

**The Board of Management for the District
of Nipissing East
Financial Statements
For the year ended December 31, 2022**

The Board of Management for the District of Nipissing East
Financial Statements
For the year ended December 31, 2022

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Independent Auditor's Report

To the Members and the Board of Directors of The Board of Management for the District of Nipissing East

Opinion

We have audited the financial statements of The Board of Management for the District of Nipissing East, which comprise the financial position as at December 31, 2022, the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Board of Management for the District of Nipissing East as at December 31, 2022, and its results of operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards for government not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of The Board of Management for the District of Nipissing East in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 with the basis of accounting described in Note 1, 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 Board of Management for the District of Nipissing East's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate The Board of Management for the District of Nipissing East or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing The Board of Management for the District of Nipissing East's financial reporting process.



Auditor's Responsibilities for the Audit of the Financial Statements

Our 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 our 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, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 our 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 Board of Management for the District of Nipissing East's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 Board of Management for the District of Nipissing East's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the non-consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause The Board of Management for the District of Nipissing East 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.

We 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 we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

North Bay, Ontario
June 30, 2023

The Board of Management for the District of Nipissing East

Statement of Financial Position

December 31	2022	2021
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Assets

Current

Cash and cash equivalents (Note 3)	\$ 9,247,225	\$ 5,177,664
Accounts receivable (net of allowance of \$330,016) (Note 5)	688,278	404,986
Prepaid expenses	85,321	57,124
	10,020,824	5,639,774

Restricted cash and cash equivalents	500,000	100,000
Capital assets (Note 2)	16,097,918	5,070,567

	\$ 26,618,742	\$ 10,810,341
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Liabilities and Net Assets

Current

Construction line of credit (Note 3)	\$ 11,509,760	\$ -
Accounts payable and accrued liabilities	5,082,830	2,463,100
Employee future benefits (Note 4)	402,633	433,002
Deferred revenue (Note 7)	479,080	791,450
	17,474,303	3,687,552

Deferred capital contributions (Note 8)	347,000	385,800
	17,821,303	4,073,352

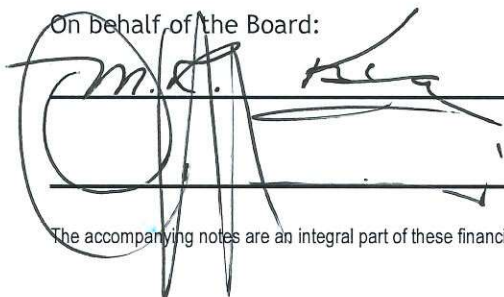
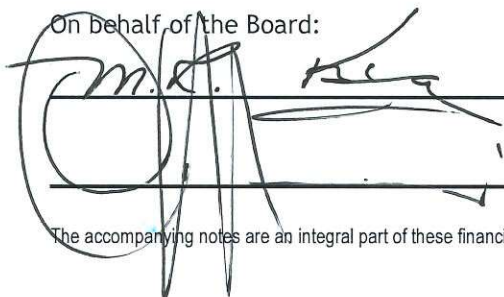
Net Assets

Internally restricted	500,000	100,000
Internally restricted - invested in capital assets	4,241,158	4,684,767
Unrestricted	4,056,281	1,952,222
	8,797,439	6,736,989

	\$ 26,618,742	\$ 10,810,341
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Global Pandemic (Note 11) Commitments (Note 13)

On behalf of the Board:

	Director
	Director

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

The Board of Management for the District of Nipissing East Statement of Operations

For the year ended December 31	2022 Budget	2022 Actual	2021 Actual
Revenues			
Province of Ontario grants			
- Long Term Care	\$ 13,225,355	\$ 15,927,364	\$ 13,336,980
- Community Support Services	2,445,273	2,283,009	2,324,699
- Pandemic support	-	2,513,473	1,477,919
Residents	4,621,075	4,587,817	4,474,536
Municipal levies	3,343,401	3,343,401	3,445,216
Catering and other	121,680	427,406	241,484
Management fees (Note 5)	123,225	130,777	173,711
Tuck shop	-	44,436	39,411
Amortization of deferred capital contributions	-	38,800	38,800
	<u>23,880,009</u>	<u>29,296,483</u>	<u>25,552,756</u>
Expenses			
Residents' medical and nursing	11,604,217	12,900,415	11,719,761
Pandemic-related expenses	-	2,513,473	1,477,919
Community Support Services program	2,445,273	2,283,009	2,324,700
Dietary	2,108,983	1,975,929	1,994,106
Building and property	1,732,120	1,646,534	1,412,474
General and administrative	1,421,257	1,632,399	1,506,175
Housekeeping	1,242,774	1,223,873	1,179,559
Program support and services	1,217,067	1,041,632	1,029,145
Resident's raw food	931,606	1,006,872	905,014
Laundry and linen	546,909	522,064	487,318
Behavioural Supports Ontario	229,803	224,811	204,005
Catering and other	-	144,938	203,530
Tuck shop	-	33,462	33,855
Amortization	-	86,622	79,791
	<u>23,480,009</u>	<u>27,236,033</u>	<u>24,557,352</u>
Excess of revenues over expenses for the year	<u>\$ 400,000</u>	<u>\$ 2,060,450</u>	<u>\$ 995,404</u>

