

Nipissing District Housing Corporation

Audit final report to the Board of Directors for
the year ended December 31, 2021

Presented on May 25, 2022



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To the Board of Directors of Nipissing District Housing Corporation

We are pleased to provide you with the results of our audit of Nipissing District Housing Corporation (the "Organization") financial statements for the year ended December 31, 2021.

The enclosed final report includes our approach to your audit, including: significant risks identified and the nature, extent, and results of our audit work. We will also report any significant internal control deficiencies identified during our audit and reconfirm our independence.

During the course of our audit, management made certain representations to us—in discussions and in writing. We documented these representations in the audit working papers.

The business environment has changed for us all during the time of COVID-19. Cash flow, strategy, operations: each has received a rethink. As your auditors, we have relied on our digital audit suite to stay connected—among ourselves, with management, and with you.

We look forward to discussing our audit conclusions with you. In the meantime, please feel free to contact us if you have any questions or concerns.

Yours truly,

BDO Canada LLP
May 25, 2022

For the year ended December 31, 2021

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For the year ended December 31, 2021



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Audit at a glance

Preliminary materiality was \$200,000. Final materiality was increased to \$222,300 based on actual results.

We are not aware of any fraud affecting the Organization. If you have become aware of changes to processes or are aware of any instances of actual, suspected, or alleged fraud since our discussions held at planning, please let us know.

We have complied with relevant ethical requirements and are not aware of any relationships between Nipissing District Housing Corporation and our Firm that may reasonably be thought to bear on our independence.

LEAD
PARTNER
ON YOUR
AUDIT

Dean Decaire

Email: ddecaire@bdo.ca

Direct: 705-667-0316

START
DATE

April 4, 2022

END DATE

May 25, 2022

For the year ended December 31, 2021

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Status of the audit

We have substantially completed our audit of the year ended December 31, 2021 financial statements, pending completion of the following items:

- ▶ Receipt of signed management representation letter
- ▶ Subsequent events review through to the financial statements approval date
- ▶ Approval of financial statements by the Board of Directors

We conducted our audit in accordance with Canadian generally accepted auditing standards. The objective of our audit was to obtain reasonable, not absolute, assurance about whether the financial statements are free from material misstatement. See [Appendix A](#) for our draft independent auditor's report.

The scope of the work performed was substantially the same as that described in our Planning Report to the Board of Directors dated February 23, 2022.

For the year ended December 31, 2021



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Audit findings

As part of our ongoing communications with you, we are required to have a discussion on our views about significant qualitative aspects of the Organization's accounting practices, including accounting policies, accounting estimates and financial statements disclosures. We look forward to exploring these topics in depth and answering your questions. A summary of the key discussion points are below:

Financial statement areas	Risks noted	Audit findings
Management Override of Controls	Management is in a unique position to perpetrate fraud because of management's ability to override controls, potentially leading to a material misstatement of the financial statements.	Tests were completed as planned, no issues or exceptions noted.
Revenue Recognition Related to Deferred Contributions	Inherent fraud risk related to revenue recognition which could lead to a material misstatement of the financial statements. Risk that deferred contributions are not treated properly which could lead to a material misstatement of the financial statements.	Tests were completed as planned, no issues or exceptions noted.
Revenue Recognition Related to Cut-off Risk	Risk that timing of revenue has been manipulated in order to decrease amount repayable at year-end.	Tests were completed as planned, no issues or exceptions noted.
Rent Revenue	Risk related to rental revenue as the nature of payments increases the chance of fraud due to nature of payments.	Tests were completed as planned, no issues or exceptions noted.

For the year ended December 31, 2021



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BDO Portal

We use BDO Portal to help you collaborate with your audit team in a seamless way—placing everything you need in one accessible, secure place.

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Internal control matters

- ▶ During the audit, we performed the following procedures regarding the Organization's internal control environment:
- ▶ Documented operating systems to assess the design and implementation of control activities that were relevant to the audit.
- ▶ Discussed and considered potential audit risks with management.
- ▶ We considered the results of these procedures in determining the extent and nature of audit testing required.



We are required to report to you in writing about any significant deficiencies in internal control that we have identified during the audit.

A significant deficiency is defined as a deficiency or combination of deficiencies in internal control that merits the attention of those charged with governance.

The audit expresses an opinion on the Organization's financial statements. As a result, it does not cover every aspect of internal controls—only those relevant to preparing the financial statements and designing appropriate audit procedures. This work was not for the purpose of expressing an opinion on the effectiveness of internal control.

No control deficiencies were noted that, in our opinion, are of significant importance to discuss.

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Adjusted and unadjusted differences

Summary of unadjusted differences

There were no unadjusted differences noted during the course of our audit engagement.

Summary of adjusted differences

There were no differences that were corrected by management during the course of our audit engagement.



Other required communications

Professional standards require independent auditors to communicate with those charged with governance certain matters in relation to an audit. In addition to the points communicated within this letter, the attached table summarizes these additional required communications.

Issue	BDO response
Potential effect on the financial statements of any material risks and exposures, such as pending litigation, that are required to be disclosed in the financial statements.	No litigation occurred during the year thus, no disclosure
Material uncertainties related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern.	No material uncertainties were noted.
Disagreements with management about matters that, individually or in the aggregate, could be significant to the entity's financial statements or our audit report.	There were no disagreements with management.
Matters involving non-compliance with laws and regulations	There were no non-compliance matters with laws and regulations
Significant related party transactions that are not in the normal course of operations and which involve significant judgments made by management concerning measurement or disclosure.	All significant related party transactions were found to be in the normal course of operations.
Management consultation with other accountants about significant auditing and accounting matters.	No such matters.
Other matters	No other matters to discuss.



