

Financial Statements of

**Nipissing District Housing
Corporation**

Year ended December 31, 2023

Nipissing District Housing Corporation
Financial Statements
For the year ended December 31, 2023

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Independent Auditor's Report

To the Shareholder of Nipissing District Housing Corporation

Opinion

We have audited the financial statements of Nipissing District Housing Corporation (the Organization), which comprise the statement of 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 Organization 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 Organization 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.

Other Information

Management is responsible for the other information. The other information comprises:

- The information, other than the financial statements and our auditor's report thereon, included in the Unaudited Supplementary Financial Information

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Unaudited Supplementary Financial Information prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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 for government not-for-profit organizations, 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 Organization'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 Organization'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 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 Organization 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 3, 2024

Nipissing District Housing Corporation

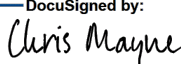

Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022
		(Restated - note 2)
Assets		
Current assets:		
Cash and cash equivalents	\$ 7,670,679	\$ 4,261,985
Short-term investments (note 4)	1,342,390	1,271,771
Accounts receivable (note 5)	514,587	1,288,218
Prepaid expenses	334,017	316,760
	9,861,673	7,138,734
Capital assets (note 6)	27,095,902	29,750,576
	\$ 36,957,575	\$ 36,889,310
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 821,711	\$ 1,109,738
Deferred revenue	10,403	17,244
Deposits payable	205,605	193,363
Current portion of long-term debt (note 7)	586,734	826,947
	1,624,453	2,147,292
Long-term debt (note 7)	1,470,162	2,056,895
Deferred capital subsidy (note 8)	1,196,156	1,213,109
Deferred capital contributions (note 9)	6,495,380	7,234,026
Asset retirement obligation (note 10)	13,735,883	13,735,883
	22,897,581	24,239,913
	24,522,034	26,387,205
Net assets:		
Share capital (note 12)	100	100
Internally restricted - invested in capital assets (note 14)	4,807,743	5,896,825
Internally restricted - capital replacements (note 15)	1,153,197	1,237,903
Internally restricted - software acquisitions	60,000	60,000
Internally restricted - housing development	4,699,130	1,299,079
Unrestricted (note 16)	1,715,371	2,008,198
	12,435,541	10,502,105
	\$ 36,957,575	\$ 36,889,310

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

On behalf of the Board:

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 _____ Director
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Nipissing District Housing Corporation

Statement of Operations

Year ended December 31, 2023, with comparative information for 2022

	2023 Budget	2023 Actual	2022 Actual
	(note 17)		(Restated - note 2)
Revenue:			
Rent geared to income	\$ 3,294,844	\$ 3,294,689	\$ 3,294,494
Market tenants rent	1,651,535	1,641,062	1,349,136
Commercial rent	147,016	174,658	537,005
Subsidies from the District of Nipissing			
Social Services Administration Board:			
- Operations	3,781,738	3,735,489	3,740,841
- Capital	1,299,440	420,484	354,638
Grants	4,040	121,343	273,960
Interest and other	501,779	616,997	285,022
Investment income (loss)	30,633	70,618	(141,473)
Gain on sale of capital assets	-	2,836,610	-
Amortization of deferred capital contributions	-	514,179	542,998
	<u>10,711,025</u>	<u>13,426,129</u>	<u>10,236,621</u>
Expenses:			
Salaries and benefits (note 13)	2,390,216	2,299,739	2,175,074
Municipal tax	1,523,140	1,629,479	1,543,752
Utilities	1,371,080	1,320,770	1,193,722
Maintenance, materials and services	1,607,317	1,828,114	1,523,213
Capital operations	1,682,383	752,110	705,384
Administrative overhead	758,815	771,602	641,132
Bad debts and collection costs	77,516	389,153	47,646
Insurance	365,827	370,615	290,707
Interest on long-term debt	71,646	69,725	92,353
Professional fees	28,432	42,672	19,882
Bank charges and interest	10,277	11,487	10,408
Services and supports	-	56,466	9,411
Amortization	-	1,950,761	2,001,434
	<u>9,886,649</u>	<u>11,492,693</u>	<u>10,254,118</u>
Excess (deficit) of revenues over expenses	\$ 824,376	\$ 1,933,436	\$ (17,497)

