
Expenses	<u>2,066,168</u>	<u>2,085,845</u>
Excess (Deficiency) of Revenue over Expenses	<u>\$ -</u>	<u>\$ -</u>

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### 11. Economic Dependence

The Home is economically dependent upon the Ministry of Health and Long-Term Care, as 58% of its revenue originates from this source (2015 - 57%).

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### 12. Comparative Figures

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.