# AGENDA

Tuesday, June 17, 2025 at 11:00 a.m.
SPECIAL MEETING

District of Parry Sound
Social Services
Administration Board

*Board Meeting Via Zoom Video Conference*

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1. **CALL MEETING TO ORDER.**

2. **TRADITIONAL LAND ACKNOWLEDGMENT.**

3. **DISCLOSURE OF PECUNIARY INTEREST.**

4. **APPROVAL OF AGENDA.** ®

5. **APPROVAL OF MINUTES:**

6. **DEPUTATIONS & PRESENTATIONS.**

7. **REPORTS:**

8. **OUTSTANDING ISSUES.**

9. **NEW BUSINESS:**
   9.1 Audited Financial Statements ®

10. **IN-CAMERA: 0**

11. **CORRESPONDENCE:**

12. **ADJOURNMENT.** ®

Consolidated Financial Statements of

# DISTRICT OF PARRY SOUND SOCIAL SERVICES ADMINISTRATION BOARD

Year ended December 31, 2024

# DISTRICT OF PARRY SOUND SOCIAL SERVICES ADMINISTRATION BOARD

Index to Consolidated Financial Statements

Year ended December 31, 2024

## Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of District of Parry Sound Social Services Administration Board (the "Board") are the responsibility of the Board's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Board's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Board meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the Board. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Board's consolidated financial statements.

Tammy MacKenzie
Chief Administrative Officer

Sylvia Roy
Director of Finance

# INDEPENDENT AUDITOR'S REPORT

To the Members of the District of Parry Sound Social Services
Administration Board

## *Opinion*

We have audited the consolidated financial statements of District of Parry Sound Social Services Administration Board (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2024
- the consolidated statement of operations and accumulated operating surplus for the year then ended
- the consolidated statement of change in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2024 and its consolidated results of operations, its consolidated changes in net financial assets, its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

## *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 Consolidated Financial Statements"*** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the consolidated 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.

## *Emphasis of Matter – Comparative Information*

We draw attention to Note 2 of the consolidated financial statements ("Note 2") which explains that certain comparative information presented for the year ended December 31, 2023 has been restated as a result of the retroactive adoption of accounting standards for post-employment retirement benefits and accrued vacation pay.

Note 2 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

### *Other Matter – Comparative Information*

As part of the audit of the consolidated financial statements for the year ended December 31, 2024, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended December 31, 2023. In our opinion, such adjustments are appropriate and are properly applied.

### *Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the 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.

In preparing the consolidated financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

### *Auditor's Responsibilities for the Audit of the Consolidated 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 the consolidated 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 consolidated 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 Entity'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 Entity'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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group Entity to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

Date

# DISTRICT OF PARRY SOUND SOCIAL SERVICES ADMINISTRATION BOARD

Consolidated Statement of Financial Position

December 31, 2024, with comparative information for 2023

| | 2024 | 2023 (Restated - note 2) |
|---|---|---|
| **Financial assets** | | |
| Cash | $ 20,367,234 | $ 22,645,223 |
| Short-term investments (note 3) | 5,493,677 | 5,235,164 |
| Accounts receivable (note 4) | 1,857,404 | 1,152,308 |
| Short-term loan receivable (note 5) | 2,800,000 | 2,800,000 |
| Mortgage receivable (note 6) | 370,813 | 393,696 |
| | 30,889,128 | 32,226,391 |
| **Financial liabilities** | | |
| Accounts payable and accrued liabilities (note 7) | 1,103,849 | 1,153,560 |
| Deferred revenue (note 8) | 533,704 | 421,599 |
| Due to housing providers | - | 46,759 |
| Due to Province of Ontario | 5,368,764 | 7,039,535 |
| Long-term debt (note 9) | 360,854 | 571,185 |
| Asset retirement obligation (note 10) | 4,572,328 | 4,664,860 |
| Post-employment retirement benefits (note 14) | 949,494 | 918,681 |
| Accrued vacation pay | 265,424 | 390,167 |
| | 13,154,417 | 15,206,346 |
| Net financial assets | 17,734,711 | 17,020,045 |
| **Non-financial assets** | | |
| Tangible capital assets (note 11) | 18,464,085 | 16,197,248 |
| Prepaid expenses | 898,855 | 262,047 |
| | 19,362,940 | 16,459,295 |
| Commitments (note 16) | | |
| Accumulated operating surplus (note 12) | $ 37,097,651 | $ 33,479,340 |

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

Approved by the Board:

______________________________ Director

______________________________ Director

# DISTRICT OF PARRY SOUND SOCIAL SERVICES ADMINISTRATION BOARD

Consolidated Statement of Operations and Accumulated Operating Surplus

Year ended December 31, 2024, with comparative information for 2023

| | 2024 Budget (note 13) | Actual 2024 | Actual 2023 |
|---|---|---|---|
| Revenue: | | | |
| Province of Ontario | $ 23,046,963 | $ 21,445,665 | $ 20,838,705 |
| Government of Canada | 585,815 | 2,258,623 | 601,141 |
| Participating municipalities | 6,956,351 | 6,868,850 | 6,697,264 |
| Tenant revenue | 985,000 | 1,213,489 | 1,067,839 |
| Bank interest | 416,383 | 1,286,048 | 1,502,372 |
| User fees | 1,020,000 | 1,209,904 | 1,092,968 |
| Other income | 4,334,885 | 42,374 | 13,059 |
| Total revenue | 37,345,397 | 34,324,953 | 31,813,348 |
| Expenses (schedule): | | | |
| Administration | 4,020,485 | 3,149,121 | 2,336,692 |
| Ontario Works Financial Assistance | 8,262,000 | 6,553,893 | 6,367,697 |
| Ontario Works Program | 3,666,684 | 3,264,616 | 3,637,467 |
| Social Housing | 6,845,390 | 5,938,125 | 5,427,722 |
| Child Care Programs | 12,414,706 | 11,335,688 | 10,248,914 |
| Family Resource Centre (Esprit Place) | 1,157,848 | 880,291 | 1,023,461 |
| Homelessness Initiatives | 2,091,690 | 1,622,581 | 1,127,610 |
| Social Assistance Restructuring Fund | 287,200 | 151,200 | 267,883 |
| Internal overhead expense recoveries | (3,195,137) | (3,141,717) | (2,839,746) |
| Total expenses | 35,550,866 | 29,753,798 | 27,597,700 |
| Operating surplus before other items | 1,794,531 | 4,571,155 | 4,215,648 |
| Amortization expense | - | (930,472) | (908,799) |
| Inflationary increase in asset retirement obligation | - | (116,302) | (164,706) |
| Change in management estimate - recognition of Provincial revenue (note 15) | - | - | 4,970,226 |
| Change in post-employment retirement benefits | | (30,813) | (33,314) |
| Change in accrued vacation pay | | 124,743 | 78,683 |
| Operating surplus | 1,794,531 | 3,618,311 | 8,157,738 |
| Accumulated operating surplus, beginning of year, as previously stated | | 33,479,340 | 26,675,819 |
| Adjustment on recognition of post-employment retirement benefits (note 2) | | | (885,367) |
| Adjustment on recognition of accrued vacation pay (note 2) | - | - | (468,850) |
| Accumulated operating surplus, beginning of year, as restated | | 33,479,340 | 25,321,602 |
| Accumulated operating surplus, end of year | $ 1,794,531 | $ 37,097,651 | $ 33,479,340 |

