

**MANITOULIN-SUDBURY
DISTRICT SERVICES BOARD**

Financial Statements

Year Ended December 31, 2019

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying financial statements of Manitoulin-Sudbury District Services Board ("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 established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 1 to these financial statements. The preparation of the financial statements necessarily involves the use of estimates based on management's judgement, 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 financial statements. These systems are monitored and evaluated by management.

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

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

Chief Administrator Officer

Director of Finance

May 28, 2020

Date

INDEPENDENT AUDITORS' REPORT

To the Members of Manitoulin-Sudbury District Services Board and Members of Councils, Inhabitants and Ratepayers of Municipalities listed in Note 2

Opinion

We have audited the financial statements of Manitoulin-Sudbury District Services Board, which comprise the financial position as at December 31, 2019, and the statements of operations and changes in accumulated surplus, changes in net assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Manitoulin-Sudbury District Services Board as at December 31, 2019, and the results of its operations and its 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

Our examination was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in Schedules 1 through 7 is presented for purposes of management analysis, budgeting and funding provider analysis and is not a required part of the basic financial statements. The supplementary schedules have not been and are not intended to be prepared in accordance with Canadian generally accepted accounting principles. The supplementary schedules have been subjected to the auditing procedures applied in the examination of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

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

In preparing the financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

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

INDEPENDENT AUDITORS' REPORT (continued)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

FREELANDT CALDWELL REILLY LLP

Freelandt Caldwell Reilly LLP

Chartered Professional Accountants
Licensed Public Accountants

Espanola, Ontario
May 28, 2020

MANITOULIN-SUDBURY DISTRICT SERVICES BOARD**Statement of Financial Position****Year ended December 31, 2019 with comparative figures for 2018**

	2019	2018
	\$	\$
Financial Assets		
Cash and cash equivalents	10,753,113	10,149,782
Accounts receivable	448,225	396,528
	11,201,338	10,546,310
Liabilities		
Accounts payable and accrued liabilities	5,745,973	5,872,250
Deferred contributions (note 4)	1,093,763	816,456
Capital lease obligation (note 6)	420,163	560,218
	7,259,899	7,248,924
Net assets (note 7)	3,941,439	3,297,386
Non-financial Assets (note 8)		
Tangible capital assets (note 9)	16,282,508	17,463,724
Prepaid expenses	201,803	178,086
Prepaid assistance	378,000	372,117
	16,862,311	18,013,927
Accumulated Surplus	20,803,750	21,311,313

Contingent liabilities (note 10)

Approved by the Board of Directors:

The accompanying notes are an integral part of the financial statements

MANITOULIN-SUDBURY DISTRICT SERVICES BOARD**Statement of Operations and Changes in Accumulated Surplus****Year ended December 31, 2019 with comparative figures for 2018**

	2019	2019	2018
	Budget	Actual	Actual
	\$	\$	\$
Revenue			
Ontario Works Administration Programs	8,846,687	7,652,370	8,047,528
Land ambulance / EMS Services	16,541,402	16,845,719	17,006,255
Social Housing	4,814,887	5,098,792	4,839,125
Child Care Programs	7,242,560	9,269,631	9,269,921
Homelessness Programs	682,831	518,158	635,857
Other revenue	229,741	396,403	405,191
Total revenue	38,358,108	39,781,073	40,203,877
Expenditures			
Ontario Works Administration Programs	8,846,687	7,619,259	8,035,564
Land ambulance / EMS Services	15,731,131	17,154,370	17,560,876
Social Housing	4,807,437	5,447,651	4,901,646
Child Care Programs	7,563,210	9,269,631	9,269,921
Homelessness Programs	682,831	518,158	635,857
Other expenditures	287,392	279,567	278,372
Total expenditures	37,918,688	40,288,636	40,682,236
Annual surplus (deficit) before undernoted item	439,420	(507,563)	(478,359)
Refund of prior years' Municipal Apportionment			(139,090)
Annual surplus (deficit)	439,420	(507,563)	(617,449)
Accumulated surplus, beginning of year	21,311,313	21,311,313	21,928,762
Accumulated surplus, end of year	21,750,733	20,803,750	21,311,313

The accompanying notes are an integral part of the financial statements

MANITOULIN-SUDBURY DISTRICT SERVICES BOARD**Statement of Changes in Net Assets****Year ended December 31, 2019 with comparative figures for 2018**

	2019	2019	2018
	Budget	Actual	Actual
	\$	\$	\$
Annual surplus (deficit)	439,420	(507,563)	(617,449)
Acquisition of tangible capital assets	-	(467,957)	(1,064,070)
Amortization of tangible capital assets	-	1,584,719	1,598,237
Gain on disposal of tangible capital assets	-	(117,893)	(15,491)
Proceeds on disposal of tangible capital assets	-	182,347	30,713
Change in prepaid expenses	-	(23,717)	3,542
Change in prepaid assistance	-	(5,883)	(15,534)
Change in net assets	439,420	644,053	(80,052)
Net assets, beginning of year	3,297,386	3,297,386	3,377,438
Net assets, end of year	3,736,806	3,941,439	3,297,386