How we audit financial statements: Our six-step audit process

IDENTIFY AND ASSESS RISK

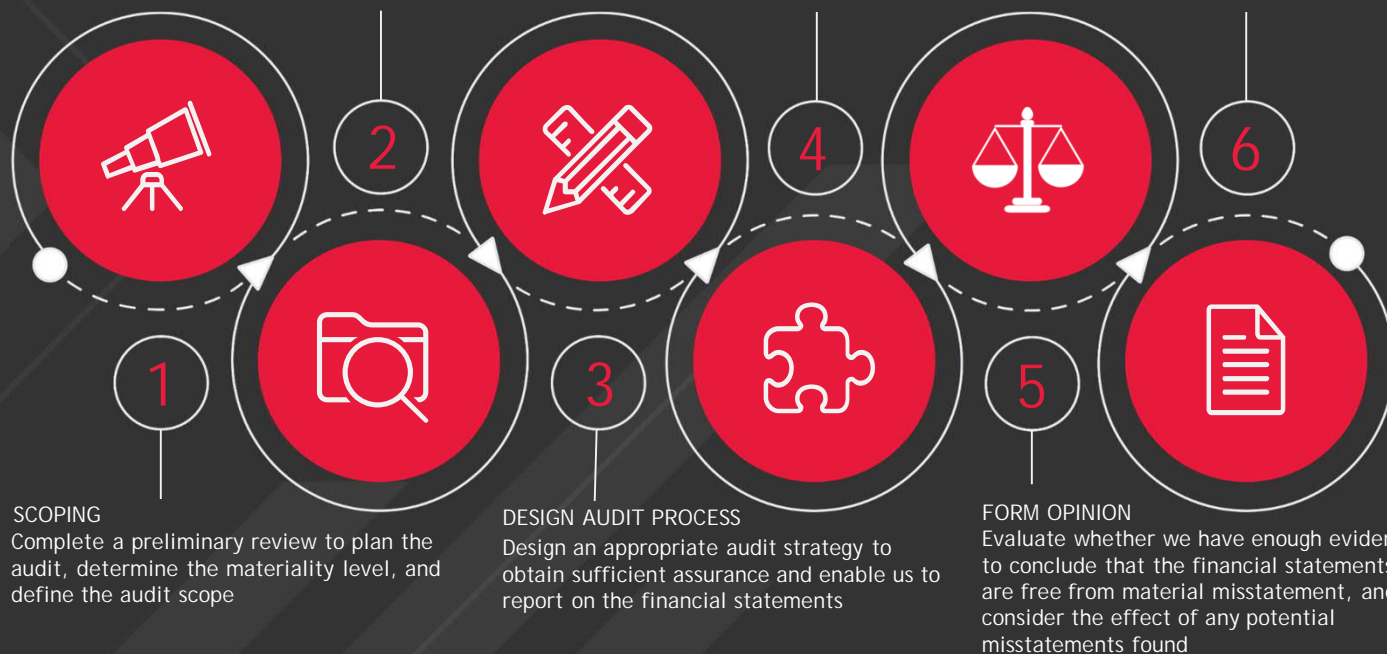
Focus on those areas of financial statements that contain potential material misstatements as a consequence of the risks you face

OBTAIN AUDIT EVIDENCE

Perform audit procedures while maintaining appropriate degree of professional skepticism, to conclude whether or not the financial statements are presented fairly

REPORT

Communicate our opinion and details of matters on which we are required to report



New Standard for Audit Quality



ISQM 1

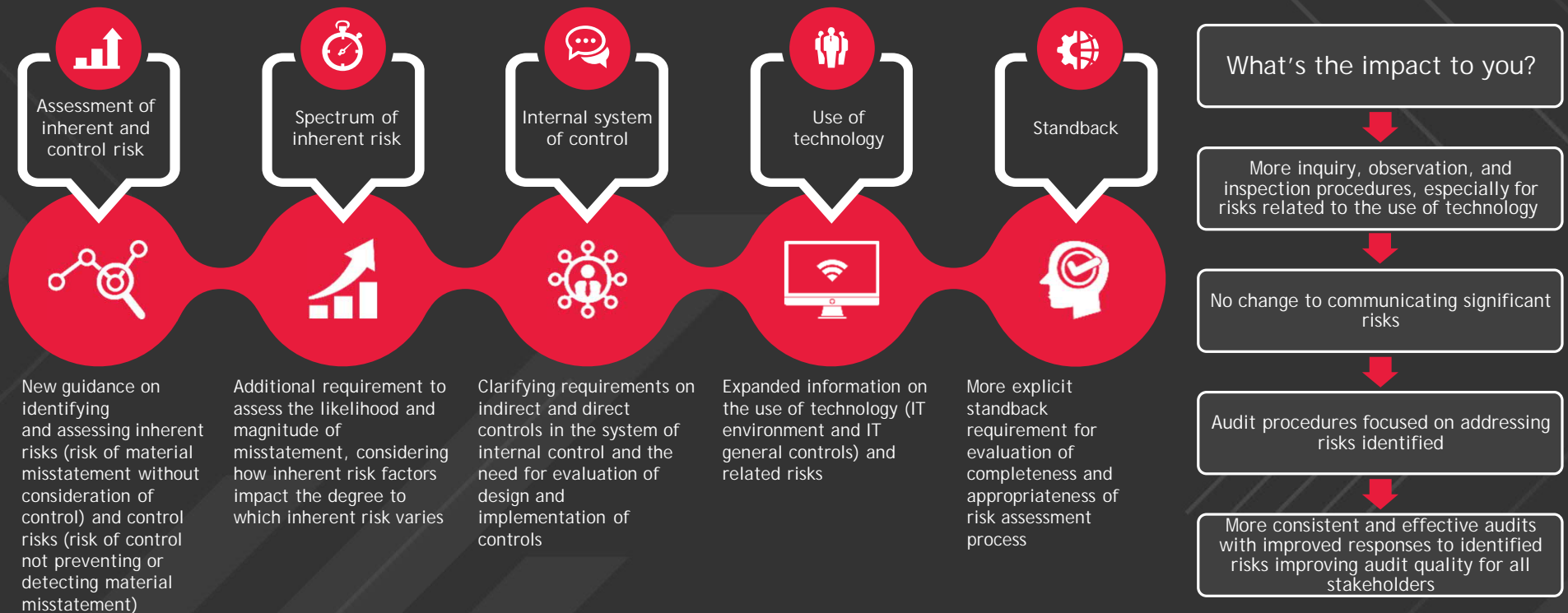
The quality of an audit depends not only on the people conducting it—but also on the systems underpinning it. These new rules up the ante for your audit quality.

[SEE THE STANDARD](#)



Coming soon: Updates to our audit process

Canadian Auditing Standard 315, *Identifying and Assessing the Risks of Material Misstatement*, was significantly revised with a greater focus on more robust risk identification, assessment and response procedures. The standard will be effective for periods beginning on or after December 15, 2021. Key enhancements include:





Our audit approach: Responsiveness in action

Our firm is deliberately structured to allow one partner to every six staff members. This means easy access to senior staff and the lead partner throughout your audit. It also helps our team gain a better understanding of your organization. Our audit process differs from the typical audit in our use of in-field reviews, subject to COVID-19 safety protocols. The benefit of these in-field reviews is that final decision-makers are on site ensuring issues are resolved and files closed quickly. We offer clients the full-service expertise of a national firm. Yet we maintain a local community focus. The comprehensive range of services we deliver is complemented by a deep industry knowledge gained from over 100 years of working within local communities.



