

Consolidated Financial Statements of

**DISTRICT OF NIPISSING
SOCIAL SERVICES
ADMINISTRATION BOARD**

Year ended December 31, 2012

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INDEPENDENT AUDITORS' REPORT

To the Members of District of Nipissing Social Services Administration Board

We have audited the accompanying consolidated financial statements of District of Nipissing Social Services Administration Board, which comprise the consolidated statement of financial position as at December 31, 2012, and the consolidated statements of financial operations and accumulated surplus, change in net debt and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of District of Nipissing Social Services Administration Board as at December 31, 2012, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Other Matters

Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The current year's supplementary information included in the Schedules is presented for the purpose of additional analysis and is not a required part of the basic consolidated financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

May 21, 2013

North Bay, Canada

DISTRICT OF NIPISSING SOCIAL SERVICES ADMINISTRATION BOARD

Consolidated Statement of Financial Position

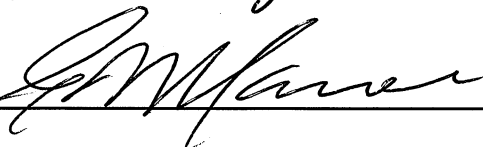
December 31, 2012, with comparative figures for 2011

	2012	2011
Financial assets:		
Cash	\$ 7,911,718	\$ 6,169,868
Accounts receivable (note 2)	526,403	1,570,018
Investments (note 3)	3,381,577	2,750,633
	11,819,698	10,490,519
Financial liabilities:		
Accounts payable and accrued liabilities	4,015,989	3,771,069
Current portion of long-term debt	949,900	911,183
Deferred revenue - other (note 4)	2,066,679	1,711,857
Deferred contributions - long-term (note 4)	3,463,573	3,385,276
Long-term debt	12,176,395	13,126,164
	22,672,536	22,905,549
 Net debt	 (10,852,838)	 (12,415,030)
Non-financial assets:		
Tangible capital assets (note 5)	33,548,148	33,419,151
Other	937,632	967,096
	34,485,780	34,386,247
 Forgiveable loans (note 9)		
Commitments (note 10)		
Accumulated surplus (note 6)	\$ 23,632,942	\$ 21,971,217

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

On behalf of the Board:

 CAO Director

 Director

DISTRICT OF NIPISSING SOCIAL SERVICES ADMINISTRATION BOARD

Consolidated Statement of Operations

Year ended December 31, 2012, with comparative figures for 2011

	2012	2011
Revenue:		
Municipal levy	\$ 18,371,546	\$ 18,075,284
Ministry of Community and Social Services	17,932,706	17,752,154
Ministry of Education	7,875,039	7,518,459
Ministry of Municipal Affairs and Housing	5,459,235	7,109,513
Ministry of Health and Long-Term Care	4,039,943	3,935,088
Human Resources Development Canada	93,640	104,586
Ministry of Training, Colleges and Universities	49,924	83,644
Interest, recoveries and other	1,562,697	1,613,846
Rent	3,960,251	3,884,361
	59,344,981	60,076,935
Expenses:		
Ontario Works Financial Benefits	20,848,317	20,887,323
Social Housing Program	8,066,630	9,127,837
Child Care Program	9,180,615	9,032,048
EMS - Land Ambulance Program	7,582,227	7,209,671
Administration	1,889,580	1,860,283
Ontario Works Employment Program	1,303,982	1,408,621
OCB Reinvestment Fund	416,002	426,089
Energy and Consolidated Homelessness	155,636	118,286
Homelessness Program	94,354	104,103
Data and Accommodations Projects	60	54,284
Board	55,935	40,934
Best Start Planning	197,934	28,518
Nipissing District Housing Corporation	6,653,435	6,841,241
Amortization of tangible capital assets	1,106,179	1,092,199
	57,550,886	58,231,437
Excess of revenue over expenses before undernoted items	1,794,095	1,845,498
Loss on disposal of tangible capital assets	(41,796)	(210,331)
Provincial settlements	(90,574)	(388,977)
WSIB recovery	-	167,879
Excess of revenue over expenses	1,661,725	1,414,069
Accumulated surplus, beginning of the year	21,971,217	20,557,148
Accumulated surplus, end of the year	\$ 23,632,942	\$ 21,971,217

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

DISTRICT OF NIPISSING SOCIAL SERVICES ADMINISTRATION BOARD

Consolidated Statement of Change in Net Debt

Year ended December 31, 2012, with comparative figures for 2011

	2012	2011
Excess of revenue over expenses	\$ 1,661,725	\$ 1,414,069
Acquisition of tangible capital assets	(1,276,972)	(2,132,867)
Amortization of tangible capital assets	1,106,179	1,092,199
Loss on disposal of tangible capital assets	41,796	210,331
Proceeds on disposal of tangible capital assets	-	-
	1,532,728	583,732
Use of other assets	29,464	(154,426)
	1,562,192	429,306
Change in net debt	1,562,192	429,306
Net debt, beginning of the year	(12,415,030)	(12,844,336)
Net debt, end of the year	\$ (10,852,838)	\$ (12,415,030)