The accompanying notes are an integral part of the financial statements

MANITOULIN-SUDBURY DISTRICT SERVICES BOARD**Statement of Cash Flows****Year ended December 31, 2019 with comparative figures for 2018**

	2019	2018
	\$	\$
Cash flows from operations		
Annual surplus (deficit)	(507,563)	(617,449)
Non-cash items including amortization		
Amortization of tangible capital assets	1,584,719	1,598,237
Gain on disposal of tangible capital assets	(117,893)	(15,491)
Changes in non-cash assets and liabilities		
Accounts receivable	(51,697)	266,709
Accounts payable and accrued liabilities	(126,277)	1,004,132
Deferred contributions	277,307	42,430
Prepaid expenses	(23,717)	3,542
Prepaid assistance	(5,883)	(15,534)
	1,028,996	2,266,576
Capital transactions		
Proceeds on disposal of tangible capital assets	182,347	30,713
Cash used to acquire tangible capital assets	(467,957)	(1,064,070)
	(285,610)	(1,033,357)
Financing transactions		
Repayment of capital lease obligation	(140,055)	(140,055)
Repayment of mortgage payable	-	(15,751)
	(140,055)	(155,806)
Increase in cash	603,331	1,077,413
Cash and cash equivalents, beginning of year	10,149,782	9,072,369
Cash and cash equivalents, end of year	10,753,113	10,149,782

The accompanying notes are an integral part of the financial statements

MANITOULIN-SUDBURY DISTRICT SERVICES BOARD

Notes to the Financial Statements

Year ended December 31, 2019

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board are the representation of management. The financial statements are prepared using Canadian public sector accounting standards as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

a) Basis of accounting

The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures 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.

b) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances held by major financial institutions and short-term investments which are readily convertible into a known amount of cash and are subject to an insignificant risk to changes in fair value.

c) Leases

Leases are classified as either capital or operating leases. Leases that transfer substantially all of the benefits and inherent risks of ownership of property to the company are accounted for as capital leases. At the time a capital lease is entered into, an asset is recorded together with its related long-term obligation to reflect the acquisition and financing. Equipment recorded under capital leases is amortized on the same basis as described below. Payments under operating leases are expensed as incurred.

d) Tangible capital assets

Tangible capital assets are recorded at cost. The Board provides for the amortization using the straight-line method designed to amortize the cost, less any residual value, of the tangible capital asset over the estimated useful life of the asset. The annual amortization rates are follows:

Assets	Basis	Rate %
Buildings	Straight-line	4
Computer equipment	Straight-line	30
Vehicles, machinery and equipment	Straight-line	30
Furniture, fixtures, and other equipment	Straight-line	20
Software	Straight-line	100

Additions are amortized at the full annual rate in the year of acquisition. No amortization is recorded in the year of disposal.

MANITOULIN-SUDBURY DISTRICT SERVICES BOARD

Notes to the Financial Statements

Year ended December 31, 2019

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Revenue recognition and deferred contributions

Revenue from government grants and contributions are recognized in the period that the events giving rise to the government transfer have occurred as long as: the transfer is authorized; the eligibility criteria, if any, have been met; and the amount can reasonably be estimated. Government contributions received before these criteria have been met are recorded in the accounts as deferred contributions in the year of receipt and are recognized as revenue in the period in which all the recognition criteria have been met.

Other revenues including certain user fees, rents and interest are recorded on the accrual basis, when earned, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Provincial Ministries subsidize the operations of the Manitoulin-Sudbury District Services Board. Since the operations are reviewed by the Ministries in the subsequent fiscal period, subsidy adjustments, if any, are recorded in the year in which the adjustments are determined.

f) Forgivable loans

Forgivable loans issued under the Investment in Affordable Housing (IAH) program are treated initially as a grant and expensed when issued. If the recipient meets all the conditions under the IAH program this loan is forgiven and no amount is recovered. If they fail to meet the conditions, the loan is recovered and recorded as a gain which is offset against the current year expense.

g) Financial instruments

Measurement of financial instruments

The Board initially measures its financial assets and financial liabilities 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.

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, which are subsequently measured at fair value. Changes in fair value are recognized in annual surplus in the period they occur.

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

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

MANITOULIN-SUDBURY DISTRICT SERVICES BOARD**Notes to the Financial Statements****Year ended December 31, 2019**

1. SIGNIFICANT ACCOUNTING POLICIES (continued)**g) Financial instruments (continued)***Impairment*

Financial assets measured at other than fair value are tested for impairment when there are indicators of possible impairments. 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 the annual surplus.