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

Nipissing District Housing Corporation

Statement of Changes in Net Assets

Year ended December 31, 2023, with comparative information for 2022

2023	Internally restricted - investment in capital assets (note 14)	Internally restricted - capital replacements (note 15)	Internally restricted - software acquisitions	Internally restricted - housing development	Unrestricted (note 16)	Total 2023
Balance, beginning of year	\$ 5,896,825	\$ 1,237,903	\$ 60,000	\$ 1,299,079	\$ 2,008,198	\$ 10,502,005
Excess (deficit) of revenue over expenses	(1,436,582)	22,647	-	-	3,347,371	1,933,436
Interfund transfers	-	(107,353)	-	3,400,051	(3,292,698)	-
Change in net invested in capital assets	347,500	-	-	-	(347,500)	-
Balance, end of year	\$ 4,807,743	\$ 1,153,197	\$ 60,000	\$ 4,699,130	\$ 1,715,371	\$ 12,435,441

2022	Internally restricted - investment in capital assets (note 14)	Internally restricted - capital replacements (note 15)	Internally restricted - software acquisitions	Internally restricted - housing development	Unrestricted (note 16)	Total 2022
Balance, beginning of year	\$ 17,901,636	\$ 983,121	\$ 60,000	\$ 1,299,079	\$ 1,778,588	\$ 22,022,424
Excess (deficit) of revenue over expenses	(1,458,436)	(26,531)	-	-	1,467,470	(17,497)
Interfund transfers	-	281,313	-	-	(281,313)	-
Change in net invested in capital assets	956,547	-	-	-	(956,547)	-
Adjustment on adoption of the asset retirement obligation standard (note 2)	(11,502,922)	-	-	-	-	(11,502,922)
Balance, end of year	\$ 5,896,825	\$ 1,237,903	\$ 60,000	\$ 1,299,079	\$ 2,008,198	\$ 10,502,005

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

Nipissing District Housing Corporation

Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
		(Restated - note 2)
Cash flows from operating activities:		
Annual surplus (deficit)	\$ 1,933,436	\$ (17,497)
Items not involving cash:		
Amortization of capital assets	1,950,761	2,001,434
Amortization of deferred capital contributions	(514,179)	(542,998)
Gain on sale of capital assets	(2,836,610)	-
Deferred capital subsidies recognized as revenue	(420,484)	(354,638)
	112,924	1,086,301
Change in non-cash working capital:		
Accounts receivable	773,631	(684,286)
Prepaid expenses	(17,257)	(74,117)
Accounts payable and accrued liabilities	(288,027)	245,111
Deferred revenue	(6,841)	7,200
Deposits payable	12,242	(6,504)
	586,672	573,705
Cash flows from investing activities:		
Purchase of capital assets	(521,636)	(972,367)
Cash received on disposal of capital assets	3,441,783	-
Net purchase of short-term investments	(70,619)	141,473
	2,849,528	(830,894)
Cash flows from financing activities:		
Repayment of long-term debt	(826,946)	(804,400)
Capital subsidies received	799,440	1,044,537
	(27,506)	240,137
Change in cash and cash equivalents during the year	3,408,694	(17,052)
Cash and cash equivalents, beginning of year	4,261,985	4,279,037
Cash and cash equivalents, end of year	\$ 7,670,679	\$ 4,261,985

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

Nipissing District Housing Corporation

Notes to Financial Statements

Year ended December 31, 2023

The Nipissing District Housing Corporation is a non-profit corporation with share capital incorporated under the laws of the province of Ontario. The organization provides housing facilities for individuals and families of low and moderate income. On January 1, 2006 the organization amalgamated with North Bay Municipal Non-Profit Housing Corporation (NBMNPHC). On January 1, 2010 the organization purchased the assets of Shibelith (Family Homes) Inc.

1. Significant accounting policies:

The financial statements of Nipissing District Housing Corporation have been prepared by management in accordance with Canadian public sector accounting standards for government not for profit organizations, including the 4200 series of standards, as issued by the Public Sector Accounting Board ("PSAB for Government NPOs").