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

The Board of Management for the District of Nipissing East Statement of Changes in Net Assets

For the year ended December 31				2022	2021
	Invested in capital assets	Internally Restricted	Unrestricted	Total	Total
Balance, beginning of year	\$ 4,684,767	\$ 100,000	\$ 1,952,222	\$ 6,736,989	\$ 5,741,585
Excess of revenues over expenses for the year	(443,609)	-	2,504,059	2,060,450	995,404
Interfund transfers	-	400,000	(400,000)	-	-
Balance, end of year	\$ 4,241,158	\$ 500,000	\$ 4,056,281	\$ 8,797,439	\$ 6,736,989

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

The Board of Management for the District of Nipissing East

Statement of Cash Flows

For the year ended December 31	2022	2021
Cash provided by (used in)		
Operating activities		
Excess of revenues over expenses for the year	\$ 2,060,450	\$ 995,404
Items not involving cash		
Amortization of capital assets	86,622	79,791
Amortization of deferred capital contribution	(38,800)	(38,800)
	<u>2,108,272</u>	<u>1,036,395</u>
Changes in non-cash working capital balances		
Accounts receivable	(283,292)	294,286
Prepaid expenses	(28,197)	12,985
Accounts payable and accrued liabilities	2,619,730	1,022,499
Deferred revenue	(312,370)	20,396
Employee future benefits	(30,369)	(20,578)
	<u>4,073,774</u>	<u>2,365,983</u>
Investing activities		
Purchase of assets under construction	(11,069,339)	(709,303)
Purchase of furniture and equipment	(44,634)	(23,683)
Transfer to internally restricted	(400,000)	-
	<u>(11,513,973)</u>	<u>(732,986)</u>
Financing activities		
Proceeds from construction line of credit	11,509,760	-
Increase in cash and cash equivalents during the year	<u>4,069,561</u>	<u>1,632,997</u>
Cash and cash equivalents, beginning of year	<u>5,177,664</u>	<u>3,544,667</u>
Cash and cash equivalents, end of year	<u>\$ 9,247,225</u>	<u>\$ 5,177,664</u>

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

The Board of Management for the District of Nipissing East

Notes to Non-consolidated Financial Statements

December 31, 2022

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 Board is a registered charity and therefore exempt from income taxes under the Canadian Income Tax Act.
Participating Municipalities	<p>The participating municipalities are:</p> <p>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</p>
Basis of Accounting	The non-consolidated financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards for government not-for-profit organizations including the PS 4200 series of standards, as issued by the Public Sector Accounting Board.

The Board of Management for the District of Nipissing East

Notes to Non-consolidated Financial Statements

December 31, 2022

1. Summary of Significant Accounting Policies (continued)

Capital Assets

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

Amortization is provided for on a straight-line basis over the estimated useful lives of the tangible capital assets as follows:

Machinery and equipment	5 - 10 years
Furniture and fixtures	10 years

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

Revenue Recognition

The Board follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions restricted for the purchase of the capital assets are deferred and amortized to revenue at the rates corresponding to the related capital assets.

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.

The Board of Management for the District of Nipissing East Notes to Non-consolidated Financial Statements

December 31, 2022

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.

Cash and Cash Equivalents

Cash and cash equivalents consist of bank balances and guaranteed investment certificates with a duration of less than three months from the date of acquisition.

The Board of Management for the District of Nipissing East

Notes to Non-consolidated Financial Statements

December 31, 2022

1. Summary of Significant Accounting Policies (continued)

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.

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.

The Board of Management for the District of Nipissing East

Notes to Non-consolidated Financial Statements

December 31, 2022

2. Capital Assets

			2022	2021
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 966,801	\$ 966,801	\$ -	\$ -
Buildings	11,875,233	11,875,233	-	-
Machinery and equipment	678,580	551,217	127,363	178,308
Furniture and fixtures	378,370	202,311	176,059	167,102
Assets under construction (i)	15,794,496	-	15,794,496	4,725,157
	\$ 29,693,480	\$ 13,595,562	\$ 16,097,918	\$ 5,070,567

- (i) Assets under construction represent planning, architecture and design costs incurred to date with regards the redevelopment of the building into a 264 bed long-term care home (See Note 2). The existing building will undergo a significant transformation to include up to date design standards. This capital project is expected to be done over two phases of construction over a four to five year period commencing in fiscal 2022. The estimated capital cost of the project in total is approximately \$120 million and financing is in place with Infrastructure Ontario which includes financial guarantees from the member municipalities as well as the Ministry of Long-Term Care.