When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in the annual surplus, in the period it is identified and measurable up to the amount of the previously recognized impairment.

h) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of the financial statements and reported amounts of certain revenues and expenditures during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. Estimates used in the preparation of the accompanying financial statements include certain accounts receivable, allowances for accounts receivable, certain deferred contributions, amounts repayable to certain funders and the estimated useful lives of tangible capital assets.

MANITOULIN-SUDBURY DISTRICT SERVICES BOARD**Notes to the Financial Statements****Year ended December 31, 2019**

2. MUNICIPAL APPORTIONMENT

Municipal apportionment is allocated to programs as follows:

	2019	2018
	\$	\$
Ontario Works	1,049,200	1,035,400
Land Ambulance	6,626,619	6,533,090
Social Housing	2,251,734	2,242,459
Child Care	626,038	626,038
Administration	(99,163)	(99,163)
	10,454,428	10,337,824

	2019	2018
	%	%
Municipal Percentage Share		
Town of Espanola	11.360	11.460
Township of Sables-Spanish Rivers	6.320	6.270
Township of Baldwin	1.120	1.100
Township of Nairn and Hyman	1.460	1.470
Municipality of Markstay - Warren	5.490	5.430
Municipality of St. Charles	3.680	3.700
Municipality of French River	11.210	11.210
Town of Chapleau	1.850	1.830
Township of Cockburn Island	0.220	0.220
Township of Gordon and Barrie Island	2.670	2.630
Township of Burpee and Mills	1.380	1.350
Town of Gore Bay	1.350	1.370
Township of Billings	3.310	3.330
Township of Central Manitoulin	7.450	7.420
Township of Tehkummah	1.460	1.440
Township of Northeastern Manitoulin and the Islands	10.060	10.190
Township of Assiginack	3.530	3.530
Municipality of Killarney	6.180	6.170
Other unorganized areas within the Manitoulin-Sudbury Districts	19.900	19.900

MANITOULIN-SUDBURY DISTRICT SERVICES BOARD**Notes to the Financial Statements****Year ended December 31, 2019**

3. PENSION AGREEMENTS

The Board makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of the members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The amount contributed to OMERS for 2019 was \$1,081,634 (2018 - \$1,057,582) for current service and is included on the statement of operations and changes in accumulated surplus.

At December 31, 2019, the OMERS pension plan had total assets of \$122.5 billion (2018 - \$111.8 billion) and an accumulated deficit of \$3.397 billion (2018 - \$4.191 billion deficit).

4. DEFERRED CONTRIBUTIONS

Deferred contributions consist of unspent provincial subsidies for the following programs:

	2019	2018
	\$	\$
Ontario Works	26,873	20,264
Land Ambulance	514,570	320,262
Social Housing	362,150	430,796
Child Care	87,567	42,086
Homelessness	102,603	3,048
	1,093,763	816,456

5. COMMITMENTS

The Board rents office and EMS service space under leases with terms as follows:

	Annual Rent	Expiry date
	\$	
Noelville - EMS	46,319	2029
Little Current - OW	26,105	2029
Warren - OW	14,861	2021
Killarney - EMS	38,731	2029

In addition, the Board rents office and EMS space in several locations under month to month leases with no specific term.

MANITOULIN-SUDBURY DISTRICT SERVICES BOARD**Notes to the Financial Statements****Year ended December 31, 2019**

6. CAPITAL LEASE OBLIGATION

The capital lease is recorded at an amount equal to the present value of the minimum lease payments using the lower of the company's incremental borrowing rate and the interest rate implicit in the lease. The interest rate on this obligation is 2%. The following is a schedule of future minimum lease payments under capital leases:

	\$
2020	140,055
2021	140,054
2022	140,055
	<u>420,164</u>

The capital lease is secured by equipment with a net book value of \$420,164 (2018 - \$560,218) which is included in furniture, fixtures and other equipment (see tangible capital assets note 9).

Interest charges to the accounts of the company on the lease during the year amounted to \$8,182.

7. NET ASSETS

The balance on the statement of financial position of net assets at the end of the year is comprised of the following:

	2019	2018
	\$	\$
To be used:		
for the general increase in (reduction of) annual operations	(1,010,117)	(1,042,359)
for reserves and reserve funds (schedule 7)	4,951,556	4,339,745
Total net assets	<u>3,941,439</u>	<u>3,297,386</u>

8. NON-FINANCIAL ASSETS

Tangible capital assets, prepaid expenses and prepaid assistance are accounted for as assets by the Board, because they can be used to provide services in future periods. These assets do not normally provide resources to discharge liabilities of the Board unless they are sold.