(a) Basis of accounting:

Revenues and expenses are recorded according to the accrual basis of accounting which recognizes revenues as they become available and measurable. Expenses are recognized as they are incurred and measurable as result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Financial instruments:

Cash and equity instruments quoted in an active market are measured at fair value. Accounts receivable, accounts payable, and long-term debt 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.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

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

Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

Nipissing District Housing Corporation

Notes to Financial Statements

Year ended December 31, 2023

1. Significant accounting policies (continued):

(c) Capital Assets:

Capital assets are stated at cost less accumulated amortization. Pre 2001 land and buildings have been recorded at values based upon their respective market value assessments used for municipal assessment purposes as at December 31, 2000. This basis of valuation was used since the historical cost information for these capital assets were not available nor reasonably determinable. Pre 2001 land and buildings have been segregated from each other using a ratio of 80% for buildings and 20% for land. Betterments which extend the estimated life of the buildings are capitalized. Amortization based on the estimated useful life of the asset is calculated on a straight line basis over the following number of years:

Asset	Useful Life - Years
Computers	4
Furniture and fixtures	5
Vehicles	7
Machinery and equipment	10
Buildings	40 to 60

(d) Contributed assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are recorded as revenue.

(e) Income taxes:

As a non-profit, the organization is not subject to income taxes under the Canadian Income Tax Act.

(f) Use of estimates:

The preparation of the financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. These estimates are based on management's best knowledge of current events and actions that the corporation may undertake in the future. Significant items subject to such estimates and assumptions include allowance for doubtful accounts, useful lives of capital assets and other accrued liabilities and/or obligations.

In addition, the organization's implementation of PS3280 Asset Retirement Obligations has resulted in the requirement for management to make estimates regarding the useful lives of affected tangible capital assets and the expected retirement costs, as well as the timing and duration of these retirement costs.

Actual results could differ from these estimates.

Nipissing District Housing Corporation

Notes to Financial Statements

Year ended December 31, 2023

1. Significant accounting policies (continued):

(g) Revenue recognition:

The organization follows the deferral method of accounting for restricted capital subsidies. Capital subsidies are recognized as revenue in the year in which the related expenses are incurred. Unrestricted subsidies are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Unrestricted subsidies received which pertains to prior periods and any repayment of excess unrestricted subsidies are adjusted through net assets.

Rent is recognized when earned each month.

Interest and other revenue are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(h) Interfund transfers:

Certain amounts, as approved by the Board, are set aside in reserves or reserve funds for future operating and capital purposes. Transfers to and/or from the reserves and reserve funds are an adjustment to the respective fund when approved.

(i) Contributed materials and services:

Contributed materials and services which are used in the normal course of the organization's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution.

(k) Asset retirement obligation:

An asset retirement obligation is recognized when, as at the financial reporting date, when all the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The liability for the removal of asbestos in several of the buildings owned by the organization has been recognized based on estimated future expenses on closure of the site and post-closure care.

The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the depreciation accounting policies outlined in (c).

Nipissing District Housing Corporation

Notes to Financial Statements

Year ended December 31, 2023

2. Change in accounting policies:

(a) PS 3280 – Asset Retirement Obligations:

On January 1, 2022, the organization adopted Public Accounting Standard PS 3280 – Asset Retirement Obligations. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. The standard was adopted on the modified retrospective basis at the date of adoption. Under the modified retrospective method, the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard.

On January 1, 2022, the organization recognized an asset retirement obligation relating to several buildings owned by the organization that contain asbestos. The buildings were originally purchased between 1957 and 2022, and the liability was measured as of the date of purchase of the buildings, when the liability was assumed. The buildings had an expected useful life of 60 years, and the estimate has not been changed since purchase.

In accordance with the provisions of this new standard, the Organization reflected the following adjustments at January 1, 2022:

- Asbestos obligation:
 - An increase of \$13,735,883 to the Buildings capital asset account, representing the original estimate of the obligation as of the date of purchase, and an accompanying increase of \$11,502,922 to Accumulated Amortization, representing increased amortization had the liability originally been recognized.
 - An asset retirement obligation in the amount of \$13,735,883.
 - A decrease to Opening Net Assets of \$11,502,922 as a result of the recognition of the liability and accompanying increase in depreciation expense for years since purchase.
 - An increase of \$240,549 to amortization expense in 2022.