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

# DISTRICT OF PARRY SOUND SOCIAL SERVICES ADMINISTRATION BOARD

Consolidated Statement of Change in Net Financial Assets

Year ended December 31, 2024, with comparative information for 2023

| | | Actual 2024 | | Actual 2023 |
|---|---|---|---|---|
| Annual surplus | $ | 3,618,311 | $ | 8,157,738 |
| Acquisition of tangible capital assets | | (3,251,966) | | (1,608,593) |
| Amortization of tangible capital assets | | 930,472 | | 908,799 |
| Disposition of capital assets | | 54,657 | | - |
| Change in prepaid expenses | | (636,808) | | 291,522 |
| Change in net financial assets | | 714,666 | | 7,749,466 |
| Net financial assets, beginning of year | | 17,020,045 | | 9,270,579 |
| Net financial assets, end of year | $ | 17,734,711 | $ | 17,020,045 |

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

# DISTRICT OF PARRY SOUND SOCIAL SERVICES ADMINISTRATION BOARD

Consolidated Statement of Cash Flows

Year ended December 31, 2024, with comparative information for 2023

| | | 2024 | | 2023 |
|---|---|---|---|---|
| Cash provided by (used in): | | | | |
| Operating activities: | | | | |
| Annual surplus | $ | 3,618,311 | $ | 8,157,738 |
| Items not involving cash: | | | | |
| Amortization of tangible capital assets | | 930,472 | | 908,799 |
| Inflationary increase in asset retirement obligation | | 116,302 | | 164,706 |
| Loss on disposal of tangible capital assets | | 54,657 | | - |
| Change in post-employment retirement benefits | | 30,813 | | 33,314 |
| Change in accrued vacation pay | | (124,743) | | (78,683) |
| | | 4,625,812 | | 9,185,874 |
| Change in non-cash assets and liabilities: | | | | |
| Accounts receivable | | (705,096) | | (705,384) |
| Prepaid expenses | | (636,808) | | 291,522 |
| Accounts payable and accrued liabilities | | (49,711) | | 109,181 |
| Deferred revenue | | 112,105 | | (4,593,881) |
| Due to housing providers | | (46,759) | | (8,620) |
| Due to Province of Ontario | | (1,670,771) | | 92,646 |
| Net change in cash from operating activities | | 1,628,772 | | 4,371,338 |
| Capital activities: | | | | |
| Cash used to acquire tangible capital assets | | (3,251,966) | | (1,608,593) |
| Asset retirement obligation remediation expenses | | (208,834) | | - |
| Net change from capital activities | | (3,460,800) | | (1,608,593) |
| Investing activities: | | | | |
| Net decrease (increase) in short-term investments | | (258,513) | | (218,009) |
| Decrease in mortgage receivable | | 22,883 | | 7,801 |
| Increase in short-term loan | | - | | (200,000) |
| Net change in cash from investing activities | | (235,630) | | (410,208) |
| Financing activities: | | | | |
| Long-term debt principal repayments | | (210,331) | | (208,299) |
| Net change in cash | | (2,277,989) | | 2,144,238 |
| Cash, beginning of year | | 22,645,223 | | 20,500,985 |
| Cash, end of year | $ | 20,367,234 | $ | 22,645,223 |

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

The District of Parry Sound Social Services Administration Board (the "Board") was formed under the District Social Services Administration Board Act of the Province of Ontario (the "Province") to accommodate the Province's requirement to consolidate the delivery of social services, child care, social housing and various other government funded programs. The Board delivers Provincially mandated services on behalf of the citizens of the District of Parry Sound.

The participating municipalities of the Board are as follows:

| | | |
|---|---|---|
| Town of Parry Sound | Township of Armour | Unincorporated Areas: |
| Township of Seguin | Village of Burk's Falls | Hardy |
| Township of Carling | Township of McMurrich – Monteith | Laurier |
| Municipality of McDougall | Township of Perry | Lount |
| Township of McKellar | Township of Ryerson | McConkey |
| Township of The Archipelago | Township of Strong | East Mills |
| Municipality of Powassan | | Patterson |
| Municipality of Whitestone | | Pringle |
| Township of Nipissing | | Wilson |
| Municipality of Callander | | Brown |
| Town of Kearney | | Harrison |
| Municipality of Magnetawan | | Henvey |
| Village of South River | | Mowat |
| Village of Sundrige | | Shawanaga |
| Township of Joly | | Wallbridge |
| Township of Machar | | Blair |

## 1. Significant accounting policies:

The consolidated financial statements of 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 Chartered Professional Accountants of Canada.

Significant aspects of the accounting policies adopted by the Board are as follows:

(a) Basis of accounting:

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

- District of Parry Sound Social Services Administration Board
- Parry Sound District Housing Corporation

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

**1. Significant accounting policies (continued):**

(b) Accrual basis of accounting:

The Board follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services. The statements necessarily include some amounts that are based on management's best estimate and careful judgments.

(c) Financial instruments:

Financial instruments are classified into three categories:

i. Fair value. Financial instruments traded in an active market or which are designated to the fair value category are recorded at fair value. Unrealized gains and losses on the financial instrument are recognized in the statement of remeasurement gains (losses) until such time that the financial instrument is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the statement of operations and accumulated operating surplus and related balances are removed from the statement of remeasurement gains and losses.

Financial instruments are classified into fair value hierarchy Levels 1, 2 or 3 for the purposes of describing the basis of inputs used to determine the fair market value of those amounts recorded at fair value, as described below:

Level 1 Fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.

Level 2 Fair value measurements are those derived from market-based inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and

Level 3 Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

All financial instruments are Level 1.

ii. Amortized cost. Financial instruments in this category are measured using the effective interest rate method, which allocated the interest income or expense over the relevant period, based on the effective interest rate. It is applied to financial instruments that are not in the fair value category.

iii. Cost. Financial instruments in this category are measured at cost less any amounts for valuation allowance. Valuation allowances are made when collection is in doubt.

The Board initially measures its financial instruments at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

1. **Significant accounting policies (continued):**

(c) Financial instruments (continued):

The Board subsequently measures its financial assets and financial liabilities at amortized cost, except for investments in equity securities that are quoted in an active market or financial assets or liabilities designated to the fair value category, which are subsequently measured at fair value.

All financial instruments are measured at amortized cost.

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in operations. When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in operations, in the period it is identified and measurable, up to the amount of the previously recognized impairment.

