

**East Nipissing District Home for the Aged**  
**Non-consolidated**  
**Financial Statements**  
For the year ended December 31, 2017

**East Nipissing District Home for the Aged**  
**Non-consolidated Financial Statements**  
For the year ended December 31, 2017

---

**Contents**

Independent Auditor's Report	2 - 3
Non-consolidated Financial Statements	
Non-consolidated Statement of Financial Position	4
Non-consolidated Statement of Operations	5
Non-consolidated Statement of Changes in Net Assets	6
Non-consolidated Statement of Cash Flows	7
Notes to Non-consolidated Financial Statements	8 - 16



Tel: 705-495-2000  
Fax: 705-495-2001  
Toll-Free: 800-461-6324  
www.bdo.ca

BDO Canada LLP  
101 McIntyre Street W, Suite 301  
North Bay ON P1B 2Y5 Canada

---

## Independent Auditor's Report

---

**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, 2017 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, 2017 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.

 BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

North Bay, Ontario  
April 23, 2018

# East Nipissing District Home for the Aged

## Non-consolidated Statement of Financial Position

December 31	2017	2016
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 2,911,041	\$ 3,697,742
Short-term investments (Note 2)	48,127	47,721
Accounts receivable (net of allowance of \$182,971) (Note 6)	400,666	232,980
Prepaid expenses	15,793	20,390
	<u>3,375,627</u>	<u>3,998,833</u>
Capital assets (Note 3)	<u>3,065,646</u>	<u>2,593,879</u>
	<u>\$ 6,441,273</u>	<u>\$ 6,592,712</u>

### Liabilities and Net Assets

<b>Current</b>		
Accounts payable and accrued liabilities	\$ 1,770,305	\$ 2,655,540
Employee future benefits (Note 5)	384,096	395,779
	<u>2,154,401</u>	<u>3,051,319</u>
<b>Net Assets</b>		
Unrestricted fund	1,121,226	847,514
Internally restricted	100,000	100,000
Internally restricted - invested in capital assets	3,065,646	2,593,879
	<u>4,286,872</u>	<u>3,541,393</u>
	<u>\$ 6,441,273</u>	<u>\$ 6,592,712</u>

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	2017 Budget	2017 Actual	2016 Actual
<b>Revenues</b>			
Province of Ontario grants	\$ 11,327,376	\$ 13,559,152	\$ 13,175,363
Residents	4,568,287	4,618,803	4,577,218
Municipal levies	3,168,362	3,168,362	3,168,362
Catering	-	104,562	113,490
Management fee (Note 6)	69,771	188,120	112,677
Tuck shop	-	55,756	55,266
Other	-	98,650	103,732
	<u>19,133,796</u>	<u>21,793,405</u>	<u>21,306,108</u>
<b>Expenses</b>			
Residents' medical and nursing	11,145,055	10,478,744	10,250,762
Dietary	2,710,533	2,845,529	2,626,783
Community Support Services program	-	2,082,524	2,104,940
General and administrative (Note 6)	1,275,783	1,416,155	1,450,364
Housekeeping	1,259,023	1,182,200	1,279,522
Building and property	1,374,160	1,111,895	1,182,625
Residents' social services, activities and comforts	848,314	1,043,030	1,042,885
Laundry and linen	552,472	491,015	492,869
Behavioural Supports Ontario	-	237,092	252,173
Catering	-	94,622	96,482
Tuck shop	-	41,834	49,681
Bad debts	-	23,286	48,253
	<u>19,165,340</u>	<u>21,047,926</u>	<u>20,877,339</u>
<b>Excess of revenues over expenses before item below</b>	(31,544)	745,479	428,769
<b>Ministry of Health and Long-term Care settlement adjustments</b>	-	-	(42,206)
<b>Excess of revenues over expenses for the year</b>	<u>\$ (31,544)</u>	<u>\$ 745,479</u>	<u>\$ 386,563</u>