CONSISTENCY

Drives consistency and quality in audit execution throughout BDO, enabling us to be responsive to your size and location needs

A DIGITAL APPROACH

We promote a paperless audit where we perform and document our audit and exchange information with you and your team using technology

EXCEPTIONAL DELIVERY

Using our highly trained teams, underpinned by an exceptionally intuitive audit methodology, to enable timely and efficient delivery of your audit

Discover how we're accelerating audit quality



Audit Quality Report

We collected our core beliefs around audit quality, the very practical steps we take to sustain it, and the progress we have made to accelerate its quest.

[Follow our progress](#)

BDO's digital audit suite

Our digital audit suite of technologies enables our engagement teams to conduct consistent risk-based audits, both domestically and internationally, with maximum efficiency and minimal disruption to our clients' operations and people.



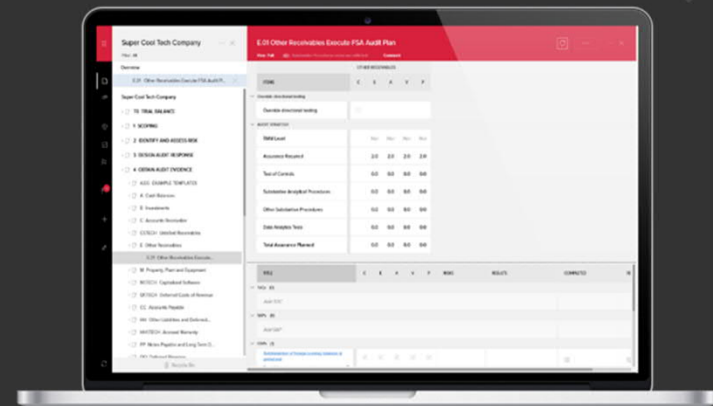
APT Next Gen

Our audit software and documentation tool, APT, is an integral part of our audit methodology. Our professionals engage APT to devise and perform appropriate, risk-based audit procedures and testing based on applicable Canadian Auditing Standards (CASs), as well as to factor in engagement and industry-specific objectives and circumstances.

APT enables us to deliver an audit that fits your organization—whether large or small; complex or basic.

This sophisticated tool also amplifies two key attributes of our audits: consistency and quality. The quality framework that we developed measures our audit performance with hard quality indicators and reflects our indispensable culture for quality. To see our audit quality and consistency in action, look no further than how our teams share best audit practices for continuous improvement.

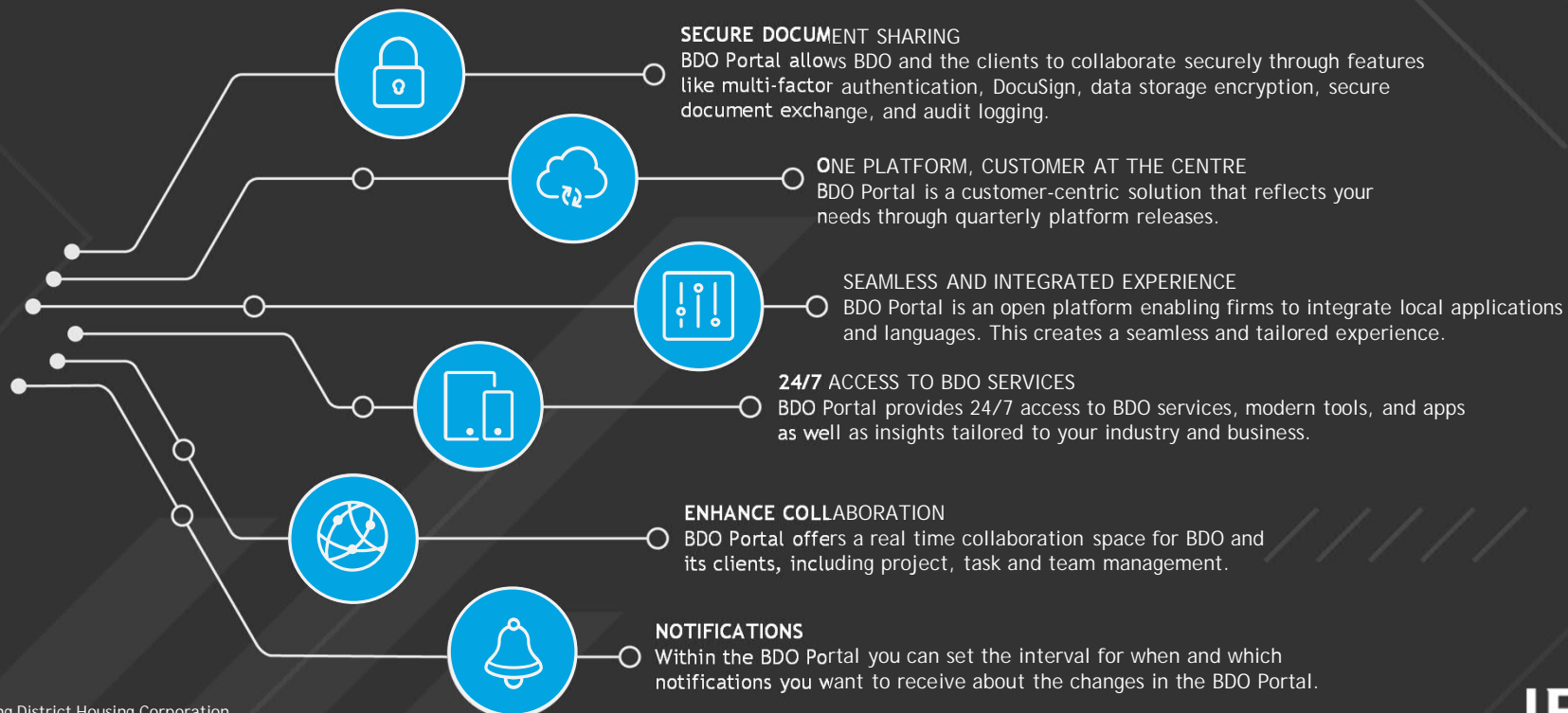
Through a strategic alliance with Microsoft and the introduction of new technology, this global, cloud-based application can now streamline and focus the audit process in even more ways for BDO professionals and their clients.





BDO Portal

BDO Portal transforms and enhances your digital experience with your BDO advisors. Available at any time, Portal enables you to access all services, tools, apps, and information and to collaborate with your advisors in a seamless way through a flexible, appealing, and secure environment.



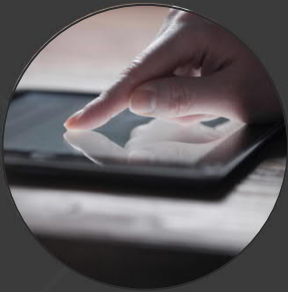
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For the year ended December 31, 2021



Recommended resources

Key changes to financial reporting



When the rules of reporting change, you may need to fine-tune how to present financial statements and govern the organization.