MANITOULIN-SUDBURY DISTRICT SERVICES BOARD

Notes to the Financial Statements

Year ended December 31, 2019

9. TANGIBLE CAPITAL ASSETS

	Capital Work in Progress	Land	Buildings	Furniture, fixtures, and other equipment	Computer Equipment	Vehicles, Machinery & Equipment	2019 Total
	\$	\$	\$	\$	\$	\$	\$
Cost							
Balance, beginning of year	-	4,744,410	23,005,083	2,560,408	334,728	4,056,646	34,701,275
Additions				21,131		446,826	467,957
Disposals		(22,527)	(90,109)			(918,736)	(1,031,372)
Balance, end of year	-	4,721,883	22,914,974	2,581,539	334,728	3,584,736	34,137,860
Accumulated Amortization							
Balance, beginning of year	-	-	12,751,475	1,479,379	269,463	2,737,234	17,237,551
Disposals			(54,066)			(912,852)	(966,918)
Amortization expense			794,618	323,450	23,119	443,532	1,584,719
Balance, end of year	-	-	13,492,027	1,802,829	292,582	2,267,914	17,855,352
Net book value	-	4,721,883	9,422,947	778,710	42,146	1,316,822	16,282,508
	Capital Work in Progress	Land	Buildings	Furniture, fixtures, and other equipment	Computer Equipment	Vehicles, Machinery & Equipment	2018 Total
	\$	\$	\$	\$	\$	\$	\$
Cost							
Balance, beginning of year	-	4,744,410	22,930,961	2,097,911	264,485	3,893,655	33,931,422
Additions	-	-	74,122	462,497	70,243	457,208	1,064,070
Disposals	-	-	-	-	-	(294,217)	(294,217)
Balance, end of year	-	4,744,410	23,005,083	2,560,408	334,728	4,056,646	34,701,275
Accumulated Amortization							
Balance, beginning of year	-	-	11,953,853	1,146,870	243,837	2,573,749	15,918,309
Disposals	-	-	-	-	-	(278,995)	(278,995)
Amortization expense	-	-	797,622	332,509	25,626	442,480	1,598,237
Balance, end of year	-	-	12,751,475	1,479,379	269,463	2,737,234	17,237,551
Net book value	-	4,744,410	10,253,608	1,081,029	65,265	1,319,412	17,463,724

MANITOULIN-SUDBURY DISTRICT SERVICES BOARD**Notes to the Financial Statements****Year ended December 31, 2019**

9. TANGIBLE CAPITAL ASSETS (continued)

Included in furniture, fixtures and other equipment are assets under capital lease with cost and accumulated amortization of \$980,381 (2018 - \$980,381) and \$560,216 (2018 - \$420,163), respectively.

10. CONTINGENT LIABILITIES

The Board is contingently liable for accumulated sick leave in the amount of \$148,030 (2018 - \$160,798) for EMS employees. Accumulated sick leave is only payable to cover illness related absences and there is no liability to pay any amounts to employees on change or termination of employment.

No liability is reflected in these financial statements for the accumulated sick leave to EMS employees.

Provincial Ministries subsidize the operations of the Manitoulin-Sudbury District Services Board. Since the operations are reviewed by the Ministries in the subsequent fiscal period, subsidy adjustments, if any, are recorded in the year in which the adjustments are determined.

11. FORGIVABLE LOANS

Included in the Social Housing Program expenditures is \$339,675 (2018 - \$255,864) in grants with forgivable conditions. These grants are issued to low income home owners as forgivable loans. The loans are to be written off over 10 years. However, if the house is sold before the 10-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.

During the year, funds received back from homeowners under this program amounted to \$106,753 (2018 - \$70,565) which have been offset with the current year expense.

12. EXPENDITURES BY OBJECT

As required by Section 1201.086 of the Public Sector Accounting Board reporting requirements, these financial statements report on the Board's expenditures by function. The Board's expenditures by object are as follows:

	2019	2018
	\$	\$
Salaries, wages and benefits	16,560,782	16,656,324
Contracted services	12,363,962	12,156,733
Materials	2,630,768	2,719,018
Rents and financial items	489,772	436,533
Interest on mortgage payable	-	269
External transfers	6,658,633	7,115,122
Amortization of tangible capital assets	1,584,719	1,598,237
	40,288,636	40,682,236

MANITOULIN-SUDBURY DISTRICT SERVICES BOARD**Notes to the Financial Statements****Year ended December 31, 2019**

13. BUDGET AND OPERATING RESULTS

The Budget adopted by the Board was not prepared on a basis consistent with that used to report actual results in the financial statements. The budget was prepared on a modified accrual basis while public sector accounting standards require the full accrual basis. The budget figures expense all tangible capital acquisitions and does not include a provision for amortization expense. As a result, the budget figures presented in the statements of operations and changes in net assets represent the budget adopted by the Board adjusted as follows:

	2019
	\$
Budget surplus approved by the Board	439,420
Add: Net budgeted transfers (to)/from reserves and reserve funds	(439,420)
	-

