

The Board of Management for the District of Nipissing East
Financial Statements
For the year ended December 31, 2023

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For the year ended December 31, 2023

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Independent Auditor's Report

To the Members of 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, 2023, 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, 2023, 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.

Chartered Professional Accountants, Licensed Public Accountants

North Bay, Ontario
May 1, 2024

The Board of Management for the District of Nipissing East Statement of Financial Position

December 31 2023 2022

Assets

Current

Cash and cash equivalents (Note 3)	\$ 5,813,934	\$ 9,247,225
Accounts receivable (net of allowance of \$352,597) (Note 5)	1,033,386	688,278
Prepaid expenses	92,707	85,322
	<u>6,940,027</u>	<u>10,020,825</u>

Restricted cash and cash equivalents (Note 11)	4,000,000	500,000
Capital assets (Note 2)	<u>37,027,669</u>	<u>16,097,917</u>

\$ 47,967,696 \$ 26,618,742

Liabilities and Net Assets

Current

Construction line of credit (Note 3)	\$ 29,752,741	\$ 11,509,760
Accounts payable and accrued liabilities	7,467,449	5,082,830
Employee future benefits (Note 4)	381,029	402,633
Deferred revenue (Note 7)	<u>327,635</u>	<u>479,080</u>
	<u>37,928,854</u>	<u>17,474,303</u>

Deferred capital contributions (Note 8)	<u>308,200</u>	<u>347,000</u>
	<u>38,237,054</u>	<u>17,821,303</u>

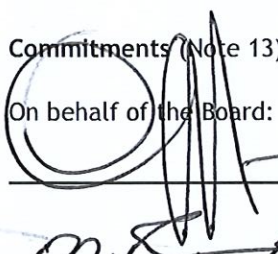
Net Assets

Internally restricted (Note 11)	4,000,000	500,000
Internally restricted - invested in capital assets	6,966,728	4,241,157
Unrestricted	<u>(1,236,086)</u>	<u>4,056,282</u>
	<u>9,730,642</u>	<u>8,797,439</u>

\$ 47,967,696 \$ 26,618,742

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	2023 Budget	2023 Actual	2022 Actual
Revenues			
Province of Ontario grants			
- Long Term Care	\$ 18,110,361	\$ 17,972,895	\$ 15,927,364
- Community Support Services	2,603,199	2,208,220	2,283,009
- Pandemic support	-	1,179,344	2,513,473
Residents	4,624,250	5,142,838	4,587,817
Municipal levies	3,343,402	3,343,401	3,343,401
Catering and other	58,552	680,176	427,406
Management fees (Note 5)	108,000	96,370	130,777
Tuck shop	-	52,914	44,436
Amortization of deferred capital contributions	-	38,800	38,800
	<u>28,847,764</u>	<u>30,714,958</u>	<u>29,296,483</u>
Expenses			
Residents' medical and nursing	16,149,545	15,998,548	12,900,415
Community Support Services program	2,603,199	2,208,220	2,283,011
Dietary	2,241,558	2,224,452	1,975,929
Building and property	1,736,876	1,936,622	1,646,534
General and administrative	1,479,334	1,603,745	1,632,399
Pandemic-related expenses	95,500	1,252,687	2,513,473
Housekeeping	1,251,121	1,257,206	1,223,873
Resident's raw food	1,033,876	1,145,493	1,006,872
Program support and services	1,268,449	1,143,616	1,041,632
Laundry and linen	588,306	516,216	522,064
Behavioural Supports Ontario	-	231,396	224,811
Catering and other	-	122,560	144,936
Tuck shop	-	49,909	33,462
Amortization	-	91,085	86,622
	<u>28,447,764</u>	<u>29,781,755</u>	<u>27,236,033</u>
Excess of revenues over expenses for the year	<u>\$ 400,000</u>	<u>\$ 933,203</u>	<u>\$ 2,060,450</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				2023	2022
	Invested in capital assets	Internally Restricted	Unrestricted	Total	Total
Balance, beginning of year	\$ 4,241,157	\$ 500,000	\$ 4,056,282	\$ 8,797,439	\$ 6,736,989
Excess of revenues over expenses for the year	(52,285)	-	985,488	933,203	2,060,450
Interfund transfers	-	3,500,000	(3,500,000)	-	-
	2,777,856	-	(2,777,856)	-	-
Balance, end of year	\$ 6,966,728	\$ 4,000,000	\$ (1,236,086)	\$ 9,730,642	\$ 8,797,439

