



BOARD OF DIRECTORS MEETING AGENDA

Date: **Wednesday, February 22, 2023**

Time: **2:00 PM** (or directly following the DNSSAB Board Meeting)

Location: Teleconference via Zoom and/or in the DNSSAB Boardroom

Join Zoom Meeting

<https://us06web.zoom.us/j/87404519857?pwd=UXBXWTNTS2pCdG9icGdUNkh1WXI1UT09>

Meeting ID: 874 0451 9857

Passcode: 50392237

One tap mobile

+16475580588,,87404519857#,,,,*50392237# Canada

+16132093054,,87404519857#,,,,*50392237# Canada

NDHC BOARD AGENDA	
1.0	<p>1.1 Call Meeting to Order</p> <p>1.2 Declarations of Conflict & Pecuniary Interest</p> <p>1.3 Opening Remarks by Chair</p>
2.0	<p>Adoption of Agenda</p> <p>MOTION: #2023-08</p> <p>THAT the Agenda for the Nipissing District Housing Corporation (NDHC) Board meeting for February 22, 2023 be adopted as presented.</p>

NDHC BOARD AGENDA

3.0	Meeting Minutes (January 18, 2023) MOTION: #2023-09 THAT the minutes of the Board meeting held; January 18, 2023, be approved, as presented.
4.0	4.1 Delegations – Auditor Dean Decaire, BDO on Audit Planning
5.0	CONSENT AGENDA – <i>All items in the consent agenda are voted on collectively. The Chair will call out each item for consideration of discussion. Any item can be singled out for separate vote; then, only the remaining items will be voted on collectively.</i> MOTION: #2023-10 THAT the Board receives for information, Consent Agenda items 5.1 and 5.2. 5.1 NDHC04-23 Update on Tax Relief and Covenant Requests for Mackay Homes - information regarding the request to the City of North Bay for property tax exemption of the Mackay Homes property located at 225-230 Olive Street, North Bay. 5.2 NDHC05-23 Bed Bug Analysis - information on the current bed bug situation at two NDHC properties and steps to remedy the situation.
6.0	MANAGERS REPORTS
	6.1 NDHC07-23 Delegation of Authority MOTION: #2023-011 THAT the Nipissing District Housing Corporation authorize the Board Chair Chris Mayne, or Vice Chair Lana Mitchell in the Chair’s absence, and the Chief Executive Officer (CEO) Catherine Matheson, or the CEO’s delegate, as described in Board Report NDHC07-23, in their absence, to act as signing authorities for the Corporation.
	6.2 NDHC06-23 CMHC Repair Funds MOTION: #2023-12 THAT the Board approve staff proceeding with CMHC Repair funding as described in Board Report NDHC 06-23, should a funding offer be made; and further, THAT the Board approve capital expenditures of up to \$500,000 from the Capital Replacement Reserve Fund, for repairs to properties described in the report, as the cost-sharing component for the CMHC Repair funding.
	6.3 Move In-Camera MOTION: #2023-13

NDHC BOARD AGENDA

BE IT RESOLVED, THAT the Nipissing District Housing Corporation (NDHC) Board move in-camera at _____ to discuss a property matter of the Corporation and confidential information.

6.4 Adjourn In-Camera

MOTION: #2023-14

BE IT RESOLVED, THAT the Nipissing District Housing Corporation (NDHC) Board adjourns in-camera at _____.

6.5 Approve In-Camera

MOTION: #2023-15

BE IT RESOLVED, THAT the Nipissing District Housing Corporation (NDHC) Board approves the direction/action agreed to in the in-camera session.

7.0

New Business

8.0

Next Meeting Date and Adjournment

MOTION: #2023-16

THAT the meeting of the NDHC Board be adjourned at; _____ p.m. and that the next meeting will be held at a yet to be determined date.



MINUTES OF PROCEEDINGS

NDHC BOARD MEETING –Wednesday, January 18, 2023 Via Zoom Teleconference and in DNSSAB Boardroom

MEMBERS PRESENT:

Councillor Mélanie Chenier
Mayor Peter Chirico
Councillor Terry Kelly
Councillor Mark King
Councillor Chris Mayne (Chair)
Councillor Lana Mitchell (Vice-Chair)
Mayor Dan O'Mara

Non-members Present

Councillor Maggie Horsfield
Mayor Ethel LaValley
Councillor Justine Mallah

REGRETS:

Representative Amanda Smith

1.0 CALL TO ORDER

1.1 CEO Catherine Matheson chaired the meeting until one is elected, and called the meeting to order at 2:15 P.M. when roll call was taken.

1.2 Declarations of Conflict & Pecuniary Interest – There were no declarations.

2.0 ADOPTION OF AGENDA

RESOLUTION #2023-01

MOVED BY: Mélanie Chenier

SECONDED BY: Chris Mayne

BE IT RESOLVED, that the Agenda for the NDHC Board meeting be adopted as presented.

CARRIED

3.0 ELECTIONS

3.1 Election of Chair and Vice Chair to the Board of the NDHC

3.2 Open Nominations for Chair of NDHC

RESOLUTION #2023-02-A

MOVED BY: Terry Kelly

SECONDED BY: Mark King

THAT the nominations for the NDHC Chairperson for the term of January 18, 2023 to December 31, 2023 be open and include the following nominees:

Chris Mayne nominated by Terry Kelly and Mark King – accepted

CARRIED

3.3 Close Nominations for Chair of the NDHC

RESOLUTION #2023-02-B

MOVED BY: Terry Kelly

SECONDED BY: Mark King

THAT the nomination for the NDHC Chairperson for the term of January 18, 2023 to December 31, 2023 be closed.

CARRIED

3.4 Elect Chair

RESOLUTION #2023-02-C

MOVED BY: Peter Chirico
SECONDED BY: Lana Mitchell

THAT NDHC Chairperson **Chris Mayne** be appointed for the term of January 18, 2023 to December 31, 2023.

CARRIED

Chair Chris Mayne chaired the meeting from this point onward.

3.5 Open Nominations for Vice Chair

RESOLUTION #2023-03-A

MOVED BY: Peter Chirico
SECONDED BY: Lana Mitchell

That the nominations for the NDHC Vice Chairperson for the term of January 18, 2023 to December 31, 2023 be open and include the following nominees:

Lana Mitchell nominated by Chris Mayne and Peter Chirico – accepted

CARRIED

3.6 Close Nominations for Vice Chair

RESOLUTION #2023-03-B

MOVED BY: Peter Chirico
SECONDED BY: Chris Mayne

THAT the nomination for the NDHC Vice Chairperson for the term of January 18, 2023 to December 31, 2023 be closed.

CARRIED

3.7 Elect Vice Chair

RESOLUTION #2023-03-C

MOVED BY: Peter Chirico
SECONDED BY: Chris Mayne

THAT NDHC Vice Chairperson **Lana Mitchell** be appointed for the term of January 18, 2023 to December 31, 2023.

CARRIED

4.0 APPROVAL OF MINUTES

Meeting Minutes (October 22, 2022)

RESOLUTION # 2023-04

MOVED BY: Lana Mitchell

SECONDED BY: Peter Chirico

THAT the minutes of the Board meeting held; Wednesday, October 22, 2022 be approved, as presented.

CARRIED

5.0 DELEGATIONS

5.1 TracyAnn Bethune, Director of NDHC, provided an overview of Housing Operations

Housing Operations Director TracyAnn Bethune provided an overview of the operations, including the number and types of units NDHC operates, staffing, and commercial properties. The Chair noted the purchase price of the property at 1040 Brookes Street and the considerable profit made by the upcoming sale. This profit, along with that from the sale of property on Main Street two years ago, will provide NDHC with opportunities to move forward.