Nipissing District Housing Corporation

Notes to Financial Statements

Year ended December 31, 2023

3. Financial instruments:

(a) Fair Values:

The organization's financial instruments are comprised of cash and cash equivalents, short-term investments, accounts receivable, accounts payable and accrued liabilities and long-term debt.

Cash and cash equivalents are reported at fair value on the balance sheet date. Accounts receivable, accounts payable and accrued liabilities are reported at amortized cost which approximates fair value due to their short-term nature.

The fair values of short-term investments and long-term debt are disclosed in the respective notes to the financial statements.

(b) Risks arising from Financial Instruments:

Credit Risk

The organization's cash and cash equivalents are all held at a major institution. The organization maintains cash and cash equivalents with its financial institution in excess of the federally insured limits and is therefore exposed to credit risk from this concentration of cash and cash equivalents. The organization's accounts receivable are made up of a large number of small balances from tenants and other organizations in a number of different industries.

Interest Rate Risk

The organization manages its portfolio investments based on Social Housing Act requirements.

The long-term debt bears fixed interest rates and the organization expects to repay these loans in full when they mature. Consequently, the long-term debt risk exposure is minimal.

Nipissing District Housing Corporation

Notes to Financial Statements

Year ended December 31, 2023

4. Short-term investments:

Investments consist of the following:

	2023	2022
Social Housing Canadian Short Term Bond Fund		
Series A (at cost \$1,500,221)	\$ 1,342,390	\$ 1,271,771
	\$ 1,342,390	\$ 1,271,771

5. Accounts receivable:

	2023	2022
District of Nipissing Social Services		
Administration Board:		
- Capital	\$ -	\$ 490,460
- Other	-	30,677
Rents and other charges to tenants	2,319,436	2,182,738
Allowance for doubtful accounts	(1,924,690)	(1,591,501)
GST/HST rebate	119,841	173,444
Other	-	2,400
	\$ 514,587	\$ 1,288,218

Nipissing District Housing Corporation

Notes to Financial Statements

Year ended December 31, 2023

6. Capital assets:

Cost	Balance at December 31, 2022	Additions	Disposals	Balance at December 31, 2023
Land	\$ 9,333,315	-	(58,878)	9,274,437
Buildings	62,368,198	223,731	(1,273,713)	61,318,216
Machinery and equipment	4,039,796	297,905	-	4,337,701
Furniture and fixtures	84,363	-	-	84,363
Vehicles	284,562	-	(30,214)	254,348
Computers	112,224	-	(26,733)	85,491
Total	\$ 76,222,458	521,636	(1,389,538)	75,354,556

Accumulated Amortization	Balance at December 31, 2022	Disposals	Amortization expense	Balance at December 31, 2023
Land	\$ -	-	-	-
Buildings	43,557,557	(133,775)	1,645,774	45,069,556
Machinery and equipment	2,561,536	-	270,285	2,831,821
Furniture and fixtures	81,112	-	1,625	82,737
Vehicles	196,353	(30,214)	27,994	194,133
Computers	75,324	-	5,083	80,407
Total	\$ 46,471,882	(163,989)	1,950,761	48,258,654

	Net book value, December 31, 2022	Net book value, December 31, 2023
Land	\$ 9,333,315	9,274,437
Buildings	18,810,641	16,248,660
Machinery and equipment	1,478,260	1,505,880
Furniture and fixtures	3,251	1,626
Vehicles	88,209	60,215
Computers	36,900	5,084
Total	\$ 29,750,576	27,095,902

During the year, assets were sold for \$3,441,783 that had deferred capital contributions balance of \$620,376 and net carrying value of \$1,225,549, resulting in a gain of \$2,836,610.