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	2023	2022
Cash provided by (used in)		
Operating activities		
Excess of revenues over expenses for the year	\$ 933,203	\$ 2,060,450
Items not involving cash		
Amortization of capital assets	91,085	86,622
Amortization of deferred capital contribution	(38,800)	(38,800)
	985,488	2,108,272
Changes in non-cash working capital balances		
Accounts receivable	(345,108)	(283,292)
Prepaid expenses	(7,385)	(28,197)
Accounts payable and accrued liabilities	2,384,619	2,619,730
Deferred revenue	(151,445)	(312,370)
Employee future benefits	(21,604)	(30,369)
	2,844,565	4,073,774
Investing activities		
Purchase of assets under construction	(21,020,837)	(11,069,339)
Purchase of furniture and equipment	-	(44,634)
Transfer to internally restricted funds	(3,500,000)	(400,000)
	(24,520,837)	(11,513,973)
Financing activities		
Proceeds from construction line of credit	18,242,981	11,509,760
(Decrease) increase in cash and cash equivalents during the year	(3,433,291)	4,069,561
Cash and cash equivalents, beginning of year	9,247,225	5,177,664
Cash and cash equivalents, end of year	\$ 5,813,934	\$ 9,247,225

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, 2023

1. Summary of Significant Accounting Policies

Nature of Organization The Board of Management for the District of Nipissing East (the "Board") 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 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 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, 2023

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, 2023

1. Summary of Significant Accounting Policies (continued)

Pension Plans

The Board 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 Board has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The Board 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, 2023

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, 2023

2. Capital Assets

			2023	2022
	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	602,162	76,418	127,363
Furniture and fixtures	378,370	242,451	135,919	176,059
Redevelopment assets under construction (Note 13)	36,815,332	-	36,815,332	15,794,496
	<u>\$ 50,714,316</u>	<u>\$ 13,686,647</u>	<u>\$ 37,027,669</u>	<u>\$ 16,097,918</u>

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 with a floating monthly interest rate 5.61% at December 2023 (2022- - 4.41%), monthly interest only payments until April 2026, due on demand. At year end \$29,752,741 (2022 - \$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, 2023

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 \$96,370 (2022 - \$(130,777)) from a related not-for-profit organization, Castle Arms Non-Profit Apartment Corporation ("Castle Arms"), 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 \$Nil (2022 - \$27,765) from Castle Arms Non-Profit Apartment Corporation. This receivable arose from the provision of management services and ongoing payment of trade payables over the past calendar year.

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

December 31, 2023

6. Pension Plans

The Board 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, 2023. The results of this valuation disclosed total going concern actuarial liabilities of \$136,574 million in respect of benefits accrued for service with actuarial assets at that date of \$131,983 million indicating a going concern actuarial deficit of \$4,202 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 \$1,221,423 (2022 - \$1,090,377)

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:

	2023	2022
Community Support Services unspent funding	\$ 306,975	\$ -
Donations and other	20,660	20,000
COVID-19 Prevention and Containment Funding	-	221,581
COVID-19 Temporary Wage Enhancement for PSWs	-	133,837
UWRIA funding Preceptors	-	88,421
IPAC Personal Funding	-	15,241
	<u>\$ 327,635</u>	<u>\$ 479,080</u>

The Board of Management for the District of Nipissing East

Notes to Non-consolidated Financial Statements

December 31, 2023

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.

	2023	2022
Balance at beginning of year	\$ 347,000	\$ 385,800
Add: Capital contributions received during the year	-	-
Less: Amounts amortized to revenue	(38,800)	(38,800)
Balance at end of year	<u>\$ 308,200</u>	<u>\$ 347,000</u>

The Board of Management for the District of Nipissing East

Notes to Non-consolidated Financial Statements

December 31, 2023

9. Financial Instrument Risk

Financial Instrument Fair Value Measurement

The following table provides an analysis of financial instruments that are measured at fair value, using a fair value hierarchy of levels 1 to 3. The levels reflect the significance of the inputs used in making the fair value measurements, as described below:

- **Level 1** - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- **Level 2** - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- **Level 3** - Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

2023				
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 9,813,934	\$ -	\$ -	\$ 9,813,934
2022				
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 9,747,225	\$ -	\$ -	\$ 9,747,225

There were no transfers between Level 1 and Level 2 for the year ended December 31, 2023. There were also no transfers in or out of Level 3.

Financial Instrument Risk Management

The Board is exposed to credit risk, liquidity risk, interest rate risk and other price risk from its financial instruments. This note describes the Board's objectives, policies and processes for managing those risks and the methods used to measure them. Further qualitative and quantitative information in respect of these risks is presented below and throughout these financial statements.