3. Credit Facilities

Operating facilities:

The Board has an authorized operating line of credit with a limit of \$750,000. The operating 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.

Capital facilities:

The Board has an authorized construction line of credit with Infrastructure Ontario bearing interest at 4.61%, monthly interest only payments until April 2026, due on demand. At year end, \$11,509,847 of the line of credit was in use.

The Board of Management for the District of Nipissing East Notes to Non-consolidated Financial Statements

December 31, 2022

4. Employee Future Benefits

Employee future benefits consist of accumulated unused sick leave for certain employee groups.

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 Board.

5. Related Party Transactions and Balances

The Board receives management fees of \$130,777 (2021 - \$(173,711)) from two related not-for-profit organization, Castle Arms Non-Profit Apartment Corporation ("Castle Arms"), and Castle Arms Senior Living Management Assistance Inc. ("Castle Arms Management Services") for services rendered to those organization throughout the year.

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.

Included in accounts receivable at year end is \$27,765 (2021 - \$136,460) from Castle Arms Management Services. This receivable arose from the provision of management services and ongoing payment of trade payables over the past calendar year and collection of this balance is expected in fiscal 2023.

The Board of Management for the District of Nipissing East Notes to Non-consolidated Financial Statements

December 31, 2022

6. 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 541,000 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, 2022. The results of this valuation disclosed total going concern actuarial liabilities of \$130,306 million in respect of benefits accrued for service with actuarial assets at that date of \$123,628 million indicating a going concern actuarial deficit of \$6,678 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 Board does not recognize any share of the OMERS pension surplus or deficit. Contributions made by the Board to OMERS for the year were \$1,090,377 (2021 - \$1,154,965)

7. Deferred Revenue

The Board receives funding from the Province of Ontario and others during the year and in some cases the funding or donations are allocated for specific expenditures which are expected to be incurred in the upcoming fiscal year. The following table breaks down the nature of these deferred revenues:

	<u>2022</u>	<u>2021</u>
COVID-19 Prevention and Containment Funding	\$ 221,581	\$ 556,074
COVID-19 Temporary Wage Enhancement for PSWs	133,837	215,376
Donations and other	20,000	20,000
IPAC Personal Funding	15,241	-
UWRIA funding Preceptors	88,421	-
	<u>\$ 479,080</u>	<u>\$ 791,450</u>

The Board of Management for the District of Nipissing East Notes to Non-consolidated Financial Statements

December 31, 2022

8. Deferred Capital Contributions

Deferred capital contributions represent restricted contributions towards the purchase of buildings, equipment and vehicles, which are recognized as revenue to the same extent that the related capital asset is amortized.

	2022	2021
Balance at beginning of year	\$ 385,800	\$ 424,600
Add: Capital contributions received during the year	-	-
Less: Amounts amortized to revenue	(38,800)	(38,800)
Balance at end of year	<u>\$ 347,000</u>	<u>\$ 385,800</u>

9. 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 Board 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.

10. Economic Dependence

The Board is economically dependent upon the Province of Ontario funding through the Ministry of Long-Term Care, as 71% of its revenue originates from this source (2021 - 65%).

The Board of Management for the District of Nipissing East Notes to Non-consolidated Financial Statements

December 31, 2022

11. Global Pandemic

The COVID-19 global pandemic continues to impact Long Term Care in Ontario. The Board has continued to receive funding from the Province to offset incremental expenses relating to COVID-19. These expenses include incremental staffing costs, pandemic pay premiums, supplies, and equipment as needed in accordance with infection prevention and control best practices. In the current year, the Board has received additional funding in the amount of \$2,513,473 (2021 - \$1,477,919) for additional costs relating to COVID-19.

As the impacts of COVID-19 continue, there could be further impact on its residents, employees, suppliers and other third party funders that could impact the timing and amounts realized on the Board's assets and future ability to deliver services.

12. Nipissing Wellness Ontario Health Team Funding

During the year, the Organization received approximately \$1,110,246 (2021 - \$1,022,169) in funding from the Province of Ontario to act as paymaster of government funds to the newly established Nipissing Wellness Ontario Health Team (North), an unincorporated body charged with establishing and developing networking relationships and delivery of health care ideas with all significant stakeholders in the district of Nipissing. Of the amount received \$633,750 (2021 - \$718,688) was disbursed to fund expenditures in 2022 for this initiative. The Nipissing Wellness Ontario Health Team fiscal year is April - March and these financial statements do not recognize the revenues and expenses relating to this program being the paymaster of funds only and at year end \$688,908 (2021 - \$303,501) is included on the statement of financial position in accounts payable and accrued liabilities as unspent funding based on the 2022 calendar year, recoverable by the Province of Ontario.

13. Commitments

During the year the Organization entered into an agreement with a general contractor related to the redevelopment of the building, with a contract value of \$101,580,600.