Similarly, the actual operating results for the year are presented using public sector accounting standards which require the full accrual basis. Thus, the actual operating results presented in the statements of operations and changes in net assets represent actual results adjusted as follows:

	2019
	\$
Excess (deficiency) of revenue over expenditures before undernoted items per schedules/programs:	
Ontario Works Administration Programs - Schedule 1	(69,307)
Land Ambulance / EMS Services - Schedule 2	46,919
Social Housing Programs - Schedule 3	(170,161)
Child Care Programs - Schedule 4	-
Homelessness Programs - Schedule 5	-
Other Revenue and Expenditures - Schedule 6	114,336
	(78,213)
Add: Net transfers (to)/from reserves and reserve funds - prior	71,036
Deficiency of revenues over expenditures before adjustments below	(7,177)
Adjustment to Canadian Public Sector Accounting Standards:	
Add: Net transfers (to)/from reserves and reserve funds - current	540,776
Less: Net tangible capital acquisitions, proceeds and amortization	(1,041,162)
Annual surplus (deficit) before refund of prior year Municipal Apportionment	(507,563)

MANITOULIN-SUDBURY DISTRICT SERVICES BOARD

Notes to the Financial Statements

Year ended December 31, 2019

14. SUBSEQUENT EVENT

Subsequent to year end, the COVID-19 global outbreak was declared a pandemic by the World Health Organization in March 2020. The negative impact of COVID-19 in Canada and on the global economy has been significant. The global pandemic has disrupted economic activities and supply chains resulting in governments worldwide, and in Canada, enacting emergency measures to combat the spread of the virus and protect the economy.

These financial statements have been prepared based upon conditions existing at December 31, 2019 and considering those events occurring subsequent to that date, that provide evidence of conditions that existed at that date. As the outbreak of COVID-19 occurred after December 31, 2019, its impact is considered an event that is indicative of conditions that arose after the reporting period and accordingly, no adjustments have been made to these financial statements for the impacts of COVID-19.

Although the disruption from the pandemic is expected to be temporary, given the dynamic nature of these circumstances, the duration and severity of the disruption and related financial impact cannot be reasonably estimated at this time. The Board's ability to continue to service debt and meet obligations as they come due is dependent on its continued ability to generate cash flows. At this time, the full potential impact of COVID-19 on the Board is not known.

15. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity assuming or transferring financial instruments to or from another party. The Board is exposed to the following risks associated with financial instruments and transactions it is a party to:

(a) Credit risk

Credit risk is the risk that one party to a financial transaction will fail to discharge a financial obligation and cause the other party to incur a financial loss. The Board is exposed to this risk relating to its cash and cash equivalents and accounts receivable.

The Board minimizes risk associated with cash and cash equivalents by ensuring these financial assets are placed with large reputable financial institutions with high credit ratings.

The Board incurs receivable transactions, in the normal course of operations, and is exposed to credit risk associated with its accounts receivable balances of \$448,225 (2018 - \$396,528). The Board minimizes this risk through management's on-going monitoring of amounts due to the organization and collections. Valuations of amounts due to the organization are performed on a regular basis and adjustments for amounts determined to be uncollectable are recorded when applicable.

MANITOULIN-SUDBURY DISTRICT SERVICES BOARD**Notes to the Financial Statements****Year ended December 31, 2019**

15. FINANCIAL INSTRUMENTS (continued)**(b) Concentration risk**

Concentration risk is the risk that an entity's balance due to the Board has a value of more than ten percent of the total accounts receivable and thus there is a higher risk to the Board in the event of a default by one of these entities. At December 31, 2019 receivables from two organization comprised approximately 36% of the total outstanding receivables. The Board reduces this risk by regularly assessing the credit risk associated with these accounts and closely monitors any overdue balances.

(c) Liquidity risk

Liquidity risk is the risk that an organization cannot repay its obligations when they become due to its creditors. The Board is exposed to this risk associated with its accounts payable and accrued liabilities balances of \$5,745,973 (2018 - \$5,872,250). The Board reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due, and maintains adequate cash resources to repay creditors, mortgage interest and principal and capital lease obligation principal and interest as those liabilities become due.

(d) Interest rate risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. The Board is exposed to this risk through its interest-bearing cash balances, the interest rates of which change over time due to a variety of financial market factors and may cause changes in interest earnings in future periods.