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

December 31, 2023

9. Financial Instruments (continued)

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 Board 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 Board 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 Board'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 Board's exposure to credit risk or the policies, procedures and methods it uses to manage and measure the risk.

	0-30 days	31-90 days	91-365 days	1 to 2 years	3 to 10 years
Cash and cash equivalents	9,813,934 \$	- \$	- \$	- \$	-
Investments	-	-	-	-	-
Accounts Receivable	1,033,386	-	-	-	-
Total	10,847,320	-	-	-	-

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and equity risk.

Currency Risk

Current risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The Board is not exposed to currency risk.

Equity Risk

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Board is not exposed to this risk.

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

December 31, 2023

9. Financial Instruments (continued)

Liquidity Risk

Liquidity risk is the risk that the Board will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Board will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. The Board is exposed to this risk mainly in respect of accounts payable and accrued liabilities and long-term debt. The Board's approach to managing liquidity is to ensure as far as possible, that it will always have sufficient cash flows to fund its operations and to meet its liabilities when due, under both normal and stressed conditions. There have not been any changes to these risks from the prior year. Unless otherwise noted, the expected cash outflows are within one year. The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

	2023			
	Within 6 months	6 months to 1 year	1 to 5 years	over 5 year
Accounts payable and accrued liabilities	\$ 7,848,474	\$ -	\$ -	\$ -
Construction line of credit	29,752,741	-	-	-
Total financial liabilities	37,601,215	-	-	-
	2022			
	Within 6 months	6 months to 1 year	1 to 5 years	over 5 year
Accounts payable	\$ 5,485,463	\$ -	\$ -	\$ -
Construction Line of Credit	11,509,760	-	-	-
Total financial liabilities	16,995,223	-	-	-

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

December 31, 2023

9. Financial Instruments (continued)

Interest Rate Risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. The Board is exposed to this risk through its long term debt.

The Board holds long-term debt with variable interest rates which involve risks of default on interest and principal and price changes due to, without limitation, such factors as interest rate changes and general economic conditions.

The Board structures its finances so as to stagger the maturities of debt, thereby minimizing exposure to interest rate fluctuations.

10. Economic Dependence

The Board is economically dependent upon the Province of Ontario funding through the Ministry of Long-Term Care, as 70% of its revenue originates from this source (2022 - 71%).

11. Internally restricted net assets

	2023	2022
General Operating reserve fund	\$ 1,500,000	\$ 500,000
Redevelopment Stability fund	2,000,000	-
Staffing Stability fund	500,000	-
	<u>\$ 4,000,000</u>	<u>\$ 500,000</u>

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

December 31, 2023

12. Nipissing Wellness Ontario Health Team Funding

During the year, the Organization received \$2,725,767 (2022 - \$1,110,246) 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 \$1,695,242 (2022 - \$633,750) was disbursed to fund expenditures in 2023 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 \$319,622 (2022 - \$688,908) is included on the statement of financial position in accounts payable and accrued liabilities as unspent funding based on the 2023 calendar year, recoverable by the Province of Ontario.

13. Commitments - Redevelopment Project

Redevelopment assets under construction in Note 2 to the financial statements consist of planning, architecture, design and construction costs incurred to date with regards the redevelopment of the existing building into a 264 bed long-term care home. Under this redevelopment project the existing building will undergo a significant transformation to include up to date design standards. This project is expected to be done over two phases of construction over a four to five year period commencing in fiscal 2022. The estimated cost of the project is \$122 million. During the 2022 fiscal year the Organization entered into an agreement with a general contractor related to the redevelopment of the long-term care facilities, with a contract value of \$101,580,600.

Financing has been secured with Infrastructure Ontario in the amount of \$120 million which will be amortized over a 30 year period. Construction period costs are being financed by Infrastructure Ontario under a Construction line of credit facility which bears interest at a floating rate of interest which was 5.61% at year end (see Note 3). As part of the financing agreement certain with Infrastructure Ontario financial guarantees were put in place with the Organization's member municipalities as well as the Ontario Ministry of Long-Term Care.

In order to finance the repayment of the above noted obligation the Organization has in place a commitment from the Ontario Ministry of Long-Term Care for 25 years from the date of financial close as defined in the development agreements. In addition the Organization will levy its participating municipalities capital levies over and above annual operating levies for the unfunded portion received from the Ontario Ministry of Long-Term Care. At this time the anticipated provincial portion versus municipal portion of funding this obligation over the 30 years is 26% to 74% respectively.