6.0 Consent Agenda

RESOLUTION #2023-05

MOVED BY: Mark King

SECONDED BY: Mélanie Chenier

THAT the Board receives for information, Consent Agenda items 6.1 and 6.2.

6.1 NDHC01-23 Police Services & NDHC Memorandum of Understanding (MOU) - This information report is about an MOU to formalize and sustain a defined partnership between the North Bay Police Services (NBPS) and the NDHC that supports the building of healthy and safe NDHC communities.

6.2 NDHC02-23 Seniors Community Grant Funding – Nipissing Seniors Inclusion and Safety Project - This information report is about the Seniors Community Grant Funding – Nipissing Seniors Inclusion and Safety Project.

Director TracyAnn Bethune provided a high-level review of the information reports, noting partnerships with community partners is invaluable. There was discussion about the partnership works, how needs are being met, and education sessions including tenants, staff and police officers on such things as when to call police and other agencies, and how best to collaborate.

7.0 MANAGERS' REPORTS

7.1 NDHC04-23 2023 Housing Operations Budget – All Phases RESOLUTION #2023-06

MOVED BY: Peter Chirico

SECONDED BY: Terry Kelly

THAT the Board approves the 2023 operating and capital budgets for all phases operated by the Nipissing District Housing Corporation (NDHC) as set out in report NDHC01.

Finance Manager Justin Avery reviewed the NDHC/Housing Operations Budget, and the budgeted capital works projects for 2023, noting that capital planning for Mackay properties is still underway and not included in the budget.

[Dan O'Mara left at 2:45 PM]

Justin was asked about how rent recovery is estimated for bad debts. There was discussion how the net proceeds of the sale of the Main Street property is managed, how reserves have been set up for potential new builds, and how the capital budget is funded.

CARRIED

8.0 NEW BUSINESS

Mayor LaValley expressed disappointment in not making it onto the NDHC Board as housing is a primary issue for South Algonquin. [Mayor LaValley had technical issues and was not present for the NDHC Board member selection at the DNSSAB Board meeting.] She asked if the Board would consider her as a member of the NDHC Board. The Chair indicated he would see what can be done.

9.0 MEETING ADJOURNMENT

RESOLUTION: #2023-07

MOVED BY: Mélanie Chenier

SECONDED BY: Peter Chirico

THAT the meeting of the NDHC Board be adjourned at 3:03 PM and that the next meeting will be held at a yet to be determined date.

CARRIED

CHRIS MAYNE
CHAIR OF THE BOARD

CATHERINE MATHESON
CHIEF EXECUTIVE OFFICER

Minutes of Proceedings Recorder: Marianne Zadra

Nipissing District Housing Corporation

Audit planning report to the Board of Directors
for the year ended December 31, 2022

Presented on February 22, 2023





To the Board of Directors of Nipissing District Housing Corporation

We are pleased to provide you with this planning report to highlight and explain key issues which we believe to be relevant to the audit of Nipissing District Housing Corporation (the "Organization") financial statements for the year ended December 31, 2022.

The enclosed planning report includes our approach to your audit, the significant risks we have identified and the terms of our engagement. At the year-end meeting, we will provide you with a copy of our draft audit opinion and discuss the nature, extent and results of our audit work. We will also report any significant internal control deficiencies identified during our audit and reconfirm our independence.

Our audit and therefore this report will not necessarily identify all matters that may be of interest to the Board of Directors in fulfilling its responsibilities. This report has been prepared solely for the use of the Board of Directors and should not be distributed without our prior consent. Consequently, we accept no responsibility to a third party that uses this communication.

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

Yours truly,

BDO Canada LLP
February 22, 2023



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Audit at a glance

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LEAD PARTNER ON YOUR AUDIT	Dean Decaire CPA, CA
	E: ddecaire@bdo.ca
	T: 705-667-0316
START DATE	April 2023
END DATE	May 2023



Your dedicated BDO audit team

Dean Decaire, CPA, CA

T: 705-667-0316
E: ddecaire@bdo.ca

Dean Decaire has over 30 years of audit experience, working with various organizations. This experience allows him to address the unique audit and operating needs his/her clients have.

Dean Decaire will be the Engagement Partner for your assurance services. He will assume ultimate responsibility for the provision of all services, monitoring and controlling costs to ensure you receive quality, effective and value-added service.

Gwyn Bailey, CPA, CA

T: 705-478-1008
E: gbailey@bdo.ca

Gwyn Bailey has over 10 years of audit experience, working with various organizations. This experience allows her to address the unique audit and operating needs his clients have.

Gwyn Bailey will be the Engagement Manager for your assurance services. She will assume ultimate responsibility for the provision of all services, monitoring and controlling costs to ensure you receive quality, effective and value-added service.

Cory Greco, CPA, CA

T: 705-667-0314
E: cgreco@bdo.ca

Cory Greco has over 5 years of audit experience, working with various organizations.

This experience allows him to address the unique audit and operating needs her clients have. Cory Greco will be the Audit Senior for your assurance services. Cory will be responsible for the day-to-day supervision and execution of audit procedures.

Our independence



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



Audit timeline



For the year ended December 31, 2022



BDO'S DIGITAL AUDIT SUITE APT Next Gen

We use our APT Next Gen software and documentation tool to save time, streamline processes, and go paperless with your audit.

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DIGITAL DIFFERENCE





Auditor's responsibilities: financial statements

We are responsible for forming and expressing an opinion on the financial statements that have been prepared by management, with oversight by those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities. The scope of our work, as confirmed in our engagement letter attached as Appendix A to this letter, is set out below:

Year-End Audit Work

- ▶ Work with management towards the timely issuance of the financial statements, tax returns and consents for offering documents.
- ▶ Prepare (review) applicable tax returns for the year ended December 31, 2022.
- ▶ Provide timely and constructive management letters. This will include deficiencies in internal control identified during our audit.
- ▶ Present significant findings to the Board of Directors including key audit and accounting issues, any significant deficiencies in internal control and any other significant matters arising from our work.



We are required to obtain an understanding of the system of internal control in place in order to consider the adequacy of these controls as a basis for the preparation of the financial statements, to determine whether adequate accounting records have been maintained and to assess the adequacy of these controls and records as a basis upon which to design and undertake our audit testing.

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



Auditor's responsibilities: fraud

We are responsible for planning and performing the audit to obtain reasonable assurance that the financial statements are free of material misstatements, whether caused by error or fraud, by:

- ▶ Identifying and assessing the risks of material misstatement due to fraud;
- ▶ Obtaining sufficient and appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and
- ▶ Responding appropriately to fraud or suspected fraud identified during the audit.

The likelihood of not detecting a material misstatement resulting from fraud is higher than the likelihood of not detecting a material misstatement resulting from error because fraud may involve collusion as well as sophisticated and carefully organized schemes designed to conceal it.

Behind the audit report



Learn how we audit your financial statements

[SEE OUR PROCESS](#)



Auditor's responsibilities: fraud

Throughout our planning process, we performed risk assessment procedures and related activities to obtain an understanding of the entity and its environment, including the Organization's internal control, to obtain information for use in identifying the risks of material misstatement due to fraud and made inquiries of management regarding:

- ▶ Management's assessment of the risk that the financial statements may be materially misstated due to fraud, including the nature, extent and frequency of such assessments;
- ▶ Management's process for identifying and responding to the risks of fraud in the Organization, including any specific risks of fraud that management has identified or that have been brought to its attention, or classes of transactions, account balances, or disclosures for which a risk of fraud is likely to exist;
- ▶ Management's communication, if any, to those charged with governance regarding its processes for identifying and responding to the risks of fraud in Nipissing District Housing Corporation; and
- ▶ Management's communication, if any, to employees regarding its view on business practices and ethical behavior.