(d) Revenue recognition:

Government transfers are transfers from senior levels of government that are not the result of an exchange transaction and are not expected to be repaid in the future. Government transfers without eligibility criteria or stipulations are recognized as revenue when the transfer is authorized. A transfer with eligibility criteria is recognized as revenue when the transfer is authorized and all eligibility criteria have been met. A transfer with or without eligibility criteria but with stipulations is recognized as revenue in the period the transfer is authorized and all eligibility criteria have been met, except where and to the extent that the transfer gives rise to an obligation that meets the definition of a liability for the Board.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred and/or other conditions required for revenue recognition are met.

Investment income is recognized as revenue when earned.

Revenue from other sources is recognized when the goods are sold or the service is provided, performance obligations fulfilled, and future economic benefits are measurable and expected to be obtained.

Where revenue, including government transfers, has been received by not recognized as revenue, the amount is reflected as deferred revenue to the extent it is not repayable to the funder.

(e) Cash and cash equivalents:

Cash and cash equivalents are represented by cash on hand, cash on deposit with financial institutions and investments that mature within three months.

(f) Short-term investments:

Short-term investments are carried at amortized cost.

**1. Significant accounting policies (continued):**

(g) Loans and mortgages receivable:

Loans and mortgages receivable are recorded at the lower of amortized cost and the net recoverable value, when the risk of loss exists. Changes in the value of loans and mortgages receivable are recognized in the consolidated statement of operations and accumulated operating surplus.

Interest is accrued on loans and mortgages receivable to the extent it is deemed collectible. When the terms associated with a loan or mortgage receivable are considered to be concessionary such that all or a part of the loan is considered to be a grant, the Board will expense the grant portion of the transaction in the consolidated statement of operations and accumulated operating surplus at the time the loan is made.

(h) Reserves and reserve funds :

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

(i) Asset retirement obligation:

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

(i) there is a legal obligation to incur retirement costs in relation to a tangible capital asset;

(ii) the past transaction or event giving rise to the liability has occurred;

(iii) it is expected that the future economic benefits will be given up; and

(iv) a reasonable estimate of the amount can be made.

The liability for required remediation activities in several of the buildings owned by the Board has been recognized based on estimated future expenses on closure of the facility.

The asset retirement obligation for the Board's building remediations is discounted using a present value calculation and adjusted for inflation. The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the depreciation accounting policies outlined in note 1(j)(i).

**1. Significant accounting policies (continued):**

(j) 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 straight-line basis over their estimated useful lives as follows:

| Asset | Useful Life – Years |
|---|---|
| Buildings and building improvements | 10-50 |
| Vehicles | 3 |
| Office furniture and equipment | 8 |
| Computers and equipment | 3-8 |
| Machinery and equipment | 8 |
| Play structures and equipment | 10 |

Amortization is charged in the year following 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 al their fair value at the date of receipt and also are recorded as revenue.

iii. Interest capitalization:

The Board's capital asset policy does not allow for the capitalization of interest costs associated with the acquisition or construction of a tangible capital asset.

iv. Prepaid expenses:

Amounts paid in advance of the receipt of goods or services are recorded as prepaid expense.

**1. Significant accounting policies (continued):**

(k) Pension plan:

The Board is an employer member of the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer, defined benefit pension plan with approximately 640,000 members. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The Board has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The County records as pension expense the current service cost.

As of December 31, 2024, OMERS had a reported funding deficit of $2.9 billion (2023 - $4.2 billion).

(l) Post- employment retirement benefits:

The Board accrues its obligations for employee benefit plans. The cost of non-pension post-retirement and post-employment benefits earned by employers is actuarially determined using the projected benefit method pro-rated on service and management's best estimate of retirement ages of employees and expected health care costs.

Actuarial gains (losses) on the on the accrued benefit obligation arise from changes in actuarial assumptions used to determine the accrued benefit obligation. The net accumulated actuarial gains (losses) are amortized over the average remaining service period of active employees. The average remaining service period of the active employees covered by the employee benefit plan is 12 years.

Past service costs arising from plan amendments are recognized immediately in the period the plan amendments occur.

(m) Use of estimates:

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the periods specified. Significant items subject to such estimates and assumptions include the valuation allowances for accounts receivable, the carrying value of tangible capital assets and the estimation of asset retirement obligations. Actual results could differ from those estimates.

These estimates are reviewed periodically, and, as adjustments become necessary, these are reported in the consolidated statement of operations and accumulated operating surplus in the year in which they become known.

**1. Significant accounting policies (continued):**

(n) Funding adjustments:

The Board receives grants from the Province for specific services. Pursuant to the related agreements, if the Board does not meet specific levels of expenditures or other criteria for recognition, the Province is entitled to seek repayment. Should any amounts become repayable, the repayment obligation is charged to operations in the period in which the repayment is determined to arise. Should programs and activities incur a deficit, the Board records any recoveries thereon in the period in which collection is reasonably assured.

**2. Change in accounting policies:**

In prior years, the basis of accounting for the Board's financial statements did not fully conform with Canadian generally accepted accounting principles for government organizations as the Board did not accrue for post-employment retirement benefits as required under *PS 3255 Post-Employment Benefits, Compensated Absences and Termination Benefits.* In addition, the Board did not accrue for employee vacation pay payable as required under the standards.

During the current year, the Board has changed its accounting policies to accrue post-employment retirement benefits and employee vacation pay payable. This change in accounting policy has been applied on a retroactive basis.

As a result of the change in accounting policies, the Board has reflected an increase of $885,367 in post-employment retirement benefits and $468,850 in accrued vacation pay as at January 1, 2023, with a corresponding decrease in accumulated operating surplus of $1,354,217.

In addition to the above, the Board reflected the following adjustments to the financial information for the year ended December 31, 2023:

(i) An increase in expenses of $33,314, representing the post-employment retirement benefits expense for the year ended December 31, 2023.

(ii) A decrease in operating expenses of $78,683, representing the change in accrued vacation pay for the year ended December 31, 2023.

## 3. Short-term investments:

| | | 2024 | | 2023 |
|---|---|---|---|---|
| CIBC Wood Gundy: | | | | |
| Cash | $ | 7,626 | $ | 23,578 |
| High interest savings account | | 1,894,441 | | 2,083,578 |
| Guaranteed investment certificates | | 3,229,289 | | 2,359,375 |
| Province of Ontario bond coupons | | 362,321 | | 768,633 |
| | $ | 5,493,677 | $ | 5,235,164 |

The guaranteed investment certificates bear interest at rates ranging from 3.7% to 5.65% and mature between July 2025 and October 2034. The Provincial bond coupons mature matures December 2026.

## 4. Accounts receivable:

| | | 2024 | | 2023 |
|---|---|---|---|---|
| Tenants | $ | 261,501 | $ | 273,675 |
| HST | | 526,954 | | 279,557 |
| Employee receivables | | 11,823 | | 9,622 |
| Non-Profit Organization for Amalguin Housing Inc. (N.O.A.H.) | | 798,935 | | 572,735 |
| Other | | 505,213 | | 252,969 |
| Allowance for doubtful accounts | | (246,922) | | (236,250) |
| | $ | 1,857,504 | $ | 1,152,308 |

The employee loan program allows employees to borrow up to a maximum of $2,000 each to purchase computer equipment or educational courses. All loans are interest free and are repayable over a two year period or upon termination of employment with the Board as set out in signed loan agreements between the Board and the employee.