MANITOULIN-SUDBURY DISTRICT SERVICES BOARD
ONTARIO WORKS ADMINISTRATION PROGRAMS
Schedule of Revenue and Expenditures
Year ended December 31, 2019 with comparative figures for 2018

	2019	2019	2018
	Budget	Actual	Actual
	\$	\$	\$
Revenue			
Provincial Subsidy			
OW General	5,889,449	4,865,586	5,134,694
OW Administration and Employment programs	1,394,900	1,414,300	1,394,900
Employment Ontario	247,211	190,136	271,067
Youth Job Connection	230,927	122,224	197,904
Canada Ontario Job Grant	35,000	4,204	6,654
Other subsidy	-	2,605	2,612
Municipal apportionment	1,049,200	1,049,200	1,035,400
Total revenue	8,846,687	7,648,255	8,043,231
Expenditures			
OW General	5,889,449	4,865,586	5,123,348
Administration and Employment Expenses (Schedule 1A)	2,323,700	2,291,518	2,306,589
Employment Ontario	247,211	190,136	271,067
Youth Job Connection	230,927	122,224	197,904
National Child Benefit	120,400	120,386	120,400
Canada Ontario Job Grant expense	35,000	4,204	6,654
Other subsidy expense	-	2,605	2,580
Total expenditures	8,846,687	7,596,659	8,028,542
Excess of revenue over expenditures before net transfers to reserves	-	51,596	14,689
Transfer to reserves - current	-	(32,393)	(17,111)
Transfer to reserves - prior	-	(88,510)	(1,318)
Net transfer to reserves	-	(120,903)	(18,429)
Excess (deficiency) of revenue over expenditures before undernoted items	-	(69,307)	(3,740)
Capital assets included in expenditures	-	25,875	50,218
Proceeds on disposition included in expenditures	-	(10,000)	(19,519)
Gain on disposition of capital assets	-	4,115	4,297
Amortization of capital assets	-	(38,475)	(37,721)
Excess (deficiency) of revenue over expenditures	-	(87,792)	(6,465)

MANITOULIN-SUDBURY DISTRICT SERVICES BOARD
Analysis of Ontario Works Administration Expenditures
Year ended December 31, 2019 with comparative figures for 2018

	2019	2019	2018
	Budget	Actual	Actual
	\$	\$	\$
Administration and Employment Expenses			
Salaries and benefits	1,502,723	1,457,558	1,252,710
Purchased services	359,700	363,067	655,727
Travel and training	77,926	103,247	100,225
Employment funded expenses - CPE and ERE training	145,000	141,633	79,441
Computer software and hardware	73,712	72,094	68,668
Accommodation costs	71,094	65,440	66,364
Office supplies and postage	32,794	25,517	25,067
Insurance	21,582	19,537	22,317
Board travel, meetings	19,088	18,480	13,714
Telephone and communications	10,585	14,593	12,488
Audit and accounting fee	6,938	7,868	8,491
Advertising	984	1,344	950
Legal and consulting fee	1,574	1,140	427
	2,323,700	2,291,518	2,306,589

MANITOULIN-SUDBURY DISTRICT SERVICES BOARD
LAND AMBULANCE / EMS SERVICES
Schedule of Revenue and Expenditures
Year ended December 31, 2019 with comparative figures for 2018

	2019	2019	2018
	Budget	Actual	Actual
	\$	\$	\$
Revenue			
Provincial Subsidy			
Operating	7,873,080	7,824,537	7,813,368
Wikwemikong (Schedule 2A)	2,013,703	1,949,942	2,082,591
Patient Transfer Service	-	351,976	478,655
Community Paramedicine	28,000	58,967	87,067
Other	-	2,121	290
Municipal apportionment	6,626,619	6,626,619	6,533,090
Total revenue	16,541,402	16,814,162	16,995,061
Expenditures			
Salaries and benefits	11,861,072	12,096,434	12,258,771
Wikwemikong expenses (Schedule 2A)	2,013,703	1,949,940	2,082,591
Capital expenditures	-	600,580	887,781
Vehicle expenses	522,871	576,389	640,276
Patient transfer services	-	349,555	478,655
Building expenses	355,558	346,831	399,585
Transportation and communication	449,595	316,318	246,402
Administrative expenses	273,868	262,314	238,836
Medical supplies and equipment	166,774	189,179	159,978
Other supplies and equipment	35,644	92,665	139,265
Community Paramedicine expenses	-	58,967	87,067
Interest expense	52,046	52,046	55,084
Total expenditures	15,731,131	16,891,218	17,674,291
Excess (deficiency) of revenue over expenditures before net transfers (to) from reserves	810,271	(77,056)	(679,230)
Transfer from reserves - current		672,528	998,072
Transfer to reserves - current	(810,271)	(1,014,815)	(785,104)
Transfer from reserves - prior	-	466,262	38,684
Net transfer (to) from reserves	(810,271)	123,975	251,652
Excess (deficiency) of revenue over expenditures before undernoted items	-	46,919	(427,578)
Capital assets included in expenditures	-	442,083	804,498
Capital lease expenditures	-	140,054	140,054
Proceeds on disposition included in expenditures	-	(31,557)	(11,194)
Gain on disposition of capital assets	-	31,557	11,194
Amortization of capital assets	-	(813,732)	(819,943)
Excess (deficiency) of revenue over expenditures	-	(184,676)	(302,969)