We are not currently aware of any fraud affecting the Organization. If you are aware of any instances of actual, suspected, or alleged fraud, please let us know.



Significant risks and planned responses

We have identified the following significant risks that require special audit consideration. These risks were identified based on our knowledge of the Organization, our past experience, and input from management and the Board of Directors. Please review these significant risks and let us know your thoughts on these or any other areas of concern.

Financial statement areas	Risks noted	Audit approach
Management Override of Controls	Management is in a unique position to perpetrate fraud because of management's ability to override controls, potentially leading to a material misstatement of the financial statements.	Identify and select journal entries and other adjustments for testing. Perform a retrospective review of significant accounting estimates. Identify significant unusual transactions that are outside the normal course of operations.
Revenue Recognition Related to Deferred Revenues	Inherent fraud risk related to revenue recognition which could lead to a material misstatement of the financial statements. Risk that deferred revenues are not treated properly which could lead to a material misstatement of the financial statements.	Ensure revenue recognition policy is appropriate, applied consistently, and in line with accounting framework. Review deferred revenue details and associated agreements to ensure proper treatment.
Revenue Recognition Related to Cut-off Risk	Risk that timing of revenue has been manipulated in order to decrease amounts payable at year-end.	All grant revenue will be confirmed with funding agreements to ensure that revenues recorded exist, are complete and are recorded accurately. Ensure revenue recognition policy is appropriate, applied consistently, and in line with accounting framework. Perform testing of disbursements around year-end to ensure they have been accounted for in correct period. Perform testing of adjusting entries made throughout the year.
Rent Revenue	Risk related to rental revenue due to the inherent nature of these payments.	Perform testing on revenue balances based on expected balances using number of units and approved rental amounts. Detailed testing of balances to ensure funds have been properly collected and accounted for. Utilize various fraud testing techniques throughout performance of procedures, incorporating a required level of unpredictability.
Impact of COVID-19 on operations and control environment	In common with many Organizations, COVID-19 has impacted operations as the Board has to continually adjust controls and operations to adapt to Provincial mandates and the rules and regulations of health authorities, this can create the risk that controls and related operations are not being carried out as intended.	Walkthrough and testing of changes to controls that have resulted from COVID-19 protocols. Review and discussions with management and Board of Directors to gain an understanding of changes during the year, along with corroboration of these changes.



Other risks related to new Canadian Audit Standard 315

We have identified the following other risks that require special audit consideration under the new CAS 315 guidelines. These risks were identified based on our knowledge of the Organization, our past experience, and input from management and the Board of Directors. Please review these additional risks and let us know your thoughts on these or any other areas of concern.

Financial statement areas	Risks noted	Audit approach
Accounts Receivable	Risk of that allowance for doubtful accounts (AFDA) is not adequate (e.g. uninsured receivables).	Review of aging and AFDA balances and compare to historical allowances. Review of Board meeting minutes.
Cut-off Risk – Accounts Receivable / Revenues	Risk that revenues are recorded in the wrong period. There may be incentive by the department heads to record expenses in the following period to meet budgeted targets if expected to be overbudget. Similarly, if they expect to be underbudget, may incur more expenses.	All grant revenue will be confirmed with funding agreements to ensure that revenues recorded exist, are complete and are recorded accurately. Ensure revenue recognition policy is appropriate, applied consistently, and in line with accounting framework. Perform testing of disbursements around year-end to ensure they have been accounted for in correct period. Perform testing of adjusting entries made throughout the year.
Tangible Capital Assets	There is a risk of completeness and accuracy of recording tangible capital assets related to current capital projects.	Review continuity of tangible capital assets. Assess reasonableness and consistency of applying accounting policies related to tangible capital assets. Perform testing of capital additions and expenses to ensure all items related to tangible capital assets are identified.
Deferred Capital Contributions	Risk that funded assets acquired during the year have been not been added to deferred capital contributions or amortized correctly during the year	Obtain DCC schedule and tie to GL. Verify IPE. Additions test of i) grant ii) purchase of asset (including tie into capital assets) Test amortization and ensure it agrees with accounting policy
Accounts Payable and accruals	Risk that accruals of purchases / expenses at year end are not complete and therefore expenses are recorded in the wrong period.	Compare accruals listing to prior year and investigate variances Review other accruals to cover existence.



Other risks related to new Canadian Audit Standard 315 (continued)

We have identified the following other risks that require special audit consideration under the new CAS 315 guidelines. These risks were identified based on our knowledge of the Organization, our past experience, and input from management and the Board of Directors. Please review these additional risks and let us know your thoughts on these or any other areas of concern.

Financial statement areas	Risks noted	Audit approach
Purchases Cut-off	There are a few projects that are ongoing at year-end and a tight deadline appears that there are pressures to spend the monies before year-end to reduce the payable back to the Ministry.	To review agreements and test validity of expenses.
HST Payable/Recoverable	There is a risk that the Organization is not applying correct HST rules and therefore over or under accruing HST recoverable/payable.	To complete HST reasonability test and drill down into large variances. To also review transaction details re sale of Main St. property to ensure HST accounted for properly.
Related Party Transactions	Risk that related party transactions are not eliminated upon consolidation and also not properly disclosed.	To review client consolidation entries and ensure proper note disclosure.
Pension Agreements: multi-employer plan with OMERS	Going concern risk related to an actuarial deficit and also the impact on the liability by the increase in Bank of Canada prime interest rate.	Pension plan details will be disclosed in the notes to the financial statements. Risk is minimized be OMERS is a multi-employer plan where any plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As such the organization does not recognize any share of the OMERS pension surplus or deficit.



Materiality

We determined preliminary materiality to be \$200,000, based on 2.25% of Expenses.

Misstatements are considered to be material if they could reasonably be expected to influence the decisions of users based on the financial statements.

Our materiality calculation is based on the Organization's preliminary results. If actual results change significantly, we will communicate those changes to the Board of Directors as part of our year-end communication.

We will communicate all corrected and uncorrected misstatements identified during our audit to the Board of Directors, other than those which we determine to be "clearly trivial."

We encourage management to correct any misstatements identified throughout the audit process.





How we audit financial statements: Our audit process

IDENTIFY AND ASSESS RISK

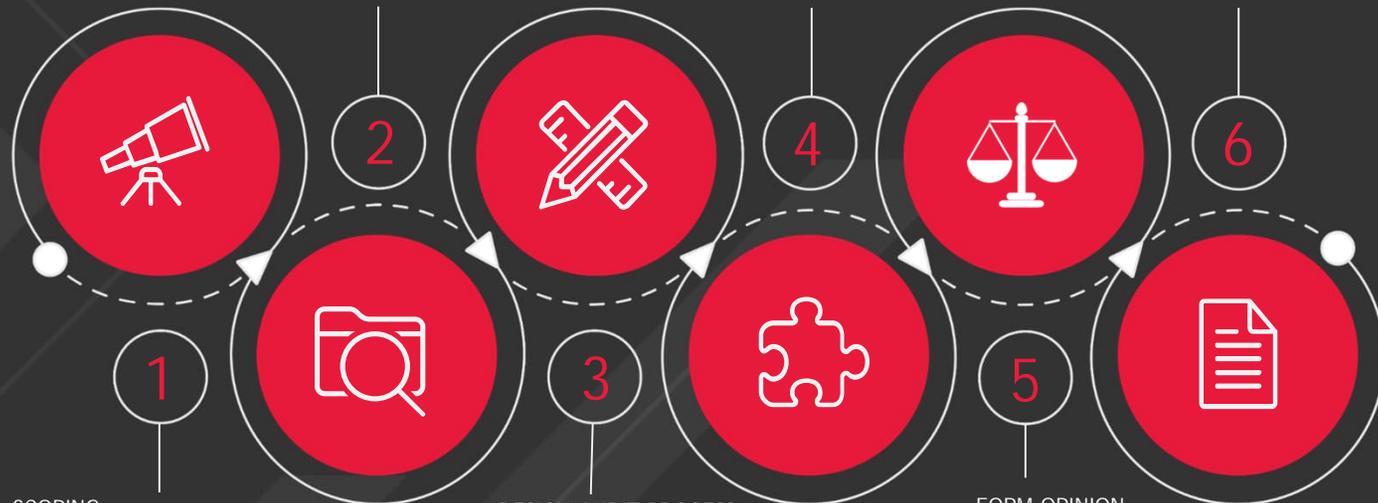
Focus on those areas of financial statements that contain potential material misstatements as a consequence of the risks you face