Nipissing District Housing Corporation

Notes to Financial Statements

Year ended December 31, 2023

6. Capital assets (continued):

Cost	Balance at December 31, 2021	Adjustment relating to recognition of asset retirement obligation (note 10)	Balance at January 1, 2022, as restated	Additions	Disposals	Balance at December 31, 2022
Land	\$ 9,251,017	-	9,251,017	82,298	-	9,333,315
Buildings	48,097,975	13,735,883	61,833,858	550,428	(16,088)	62,368,198
Machinery and equipment	3,700,155	-	3,700,155	339,641	-	4,039,796
Furniture and fixtures	84,363	-	84,363	-	-	84,363
Vehicles	284,562	-	284,562	-	-	284,562
Computers	112,224	-	112,224	-	-	112,224
Total	\$ 61,530,296	13,735,883	75,266,179	972,367	(16,088)	76,222,458

Accumulated Amortization	Balance at December 31, 2021	Adjustment relating to recognition of asset retirement obligation (note 10)	Balance at January 1, 2022, as restated	Disposals	Amortization expense	Balance at December 31, 2022
Land	\$ -	-	-	-	-	-
Buildings	30,390,987	11,502,922	41,893,909	-	1,663,648	43,557,557
Machinery and equipment	2,270,995	-	2,270,995	-	290,541	2,561,536
Furniture and fixtures	73,193	-	73,193	-	7,919	81,112
Vehicles	164,525	-	164,525	-	31,828	196,353
Computers	67,826	-	67,826	-	7,498	75,324
Total	\$ 32,967,526	11,502,922	44,470,448	-	2,001,434	46,471,882

	Net book value, December 31, 2021	Net book value, January 1, 2022, as restated	Net book value, December 31, 2022
Land	\$ 9,251,017	9,251,017	9,333,315
Buildings	17,706,988	19,939,949	18,810,641
Machinery and equipment	1,429,160	1,429,160	1,478,260
Furniture and fixtures	11,170	11,170	3,251
Vehicles	120,037	120,037	88,209
Computers	44,398	44,398	36,900
Total	\$ 28,562,770	30,795,731	29,750,576

Nipissing District Housing Corporation

Notes to Financial Statements

Year ended December 31, 2023

7. Long-term debt:

	2023	2022
Mortgage repayable in monthly instalments of \$31,482 including interest at 2.68%, maturing February 1, 2025, secured by land and buildings with a carrying value of \$3,462,642.	\$ 1,117,068	\$ 1,460,107
Mortgage repayable in monthly instalments of \$21,709 including interest at 3.15%, maturing October 1, 2027, secured by land and buildings with a carrying value of \$2,338,696.	939,828	1,167,054
Mortgage repayable in monthly instalments of \$21,694 including interest at 2.61%, repaid during the year.	-	256,681
	2,056,896	2,883,842
Less: amounts due within one year included in current liabilities	586,734	826,947
	\$ 1,470,162	\$ 2,056,895

Principal repayments for the next four years are as follows:

2024	\$ 586,734
2025	1,006,656
2026	249,562
2027	213,944
	\$ 2,056,896

Nipissing District Housing Corporation

Notes to Financial Statements

Year ended December 31, 2023

8. Deferred capital subsidy:

The deferred capital subsidy represents externally restricted capital funding received from the service manager but not yet expended. The changes in the deferred capital subsidy balance are as follows:

	2023	2022
Balance, beginning of year	\$ 1,213,109	\$ 1,343,430
Add: Capital subsidy received in the year	799,440	1,028,449
Deferred capital contributions disposal	-	16,088
Less: Amount recognized as revenue in the year	(420,484)	(354,638)
Amount transferred to deferred capital contributions	(395,909)	(820,220)
Balance, end of year	\$ 1,196,156	\$ 1,213,109

9. Deferred capital contributions:

Deferred capital contributions represent unamortized capital subsidies received from the service manager which were used towards the acquisition of capital assets. The deferred capital contributions are recognized as income at the same rate as the amortization expenses are incurred on the capital asset to which it pertains. The capital contribution subsidies are received from the District of Nipissing Social Services Administration Board. The changes in the deferred capital contributions balance are as follows:

	2023	2022
Balance, beginning of year	\$ 7,234,026	\$ 6,972,892
Add: Amount transferred to deferred capital contributions	395,909	820,220
Less: Amount recognized as revenue in the year	(514,179)	(542,998)
Disposal – see Note 6	(620,376)	(16,088)
Balance, end of year	\$ 6,495,380	\$ 7,234,026

Nipissing District Housing Corporation

Notes to Financial Statements

Year ended December 31, 2023

10. Asset retirement obligation:

The organization owns and operates several buildings that are known to have asbestos, which represents a health hazard upon demolition of the building and there is a legal obligation to remove it. Following the adoption of PS3280 – Asset retirement obligations, the organization recognized an obligation relating to the removal and post-removal care of the asbestos in these buildings as estimated at January 1, 2022.