MANITOULIN-SUDBURY DISTRICT SERVICES BOARD
Analysis of Wikwemikong Ambulance Expenditures
Year ended December 31, 2019 with comparative figures for 2018

	2019 Budget	January to March (3 months)	April to December (9 months)	2019 Total	2018 Total
	\$	\$	\$	\$	\$
Revenue					
Provincial subsidy	2,013,703	826,322	1,123,620	1,949,942	2,082,591
Expenditures					
Salaries and benefits	1,705,216	542,523	1,127,694	1,670,217	1,684,085
Vehicle expenses	67,900	29,405	72,881	102,286	110,028
Administration costs	109,460	196,856	(153,084)	43,772	(4,245)
Transportation and communication	25,097	10,814	22,928	33,742	33,703
Building expenses	33,018	6,673	21,511	28,184	36,088
Medical supplies and equipment	33,078	6,303	14,132	20,435	30,088
Other services	18,940	6,775	13,106	19,881	12,915
One time expenses	-	24,832	(8,940)	15,892	101,142
Other supplies	20,994	2,140	13,391	15,531	20,221
Vehicle purchases	-	-	-	-	58,566
Total expenditures	2,013,703	826,321	1,123,619	1,949,940	2,082,591

MANITOULIN-SUDBURY DISTRICT SERVICES BOARD
SOCIAL HOUSING PROGRAMS
Schedule of Revenue and Expenditures
Year ended December 31, 2019 with comparative figures for 2018

	2019 Budget \$	2019 Actual \$	2018 Actual \$
Revenue			
Rental income	1,271,484	1,373,115	1,250,646
Federal subsidy	899,759	945,537	981,708
Provincial Subsidy			
IAH program	297,518	284,669	230,957
SIF program	94,392	94,676	130,875
IEC program	-	66,840	2,480
Municipal apportionment	2,251,734	2,251,734	2,242,459
Total revenue	4,814,887	5,016,571	4,839,125
Expenditures			
Wages and benefits	993,393	818,436	802,037
Utilities	613,676	621,783	607,609
Maintenance materials and services	442,937	527,401	453,736
Transfer to Non-Profit Housing	477,312	478,156	450,410
Capital expenditures	417,091	343,891	422,674
Urban native rent supplement	297,623	300,121	306,903
Housing mortgage costs	302,850	302,850	302,850
IAH program	297,518	284,669	230,957
Municipal taxes	220,741	211,860	209,871
Rent allowance agreement	309,083	309,083	149,083
SIF expenses	94,392	94,676	130,875
Administration	83,891	76,660	93,403
Insurance	81,336	79,191	76,121
IEC expenses	-	66,840	2,480
Transportation and equipment	67,244	53,198	68,411
Office rent	31,261	28,501	26,770
Housing rent supplement	35,584	26,700	23,109
Bad debts - rental	24,931	20,407	15,050
Professional fees	9,074	10,698	8,865
Other	7,500	1,610	3,592
Interest on long-term debt	-	-	269
Total expenditures	4,807,437	4,656,731	4,385,075
Excess of revenue over expenditures before net transfers (to) from reserves	7,450	359,840	454,050
Transfer from reserves - current	417,091	484,683	422,674
Transfer to reserves - current	(424,541)	(565,896)	(412,185)
Transfer to reserves - prior	-	(448,788)	(71,919)
Net transfer from (to) reserves	(7,450)	(530,001)	(61,430)
Excess (deficiency) revenue over expenditures before undernoted items	-	(170,161)	392,620
Capital assets included in expenditures	-	-	139,111
Amortization of capital assets	-	(650,128)	(639,931)
Proceeds on disposition included in expenditures	-	(140,792)	-
Gain on disposition of capital assets	-	82,221	-
Repayment of mortgage payable	-	-	(15,751)
Excess (deficiency) of revenue over expenditures	-	(878,860)	(123,951)

MANITOULIN-SUDBURY DISTRICT SERVICES BOARD
CHILD CARE PROGRAMS
Schedule of Revenue and Expenditures
Year ended December 31, 2019 with comparative figures for 2018