OBTAIN AUDIT EVIDENCE

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

REPORT

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



SCOPING

Complete a preliminary review to plan the audit, determine the materiality level, and define the audit scope

DESIGN AUDIT PROCESS

Design an appropriate audit strategy to obtain sufficient assurance and enable us to report on the financial statements

FORM OPINION

Evaluate whether we have enough evidence to conclude that the financial statements are free from material misstatement, and consider the effect of any potential misstatements found

New Standard for Audit Quality



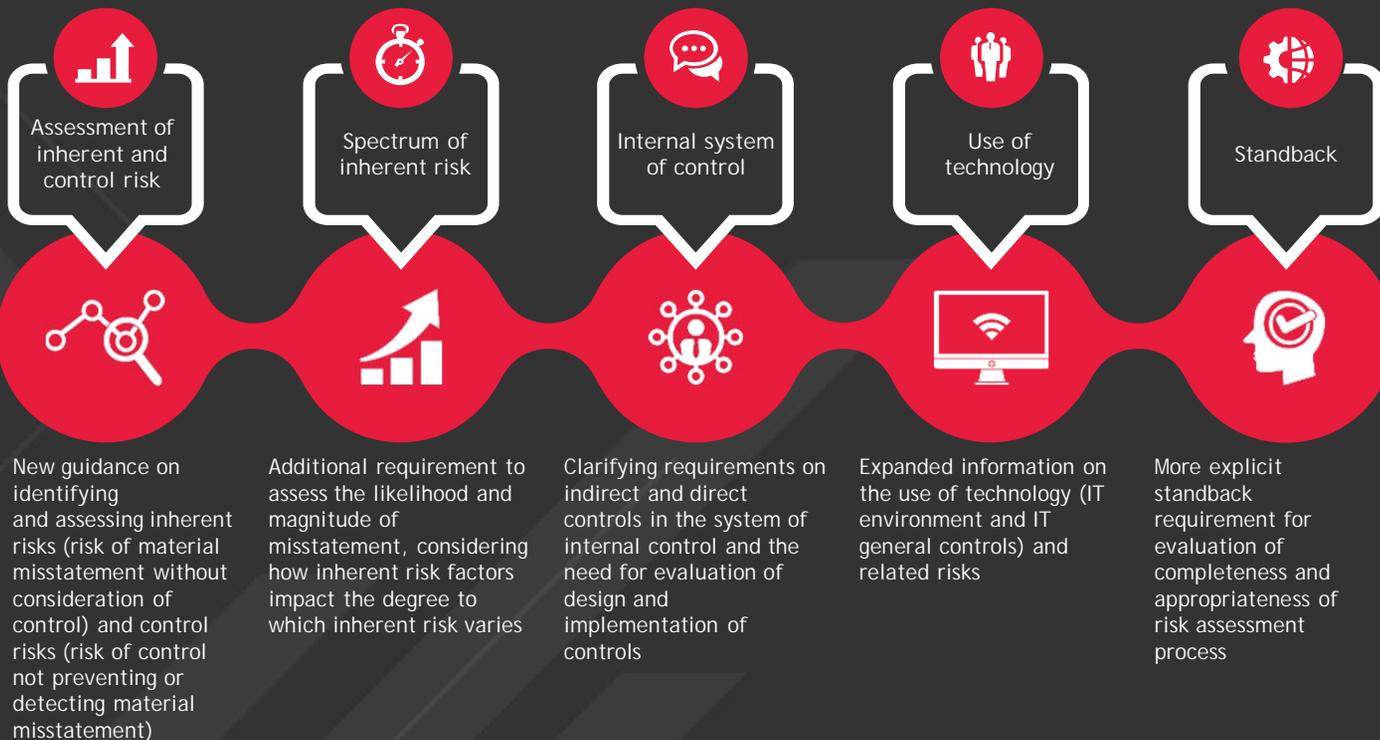
ISQM 1

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

[SEE THE STANDARD](#)

Updates to our audit process

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



Our audit approach: Responsiveness in action

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



Discover how we're accelerating audit quality



Audit Quality Report

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

[Follow our progress](#)