The transition and recognition of asset retirement obligations involved an accompanying increase to the Buildings and Landfill capital assets and the restatement of prior year numbers (see note 2).

Changes to the asset retirement obligation in the year are as follows:

	Balance at December 31, 2022
Balance, beginning of year	\$ -
Adjustment on adoption of the asset retirement obligation standard (Note 2)	13,735,883
Balance, beginning of year, as restated	13,735,883
Balance, end of year	\$ 13,735,883

Nipissing District Housing Corporation

Notes to Financial Statements

Year ended December 31, 2023

11. Related party transactions:

Nipissing District Housing Corporation is a wholly-owned subsidiary of the District of Nipissing Social Services Administration Board (DNSSAB). DNSSAB is a funding agency of the Corporation as separately disclosed on the statement of operations. Total funding received from DNSSAB for the year was \$4,656,272 (2022 - \$5,043,250). \$3,856,832 (2022 - \$4,014,801) received from DNSSAB is recognized as revenue in the statement of operations. \$799,440 (2022 - \$1,028,449) received from DNSSAB as capital funding is recognized on the statement of financial position. Other related party transactions with the DNSSAB are apparent in the financial statements and thus not separately disclosed.

12. Share capital:

The authorized common share capital of the organization is an unlimited number of shares without par value.

	2023	2022
Issued		
100 Common shares	\$ 100	\$ 100

13. Pension agreements:

The organization makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of full-time and part-time members of its 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 OMERS Board of Directors, 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 nearly half a million 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 the 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 actuarial liabilities of \$136,185 million in respect of benefits accrued for service with actuarial assets at the 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 organization does not recognize any share of the OMERS pension surplus or deficit. Contributions made by the organization to OMERS for 2023 were \$161,418 (2022 - \$137,488).

Nipissing District Housing Corporation

Notes to Financial Statements

Year ended December 31, 2023

14. Internally restricted – invested in capital assets:

(a) Investment in capital assets is calculated as follows:

	2023	2022
Capital assets	\$ 27,095,902	\$ 29,750,576
Amounts financed by:		
Deferred capital contributions	(6,495,380)	(7,234,026)
Long-term debt	(2,056,896)	(2,883,842)
Asset retirement obligation	(13,735,883)	(13,735,883)
	<u>\$ 4,807,743</u>	<u>\$ 5,896,825</u>

(b) Change in net assets invested in capital assets is calculated as follows:

	2023	2022
Excess of revenues over expenses:		
Amortization of deferred capital contributions related to capital assets	\$ 514,179	\$ 542,998
Amortization of capital assets	(1,950,761)	(2,001,434)
	<u>\$ (1,436,582)</u>	<u>\$ (1,458,436)</u>
Net change in investment in capital assets:		
Purchase of capital assets	\$ 521,636	\$ 972,367
Amounts funded by deferred capital contributions	(395,909)	(820,220)
Repayment of loan and mortgage	826,946	804,400
Disposals	(605,173)	-
	<u>\$ 347,500</u>	<u>\$ 956,547</u>

Nipissing District Housing Corporation

Notes to Financial Statements

Year ended December 31, 2023

15. Internally restricted - capital replacements

	Phase I	Phase II	Phase III	Phase IV	Phase V	Phase VI	Balance at December 31, 2023
Balance, beginning of year	\$ 255,466	\$ 422,218	\$ -	\$ 334,821	\$ 225,398	-	\$ 1,237,903
Excess of revenue							
over expenses	3,225	11,359	-	8,063	-	-	22,647
Interfund transfers	20,951	(94,149)	-	(3,390)	(30,765)	-	(107,353)
Balance, end of year	\$ 279,642	\$ 339,428	\$ -	\$ 339,494	\$ 194,633	-	\$ 1,153,197