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

DISTRICT OF NIPISSING SOCIAL SERVICES ADMINISTRATION BOARD

Consolidated Statement of Cash Flows

Year ended December 31, 2012, with comparative figures for 2011

	2012	2011
Cash flows from operating activities:		
Excess of revenue over expenses	\$ 1,661,725	\$ 1,414,069
Items not involving cash:		
Amortization of tangible capital assets	1,106,179	1,092,199
Loss on disposal of tangible capital assets	41,796	210,331
	<u>2,809,700</u>	<u>2,716,599</u>
Change in non-cash working capital:		
Decrease in accounts receivable	1,043,615	654,218
Decrease (increase) in prepaid expenses and deposits	29,464	(154,426)
Increase (decrease) in deferred revenue other	354,822	(338,739)
Increase in accounts payable and accrued liabilities	244,920	81,605
	<u>4,482,521</u>	<u>2,959,257</u>
Cash flows from financing activities:		
Increase (decrease) in deferred contributions - long-term	78,297	(116,315)
Repayment of long-term debt	(911,052)	(857,401)
	<u>(832,755)</u>	<u>(973,716)</u>
Cash flow from capital activities:		
Cash used to acquire tangible capital assets	(1,276,972)	(2,132,867)
Cash flows from investing activities:		
Purchase of long-term investments	(630,944)	(2,265,881)
Increase (decrease) in cash	1,741,850	(2,413,207)
Cash, beginning of year	6,169,868	8,583,075
Cash, end of year	\$ 7,911,718	\$ 6,169,868

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

DISTRICT OF NIPISSING SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements

Year ended December 31, 2012

The primary goal of the District of Nipissing Social Services Administration Board (the "Board") is to deliver an innovative and increased level of integrated social services comprised of Ontario Works, Children's Services, Social Housing and Emergency Medical Services to the citizens of the District of Nipissing. The Board's basic principles are to offer simplified access to service, enhanced customer service and sensitivity to language and cultural diversity.

The participating municipalities are as follows:

- The Corporation of the City of North Bay
- Town of West Nipissing
- Township of East Ferris
- Town of Temagami
- Township of South Algonquin
- Township of Bonfield
- Township of Calvin
- Township of Papineau-Cameron
- Town of Mattawa
- Township of Chisholm
- Township of Mattawan
- Certain unincorporated areas in the District of Nipissing

1. Significant accounting policies:

The consolidated financial statements of the District of Nipissing Social Services Administration Board (the "Board") are prepared by management in accordance with Canadian generally accepted accounting principles for government organizations as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Board are as follows:

(a) Basis of consolidation:

Consolidated entities:

These consolidated financial statements reflect the assets, liabilities, revenues, and expenses of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Board and which are owned or controlled by the Board.

These financial statements include the Nipissing District Housing Corporation

All inter-departmental and inter-organizational transactions and balances between these entities and organizations have been eliminated.

DISTRICT OF NIPISSING SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements

Year ended December 31, 2012

1. Significant accounting policies (continued):

(b) Basis of accounting:

Revenue and expenses are reported on the accrual basis of accounting.

The accrual basis of accounting recognizes revenue as they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(c) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, are amortized on a declining-balance over their estimated useful lives as follows:

Asset	Rate
Buildings	2.5%
Office equipment	10%
Ambulances and other vehicles	20% - 30%
Medical equipment	25%
Machinery and equipment	10%
Leasehold improvements	20%
Computers	30%

Amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for use.

(ii) Contributions of tangible capital assets

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

(d) Reserves and reserve funds:

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.

DISTRICT OF NIPISSING SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements

Year ended December 31, 2012

1. Significant accounting policies (continued):

(e) Government subsidies:

Government subsidies are recognized in the consolidated financial statements as revenues in the period in which events giving rise to the subsidy occur, providing the subsidies are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made.

(f) Investments:

Investments are recorded at cost. Temporary declines in the market value of the long-term investments are not adjusted.