BDO's digital audit suite

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



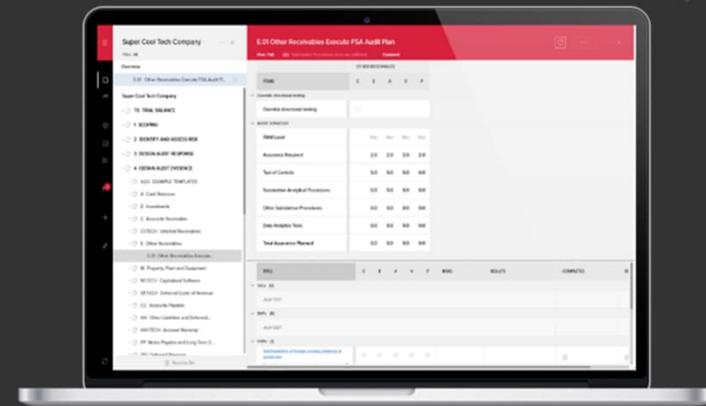
APT Next Gen

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

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

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

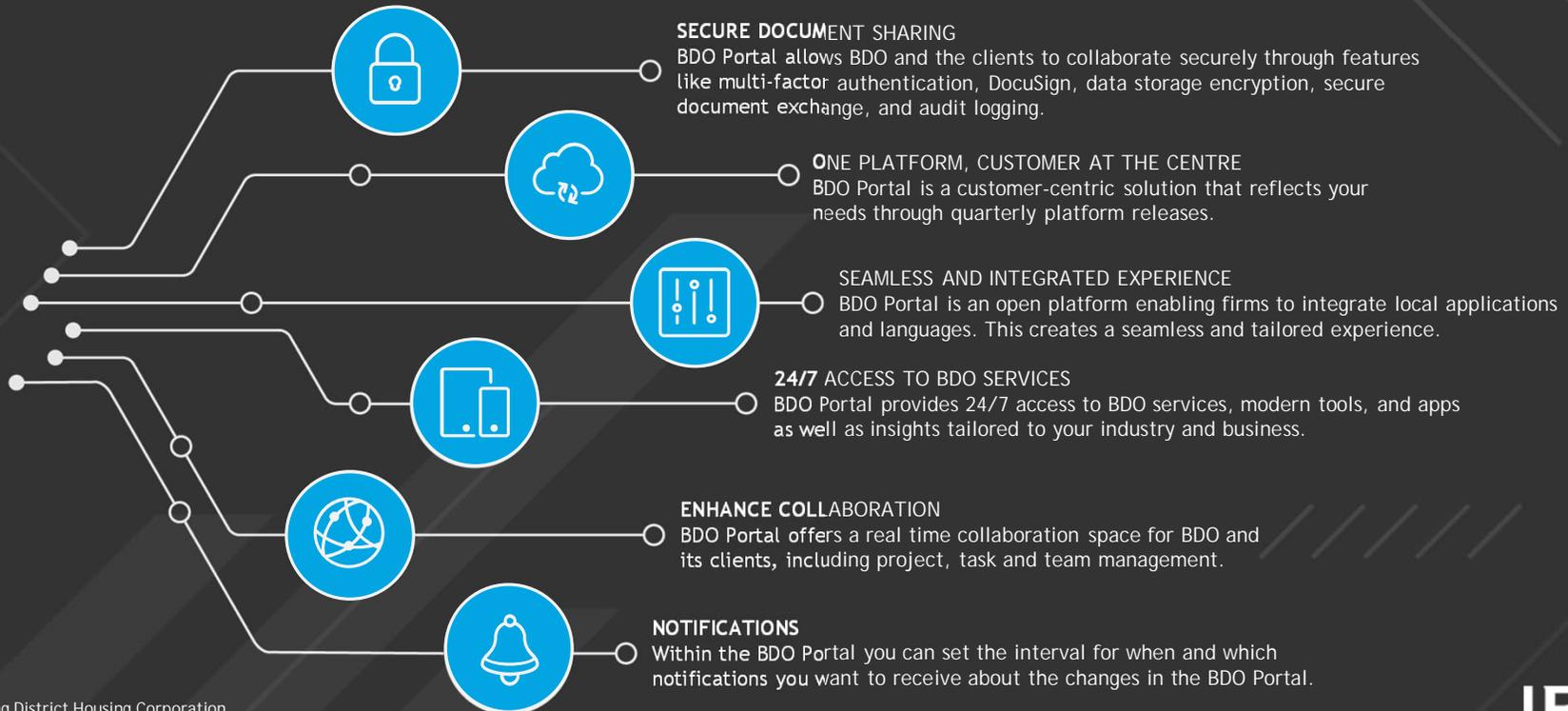
Through a strategic alliance with Microsoft and the introduction of new technology, this global, cloud-based application can now streamline and focus the audit process in even more ways for BDO professionals and their clients.





BDO Portal

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



Recommended resources

Key changes to financial reporting



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

[ACCESS OUR KNOWLEDGE CENTRE](#)

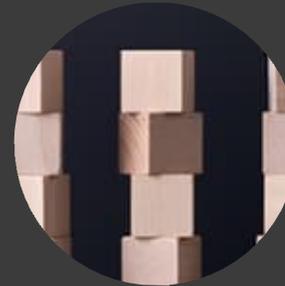
2022 Federal Budget



Understand the key elements of the 2022 Federal Budget and how it will impact you and your business.

[STAY ON TOP OF TAXES](#)

7 powerful steps to financial audit readiness



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

[7 STEPS](#)

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



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

[READ ARTICLE](#)

Spotlight on sustainability

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

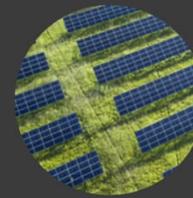
Regulators and issuers of standards are doing their part by supporting sustainability in the reporting ecosystem. Increasingly, organizations will need to go beyond the financials—and demonstrate sustainability with non-financial metrics.

5 reasons why businesses should care about ESG



[SEE 5 REASONS](#)

How climate change became a business issue worth reporting



[READ ARTICLE](#)

10 Questions about sustainability reporting



[EXPLORE QUESTIONS](#)

Accounting for going green



[LEARN MORE](#)

Why CFOs should make sustainability a part of their financial reporting today



[BUILD BACK SUSTAINABLY](#)

Rethinking sustainability: the ESG roadmap



[SEE ROADMAP](#)

For the year ended December 31, 2022

Appendices

- ▶ Appendix A: Engagement Letter
- ▶ Appendix B: Fees



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

BDO Canada LLP
301-101 McIntyre Street West
North Bay, ON P1B 2Y5
Canada

February 24, 2021

Nipissing District Housing Corporation
c/o District of Nipissing Social Services Administration Board
200 McIntyre Street East
P.O. Box 750
North Bay, Ontario
P1B 8J8

Attention: Catherine Matheson

Dear Ms. Matheson:

We understand that you wish for us to continue as the auditors of Nipissing District Housing Corporation for its fiscal year ended December 31, 2020 and subsequent years.

We are pleased to continue as your auditors subject to the terms and conditions of this Agreement, to which the attached Standard Terms and Conditions form an integral part. The definitions set out in the Standard Terms and Conditions are applicable throughout this Agreement. This Agreement will remain in place and fully effective for future years until varied or replaced by another relevant written agreement.

Dean N. Decaire, CPA, CA will be the Engagement Partner for the audit work we perform for you. The Engagement Partner will call upon other individuals with specialized knowledge to assist in the performance of services.

Our Role as Auditors

We will conduct our audit(s) in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements prepared in accordance with Canadian public sector accounting standards are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. Our audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by you, as well as evaluating the overall financial statement presentation.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements, whether by fraud or error, may not be detected, even though the audit is properly planned and performed in accordance with Canadian generally accepted auditing standards.

In making our risk assessments, we consider internal control relevant to your preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of your internal controls. However, we will communicate to you concerning any significant deficiencies in internal controls relevant to the audit of the financial statements that we have identified during the audit.



We will also communicate matters required by professional standards, to the extent that such matters come to our attention, to you, those charged with governance and/or the board of directors.

Reporting

Our audit will be conducted on the basis that the financial statements have been prepared in accordance with Canadian public sector accounting standards.

Our independent auditor's report will be substantially in the form set out in Canadian Auditing Standard (CAS) 700. The form and content of our report may need to be amended in the light of our audit findings. If we are unable to issue or decline to issue an audit report, we will discuss the reasons with you and seek to resolve any differences of view that may exist.

Role of Management and Those Charged with Governance

You acknowledge and understand that you have responsibility for:

- (a) the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards. The audit of the financial statements does not relieve you of your responsibilities;
- (b) such internal controls as you determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- (c) providing us with:
 - access, in a timely manner, to all information of which you are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - additional information that we may request for the purpose of the audit;
 - unrestricted access to persons within the entity from whom we determine it is necessary to obtain audit evidence;
 - financial and non-financial information (other information) that will be included in document(s) containing financial statements and our audit report thereon prior to the date of our auditor's report. If it is not possible to provide all the other information prior to the date of our auditor's report, you are responsible for provision of such other information as soon as practicable; and
 - written confirmation concerning representations made to us in connection with the audit. If appropriate and adequate written representations are not provided to us, professional standards require that we disclaim an audit opinion.

Financial Statement Services

We will obtain your approval, if during the course of our engagement we:

- (a) prepare or change a journal entry; or
- (b) prepare or change an account code or a classification for a transaction.

As agreed, we will provide assistance in the preparation of the financial statements.



These services create a threat to our independence. We, therefore, require that the following safeguards be put into place:

- (a) that you create the source data for all accounting entries;
- (b) that you develop any underlying assumptions for the accounting treatment and measurement of entries; and
- (c) that you review and approve the draft financial statements, including the notes to the financial statements.

Tax Services

In addition to the assurance services discussed above, we may be requested by you to prepare corporate tax returns and T1044. The returns will be prepared based upon the information supplied by you. We will not audit, review or otherwise attempt to verify the accuracy or completeness of such information. We will utilize the information you have already provided to our assurance engagement team to the extent that the material is available and relevant to the preparation of the returns. It may be necessary for us to request further information.