## 5. Short-term loan receivable:

The District of Parry Sound Social Services Administration Board has provided a short-term loan to The Non-Profit Organization for Amalguin Housing Inc. (N.O.A.H.). The loan is interest only at Scotiabank Prime rate less 2% monthly. The loan is due on demand with 60 days written notice.

## 6. Mortgage receivable:

The District of Parry Sound Social Services Administration Board has provided a 35-year mortgage to Georgian Bay Native Non-Profit Homes Incorporated. The mortgage bears interest at a rate of 3.35%, calculated monthly, with blended interest and principal repayments of $1,761 monthly. The mortgage is secured by a second charge against land and buildings.

## 7. Accounts payable and accrued liabilities:

| | 2024 | 2023 |
|---|---|---|
| Accounts payable | $ 958,059 | $ 902,885 |
| Accrued liabilities | 145,790 | 250,675 |
| | $ 1,103,849 | $ 1,153,560 |

## 8. Deferred revenue:

| | 2024 | 2023 |
|---|---|---|
| Rent deposits | $ 26,746 | $ 56,173 |
| Donations | 136,710 | 96,415 |
| AHP funding | 109,371 | 109,371 |
| Ontario renovations funding | 234,279 | 158,292 |
| Other | 26,598 | 1,348 |
| | $ 533,704 | $ 421,599 |

## 9. Long-term debt:

| | 2024 | 2023 |
|---|---|---|
| Canada Mortgage and Housing Corporation, various debentures, interest rates varying from 6.09% to 6.34%, annual payments totaling $270,214 amortized over 25 years; secured by real property; maturing in 2027 | $ 360,854 | $ 571,185 |

Interest of $33,389 (2023 – $48,719) relating to long-term debt has been included in expenses on the consolidated statement of operations.

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

| | |
|---|---|
| 2025 | $ 135,763 |
| 2026 | 131,561 |
| 2027 | 93,530 |
| | $ 360,854 |

## 10. Asset retirement obligation:

The Board owns and operates several buildings that are known to have asbestos, which represents a health hazard upon demolition of the buildings and there is a legal obligation to remove asbestos. The obligation is determined based on the estimated undiscounted cash flows that will be required in the future to conduct removal activities in accordance with current legislation.

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

| | 2024 | 2023 |
|---|---|---|
| Asset retirement obligation, beginning of year | $ 4,664,860 | $ 4,500,154 |
| Remediation costs incurred during the year | (208,834) | – |
| Inflationary increase in asset retirement obligation | 116,302 | 164,706 |
| | $ 4,572,328 | $ 4,664,860 |

# DISTRICT OF PARRY SOUND SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements

Year ended December 31, 2024

**11. Tangible capital assets:**

| Cost | | Balance at December 31, 2023 | Additions | Disposals and Transfers | | Balance at December 31, 2024 |
|---|---|---|---|---|---|---|
| Land | $ | 2,534,656 | - | - | $ | 2,534,656 |
| Buildings and improvements | | 24,669,609 | 3,135,503 | - | | 27,805,112 |
| Vehicles | | 134,703 | 116,463 | (54,657) | | 196,509 |
| Office furniture and equipment | | 316,654 | - | - | | 316,654 |
| Other furniture and equipment | | 96,427 | - | (6,655) | | 89,772 |
| Computers and equipment | | 427,526 | - | - | | 427,526 |
| Machinery and equipment | | 411,035 | - | - | | 411,035 |
| Play structures and equipment | | 134,545 | - | - | | 134,545 |
| Total | $ | 28,725,155 | 3,251,966 | (61,312) | $ | 31,915,809 |

| Accumulated Amortization | | Balance at December 31, 2023 | Amortization Expense | Disposals and Transfers | | Balance at December 31, 2024 |
|---|---|---|---|---|---|---|
| Land | $ | - | - | - | $ | - |
| Buildings and improvements | | 11,384,157 | 842,173 | - | | 12,226,330 |
| Vehicles | | 83,695 | 31,732 | - | | 115,427 |
| Office furniture and equipment | | 313,059 | - | - | | 313,059 |
| Other furniture and equipment | | 96,427 | - | (6,655) | | 89,772 |
| Computers and equipment | | 207,150 | 36,621 | - | | 243,771 |
| Machinery and equipment | | 319,425 | 18,187 | - | | 337,612 |
| Play structures and equipment | | 123,994 | 1,759 | - | | 125,753 |
| Total | $ | 12,527,907 | 930,472 | (6,655) | $ | 13,451,724 |

| | | Net book value, December 31, 2023 | | Net book value, December 31, 2024 |
|---|---|---|---|---|
| Land | $ | 2,534,656 | $ | 2,534,656 |
| Buildings and improvements | | 13,285,452 | | 15,578,782 |
| Vehicles | | 51,008 | | 81,082 |
| Office furniture and equipment | | 3,595 | | 3,595 |
| Other furniture and equipment | | - | | - |
| Computers and equipment | | 220,376 | | 183,755 |
| Machinery and equipment | | 91,610 | | 73,423 |
| Play structures and equipment | | 10,551 | | 8,792 |
| Total | $ | 16,197,248 | $ | 18,464,085 |

**11. Tangible capital assets (continued):**

| Cost | | Balance at December 31, 2022 | Additions | Disposals and Transfers | | Balance at December 31, 2023 |
|---|---|---|---|---|---|---|
| Land | $ | 2,534,656 | - | - | $ | 2,534,656 |
| Buildings and improvements | | 23,255,330 | 1,453,926 | (39,647) | | 24,669,609 |
| Vehicles | | 134,703 | - | - | | 134,703 |
| Office furniture and equipment | | 319,465 | - | (2,811) | | 316,654 |
| Other furniture and equipment | | 107,258 | - | (10,831) | | 96,427 |
| Computers and equipment | | 288,289 | 154,667 | (15,430) | | 427,526 |
| Machinery and equipment | | 411,035 | - | - | | 411,035 |
| Play structures and equipment | | 134,545 | - | - | | 134,545 |
| Total | $ | 27,185,281 | 1,608,593 | (68,719) | $ | 28,725,155 |

| Accumulated Amortization | | Balance at December 31, 2022 | Amortization Expense | Disposals and Transfers | | Balance at December 31, 2023 |
|---|---|---|---|---|---|---|
| Land | $ | - | - | - | $ | - |
| Buildings and improvements | | 10,616,538 | 807,266 | (39,647) | | 11,384,157 |
| Vehicles | | 51,963 | 31,732 | - | | 83,695 |
| Office furniture and equipment | | 314,072 | 1,798 | (2,811) | | 313,059 |
| Other furniture and equipment | | 107,258 | - | (10,831) | | 96,427 |
| Computers and equipment | | 179,733 | 42,847 | (15,430) | | 207,150 |
| Machinery and equipment | | 296,028 | 23,397 | - | | 319,425 |
| Play structures and equipment | | 122,235 | 1,759 | - | | 123,994 |
| Total | $ | 11,687,827 | 908,799 | (68,719) | $ | 12,527,907 |

| | | Net book value, December 31, 2022 | | Net book value, December 31, 2023 |
|---|---|---|---|---|
| Land | $ | 2,534,656 | $ | 2,534,656 |
| Buildings and improvements | | 12,638,792 | | 13,285,452 |
| Vehicles | | 82,740 | | 51,008 |
| Office furniture and equipment | | 5,393 | | 3,595 |
| Other furniture and equipment | | - | | - |
| Computers and equipment | | 108,556 | | 220,376 |
| Machinery and equipment | | 115,007 | | 91,610 |
| Play structures and equipment | | 12,310 | | 10,551 |
| Total | $ | 15,497,454 | $ | 16,197,248 |