	2019	2019	2018
	Budget	Actual	Actual
	\$	\$	\$
Revenue			
Provincial Subsidy			
MEDU operating subsidy	4,532,058	6,589,955	6,636,714
Resource Centre	1,391,615	1,338,556	1,317,064
Indigenous Led Child and Family Programs	320,650	320,650	364,650
Administration	242,946	291,180	222,202
Data Analysis Coordinator	99,153	73,152	73,153
Planning subsidy	30,100	30,100	30,100
Municipal apportionment	626,038	626,038	626,038
Total revenue	7,242,560	9,269,631	9,269,921
Expenditures			
Child care			
Operating grant expenses	1,324,125	2,629,603	2,310,452
Expansion expenses	976,541	1,389,800	1,586,361
Special needs resources	550,000	633,459	569,244
Purchase of service	566,367	598,311	568,538
ELCC expenses	420,859	462,915	483,988
Wage enhancement	337,023	432,834	323,969
Indigenous Led Child and Family Programs	320,650	320,650	364,650
Capacity building	298,000	298,000	253,100
Salaries and benefits	497,007	238,283	465,649
Repairs and maintenance	145,000	171,912	168,195
Play based materials and equipment	170,780	170,782	305,856
Ontario works	121,424	121,424	121,423
Expansion admin expenses	105,000	104,415	-
Administration costs	96,262	97,982	106,875
Home child care expenses	25,875	27,600	25,875
Fee stabilization	87,429	21,852	87,429
	6,042,342	7,719,822	7,741,604
Family support program			
Resource Centres	1,391,615	1,446,556	1,425,064
Data analysis coordinator	99,153	73,153	73,153
Planning expenses	30,100	30,100	30,100
	1,520,868	1,549,809	1,528,317
Total expenditures	7,563,210	9,269,631	9,269,921
Excess (deficiency) of revenue over expenditures before net transfers to reserves			
	(320,650)	-	-
Transfer to reserves - current	-	-	-
Transfer to reserves - prior	-	-	-
Net transfer to reserves	-	-	-
Excess (deficiency) of revenue over expenditures	(320,650)	-	-

MANITOULIN-SUDBURY DISTRICT SERVICES BOARD
HOMELESSNESS PROGRAMS
Schedule of Revenue and Expenditures
Year ended December 31, 2019 with comparative figures for 2018

	2019 Budget \$	January to March (3 months) \$	April to December (9 months) \$	2019 Total \$	2018 Total \$
Revenue					
Provincial subsidy - CHPI	682,831	169,353	345,217	514,570	632,507
Provincial subsidy - OESP	-	2,813	775	3,588	3,350
	682,831	172,166	345,992	518,158	635,857
Expenditures					
Program expense					
- Housing with Related Supports	440,831	15,709	243,389	259,098	319,636
Program expense					
- Emergency Shelter Solutions	155,000	128,763	27,000	155,763	165,938
Program expense					
- Homelessness Prevention	80,000	27,192	50,375	77,567	88,689
Program expense					
- CHPI Administration Expenses	-	-	20,131	20,131	60,039
Program expense					
- OESP Expenses	-	-	3,588	3,588	-
Program expense					
- Other Services and Support	7,000	502	1,509	2,011	1,555
Total expenditures	682,831	172,166	345,992	518,158	635,857
Excess of revenue over expenditures	-	-	-	-	-

MANITOULIN-SUDBURY DISTRICT SERVICES BOARD
OTHER REVENUE AND EXPENDITURES
Schedule of Revenue and Expenditures
Year ended December 31, 2019 with comparative figures for 2018

	2019	2019	2018
	Budget	Actual	Actual
	\$	\$	\$
Revenue			
Interest income	99,163	265,545	245,179
NOSDA	-	280	5,539
TWOMO Subsidy	-	-	26,895
Other	130,578	130,578	127,578
Total revenue	229,741	396,403	405,191
Expenditures			
IT expenses	188,229	97,741	132,127
Municipal apportionment	99,163	99,163	99,163
NOSDA expenses	-	280	5,539
Election expenses	-	-	26,895
Total expenditures	287,392	197,184	263,724
Excess (deficiency) of revenue over expenditures before net transfers (to) from reserves	(57,651)	199,219	141,467
Transfer from reserves - current	188,229	97,741	132,127
Transfer to reserves - current	(130,578)	(182,624)	(182,662)
Net transfer to reserves	57,651	(84,883)	(50,535)
Excess (deficiency) of revenue over expenditures before undernoted items	-	114,336	90,932
Capital assets included in expenditures	-	-	70,243
Amortization of capital assets	-	(82,383)	(84,891)
Excess of revenue over expenditures	-	31,953	76,284

MANITOULIN-SUDBURY DISTRICT SERVICES BOARD
OTHER REVENUE AND EXPENDITURES
Schedule of Continuity of Reserves
Year ended December 31, 2019

SCHEDULE 7

	Working Funds	Tech Refresh	Benefits Reserve	Vehicle and Equipment Replacement Reserve	Social Housing Capital Funds	Total
	\$	\$	\$	\$	\$	\$
RESERVES						
Balance, beginning of year	1,517,082	213,773	518,606	492,327	1,597,957	4,339,745
Transfers:						
Appropriations from (to) current	173,442	27,837	188,116	94,541	127,875	611,811
Balance, end of year	1,690,524	241,610	706,722	586,868	1,725,832	4,951,556