**ACCESS OUR
KNOWLEDGE CENTRE**

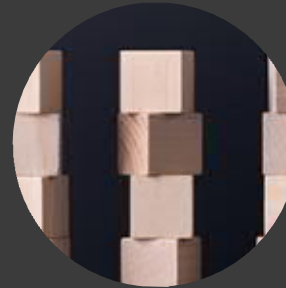
The latest tax pointers



Corporate. Commodity. Transfer pricing. International tax. Government programs. Together they add up to immense differences on the organization's bottom line. Our tax collection keeps you current.

STAY ON TOP OF TAXES

7 powerful steps to financial audit readiness



Getting and staying prepared for an audit simplifies the process, cuts turnaround time, and improves your chances of overall success. Learn how you can be audit ready.

7 STEPS

Asset Retirement Obligations (ARO): A Practical Approach to Section PS 3280



This publication will walk through a practical approach to applying Section PS 3280 including: identification, recognition and measurement of an obligation, and the different options available to entities on transition.

READ ARTICLE

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For the year ended December 31, 2021

Spotlight on sustainability

Fast-moving world events are pushing sustainability up the agenda of Canadian organizations. Now organizational leaders, investors, and customers are responding on three fronts: environmental, social, and governance (ESG).

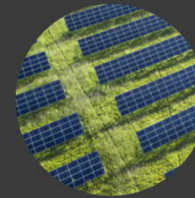
Regulators and issuers of standards are doing their part by supporting sustainability in the reporting ecosystem. Increasingly, organizations will need to go beyond the financials—and demonstrate sustainability with non-financial metrics.

5 reasons why businesses should care about ESG



SEE 5 REASONS

How climate change became a business issue worth reporting



READ ARTICLE

What executives need to do to align ESG with strategy



TAKE NEXT STEPS

ESG, and the business case for dealing with climate change



LEARN MORE

How does COVID-19 impact the environment?



BUILD BACK SUSTAINABLY

Why Canadian manufacturers should be reviewing ESG strategy



GET STARTED

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For the year ended December 31, 2021



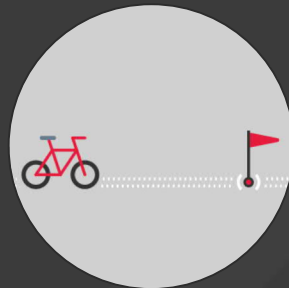
Spotlight on not-for-profit

Sector insights to shape your organization

Our not-for-profit leaders are thinking about the big questions facing the sector—from fulfilling your mission with limited resources to staying compliant with regulation. Our team combines sector-leading assurance, advisory, and tax expertise to bring you key insights.

For more on these and other key issues facing your business, please reach out to your engagement partner. They will be happy to put you in touch with the BDO professional who can best help you.

Navigating your non-profit



Your strategic roadmap to success

[READ REPORT](#)

Board guide to strategic planning



Building a roadmap for your non-profit

[READ REPORT](#)

The BDO Not-for-Profit Resource Centre



Sector insights at your convenience

[EXPLORE NOW](#)



Spotlight on public sector

PS 3280 is effective for March 31, 2023, and December 31, 2023, year ends, therefore entities must consider identification and recognition now to ensure a smooth transition. Check out the four-step approach below as an aid through the transition process:

IDENTIFICATION

Potential AROs:

- Solid waste landfill closure and post closure liabilities
- Removal of asbestos
- Retirement of sewage treatment plants
- Removal of fuel tanks
- Removal of customizations/leasehold improvements from a leased premises

SUBSEQUENT MEASUREMENT

Year-to-year changes in the liability from:

- Revisions to timing, the original estimate of undiscounted cash flows or the discount rate
- The passage of time as an accretion expense

Four-step approach to AROs

RECOGNITION

- There is a legal obligation to incur retirement costs
- The past transaction or event giving rise to the liability has occurred
- It is expected that future economic benefits will be given up
- A reasonable estimate can be made

INITIAL MEASUREMENT

Best estimate of future costs:

- Any costs directly attributable to the asset retirement activities
- Any costs required in existing agreements, contracts, legislation, etc.

A present value technique is often the best method to estimate the liability. Engineers or other experts will likely be needed for estimates.

PS 3280, Asset Retirement Obligations



It is important to understand the scope of the new standard and how it interacts with previous sections under PSAS, such as Section PS 3270 and Section PS 3260.

STANDARD AT A GLANCE

Spotlight on public sector

Key identification considerations include:



ASSET MANAGEMENT PLANS

Review any asset management plans in place for the retirement or remediation of assets and engage functions outside of finance (e.g. public works and engineering).



ASSESSMENT OF ASBESTOS

Complete an assessment of all buildings and other infrastructure to determine if there is any asbestos.



REVIEW OF INFRASTRUCTURE FOOTPRINT

Complete a review of infrastructure footprint (e.g. survey maps, physical inspection, historical data, etc.) to determine if there are any unknown, off-book assets (e.g. equipment, subsurface infrastructure, etc.) that will require clean up or retirement.



CONTAMINATED SITES

Determine if there are any known contaminations associated with assets that remain in productive use, which are scoped out of PS 3260, but scoped into PS 3280.



LEGISLATION, AGREEMENTS, CONTRACTS

Consider relevant legislation, lease agreements, contracts and obligation studies previously completed to identify any assets that require retirement or remediation.



MINISTRY CORRESPONDENCE

Consider any past correspondence from Ministries and legal counsel for legal obligations to retire an asset or regarding funding to remediate potential environmental obligations.

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Appendices

For the year ended December 31, 2021

- ▶ Appendix A: Draft Auditor's Report
- ▶ Appendix B: Representation Letter
- ▶ Appendix C: Independence Letter

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For the year ended December 31, 2021



Appendix A: Draft Auditor's Report

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, 2021, 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, 2021, 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.

Chartered Professional Accountants, Licensed Public Accountants

North Bay, Ontario
May 25, 2022

DRAFT - For Discussion Purposes Only

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For the year ended December 31, 2021



Appendix B: Representation Letter

Nipissing District Housing Corporation
c/o District of Nipissing Social Services Administration Board
200 McIntyre Street East
North Bay, ON
P1B 8V6

May 25, 2022

BDO Canada LLP
Chartered Professional Accountants
101 McIntyre Street West
Suite 301
North Bay Ontario
P1B 2Y5

This representation letter is provided in connection with your audit of the financial statements of Nipissing District Housing Corporation for the year ended December 31, 2021, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with Canadian Public Sector Accounting Standards.

We confirm that to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated February 24, 2021, for the preparation of the financial statements in accordance with Canadian Public Sector Accounting Standards; in particular, the financial statements are fairly presented in accordance therewith.