Our fee as indicated below is based on the assumption that all information required to prepare any required tax returns is provided on a timely basis. Our fee may need to be adjusted if there is a delay in providing this information to us. To the extent that there are unanticipated tax issues that require additional research to complete the tax return or should additional work be required on BDO's part to accumulate any schedules, information, calculations, etc., necessary to support the information required to be disclosed in the tax returns, additional fees shall be charged at our standard hourly rates based upon the increased time and expenses incurred by BDO personnel. In addition, the fee quoted does not include services related to responding to notices or inquiries from taxing authorities.

Regardless of any tax return preparation services we provide to you, you will remain responsible for filing your tax returns with the appropriate authorities on a timely basis.

Your returns are, of course, subject to review by the taxation authorities. Any items reassessed against you by the taxation authorities are subject to certain rights of appeal. In the event of any tax audit, we will be available to represent you for a mutually agreed upon fee.

We will discuss with you any filing positions which, if taken, have the potential to give rise to a material adverse assessment or reassessment by the taxing authorities. If such an assessment or reassessment occurs, any additional tax that arises will be your responsibility. In addition, we cannot be responsible for interest and penalties assessed against you in connection with your income tax affairs. Therefore, should any interest or penalty be assessed, they shall be your responsibility.

Our audit is conducted primarily to enable us to express an opinion on the financial statements. The audit process is not designed to provide us with a full understanding of your tax situation and in particular, to allow us to determine whether the entity has specific tax compliance issues. We will, however, provide advice on an ongoing basis on general tax matters as requested by you. To the extent that tax services requested by you are not covered by a separate engagement letter, the terms of this Agreement shall apply to the tax services.

Additional Services



We are available to provide a wide range of services beyond those outlined in this Agreement. To the extent that any additional services that we provide to you that are not provided under a separate written engagement agreement, the provisions of this Agreement will apply to the services.

Fee Estimation

The estimated fee for this engagement is as follows:

Audit services:	\$12,000
Tax services:	Nil
Additional services:	Nil

For each future year we will issue a Summary of Services providing details of our Services and fees.

We will notify you on a timely basis if there are any circumstances we encounter which could significantly affect our initial estimate of professional fees. Our fees will be invoiced and payable as follows:

- (\$Nil) prior to commencing annual assurance engagement;
- (\$Nil) interim payment;
- (\$Nil) prior to issuance of assurance report; and
- (\$12,000) within 10 days after issuance of our final invoice along with any additional required final payments.

We reserve the right to suspend our Services if any of our invoices become delinquent. Fees that are not paid within 30 days of an invoice or by a specified payment deadline will be considered delinquent.

Additional information relating to our fees is provided in the Standard Terms and Conditions.

Standard Terms and Conditions

A copy of our Standard Terms and Conditions is attached as Appendix 1. You should ensure that you read and understand them. The Standard Terms and Conditions include clauses that limit our professional liability.

Please sign and return the attached copy of this Agreement to indicate your agreement with it. If you have any questions concerning this Agreement, please contact us before signing it.

It is a pleasure for us to be of service and we look forward to many future years of association with you.



Yours truly,

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Agreement of all the terms and conditions in this Agreement is hereby acknowledged by:

DocuSigned by:	
<i>cmath</i>	4/7/2021
<hr/>	
7F6E1BB165AA475... Signature	Date

Catherine Matheson	CAO
<hr/>	
Name (please print)	Position

Please carefully review this Agreement, which includes the attached Standard Terms and Conditions, prior to signing it. A complete copy of the signed engagement letter should be returned to us.

cc: Board of Directors





Appendix 1 - Standard Terms and Conditions

1. Overview and Interpretation

1.1 This Agreement sets forth the entire agreement between the parties in relation to Services and it supersedes all prior agreements, negotiations or understandings, whether oral or written, with respect to Services. To the extent that any of the provisions of the accompanying letter conflict with these Standard Terms and Conditions, these Standard Terms and Conditions shall prevail. This Agreement may not be changed, modified or waived in whole or part except by an instrument in writing signed by both parties.

1.2 In this Agreement, the following words and expressions have the meanings set out below:

This Agreement - these Standard Terms and Conditions, the letter to which they are attached, and any supporting schedules or other appendices to the letter, and any Summary of Services letters issued in future years.

Services - the services provided or to be provided under this Agreement

We, us, our, BDO - refer to BDO Canada LLP, a Canadian limited liability partnership organized under the laws of the Province of Ontario

You, your - the party or parties contracting with BDO under this Agreement, including the party's or parties' management and those charged with corporate governance. You and your does not include BDO, its affiliates or BDO Member Firms

BDO Member Firm or Firms - any firm or firms that form part of the international network of independent firms that are members of BDO International Limited

Confidential Information - information that contains identifying features that can be attributed to you or individual personnel

2. BDO Network and Sole Recourse

2.1 BDO is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international network of independent member firms (i.e. BDO Member Firms), each of which is a separate legal entity.

2.2 We may use other BDO Member Firms or subcontractors to provide Services; however, we remain solely responsible for Services. You agree not to bring any claim or action against another BDO Member Firm (or their partners, members, directors, employees or subcontractors) or our subcontractors in respect of any liability relating to the provision of Services.

2.3 You agree that any of our affiliates, subcontractors, and other BDO Member Firms and any subcontractors thereof whom we directly or indirectly involve in providing Services have the right to rely on and enforce Section 2.2 above as if they were a party to this Agreement.

3. Respective Responsibilities

3.1 We will use reasonable efforts to complete, within any agreed-upon time frame, the performance of Services.



- 3.2 You shall be responsible for your personnel's compliance with your obligations under this Agreement. We will not be responsible for any delays or other consequences arising from you not fulfilling your obligations.
4. Working Papers and Deliverables
- 4.1 Ownership – Any documents prepared by us, or for us, in connection with Services belong solely to us.
- 4.2 Oral advice and draft deliverables – You should not rely upon any draft deliverables or oral advice provided by us. Should you wish to rely upon something we have said to you, please let us know and, if possible, we will provide the information that you require in writing.
- 4.3 Translated documents – If you engage us to translate any documents, advice, opinions, reports or other work product of BDO from one language to another, you are responsible for the accuracy of the translation work.
- 4.4 Reliance by Third Parties – Our Services will not be planned or conducted in contemplation of or for the purpose of reliance by any party other than you. Items of possible interest to a third party will not be addressed and matters may exist that would be assessed differently by a third party, possibly in connection with a specific transaction.
- 4.5 Consent to use the Report – Nothing in this Agreement shall be construed as consent to the use of our report in connection with a continuous disclosure document, a public or private offering document, an annual report or any other document and we expressly do not provide such consent. If you request consent for the use of our report, we will consider, at the relevant time, providing consent and any conditions that we may attach to such consent. Our consent must be in writing.
- 4.6 Consent requests – In order to provide consent, professional standards require that we read the other information in the related document and consider whether such information is materially inconsistent with the related financial statements. Any consent request must be made on a sufficiently timely basis to allow us to consider your identification and resolution of events occurring in the period since the date of our report, and to obtain updated written representation letters. Such procedures will be performed at your cost and will be documented in a separate engagement letter.
5. Confidentiality
- 5.1 We agree to use Confidential Information provided by you only in relation to the Services in connection with which the information is provided and we will not disclose the information, except where required by law, regulation or professional obligation. We may however, give Confidential Information to other BDO Member Firms or other subcontractors assisting us in providing Services. Any party to whom we subcontract work will be required to keep Confidential Information confidential either by professional obligation or contract with us. Any BDO Member Firms or other subcontractors we use will be bound by the same confidentiality obligations.
- 5.2 BDO shall be entitled to include a description of the work we render to or for you in marketing and research materials and disclose such information to third parties, provided that all such information will be made anonymous and not associated with you. Additionally, we may analyze information on an industry or sector basis for internal purposes or to provide industry/sector wide information to our clients or potential clients.