	Phase I	Phase II	Phase III	Phase IV	Phase V	Phase VI	Balance at December 31, 2022
Balance, beginning of year	\$ 212,615	\$ 401,851	\$ -	\$ 324,202	\$ 44,453	-	\$ 983,121
Excess of revenue							
over expenses	(3,777)	(13,307)	-	(9,447)	-	-	(26,531)
Interfund transfers	46,628	33,674	-	20,066	180,945	-	281,313
Balance, end of year	\$ 255,466	\$ 422,218	\$ -	\$ 334,821	\$ 225,398	-	\$ 1,237,903

16. Unrestricted net assets

	Phase I	Phase II	Phase III	Phase IV	Phase V	Phase VI	Balance at December 31, 2023
Balance, beginning of year	\$ 69,931	\$ 731,254	\$ 1,680,043	\$ 453,624	\$ (896,955)	(29,699)	\$ 2,008,198
Excess of revenue							
over expenses	(53,095)	755,689	(159,123)	116,945	2,782,032	(95,077)	3,347,371
Interfund transfers	(20,951)	94,149	-	3,390	(3,369,286)	-	(3,292,698)
Change in net invested in capital assets	-	(899,372)	-	(53,301)	605,173	-	(347,500)
Balance, end of year	\$ (4,115)	\$ 681,720	\$ 1,520,920	\$ 520,658	\$ (879,036)	(124,776)	\$ 1,715,371

	Phase I	Phase II	Phase III	Phase IV	Phase V	Phase VI	Balance at December 31, 2022
Balance, beginning of year	\$ 66,012	\$ 720,120	\$ 1,538,794	\$ 368,538	\$ (914,876)	-	\$ 1,778,588
Excess of revenue							
over expenses	50,547	866,457	141,249	138,213	218,405	52,599	1,467,470
Interfund transfers	(46,628)	(33,674)	-	(20,066)	(180,945)	-	(281,313)
Change in net invested in capital assets	-	(821,649)	-	(33,061)	(19,539)	(82,298)	(956,547)
Balance, end of year	\$ 69,931	\$ 731,254	\$ 1,680,043	\$ 453,624	\$ (896,955)	(29,699)	\$ 2,008,198

Nipissing District Housing Corporation

Notes to Financial Statements

Year ended December 31, 2023

17. Budget data:

The budget data presented in these non-consolidated financial statements is based upon the budget approved by the board of directors (Board) on January 18, 2023 which was prepared on a cash basis. The budget established does not include a budgeted amount for amortization of capital assets.

The budget figures in the statement of operations have been restated to be comparable with the Canadian public sector accounting standards for government not-for-profit organizations. A reconciliation of the Board approved budget and the budget figures presented in the statement of operations is presented below:

	Budget Amount
Adopted budget:	
Budgeted annual surplus (deficit) for the year	\$ -
Adjustments to adopted budget:	
Long-term debt repayments	826,947
Transfer to capital replacement reserve	380,372
Transfer from capital replacement reserve	(382,943)
<hr/> Budget surplus per statement of operations	<hr/> \$ 824,376