- The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement and/or disclosure that are reasonable in accordance with Canadian Public Sector Accounting Standards.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Canadian Public Sector Accounting Standards.
- All events subsequent to the date of the financial statements and for which Canadian Public Sector Accounting Standards require adjustment or disclosure have been adjusted or disclosed.
- The financial statements of the entity use appropriate accounting policies that have been properly disclosed and consistently applied.

Information Provided

- We have provided you with:
 - access to all information of which we are aware that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- We are responsible for the design, implementation and maintenance of internal controls to prevent, detect and correct fraud and error, and have communicated to you all deficiencies in internal control of which we are aware.

- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Fraud and Error

- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators, or others.

General Representations

- Where the value of any asset has been impaired, an appropriate provision has been made in the financial statements or has otherwise been disclosed to you.
- We have provided you with significant assumptions that in our opinion are reasonable and appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity when relevant to the use of fair value measurements or disclosures in the financial statements.
- We confirm that there are no derivatives or off-balance sheet financial instruments held at year end that have not been properly recorded or disclosed in the financial statements.
- Except as disclosed in the financial statements, there have been no changes to title, control over assets, liens or assets pledged as security for liabilities or collateral.
- The entity has complied with all provisions in its agreements related to debt and there were no defaults in principal or interest, or in the covenants and conditions contained in such agreements.
- There have been no plans or intentions that may materially affect the recognition, measurement, presentation or disclosure of assets and liabilities (actual and contingent).
- The nature of all material uncertainties have been appropriately measured and disclosed in the financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the financial statements.

- There were no direct contingencies or provisions (including those associated with guarantees or indemnification provisions), unusual contractual obligations nor any substantial commitments, whether oral or written, other than in the ordinary course of business, which would materially affect the financial statements or financial position of the entity, except as disclosed in the financial statements.

Other Representations Where the Situation Exists

- We have informed you of all known actual or possible litigation and claims, whether or not they have been discussed with legal counsel. Since there are no actual, outstanding or possible litigation and claims, no disclosure is required in the financial statements.
- We have informed you of all known impacts of the COVID-19 pandemic on our operations and disclosed as such in the financial statements.

Yours truly,

Signature

Position

Signature

Position

Nipissing District Housing Corporation
Summary of Unadjusted Misstatements
December 31, 2021

Description of Misstatement	Identified Misstatements	Projections of Identified Misstatements	Estimates	Proposed Adjustments			
				Assets Dr(Cr)	Liabilities Dr(Cr)	Opening R/E Dr(Cr)	Income Dr(Cr)
Likely Aggregate Misstatements Before Effect of Previous Year's Errors and Estimates	-	-	-	-	-	-	-
Effect of Previous Year's Errors				-	-	-	-
Likely Aggregate Misstatements				-	-	-	-

Details of why no adjustment has been made to the financial statements for the above items:

For the year ended December 31, 2021

Appendix C: Independence Letter



Tel: (705) 495-2000
Fax: +1 (705) 495-2001
Toll-free: 1-800-461-6324
www.bdo.ca

BDO Canada LLP
101 McIntyre Street West
Suite 301
North Bay, Ontario
P1B 2Y5

May 25, 2022

Members of the Board of Directors
Nipissing District Housing Corporation

Dear Members of the Board of Directors:

We have been engaged to audit the financial statements of Nipissing District Housing Corporation (the "Organization") for the year ended December 31, 2021.

Canadian generally accepted auditing standards require that we communicate at least annually with you regarding all relationships between the Organization and our Firm that, in our professional judgment, may reasonably be thought to bear on our independence.

In determining which relationships to report, the standards require us to consider independence rules and interpretations of the CPA profession and relevant legislation.

We have prepared the following comments to facilitate our discussion with you regarding independence matters arising since May 26, 2021, the date of our last letter.

We are not aware of any relationships between the Organization and us that, in our professional judgment, may reasonably be thought to have influenced our independence that have occurred from May 26, 2021 to May 25, 2022.

The total fees charged to the Organization for audit and non-audit services were \$12,000 and \$Nil.

This letter is intended solely for the use of the Board of Directors, management and those charged with governance of the Organization and should not be used for any other purpose.

Yours truly,

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Financial Statements of

**Nipissing District Housing
Corporation**

Year ended December 31, 2021

Nipissing District Housing Corporation
Financial Statements
For the year ended December 31, 2021

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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, 2021, 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, 2021, 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.

Chartered Professional Accountants, Licensed Public Accountants

North Bay, Ontario
May 25, 2022

Nipissing District Housing Corporation

Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
Assets		
Current assets:		
Cash and cash equivalents	\$ 4,279,037	\$ 3,477,386
Short-term investments (Note 3)	1,413,244	1,455,465
Accounts receivable (Note 4)	603,932	792,835
Prepaid expenses	242,643	219,830
	6,538,856	5,945,516
Capital assets (note 5)	28,562,770	30,299,031
	\$ 35,101,626	\$ 36,244,547
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 864,627	\$ 1,777,716
Deferred revenue	10,044	10,044
Deposits payable	199,867	210,508
Current portion of long-term debt (Note 6)	804,399	903,715
	1,878,937	2,901,983
Long-term debt (Note 6)	2,883,843	3,688,242
Deferred capital subsidy (Note 7)	1,343,430	1,539,611
Deferred capital contributions (Note 8)	6,972,892	7,069,426
	11,200,165	12,297,279
	13,079,102	15,199,262
Net assets:		
Share capital (Note 10)	100	100
Internally restricted - Invested in capital assets (Note 12)	17,901,636	18,637,648
Internally restricted - Capital replacements (Note 13)	983,121	848,014
Internally restricted - Software acquisitions	60,000	60,000
Internally restricted - New build	1,299,079	344,099
Unrestricted (Note 14)	1,778,588	1,155,424
	22,022,524	21,045,285
Uncertainty due to COVID-19 (Note 15)		
	\$ 35,101,626	\$ 36,244,547

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

On behalf of the Board:

Director

Director

Nipissing District Housing Corporation

Statement of Operations

Year ended December 31, 2021, with comparative information for 2020

	2021 Budget	2021 Actual	2020 Actual
	(Note 16)		
Revenue:			
Rent geared to income	\$ 3,192,508	\$ 3,165,698	\$ 3,199,441
Market tenants rent	1,158,213	1,225,677	1,191,259
Commercial rent	543,687	544,918	518,112
Subsidies from the District of Nipissing			
Social Services Administration Board:			
- Operations	3,679,366	3,679,366	3,717,461
- Capital	825,578	530,141	427,407
Grants	-	108,895	14,137
Interest and other	195,140	732,538	651,118
Investment income (loss)	-	(42,221)	98,626
(Loss) gain sale of capital assets	-	(252,969)	327,601
Amortization of deferred capital contributions	-	697,160	544,348
	9,594,492	10,389,203	10,689,510
Expenses:			
Salaries and benefits (Note 11)	2,073,042	2,110,426	1,926,759
Municipal tax	1,579,782	1,491,567	1,555,897
Utilities	1,146,116	1,109,562	1,117,270
Maintenance, materials and services	1,435,604	1,236,939	1,341,861
Capital operations	1,145,578	663,500	609,392
Administrative overhead	625,791	505,640	407,103
Bad debts and collection costs	55,631	58,091	267,458
Insurance	258,876	258,553	204,016
Interest on long-term debt	116,654	114,744	140,549
Professional fees	18,211	28,452	34,181
Bank charges and interest	16,345	9,730	13,224
Amortization	-	1,824,760	1,778,680
	8,471,630	9,411,964	9,396,390
Excess of revenues over expenses	\$ 1,122,862	\$ 977,239	\$ 1,293,120

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, 2021, with comparative information for 2020

2021	Internally restricted - investment in capital assets (note 12)	Internally restricted - capital replacements (note 13)	Internally restricted - software acquisitions	Internally restricted - new build	Unrestricted (note 14)	Total 2021
Balance, beginning of year	\$ 18,637,648	\$ 848,014	\$ 60,000	\$ 344,099	\$ 1,155,424	\$ 21,045,185
Excess of revenue over expenses	(1,127,600)	(9,703)	-	-	2,114,542	977,239
Interfund transfers	-	144,810	-	954,980	(1,099,790)	-
Change in net invested in capital assets	391,588	-	-	-	(391,588)	-
Balance, end of year	\$ 17,901,636	\$ 983,121	\$ 60,000	\$ 1,299,079	\$ 1,778,588	\$ 22,022,424

2020	Internally restricted - investment in capital assets (note 12)	Internally restricted - capital replacements (note 13)	Internally restricted - software acquisitions		Unrestricted (note 14)	Total 2020
Balance, beginning of year	\$ 18,125,104	\$ 699,714	\$ 60,000	\$ -	\$ 867,247	\$ 19,752,065
Excess of revenue over expenses	(1,234,332)	25,659	-	-	2,501,793	1,293,120
Interfund transfers	-	122,641	-	344,099	(466,740)	-
Change in net invested in capital assets	1,746,876	-	-	-	(1,746,876)	-
Balance, end of year	\$ 18,637,648	\$ 848,014	\$ 60,000	\$ 344,099	\$ 1,155,424	\$ 21,045,185

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

Nipissing District Housing Corporation

Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash flows from operating activities:		
Annual surplus	\$ 977,239	\$ 1,293,120
Items not involving cash:		
Amortization of capital assets	1,824,760	1,778,680
Amortization of deferred capital contributions	(697,160)	(544,348)
(Loss) gain sale of capital assets	252,969	(327,601)
Deferred capital subsidies recognized as revenue	(530,141)	(427,407)
	1,827,667	1,772,444
Change in non-cash working capital:		
Accounts receivable	188,903	24,003
Prepaid expenses	(22,813)	(45,619)
Accounts payable and accrued liabilities	(913,089)	664,256
Deferred revenue	-	-
Deposits payable	(10,641)	1,896
	1,070,027	2,416,980
Cash flows from investing activities:		
Purchase of capital assets	(1,300,203)	(1,520,023)
Cash received on disposal of capital assets	958,735	367,185
Net purchase of short-term investments	42,221	(98,625)
	(299,247)	(1,251,463)
Cash flows from financing activities:		
Repayment of long-term debt	(903,715)	(918,473)
Capital subsidies received	934,586	1,249,616
	30,871	331,143
Increase in cash and cash equivalents during the year	801,651	1,496,660
Cash and cash equivalents, beginning of year	3,477,386	1,980,726
Cash and cash equivalents, end of year	\$ 4,279,037	\$ 3,477,386

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

Nipissing District Housing Corporation

Notes to Financial Statements

Year ended December 31, 2021

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, 2021

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.

Nipissing District Housing Corporation

Notes to Financial Statements

Year ended December 31, 2021

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.

Nipissing District Housing Corporation

Notes to Financial Statements

Year ended December 31, 2021

2. 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, 2021

3. Short-term investments:

Investments consist of the following:

	2021	2020
Social Housing Canadian Short Term Bond Fund		
Series A (at cost \$1,438,630)	\$ 1,413,244	\$ 1,455,465
	\$ 1,413,244	\$ 1,455,465

4. Accounts receivable:

	2021	2020
District of Nipissing Social Services		
Administration Board:		
- Employee statutory entitlements	\$ -	\$ 132,924
- Capital	81,840	14,136
- Rent	4,800	-
- Other	-	6,593
Rents and other charges to tenants	417,464	481,432
GST/HST rebate	97,428	155,350
Other	2,400	2,400
	\$ 603,932	\$ 792,835

Nipissing District Housing Corporation

Notes to Financial Statements

Year ended December 31, 2021

5. Capital assets:

Cost	Balance at December 31, 2020	Additions	Disposals	Balance at December 31, 2021
Land	\$ 9,555,281	-	(304,264)	9,251,017
Buildings	48,451,094	1,032,549	(1,385,668)	48,097,975
Machinery and equipment	3,608,876	197,040	(105,761)	3,700,155
Furniture and fixtures	84,363	-	-	84,363
Vehicles	241,921	42,641	-	284,562
Computers	84,251	27,973	-	112,224
Total	\$ 62,025,786	1,300,203	(1,795,693)	61,530,296
Accumulated Amortization	Balance at December 31, 2020	Disposals	Amortization expense	Balance at December 31, 2021
Land	\$ -	-	-	-
Buildings	29,429,683	(496,985)	1,458,289	30,390,987
Machinery and equipment	2,044,660	(87,004)	313,339	2,270,995
Furniture and fixtures	65,273	-	7,920	73,193
Vehicles	126,810	-	37,715	164,525
Computers	60,329	-	7,497	67,826
Total	\$ 31,726,755	(583,989)	1,824,760	32,967,526
	Net book value, December 31, 2020			Net book value, December 31, 2021
Land	\$ 9,555,281			9,251,017
Buildings	19,021,411			17,706,988
Machinery and equipment	1,564,216			1,429,160
Furniture and fixtures	19,090			11,170
Vehicles	115,111			120,037
Computers	23,922			44,398
Total	\$ 30,299,031			28,562,770