## 12. Accumulated operating surplus:

Accumulated operating surplus consists of individual fund surplus and reserves and reserve funds as follows:

| | 2024 | 2023 (Restated - note 2) |
|---|---|---|
| Surplus: | | |
| Invested in tangible capital assets | $ 14,586,244 | $ 10,961,203 |
| General surplus | 10,219,022 | 7,301,321 |
| | 24,805,266 | 18,262,524 |
| Reserves: | | |
| Capital reserve | 1,348,802 | 3,201,139 |
| Housing reserve | 11,998,924 | 12,015,677 |
| | 13,347,726 | 15,216,816 |
| | $ 38,152,992 | $ 33,479,340 |

## 13. Budget information:

The operating budget approved by the Board for 2024 was prepared for the purpose of establishing the estimated revenues and expenses for the Board and the associated funding from the participating municipalities. The budget established did not include a budget for the amortization of tangible capital assets and also reflected transfers to reserve funds and repayments of long-term debt as expenditures. Additionally, the approved operating budget did not include costs for post-employment retirement benefits or inflationary increases in the asset retirement obligation.

The chart below reconciles the approved oper budget with the budget figures as presented in these consolidated financial statements.

| | |
|---|---|
| Annual operating surplus before other items per the consolidated financial statements | $ 1,794,531 |
| Less: | |
| Transfers to reserves | (1,584,000) |
| Principal repayment on long-term debt | (210,331) |
| Annual operating surplus per approved budget | $ – |

**14. Post-employment retirement benefits:**

All permanent employees of the Board are eligible to be members of the Ontario Municipal Employees Retirement System ("OMERS"), a multi-employer pension plan. Employer contributions made to OMERS during the year ended December 31, 2024 amounted to $986,573 (2023 - $963,991).

The Board does not recognize any share of the pension plan deficit based on the fair market value of OMERS assets, as the plan is managed by OMERS and the board does not share risk or control of decision in the plan administration, benefits, or contributions. As at December 31, 2024, OMERS has reported a deficit of $4.3 billion (2023 - deficit of $7.6 billion).

The Board sponsors a post-retirement defined benefit plan for medical, life insurance and dental benefits for substantially all full-time employees with various cost sharing arrangements as determined by their collective agreements. The most recent valuation of employee future benefits was completed as at December 31, 2024.

The accrued benefit obligation is recorded in the financial statements as follows:

| | 2024 | 2023 |
|---|---|---|
| Balance, beginning of year | $ 918,681 | 885,367 |
| Add: Benefit costs | 38,598 | 37,931 |
| Add: Interest costs | 38,873 | 36,673 |
| | 996,152 | 959,971 |
| Less: Benefit contributions | (46,658) | (41,290) |
| Balance, end of year | $ 949,494 | $ 918,681 |

Similar to most post-employment benefit plans (other than pension) in Canada, the Board's plan is not pre-funded, resulting in plan deficit equal to the accrued benefit obligation.

The significant actuarial assumptions adopted in measuring the Board's accrued benefit obligations are as follows:

| | 2024 | 2023 |
|---|---|---|
| Discount rate | 4.25% | 4.25% |
| Dental cost trend rates | 4.00% | 4.00% |
| Extended health care trend rates | 6.00% | 6.00% |

**15. Recognition of prior year's Provincial revenue:**

During the previous fiscal year, the Board undertook a reconciliation of Provincial funding received and deferred from 2007 to 2022. As a result of this reconciliation, management determined that $4,970,226 of funding is not subject to recovery by the Province as (i) the Board has satisfied the revenue recognition requirements with respect to eligibility requirements; and (ii) an obligation to repay the funding does not otherwise exist.

The results of the revenue reconciliation were considered to be a change in management estimate. In accordance with Canadian generally accepted accounting principles for government organizations, the adjustment to revenue has been recognized in the year.

**16. Commitments:**

The Board has provided a guarantee for the long term loan owing by Parry Sound Affordable Development Corporation. The amount of the Board's guarantee is limited to $9,225,000.

The Board has provided a guarantee for the long term loan owing by The Non-Profit Organization for Amalguin Housing Inc. (N.O.A.H.). The amount of the Board's guarantee is limited to $11,000,000.

**17. Financial risks and concentration of risk:**

(a) Liquidity risk:

Liquidity risk is the risk that the Board will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Board manages its liquidity risk by monitoring its operating requirements. The Board prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Board is exposed to credit risk with respect to the accounts receivable. The Board assesses, on a continuous basis, accounts receivable and provides for any amounts that are collectible in the allowance for doubtful accounts.

(c) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Board is exposed to this risk mainly in respect to its investments, which are subject to changes in interest rates upon reinvestment.

There have been no significant changes from the previous year in the Board's exposure to risk or policies, procedures and methods used to measure the risk.

**18. Comparative information:**

Certain 2023 figures have been reclassified to conform with the presentation adopted in 2024.

**19. Segmented information:**

The Board supports the development of healthy and self-sufficient communities through the innovative and responsive delivery of various social assistance programs. For reporting purposes, the Board's financial activities are organized and reported by program.

For each reported segment, revenue and expenses represent both the amounts that are directly attributable to the segment as well as amounts that can reasonably be allocated to the segment. Administration costs are allocated to the program based on an availability of funding as well as an estimate of their consumption of administrative services.

The accounting policies utilized in these segments are consistent with those followed in preparation of the financial statements as disclosed in note 1.

Administration

The Board's corporate administrative functions include strategic planning, corporate governance, finance, human resources, communications and information technology.

Ontario Works

The Board administers the Ontario Works program to eligible residents of the District by authority of the Ontario Works Act, 1997. The program provides life stabilization and employment assistance supports and also issues financial employment and discretionary benefits.

Social Housing

The social housing program is responsible for the direct management of the public housing portfolio, the administration of subsidies to Non-Profit and Urban and Native Housing projects, the administration of various Federal and Provincial housing programs and the administration and maintenance of the centralized wait list within the District.

Child Care Programs

The Board is responsible for planning and managing licensed child care services and EarlyON Child and Family Centres in the District, including the direct provision of child care services and the provision of financial assistance to child care providers and families.

Family Resource Centre (Esprit Place)

Esprit Place offers emergency shelter and assistance for women and children in the District who find themselves in crisis.