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

For the year ended December 31				2017	2016
	Invested in capital assets (Note 3)	Internally Restricted fund	Unrestricted fund	Total	Total
Balance, beginning of year	\$ 2,593,879	\$ 100,000	\$ 847,514	\$ 3,541,393	\$ 3,154,830
Excess of revenues over expenses for the year	-	-	745,479	745,479	386,563
Transfer	471,767	-	(471,767)	-	-
Balance, end of year	\$ 3,065,646	\$ 100,000	\$ 1,121,226	\$ 4,286,872	\$ 3,541,393

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	2017	2016
Cash provided by (used in)		
Operating activities		
Excess of revenues over expenses for the year	\$ 745,479	\$ 386,563
Changes in non-cash working capital balances		
Short-term investments	(406)	(356)
Accounts receivable	(167,686)	398,937
Prepaid expenses	4,597	329
Accounts payable and accrued liabilities	(885,235)	209,470
Employee future benefits	(11,683)	(4,106)
	(314,934)	990,837
Investing activities		
Increase in assets under construction	(471,767)	(38,514)
(Decrease) increase in cash and cash equivalents during the year	(786,701)	952,323
Cash and cash equivalents, beginning of year	3,697,742	2,745,419
Cash and cash equivalents, end of year	\$ 2,911,041	\$ 3,697,742



---

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

December 31, 2017

---

### 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.

---

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

December 31, 2017

---

### 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.

---

## East Nipissing District Home for the Aged

### Notes to Non-consolidated Financial Statements

December 31, 2017

---

#### 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.

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

December 31, 2017

### 2. Short-term Investments

	2017	2016
Term deposit	\$ 48,127	\$ 47,721

The term deposit matures on March 28, 2018 with an effective interest rate of 1.15% (2016 - 0.75%).

### 3. Capital Assets

	2017	2016
	Cost	Accumulated Amortization
Land	\$ 966,801	\$ 966,801
Buildings	11,875,233	11,875,233
Machinery and equipment	423,854	423,854
Furniture and fixtures	109,831	109,831
Assets under construction (i)	3,065,646	-
	\$ 16,441,365	\$ 13,375,719
	\$ 3,065,646	\$ 2,593,879

(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 \$3,065,646 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.

### 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.



---

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

December 31, 2017

---

### 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 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.

---

### 6. Related Party Transactions

The Home receives management fees of \$188,120 (2016 - \$112,677) from a controlled non-profit organization, Castle Arms Non-Profit Apartment Corporation ("Castle Arms"). Included in accounts receivable at year end is \$58,637 receivable from Castle Arms. During the year the Home incurred administrative costs paid to Castle Arms totaling \$53,301 (2016 - \$74,851) 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.



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

December 31, 2017

### 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-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:

	<u>2017</u>	<u>2016</u>
Assets	\$ 15,770,953	\$ 16,715,179
Liabilities	<u>14,250,881</u>	<u>14,995,867</u>
Net Assets	<u>\$ 1,520,072</u>	<u>\$ 1,719,312</u>
Revenues	\$ 3,007,420	\$ 2,946,999
Expenses	<u>2,969,387</u>	<u>2,840,178</u>
Excess of revenues over expenses	<u>\$ 38,033</u>	<u>\$ 106,821</u>
Cash flow provided by (used for):		
Operating activities	\$ 672,208	\$ 737,311
Financing and investing activities	<u>(669,718)</u>	<u>(704,230)</u>
	<u>\$ 2,490</u>	<u>\$ 33,081</u>

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 \$915,725 (2016 - \$1,102,211) is maintained to finance approved capital replacements.

---

## East Nipissing District Home for the Aged

### Notes to Non-consolidated Financial Statements

December 31, 2017

---

#### 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:

	2017	2016
Assets	\$ 167,453	\$ 177,641
Liabilities	1,500	1,500
Net Assets	<u>\$ 165,953</u>	<u>\$ 176,141</u>
Revenues	\$ 31,151	\$ 80,141
Expenses	41,339	7,590
(Deficiency) excess of revenues over expenses	<u>\$ (10,188)</u>	<u>\$ 72,551</u>

---

#### 10. Economic Dependence

The Home is economically dependent upon the Ministry of Health and Long-Term Care, as 62% of its revenue originates from this source (2016 - 58%).

---

#### 11. Comparative Figures

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