Nipissing District Housing Corporation

Notes to Financial Statements

Year ended December 31, 2021

5. Capital assets (continued):

Cost	Balance at December 31, 2019	Additions	Disposals	Balance at December 31, 2020
Land	\$ 9,555,281	-	-	9,555,281
Buildings	47,613,390	1,068,701	(230,997)	48,451,094
Machinery and equipment	3,221,221	387,655	-	3,608,876
Furniture and fixtures	76,236	8,127	-	84,363
Vehicles	218,994	36,445	(13,518)	241,921
Computers	65,156	19,095	-	84,251
Total	\$ 60,750,278	1,520,023	(244,515)	62,025,786
Accumulated Amortization	Balance at December 31, 2019	Disposals	Amortization expense	Balance at December 31, 2020
Land	\$ -	-	-	-
Buildings	28,197,380	(193,028)	1,425,331	29,429,683
Machinery and equipment	1,738,367	-	306,293	2,044,660
Furniture and fixtures	57,354	-	7,919	65,273
Vehicles	105,475	(11,903)	33,238	126,810
Computers	54,430	-	5,899	60,329
Total	\$ 30,153,006	(204,931)	1,778,680	31,726,755
	Net book value, December 31, 2019			Net book value, December 31, 2020
Land	\$ 9,555,281			9,555,281
Buildings	19,416,010			19,021,411
Machinery and equipment	1,482,854			1,564,216
Furniture and fixtures	18,882			19,090
Vehicles	113,519			115,111
Computers	10,726			23,922
Total	\$ 30,597,272			30,299,031

Nipissing District Housing Corporation

Notes to Financial Statements

Year ended December 31, 2021

6. Long-term debt:

	2021	2020
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 \$3,912,133.	\$ 1,794,135	\$ 2,119,388
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 \$2,660,934.	1,387,288	1,600,744
Mortgage repayable in monthly instalments of \$21,694 including interest at 2.61%, maturing December 1, 2023, secured by land and buildings with a carrying value of \$2,496,651.	506,819	750,559
Mortgage repayable in monthly instalments of \$13,530 including interest at 0.96%, repaid during the year.	-	121,266
	3,688,242	4,591,957
Less: amounts due within one year included in current liabilities	804,399	903,715
	\$ 2,883,843	\$ 3,688,242

Principal repayments for the next five years and thereafter are as follows:

2022	\$ 804,399
2023	826,947
2024	586,734
2025	1,006,656
2026	249,562
Thereafter	213,944
	\$ 3,688,242

Nipissing District Housing Corporation

Notes to Financial Statements

Year ended December 31, 2021

7. 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:

	2021	2020
Balance, beginning of year	\$ 1,539,611	\$ 1,369,438
Add: Capital subsidy received in the year	934,586	1,249,616
Deferred capital contributions disposal	-	1,614
Less: Amount recognized as revenue in the year	(530,141)	(427,407)
Amount transferred to deferred capital contributions	(600,626)	(653,650)
Balance, end of year	\$ 1,343,430	\$ 1,539,611

8. 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:

	2021	2020
Balance, beginning of year	\$ 7,069,426	\$ 6,961,738
Add: Amount transferred to deferred capital contributions	600,626	653,650
Less: Amount recognized as revenue in the year	(697,160)	(544,348)
Disposal	-	(1,614)
	\$ 6,972,892	\$ 7,069,426

Nipissing District Housing Corporation

Notes to Financial Statements

Year ended December 31, 2021

9. 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 \$4,613,952 (2020 - \$4,967,077). \$3,679,366 (2020 - \$3,717,461) received from DNSSAB is recognized as revenue in the statement of operations. \$934,586 (2020 - \$1,249,616) 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.

10. Share capital:

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

	2021	2020
Issued		
100 Common shares	\$ 100	\$ 100

11. 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, 2021. The results of this valuation disclosed total actuarial liabilities of \$120,796 million in respect of benefits accrued for service with actuarial assets at the date of \$117,665 million indicating a going concern actuarial deficit of \$3,131 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 2021 were \$128,011 (2020 - \$118,314).

Nipissing District Housing Corporation

Notes to Financial Statements

Year ended December 31, 2021

12. Internally restricted – invested in capital assets:

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

	2021	2020
Capital assets	\$ 28,562,770	\$ 30,299,031
Amounts financed by:		
Deferred capital contributions	(6,972,892)	(7,069,426)
Long-term debt	(3,688,242)	(4,591,957)
	\$ 17,901,636	\$ 18,637,648

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

	2021	2020
Excess of revenues over expenses:		
Amortization of deferred capital contributions related to capital assets	\$ 697,160	\$ 544,348
Amortization of capital assets	(1,824,760)	(1,778,680)
	\$ (1,127,600)	\$ (1,234,332)
Net change in investment in capital assets:		
Purchase of capital assets	\$ 1,300,203	\$ 1,520,023
Amounts funded by deferred capital contributions	(600,626)	(653,650)
Repayment of loan and mortgage	903,715	918,473
Disposals	(1,211,704)	(37,970)
	\$ 391,588	\$ 1,746,876

Nipissing District Housing Corporation

Notes to Financial Statements

Year ended December 31, 2021

13. Internally restricted - capital replacements

	Phase I	Phase II	Phase III	Phase IV	Phase V	Balance at December 31, 2021
Balance, beginning of year	\$ 184,503	\$ 321,549	\$ -	\$ 268,542	\$ 73,420	\$ 848,014
Excess of revenue over expenses	(1,381)	(4,867)	-	(3,455)	-	(9,703)
Interfund transfers	29,493	85,169	-	59,115	(28,967)	144,810
Balance, end of year	\$ 212,615	\$ 401,851	\$ -	\$ 324,202	\$ 44,453	\$ 983,121

	Phase I	Phase II	Phase III	Phase IV	Phase V	Balance at December 31, 2020
Balance, beginning of year	\$ 191,072	\$ 307,766	\$ -	\$ 200,876	\$ -	\$ 699,714
Excess of revenue over expenses	3,653	12,870	-	9,136	-	25,659
Interfund transfers	(10,222)	913	-	58,530	73,420	122,641
Balance, end of year	\$ 184,503	\$ 321,549	\$ -	\$ 268,542	\$ 73,420	\$ 848,014

14. Unrestricted net assets

	Phase I	Phase II	Phase III	Phase IV	Phase V	Balance at December 31, 2021
Balance, beginning of year	\$ 68,867	\$ 636,593	\$ 1,409,914	\$ 297,485	\$ (1,257,435)	\$ 1,155,424
Excess of revenue over expenses	147,904	951,145	811,610	147,015	56,868	2,114,542
Interfund transfers	(29,493)	(85,169)	-	(59,115)	(926,013)	(1,099,790)
Change in net invested in capital assets	(121,266)	(782,449)	(682,730)	(16,847)	1,211,704	(391,588)
Balance, end of year	\$ 66,012	\$ 720,120	\$ 1,538,794	\$ 368,538	\$ (914,876)	\$ 1,778,588