Homelessness Initiatives

The Board administers various programs to support those experiencing homelessness to obtain and retain housing, as well as support those at risk of homelessness to remain in housing.

Social Assistance Restructuring Fund

The Social Assistance Restructuring Fund supports food security programs and emergency shelter and energy pogroms for low income families and social assistance recipients. While the Province's legislative requirement to fund the Social Assistance Restructuring Fund has been removed, the Board continues to fund the program.

**19. Segmented information (continued):**

| | Administration | Ontario Works Financial Assistance | Ontario Works Program | Social Housing | Child Care Programs | Family Resource Centre (Esprit Place) | Homelessness Initiatives | Social Assistance Restructuring Fund | 2024 Total |
|---|---|---|---|---|---|---|---|---|---|
| Revenues: | | | | | | | | | |
| Province of Ontario | $ - | 6,553,893 | 2,205,400 | 695,556 | 9,679,974 | 1,025,075 | 1,285,767 | - | $ 21,445,665 |
| Government of Canada | - | - | - | 2,258,623 | - | - | - | - | 2,258,623 |
| Participating municipalities | 531,599 | - | 1,443,992 | 3,988,298 | 449,590 | - | 180,171 | 275,200 | 6,868,850 |
| Tenant revenue | - | - | - | 1,213,489 | - | - | - | - | 1,213,489 |
| Bank interest | 426,206 | - | - | 859,842 | - | - | - | - | 1,286,048 |
| User fees | - | - | - | - | 1,209,904 | - | - | - | 1,209,904 |
| Other income | 19,783 | - | - | - | - | 22,591 | - | - | 42,374 |
| | 977,588 | 6,553,893 | 3,649,392 | 9,015,808 | 11,339,468 | 1,047,666 | 1,465,938 | 275,200 | 34,324,953 |
| Expenses: | | | | | | | | | |
| Wages and benefits | 2,063,242 | - | 1,383,201 | 1,641,303 | 5,573,694 | 584,648 | 742,668 | - | 11,988,756 |
| Travel and training | 116,028 | - | 91,592 | 52,319 | 94,230 | 25,306 | 14,637 | - | 394,112 |
| Purchased services | 158,967 | - | 85,682 | 269,220 | 1,172,746 | 53,876 | 24 | - | 1,740,515 |
| Transfer payments to individuals and organizations | - | 7,162,199 | 249,054 | 1,352,912 | 2,355,208 | - | 819,767 | - | 11,939,140 |
| Information technology and telecommunications | 604,037 | - | 408,184 | 171,812 | 487,540 | 50,785 | 60,345 | - | 1,782,703 |
| Food costs | - | - | - | - | 112,051 | 3,551 | - | - | 115,602 |
| Rent and occupancy costs | 137,589 | - | 88,700 | 515,291 | 438,409 | 54,512 | 85,900 | - | 1,320,401 |
| Bank charges | 36,396 | - | - | 18,174 | 19,255 | - | - | - | 73,825 |
| Interest on long-term debt | - | - | - | 33,389 | - | - | - | - | 33,389 |
| Minor capital | 151,487 | - | 81,696 | 1,265,893 | 108,827 | 17,330 | - | - | 1,625,233 |
| One-time expenses | - | - | - | - | - | 96,070 | - | - | 96,070 |
| Property taxes | - | - | - | 299,705 | - | - | - | - | 299,705 |
| Insurance | 9,629 | - | 22,972 | 83,369 | 67,808 | 7,965 | 8,228 | - | 199,971 |
| Other supplies and expenses | 106,460 | - | 141,682 | 70,071 | 64,387 | 305 | 4,450 | - | 387,355 |
| Recoveries and reimbursements | (602,665) | (608,306) | (11,901) | - | (3,255) | - | (2,411) | - | (1,228,538) |
| Total expenses | 2,781,170 | 6,553,893 | 2,540,862 | 5,773,458 | 10,490,900 | 894,348 | 1,733,608 | - | 30,768,239 |
| Operating surplus (deficit) before allocation of administration costs | (1,803,582) | - | 1,108,530 | 3,242,350 | 848,568 | 153,318 | (267,670) | 275,200 | 3,556,714 |
| Allocated administrative costs | (581,436) | - | (478,000) | (164,667) | (732,985) | (70,188) | (90,000) | (10,000) | (2,127,276) |
| Internal overhead expense recoveries | 3,141,717 | - | - | - | - | - | - | - | 3,141,717 |
| Transfers from (to) other programs | 213,485 | - | (245,754) | - | (111,803) | 84,245 | 201,027 | (141,200) | - |
| Operating surplus (deficit) before undernoted items | 970,184 | - | 384,776 | 3,077,683 | 3,780 | 167,375 | (156,643) | 124,000 | 4,571,155 |
| Amortization expense | | | | | | | | | (930,472) |
| Inflationary increase in asset retirement obligation | | | | | | | | | (116,302) |
| Change in post-employment retirement benefits | | | | | | | | | (30,813) |
| Change in accrued vacation pay | | | | | | | | | 124,743 |
| Annual surplus | | | | | | | | | $ 3,618,311 |