Nipissing District Housing Corporation

Unaudited - 2023 Segmented Information Schedule

Year ended December 31, 2023

	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5	Phase 6	Total 2023
Revenue:							
Rent geared to income	\$ 89,096	385,465	2,820,128	-	-	-	3,294,689
Market tenants rent	213,878	497,822	-	561,398	-	367,964	1,641,062
Commercial rent	-	-	-	-	174,658	-	174,658
Subsidies from the District of Nipissing Social Services Administration Board:							
- Operations	-	1,366,362	2,369,127	-	-	-	3,735,489
- Capital	-	-	420,484	-	-	-	420,484
Grants	46,249	-	-	-	-	75,094	121,343
Interest and other	8,130	33,012	531,686	4,078	279	39,812	616,997
Investment income	3,225	11,359	47,971	8,063	-	-	70,618
	360,578	2,294,020	6,189,396	573,539	174,937	482,870	10,075,340
Expenses:							
Salaries and benefits (Note 13)	-	-	2,180,992	-	44,271	74,476	2,299,739
Municipal tax	95,827	304,833	1,006,092	109,302	16,776	96,649	1,629,479
Utilities	56,075	192,306	896,093	47,403	14,936	113,957	1,320,770
Maintenance, materials and services	127,442	352,554	1,047,383	107,104	47,182	146,449	1,828,114
Capital operations	28,963	186,702	420,486	27,607	7,920	80,432	752,110
Administrative overhead	1,384	9,107	729,052	24,891	2,116	5,052	771,602
Bad debt and collection costs	44,690	96,915	202,904	44,644	-	-	389,153
Insurance	20,414	98,498	188,918	28,131	9,996	24,658	370,615
Interest on long-term debt	-	69,725	-	-	-	-	69,725
Professional fees	186	1,840	31,019	1,294	8,333	-	42,672
Bank charges and interest	236	715	9,565	971	-	-	11,487
Services and supports	-	-	56,466	-	-	-	56,466
	375,217	1,313,195	6,768,970	391,347	151,530	541,673	9,541,932
Excess of revenue over expenses before the undernoted items	(14,639)	980,825	(579,574)	182,192	23,407	(58,803)	533,408
Other revenue (expenses):							
Gain on disposal of assets	-	-	41,733	-	2,794,877	-	2,836,610
Amortization of deferred capital contributions	37,219	39,228	404,717	1,755	28,174	3,086	514,179
Management fees	(35,231)	(213,777)	378,718	(57,184)	(36,252)	(36,274)	-
Amortization	(151,490)	(638,925)	(1,021,046)	(82,878)	(47,199)	(9,223)	(1,950,761)
Excess of revenues over expenses for the year	\$ (164,141)	167,351	(775,452)	43,885	2,763,007	(101,214)	1,933,436

Nipissing District Housing Corporation

Unaudited - 2022 Segmented Information Schedule

Year ended December 31, 2023

	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5	Phase 6	Total 2022
Revenue:							
Rent geared to income	\$ 110,861	359,502	2,824,131	-	-	-	3,294,494
Market tenants rent	211,164	498,604	-	551,134	-	88,234	1,349,136
Commercial rent	-	-	-	-	537,005	-	537,005
Subsidies from the District of Nipissing Social Services Administration Board:							
- Operations	65,380	1,303,527	2,371,934	-	-	-	3,740,841
- Capital	-	-	354,638	-	-	-	354,638
Grants	84,000	-	56,274	-	-	133,686	273,960
Interest and other	372	182	241,919	-	33,532	9,017	285,022
Investment income (loss)	(3,777)	(13,307)	(114,942)	(9,447)	-	-	(141,473)
	468,000	2,148,508	5,733,954	541,687	570,537	230,937	9,693,623
Expenses:							
Salaries and benefits (Note 13)	-	-	2,109,553	-	40,208	25,313	2,175,074
Municipal tax	93,100	296,157	969,083	106,235	51,534	27,643	1,543,752
Utilities	54,802	188,540	862,434	42,994	18,119	26,833	1,193,722
Maintenance, materials and services	126,496	294,261	851,071	116,084	89,495	45,806	1,523,213
Capital operations	87,285	114,057	338,551	46,958	71,075	47,458	705,384
Administrative overhead	2,435	10,100	603,851	20,734	2,780	1,232	641,132
Bad debt and collection costs	6,725	14,089	25,118	1,714	-	-	47,646
Insurance	16,708	80,213	155,951	22,921	10,861	4,053	290,707
Interest on long-term debt	-	92,353	-	-	-	-	92,353
Professional fees	-	1,757	17,753	372	-	-	19,882
Bank charges and interest	126	234	9,600	448	-	-	10,408
Services and supports	-	-	9,411	-	-	-	9,411
	387,677	1,091,761	5,952,376	358,460	284,072	178,338	8,252,684
Excess of revenue over expenses before the undernoted items	80,323	1,056,747	(218,422)	183,227	286,465	52,599	1,440,939
Other revenue (expenses):							
Amortization of deferred capital contributions	37,220	39,050	433,713	1,755	28,174	3,086	542,998
Management fees	(33,553)	(203,597)	359,671	(54,461)	(68,060)	-	-
Amortization	(151,577)	(638,314)	(1,071,701)	(83,420)	(47,199)	(9,223)	(2,001,434)
Excess of revenues over expenses for the year	\$ (67,587)	253,886	(496,739)	47,101	199,380	46,462	(17,497)