	Phase I	Phase II	Phase III	Phase IV	Phase V	Balance at December 31, 2020
Balance, beginning of year	\$ 61,800	\$ 624,557	\$ 824,432	\$ 263,249	\$ (906,791)	\$ 867,247
Excess of revenue over expenses	157,203	771,064	956,803	439,046	177,677	2,501,793
Interfund transfers	10,222	(913)	-	(402,629)	(73,420)	(466,740)
Change in net invested in capital assets	(160,358)	(758,115)	(371,321)	(2,181)	(454,901)	(1,746,876)
Balance, end of year	\$ 68,867	\$ 636,593	\$ 1,409,914	\$ 297,485	\$ (1,257,435)	\$ 1,155,424

Nipissing District Housing Corporation

Notes to Financial Statements

Year ended December 31, 2021

15. Uncertainty due to COVID-19:

The impact of COVID-19 in Canada and on the global economy has been significant. As the impacts of COVID-19 continue, there could be further impact on the Organization, its employees, suppliers and other third party business associates that could impact the timing and amounts realized on the Organization's assets and future ability to deliver services and projects. At this time, the full potential impact of COVID-19 on the Organization is not known. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of disruption and the related financial impact cannot be reasonably estimated at this time. The Organization's ability to continue delivering non-essential services and employ related staff will depend on the legislative mandates from the various levels of government. The Organization will continue to focus on collecting receivables, managing expenditures, and leveraging existing reserves and available credit facilities to ensure it is able to continue providing essential services to the area.

16. 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 December 16, 2020 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	903,736
Transfer to capital replacement reserve	496,126
Transfer from capital replacement reserve	(277,000)
Budget surplus per statement of operations	\$ 1,122,862

Nipissing District Housing Corporation

Unaudited - 2021 Segmented Information Schedule

Year ended December 31, 2021

	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5	Total 2021
Revenue:						
Rent geared to income	\$ 68,683	344,586	2,752,429	-	-	3,165,698
Market tenants rent	208,004	491,526	-	526,147	-	1,225,677
Commercial rent	-	-	-	-	544,918	544,918
Subsidies from the District of Nipissing Social Services Administration Board:						
- Operations	183,221	1,297,826	2,198,319	-	-	3,679,366
- Capital	-	-	530,141	-	-	530,141
Grants	-	-	108,895	-	-	108,895
Interest and other	1,370	5,531	717,746	1,908	5,983	732,538
Investment income (loss)	(1,381)	(4,867)	(32,518)	(3,455)	-	(42,221)
Gain (loss) on disposal of assets	-	-	3,754	-	(256,723)	(252,969)
	459,897	2,134,602	6,278,766	524,600	294,178	9,692,043
Expenses:						
Salaries and benefits (Note 11)	-	-	2,074,674	-	35,752	2,110,426
Municipal tax	90,027	286,380	951,780	100,389	62,991	1,491,567
Utilities	53,823	173,653	819,958	37,923	24,205	1,109,562
Maintenance, materials and services	101,294	261,196	691,728	111,237	71,484	1,236,939
Capital operations	15,160	53,317	530,140	42,449	22,434	663,500
Administrative overhead	1,751	5,490	476,753	12,617	9,029	505,640
Bad debt and collection costs	3,081	25,600	26,175	3,235	-	58,091
Insurance	14,962	71,999	139,624	20,553	11,415	258,553
Interest on long-term debt	385	114,359	-	-	-	114,744
Professional fees	186	641	27,625	-	-	28,452
Bank charges and interest	750	1,787	6,424	769	-	9,730
	281,419	994,422	5,744,881	329,172	237,310	7,587,204
Excess of revenue over expenses before the undernoted items	178,478	1,140,180	533,885	195,428	56,868	2,104,839
Other revenue (expenses):						
Amortization of deferred capital contributions	37,219	37,656	447,802	1,755	172,728	697,160
Management fees (recovered)	(31,955)	(193,902)	277,725	(51,868)	-	-
Amortization	(151,577)	(636,745)	(858,509)	(76,566)	(101,363)	(1,824,760)
Excess of revenues over expenses for the year	\$ 32,165	347,189	400,903	68,749	128,233	977,239

Nipissing District Housing Corporation

Unaudited - 2020 Segmented Information Schedule

Year ended December 31, 2021

	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5	Total 2020
Revenue:						
Rent geared to income	\$ 80,520	350,462	2,768,459	-	-	3,199,441
Market tenants rent	197,451	479,328	-	514,480	-	1,191,259
Commercial rent	-	-	-	-	518,112	518,112
Subsidies from the District of Nipissing Social Services Administration Board:						
- Operations	231,559	1,248,193	2,237,709	-	-	3,717,461
- Capital	-	-	427,407	-	-	427,407
Grants	11,925	-	2,212	-	-	14,137
Interest and other	1,119	4,991	627,978	2,116	14,914	651,118
Investment income (loss)	3,653	12,870	72,967	9,136	-	98,626
Gain (loss) on disposal of assets	-	-	(16,498)	344,099	-	327,601
	526,227	2,095,844	6,120,234	869,831	533,026	10,145,162
Expenses:						
Salaries and benefits (Note 11)	-	-	1,857,919	-	68,840	1,926,759
Municipal tax	87,622	278,731	934,533	97,764	157,247	1,555,897
Utilities	53,194	169,744	809,734	40,085	44,513	1,117,270
Maintenance, materials and services	97,341	341,707	714,644	114,069	74,100	1,341,861
Capital operations	66,995	72,403	429,618	23,320	17,056	609,392
Administrative overhead	1,537	5,885	370,494	14,276	14,911	407,103
Bad debt and collection costs	17,854	56,597	132,374	60,633	-	267,458
Insurance	11,524	56,922	111,887	18,578	5,105	204,016
Interest on long-term debt	1,865	138,684	-	-	-	140,549
Professional fees	321	-	30,205	-	3,655	34,181
Bank charges and interest	1,073	3,106	6,445	2,600	-	13,224
	339,326	1,123,779	5,397,853	371,325	385,427	7,617,710
Excess of revenue over expenses before the undernoted items	186,901	972,065	722,381	498,506	147,599	2,527,452
Other revenue (expenses):						
Amortization of deferred capital contributions	37,219	37,656	429,947	1,565	37,961	544,348
Management fees (recovered)	(26,045)	(188,131)	234,422	(50,324)	30,078	-
Amortization	(151,577)	(637,437)	(811,226)	(77,077)	(101,363)	(1,778,680)
Excess of revenues over expenses for the year	\$ 46,498	184,153	575,524	372,670	114,275	1,293,120