**19. Segmented information (continued):**

| | Administration | Ontario Works Financial Assistance | Ontario Works Program | Social Housing | Child Care Programs | Family Resource Centre (Esprit Place) | Homelessness Initiatives | Social Assistance Restructuring Fund | 2023 Total |
|---|---|---|---|---|---|---|---|---|---|
| Revenues: | | | | | | | | | |
| Province of Ontario | $ - | 6,367,697 | 2,179,400 | 871,477 | 8,860,890 | 951,845 | 1,607,396 | - | $ 20,838,705 |
| Government of Canada | - | - | - | 601,141 | - | - | - | - | 601,141 |
| Participating municipalities | 516,453 | - | 1,443,993 | 3,821,895 | 449,590 | - | 190,133 | 275,200 | 6,697,264 |
| Tenant revenue | - | - | - | 1,067,839 | - | - | - | - | 1,067,839 |
| Bank interest | 1,475,041 | - | - | 27,331 | - | - | - | - | 1,502,372 |
| User fees | - | - | - | - | 1,092,968 | - | - | - | 1,092,968 |
| Other income | - | - | - | - | - | 13,059 | - | - | 13,059 |
| | 1,991,494 | 6,367,697 | 3,623,393 | 6,389,683 | 10,403,448 | 964,904 | 1,797,529 | 275,200 | 31,813,348 |
| Expenses: | | | | | | | | | |
| Wages and benefits | 2,002,276 | - | 1,688,394 | 1,391,829 | 5,231,370 | 676,849 | 705,308 | - | 11,696,026 |
| Travel and training | 36,169 | - | 53,238 | 69,666 | 159,248 | 12,838 | 19,359 | - | 350,518 |
| Purchased services | 156,287 | - | 96,979 | 167,294 | 1,051,805 | 20,385 | 264 | - | 1,493,014 |
| Transfer payments to individuals and organizations | - | 7,093,978 | 270,702 | 1,206,204 | 1,974,873 | - | 544,251 | 136,683 | 11,226,691 |
| Information technology and telecommunications | 358,975 | - | 273,137 | 174,978 | 459,529 | 45,737 | 59,147 | - | 1,371,503 |
| Food costs | - | - | - | - | 109,786 | 16,234 | - | - | 126,020 |
| Rent and occupancy costs | 160,176 | - | 68,244 | 1,494,914 | 319,888 | 30,340 | 26,500 | - | 2,100,062 |
| Bank charges | 44,709 | - | - | 843 | 26,226 | - | - | - | 71,778 |
| Interest on long-term debt | - | - | - | 48,716 | - | - | - | - | 48,716 |
| Minor capital | 98,684 | - | 13,924 | 19,359 | 25,936 | 6,240 | 2,061 | - | 166,204 |
| One-time expenses | - | - | - | - | - | 323,449 | - | - | 323,449 |
| Property taxes | - | - | - | 286,580 | - | - | - | - | 286,580 |
| Insurance | 48,037 | - | 18,713 | 115,957 | 35,474 | - | 6,653 | - | 224,834 |
| Other supplies and expenses | 90,651 | - | 134,578 | 44,215 | 61,737 | 7,474 | 10,837 | - | 349,492 |
| Recoveries and reimbursements | (498,169) | (726,281) | (10,589) | - | (2,983) | (3,900) | (113) | - | (1,242,035) |
| Total expenses | 2,497,795 | 6,367,697 | 2,607,320 | 5,020,555 | 9,452,889 | 1,135,646 | 1,374,267 | 136,683 | 28,592,852 |
| Operating surplus (deficit) before allocation of administration costs | (506,301) | - | 1,016,073 | 1,369,128 | 950,559 | (170,742) | 423,262 | 138,517 | 3,220,496 |
| Allocated administrative costs | (297,535) | - | (478,000) | (164,667) | (734,203) | (70,188) | (90,001) | (10,000) | (1,844,594) |
| Internal overhead expense recoveries | 2,617,046 | - | - | 222,700 | - | - | - | - | 2,839,746 |
| Transfers from (to) other programs | 458,638 | - | (552,147) | (242,500) | (61,822) | 182,373 | 336,658 | (121,200) | - |
| Operating surplus (deficit) before undernoted items | 2,271,848 | - | (14,074) | 1,184,661 | 154,534 | (58,557) | 669,919 | 7,317 | 4,215,648 |
| Amortization expense | | | | | | | | | (908,799) |
| Inflationary increase in asset retirement obligation | | | | | | | | | (164,706) |
| Change in management estimate - recognition of Provincial revenue | | | | | | | | | 4,970,226 |
| Change in post-employment retirement benefits | | | | | | | | | (33,314) |
| Change in accrued vacation pay | | | | | | | | | 78,683 |
| Annual surplus | | | | | | | | | $ 8,157,738 |

Financial Statements of

# THE NON-PROFIT ORGANIZATION FOR ALMAGUIN HOUSING INC. (N.O.A.H)

And Independent Auditor's Report thereon

Year ended December 31, 2024

# INDEPENDENT AUDITOR'S REPORT

To the Board of Non-Profit Organization for Almaguin Housing Inc. (N.O.A.H.)

## *Opinion*

We have audited the accompanying financial statements of Non-Profit Organization for Almaguin Housing Inc. (N.O.A.H.) (the Entity), which comprise:

- the statement of financial position as at December 31, 2024
- the statement of operations and net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2024 and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for 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 auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

## *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 the 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 Entity'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 Entity'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 Entity 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.

- 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.

# THE NON-PROFIT ORGANIZATION FOR ALMAGUIN HOUSING INC. (N.O.A.H.)

Statement of Financial Position

December 31, 2024, with comparative information for 2023

| | | 2024 | | 2023 |
|---|---|---|---|---|
| **Assets** | | | | |
| Current assets: | | | | |
| Cash and bank | $ | 321,888 | $ | 115,361 |
| Accounts receivable (note 2) | | 25,331 | | 19,696 |
| Prepaid expenses | | 28,866 | | 23,800 |
| | | 376,085 | | 158,857 |
| Capital assets (note 3) | | 11,174,520 | | 12,051,100 |
| | $ | 11,550,605 | $ | 12,209,957 |
| **Liabilities and Net Assets** | | | | |
| Current liabilities: | | | | |
| Short-term loan (note 4) | $ | 2,800,000 | $ | 2,800,000 |
| Accounts payable and accrued liabilities (note 5) | | 720,330 | | 602,022 |
| Deferred revenue | | 33,798 | | 35,420 |
| Current portion of long-term debt (note 6) | | 126,289 | | 137,786 |
| | | 3,680,417 | | 3,575,228 |
| Long-term debt (note 6) | | 7,637,582 | | 7,762,195 |
| Net assets: | | | | |
| Unrestricted fund balance | | 232,606 | | 872,534 |
| Contingencies (note 7) | | | | |
| | $ | 11,550,605 | $ | 12,209,957 |

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See accompanying notes to financial statements.

On behalf of the Board:

______________________________ Director

______________________________ Director

# THE NON-PROFIT ORGANIZATION FOR ALMAGUIN HOUSING INC. (N.O.A.H.)

Statement of Operations and Net Assets

Year ended December 31, 2024, with comparative information for 2023

| | | 2024 | | 2023 |
|---|---|---|---|---|
| Revenue: | | | | |
| Rental income | $ | 521,836 | $ | 491,142 |
| Miscellanous | | 12,752 | | 3,622 |
| Laundry (net) | | - | | 11,369 |
| | | 534,588 | | 506,133 |
| Expenses: | | | | |
| Utilities | | 57,708 | | 63,728 |
| Municpal taxes | | 56,311 | | 53,491 |
| Insurance | | 26,631 | | 27,166 |
| Repairs and maintenance | | 5,059 | | 137,383 |
| Bad debts | | - | | 4,756 |
| Administration overhead: | | | | |
| Materials and services | | 382,319 | | 401,945 |
| Professional fees | | 13,673 | | 19,985 |
| Office supplies and general | | 1,335 | | 2,989 |
| Transportation and communications | | - | | 3,445 |
| Amortization | | 253,250 | | 269,458 |
| | | 796,286 | | 984,346 |
| Deficiency of revenues over expenses, before the undernoted | | (261,698) | | (478,213) |
| Loss on disposal of property, plant and equipment | | (378,230) | | - |
| Deficiency of revenues over expenses | | (639,928) | | (478,213) |
| Fund balance - beginning of year | | 872,534 | | 1,350,747 |
| Fund balance - end of year | $ | 232,606 | $ | 872,534 |

See accompanying notes to financial statements.