You consent to our using information obtained from you in this way provided that the outputs therefrom will not contain any identifying features that can be attributed to you.

6. Independence
 - 6.1 Professional and certain regulatory standards require us to be independent, in both fact and appearance, with respect to our clients in the performance of our Services. We will communicate to you any relationships between BDO (including its related entities) and you that, in our professional judgment, may reasonably be thought to bear on our independence.
7. Offers of Employment
 - 7.1 Any discussions that you, or any party acting on your behalf, have with professional personnel of our Firm regarding employment could pose a threat to our independence. Your recruitment of an engagement team member from the current or prior year's engagement may compromise our independence and our ability to render agreed Services to you. Engagement team members may include current and former partners and staff of BDO, other BDO Member Firms and other firms who work under our direction. Therefore, you agree to inform us prior to any such discussions so that you and we can implement appropriate safeguards to maintain our independence.
8. Professional and Regulatory Oversight
 - 8.1 As required by legal, regulatory, or professional authorities (both in Canada and abroad) and by BDO policy, our client files must periodically be reviewed by practice inspectors to ensure that we are adhering to professional and BDO standards. It is understood that by entering into this Agreement, you provide your consent to us providing our files relating to your engagement to the practice inspectors for the sole purpose of their inspection.
 - 8.2 Certain regulatory bodies may also have the right to conduct investigations of you, including the Services provided by us. To the extent practicable and permitted by law, we will advise you of any such investigation request or order prior to providing our working papers.
 - 8.3 You agree to reimburse us for our time and expenses, including reasonable legal fees, incurred in responding to any investigation that is requested or authorized by you or investigations of you undertaken under government regulation or authority, court order or other legal process.
9. Privacy and Consents
 - 9.1 You agree we will have access to all personal information in your custody that we require to complete our engagement. We may collect, use, transfer, store, or process such information disclosed by you of a personal nature (personal information). Our Services are provided on the understanding that:
 - (a) you have obtained any consents for collection, use and disclosure to us of personal information required under all applicable privacy legislation; and
 - (b) we will hold all personal information in compliance with our Privacy Statement.



10. Electronic Communications

- 10.1 Both parties recognize and accept the security risks associated with email communications, including but not limited to the lack of security, unreliability of delivery and possible loss of confidentiality and privilege. Unless you request in writing that we do not communicate by internet email, you assume all responsibility and liability in respect of risk associated with its use.
- 10.2 By signing this Agreement, you provide BDO with express consent to communicate with you and your employees, as applicable, electronically, including sending BDO newsletters, publications, announcements, invitations and other news and alerts that may be of interest to you. You and your employees may withdraw such consent at any time by contacting BDO at www.bdo.ca/unsubscribe.

11. Limitation of Liability

- 11.1 In any dispute, action, claim, demand for losses or damages arising out of the Services performed by BDO pursuant to this Agreement, BDO shall only be liable for its proportionate share of the total liability based on degree of fault as determined by a court of competent jurisdiction or by an independent arbitrator as a result of the dispute resolution procedures, notwithstanding the provisions of any statute or rule of common law which create, or purport to create, joint and several liability.
- 11.2 Our liability shall be restricted to damages of a direct and compensatory nature and shall not include indirect, consequential, aggravated or punitive damages, or damages for loss of profits or expected tax savings, whether or not the likelihood of such loss or damage was contemplated.
- 11.3 You agree that BDO shall in no event be liable to you for any actions, damages, claims, liabilities, costs, expenses, or losses in any way arising out of or relating to the Services performed hereunder for an aggregate amount of more than the higher of:
 - (a) three times the fees paid to BDO by you, in a twelve consecutive month period, for the Services provided pursuant to this Agreement giving rise to the claim; and
 - (b) \$25,000.
- 11.4 No exclusion or limitation on the liability of other responsible persons imposed or agreed at any time shall affect any assessment of our proportionate liability hereunder, nor shall settlement of or difficulty enforcing any claim, or the death, dissolution or insolvency of any such other responsible persons or their ceasing to be liable for the loss or damage or any portion thereof, affect any such assessment.
- 11.5 You agree claims or actions relating to the delivery of Services shall be brought against us alone, and not against any individual. Where our individuals are described as partners, they are acting as one of our members.

12. Indemnity

- 12.1 To the fullest extent permitted by applicable law and professional regulations, you agree to indemnify and hold harmless BDO from and against all losses, costs (including solicitors' fees), damages, expenses, claims, demands or liabilities arising out of or in consequence of:



- (a) a misrepresentation by a member of your management or board of directors, regardless of whether such person was acting in your interest;
- (b) the Services performed by BDO pursuant to this Agreement, unless, and to the extent that, such losses, costs, damages and expenses are found by a court of competent jurisdiction to have been due to the gross negligence of BDO. In the event that the matter is settled out of court, we will mutually agree on the extent of the indemnification to be provided by you, failing which, the matter may be referred to dispute resolution in accordance with the terms of this Agreement.

13. Alternative Dispute Resolution

- 13.1 Both parties agree that they will first attempt to settle any dispute arising out of or relating to this Agreement or the Services provided hereunder through good faith negotiations.
- 13.2 In the event that the parties are unable to settle or resolve their dispute through negotiation, such dispute shall be subject to mediation pursuant to the National Mediation rules of the ADR Institute of Canada Inc. All disputes remaining unsettled for more than 60 days following the parties first meeting with a mediator or such longer period as the parties mutually agree upon shall be subject to arbitration pursuant to the National Arbitration Rules of the ADR Institute of Canada Inc. Such arbitration shall be final, conclusive and binding upon the parties, and the parties shall have no right of appeal or judicial review of the decision. The parties hereby waive any such right of appeal which may otherwise be provided for in any provincial arbitration statute made applicable under the National Arbitration Rules.

14. Limitation Period

- 14.1 You shall make any claim relating to Services or otherwise under this Agreement no later than one year after you became aware or ought reasonably to have become aware of the facts giving rise to any such claim.
- 14.2 You shall in no event make any claim relating to the Services or otherwise under this Agreement later than four years after the completion of the Services under this Agreement.
- 14.3 To the extent permitted by law, the parties to this Agreement agree that the limitation periods established in this Agreement replace any limitation periods under any limitations act and/or any other applicable legislation and any limitation periods under any limitations act and/or any other applicable legislation shall not alter the limitation periods specified in this Agreement.

15. Québec Personnel

- 15.1 We may sometimes have individual partners and employees performing Services within the Province of Québec who are members of the Ordre des comptables professionnels agréés du Québec. Any such members performing professional services hereunder assumes full personal civil liability arising from the practice of their profession, regardless of their status within our partnership. They may not invoke the liability of our partnership as grounds for excluding or limiting their own liability. The provisions in Sections 11 (Limitation of Liability) and 14 (Limitation Period) shall therefore not apply to limit the personal civil



liability of partners and employees who are members of the Ordre des comptables professionnels agréés du Québec.

16. Termination

- 16.1 This Agreement applies to Services whenever performed (including before the date of this Agreement).
- 16.2 You or we may terminate this Agreement at any time upon written notice of such termination to the other party. We will not be liable for any loss, cost or expense arising from such termination. You agree to pay us for all Services performed up to the date of termination, including Services performed, work-in-progress and expenses incurred by us up to and including the effective date of the termination of this Agreement.