(g) Use of estimates:

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include valuation allowances for receivables and valuation of the Canada - Ontario Affordable Housing Program Loans. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

2. Accounts receivable:

	2012	2011
Province of Ontario:		
Ministry of Municipal Affairs and Housing	\$ 53,037	\$ 1,373
Ministry of Community and Social Services	-	209
Other:		
The Corporation of the City of North Bay		926,058
Town of Mattawa	19,331	-
Town of Temagami	78,380	-
Township of Papineau-Comeron	21,287	-
GST/HST rebate	138,482	218,461
Accrued interest and other	93,101	164,938
Rent and other tenant charges	122,785	97,596
WSIB		161,383
	\$ 526,403	\$ 1,570,018

DISTRICT OF NIPISSING SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements

Year ended December 31, 2012

3. Investments:

	2012	2011
Corporate bonds	\$ 2,554,675	\$ 2,495,646
Social Housing Canadian Short-Term Bond Fund Series A	322,349	254,987
Royal Bank GIC	504,553	-
	\$ 3,381,577	\$ 2,750,633

Corporate bonds have yields ranging from 2.37% to 5.49% and mature or are callable at the option of the issuer at dates ranging from June 2014 to February 2015. The bonds have a fair value of \$2,490,231.

4. Deferred contributions:

(a) Classification:

	2012	2011
Current:		
Affordable Housing Program	\$ 149,053	\$ 31,316
Capital repair fund	195,613	180,352
Investment in Affordable Housing	136,694	-
Interest	80,964	105,771
Strong Communities rent supplements	83,787	77,400
Homelessness Partnership fund	21,791	21,393
Other	22,578	22,646
Get Trained Workers	21,000	21,000
Affordable housing/rent supplement	65,930	44,441
Federal Urban Native funding	32,560	63,931
Nipissing District Housing Corporation	585,596	442,239
Ministry of Community and Social Services:		
Best Start funding	621,113	621,113
Best Start - Innovation funds	-	30,255
HOAP	50,000	50,000
	\$ 2,066,679	\$ 1,711,857
Long-term:		
Social housing federal capital	\$ 2,508,018	\$ 2,508,018
Emergency medical services severance	460,199	460,199
Emergency medical services vehicles and equipment	400,450	400,450
AP - Home (repair replacement)	94,907	16,609
	\$ 3,463,573	\$ 3,385,276

DISTRICT OF NIPISSING SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements

Year ended December 31, 2012

4. Deferred contributions: (continued)

(b) Continuity:

	2012	2011
Current:		
Balance, beginning of year	\$ 1,711,857	\$ 2,050,596
Add: contributions received		
Capital repair fund	15,261	-
Strong communities rent supplement	6,387	-
Investment in affordable housing	136,694	-
Affordable Housing Program	117,737	-
Homelessness partnership fund	398	-
Best Start	-	1,282
ASHES Federal and Urban Native	-	63,931
HOAP	-	50,000
Best Start - Innovation funding	-	30,255
Affordable housing/rent supplement	21,489	35,035
NDHC	893,142	1,882,657
Other		1,396
Less: amounts recognized to revenue:		
Federal and Urban Native	(31,371)	-
Best Start - Innovation funding	(30,255)	-
Other	(68)	-
CODS employment assistance	-	(7,251)
AP Admin and program	-	(602,751)
Capital repair fund/SHRRP	-	(129,638)
Interest	(24,807)	(27,135)
NDHC	(749,785)	(1,636,520)
Balance, end of year	\$ 2,066,679	\$ 1,711,857
Long-term:		
Balance, beginning of year	\$ 3,385,276	\$ 3,368,667
Add: contributions received:		
AHP Home Repair Repayments	78,297	16,609
Balance, end of year	\$ 3,463,573	\$ 3,385,276

DISTRICT OF NIPISSING SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements

Year ended December 31, 2012

9. Forgivable loans

Included in the Housing program expenses is \$38,423 in grants to individuals with forgivable conditions. In total \$2,077,562 of these grants have been advanced since 2009. These grants are issued to low income home owners as loans forgivable over 20 years. However, if the house is sold before the 20 year forgiveness period, the home owner must repay a pro-rated amount back to the Board. If the Board receives funds because of a homeowner selling their property, the amount is used by the Board to grant a new loan to another low income home owner.

10. Commitments:

The Board rents office premises under a long-term operating lease with the City of North Bay. The current lease expires March 31, 2020 with two additional five year renewal terms. The aggregate rental payments to the expiry date amount to \$2,198,236. Offsite storage has been obtained from the North Bay Public Library at a cost of \$3,378 per annum.

The Board rents premises from the Municipality of West Nipissing. The current lease expires December 31, 2020 with two additional five year renewal terms. The aggregate rental payments to the expiry date amount to \$362,128. The Board also rents office space in West Nipissing. The current lease expires August 31, 2022. The aggregate rental payment to expiry is \$522,000.

The Board rents premises in Mattawa. The current lease expires December 31, 2014 with an additional 3 year renewal term. The aggregate rental payments to the expiry date amount to \$34,963.

The Board also rents premises in South Algonquin. The current lease expires on December 31, 2013. The aggregate rental payments to the expiry date amount to \$7,232.

Month-to-month rental agreements currently exist with the North Bay Regional Health Centre (\$7,155 per month). This agreement is related to the provision of land ambulance services in the district.