# THE NON-PROFIT ORGANIZATION FOR ALMAGUIN HOUSING INC. (N.O.A.H.)

Statement of Cash Flows

Year ended December 31, 2024, with comparative information for 2023

| | | 2024 | | 2023 |
|---|---|---|---|---|
| Cash provided by (used in): | | | | |
| Operating activities: | | | | |
| Deficiency of revenue over expenses | $ | (639,928) | $ | (478,213) |
| Items not involving cash: | | | | |
| Amortization of tangible capital assets | | 253,250 | | 269,458 |
| Loss on disposal of property, plant and equipment | | 378,230 | | - |
| | | (8,448) | | (208,755) |
| Change in non-cash assets and liabilities: | | | | |
| Accounts receivable | | (5,635) | | 13,926 |
| Prepaid expenses | | (5,066) | | 1,704 |
| Accounts payable and accrued liabilities | | 118,308 | | 142,430 |
| Deferred revenue | | (1,622) | | 6,871 |
| Net change in cash from operating activities | | 97,537 | | (43,824) |
| Capital activities: | | | | |
| Proceeds from sale of tangible capital assets | | 245,100 | | - |
| Net change in cash from capital activities | | 245,100 | | - |
| Financing activities: | | | | |
| Short-term loan | | - | | 200,000 |
| Repayment of long-term debt | | (136,110) | | (100,019) |
| Net change in cash from financing activities | | (136,110) | | 99,981 |
| Net change in cash | | 206,527 | | 56,157 |
| Cash, beginning of year | | 115,361 | | 59,204 |
| Cash, end of year | $ | 321,888 | $ | 115,361 |

See accompanying notes to financial statements.

The Non-Profit Organization for Almaguin Housing Inc. (N.O.A.H.) (the "Entity") is a non-profit corporation incorporated without share capital under the Ontario Corporations Act and is exempt from corporate tax under section 149(1)(L) of the Income Tax Act. Its main objective is to provide residential accommodation to families in the Almaguin area of Ontario.

**1. Significant accounting policies:**

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations in Part III of the CPA Canada Handbook - Accounting. The Entity's significant accounting policies are outlined below.

(a) Basis of accounting:

These financial statements were prepared using the accrual basis of accounting. The accrual basis recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal obligation to pay.

(b) Revenue recognition:

The Entity recognizes rental revenue on a monthly accrual basis when collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and the amount is fixed or determinable.

Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period. It is deferred and recognized in that subsequent period.

Contributions including donations are recognized as revenue when received.

(c) Contributed services:

Volunteers contribute numerous hours per year to assist the Entity in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

(d) Cash:

Cash includes balances with financial institutions.

(e) Capital assets:

Capital assets are stated at cost less accumulated amortization. Amortization based on the estimated useful life of the asset is calculated as follows (1/2 year rule):

Buildings - 2.5% diminishing balance basis

Other furniture and equipment - 8 years straight line basis

## 1. Significant accounting policies (continued):

(f) Use of estimates:

The preparation of the financial statements in conformity with Canadian standards for not-for-profit organizations 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 date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amounts of capital assets. Actual results could differ from those estimates.

(g) Financial instruments:

*Measurement of financial instruments*

The entity initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The entity subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

*Impairment*

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

## 2. Accounts receivable:

| | 2024 | 2023 |
|---|---|---|
| Rent receivable | $ 11,237 | $ 12,978 |
| Allowance for doubtful accounts | (8,756) | (8,756) |
| HST rebates | 22,850 | 15,474 |
| | $ 25,331 | $ 19,696 |

The carrying value of accounts receivable approximates fair value because of the short maturity of these instruments and because they are subject to normal credit terms.

## 3. Capital assets:

| 2024 | Cost | Accumulated Amortization | Net book Value |
|---|---|---|---|
| Land: | | | |
| Powassan | $ 2 | $ – | $ 2 |
| Sundridge | – | – | – |
| Buildings: | | | |
| Powassan | 11,754,282 | 735,880 | 11,018,402 |
| Sundridge | – | – | – |
| Furniture and equipment | 227,080 | 70,962 | 156,118 |
| | $ 11,981,362 | $ 806,842 | $ 11,174,520 |

| 2023 | Cost | Accumulated Amortization | Net book Value |
|---|---|---|---|
| Land: | | | |
| Powassan | $ 2 | $ – | $ 2 |
| Sundridge | 87,500 | – | 87,500 |
| Buildings: | | | |
| Powassan | 11,754,282 | 511,016 | 11,243,266 |
| Sundridge | 582,444 | 46,614 | 535,830 |
| Furniture and equipment | 227,079 | 42,577 | 184,502 |
| | $ 12,651,307 | $ 600,207 | $ 12,051,100 |

During the year, the Entity disposed of the Sundridge property for net proceeds of $245,100, resulting in a loss of $378,230.

## 4. Short-term loan:

| | 2024 | 2023 |
|---|---|---|
| District of Parry Sound Social Services Administration Board | $ 2,800,000 | $ 2,800,000 |

The District of Parry Sound Social Services Administration Board provided a short-term loan with interest at a variable rate determined by their treasury account and with no fixed terms of repayment.

**5. Accounts payable and accrued liabilities:**

| | 2024 | 2023 |
|---|---|---|
| Trade accounts payable | $ 698,927 | $ 590,437 |
| Accrued liabilities | 21,403 | 11,585 |
| | $ 720,330 | $ 602,022 |

The carrying value of other liabilities approximates fair value because of the short maturity of these instruments and because they are subject to normal credit terms.

**6. Long-term debt:**

| | 2024 | 2023 |
|---|---|---|
| TD Bank Loan – commercial loan, 3.036% due March 28, 2025, repayable in monthly instalments of $31,337 principal and interest; amortized over 35 years, secured by land and buildings (interest only until April 28, 2023) | $ 7,763,871 | $ 7,899,981 |
| Less amounts due within one year included in current liabilities | (126,289) | (137,786) |
| | $ 7,637,582 | $ 7,762,195 |

The loan is secured by a general security agreement, a limited $11,000,000 corporate guarantee of advances executed by the District of Parry Sound Social Services Administration Board, a First charge on property located at a Municipal address not yet assigned, a general assignment of rents and leases, borrowing resolution of $11,000,000 issued by the District of Parry Sound Social Services Administration Board, and an assignment of fire insurance.

On March 28, 2022, the loan was converted to a fixed rate loan at 3.036% for 3 years, maturing March 28, 2025. The $8,000,000 loan is amortized over 35 years.

**7. Contingencies:**

The Canada-Ontario Community Housing Initiative (COCHI) and the Ontario Priorities Housing Initiative (OPHI) provided additional forgivable loans during the year of $Nil (2023 - $Nil). The total loans are now $1,575,130 (2023 - $1,575,130). Both loans have been recorded as grants received as the forgivable portion of loans is required to be recorded as income. However, if the requirements of the loans are not met, the loans could become repayable. At the date of the audit report, it was indeterminable if an impairment in value of certain assets needed to be recorded.

**8. Financial risks:**

(a) Liquidity risk:

Liquidity risk is the risk that the Entity will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Entity manages its liquidity risk by monitoring its operating requirements. The Entity prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no significant change to the risk exposures from 2023.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Entity is exposed to credit risk with respect to the accounts receivable. The entity deals with creditworthy counterparties to mitigate the risk of financial loss from defaults. The Corporation monitors the credit risk of customers through credit rating reviews. There has been no significant change to the risk exposures from 2023.