17. Fees and Billings

- 17.1 Our estimated fee is based on an assumed level of quality of your accounting records, the agreed upon level of preparation and assistance from your personnel and adherence to the agreed-upon timetable. Our estimated fee also assumes that your financial statements are in accordance with the applicable financial reporting framework and that there are no significant new or changed accounting policies or issues or internal control or other reporting issues. We will inform you on a timely basis if these factors are not in place.
- 17.2 Should our assumptions with respect to the quality of your accounting records be incorrect or should the conditions of the records, degree of cooperation, results of audit procedures, or other matters beyond our reasonable control require additional commitments by us beyond those upon which our estimated fees are based, we may adjust our fees and planned completion dates.

Delays in providing the complete list of agreed upon working papers/schedules to BDO will result in additional fees as follows:

- 1 week delay - additional 10% of estimated fees
- 1 month delay - additional 20% of estimated fees

Should a delay occur, we cannot guarantee completion of our work by your deadline.

- 17.3 Our professional fees will be based on our billing rates which depend on the means by which and by whom our Services are provided. We also will bill you for our out-of-pocket expenses, our administrative charge (described below), and applicable Goods and Services Sales Tax, Harmonized Sales Tax, Quebec Sales Tax and Provincial Sales Tax.
- 17.4 Our administrative charge is calculated as a percentage of our professional fee and represents an allocation of estimated costs associated with our technology infrastructure, telephone charges, photocopying and some support staff time costs.
- 17.5 Our accounts are due when rendered and invoiced amounts are deemed to be earned when paid. BDO may suspend the performance of Services in the event that you fail to pay an invoice when it is due. Interest may be charged at the rate of 12% per annum on all accounts outstanding for more than 30 days.



18. Governing Laws

18.1 The terms of our engagement shall remain operative until amended, terminated, or superseded in writing. They shall be interpreted according to the laws of the province or territory in which BDO's principal Canadian office performing the engagement is located, without regard to such province/territory's rules on conflicts of law.

19. Survival

19.1 The provisions of this Agreement that give either of us rights or obligations beyond its termination shall continue indefinitely following the termination of this Agreement. Any clause that is meant to continue to apply after termination of this Agreement will do so.

20. Force Majeure

20.1 We will not be liable for any delays or failures in performance or breach of contract due to events or circumstances beyond our reasonable control, including acts of God, war, acts by governments and regulators, acts of terrorism, accident, fire, flood or storm or civil disturbance.

21. Assignment

21.1 No party may assign, transfer or delegate any of the rights or obligations hereunder without the written consent of the other party or parties. BDO may engage independent contractors and BDO Member Firms to assist us in performing the Services in this Agreement without your consent.

22. Severability

22.1 If a court or regulator with proper jurisdiction determines that a provision of this Agreement is invalid, then the provision will be interpreted in a way that is valid under applicable law or regulation. If any provision is invalid, the rest of this Agreement will remain effective.

Version: 202006



Appendix A: Engagement Letter

Appendix B: Fees

Audit services

The total audit fees charged to date related to the year ended December 31, 2022 including fees and disbursements are as follows:

PRIOR YEAR audit - final billing	\$12,000
[CURRENT YEAR] audit - interim billing	\$12,000

We will reconfirm our independence and provide an update of the audit fees charged in the current fiscal year before the financial statements for the year ended December 31, 2022 are approved.



BOARD REPORT NDHC04-23

For Information or For Approval

Date: February 22, 2023

Purpose: Update on Tax Relief and Covenant Requests for Mackay Homes

Prepared by: Donna Mayer, Manager of Project Development

Reviewed by: Justin Avery, Manager of Finance

Approved by: Catherine Matheson, Chief Executive Officer

Alignment with Strategic Plan: Healthy, Sustainable Communities

Maximize Impact Remove Barriers Seamless Access Learn & Grow

This report provides the Nipissing District Housing Corporation (NDHC) board of directors with information regarding the request to the City of North Bay for property tax exemption of the Mackay Homes property located at 225-230 Olive Street, North Bay.

BACKGROUND:

In May 2021, the Corporation of Mackay Homes approached NDHC and the District of Nipissing Social Services Administration Board (DNSSAB) indicating they decided to sell their property, a 65 unit seniors' affordable housing project located in North Bay. Their preference was to sell to an organization that will continue to provide low income, seniors housing.

DNSSAB/NDHC housing and finance staff conducted a financial analysis and presented it to the NDHC board at its meeting on September 22, 2021. It was reported that the rents are well below market and that financial viability was largely contingent on the property tax exemption Mackay Homes Corporation had secured through the courts by virtue of its status. The Board directed staff to conduct further due diligence and pursue negotiations to acquire the property. (In-camera Briefing Note #NDHC12-21).

Staff conducted further cost-benefit and financial analysis and due diligence, subsequently negotiating a nominal below-market purchase price.

Reporting back to the Board, it was noted that the practice of tax exemption for affordable housing operated by municipal and nonprofit organizations is a widespread practice amongst other municipalities. Section 108 of the Municipal Act provides municipalities with the authority to declare a project a Municipal Capital Facility for granting benefits and tax relief in exchange for a defined community benefit. It was also noted that continuing with the tax exemption would not have an impact on the City of North Bay's current revenue.

On April 27, 2022, the NDHC board approved the purchase of the property (Resolution #2022-17-C) along with a commitment of up to \$1 million in accessibility retrofits. In addition, the Board resolved that the DNSSAB and the City of North Bay be requested to declare 225-230 Olive Street a municipal housing facility and that the City of North Bay be requested to provide a property tax exemption.

An Agreement of Purchase and Sale was executed on July 29, 2022. Following additional due diligence, the deal closed on September 16, 2022. On September 16, 2022 the NDHC Chairperson submitted a letter to the City of North Bay with a formal request to provide a tax exemption for this property.

During the due diligence period for the purchase, the title search revealed that there is a restrictive covenant on title on the east side of the property, prescribing that the land will be used solely for the purpose of the construction of residential housing units "to be occupied and used by elderly persons." This parcel is where the two walk-up apartment buildings are located (230 Olive), as compared to the one storey row units on other parcel (225 Olive). The City of North Bay was the vendor of this parcel that placed the restrictive covenant on title.

The Board approved a request to the City of North Bay asking for the removal of the covenant on title providing for seniors-designated buildings from the 230 Olive Street property (38 units) and put a new similar restrictive covenant on the 225 Olive Street property (27 units) where the buildings are one storey.

On October 14, 2022 the NDHC Chairperson submitted a letter to the City of North Bay with a formal request that the restrictive covenant at 230 Olive Street stating units are "to be occupied and used by elderly persons" be transferred to 225 Olive Street.

On October 21, 2022 the City's Chief Administrative Officer responded to both letters and indicated that City staff support recommending to City Council in January 2023, approval of both requests and that the City enter into a Municipal Capital Facility Agreement for the properties, "as it presents a continued support to the City Affordable Housing Strategy and presents no new budget pressures."

CURRENT STATUS:

DNSSAB staff have followed up with the City Clerk to see if the request was on an upcoming agenda. It was not.

NEXT STEPS:

Staff will continue to follow up with the City's CFO and the interim CAO.

RESOURCES REQUIRED:

There are no resources required to action this request.

RISK IDENTIFICATION AND MITIGATION:

If the Mackay Homes property becomes subject to property tax, the financial viability of the project will be less than anticipated. The implications could range from an increase to the operating budget and/or rents.

If the restrictive covenant on the two story apartments is not removed, an expectation for accommodations for seniors living on the second floor with an elevator may cause financial burden and jeopardize the financial viability of the property.

CONCLUSION:

The Mackay Homes property represents an opportunity for NDHC to ensure affordable housing units are maintained within the district for low-income seniors and single individuals. Long-term financial viability is contingent on receiving the property tax exemption, as was provided to Mackay Homes and has been requested from the City of North Bay.



BOARD REPORT NDHC05-23

For Information or for Approval

Date: February 22, 2023
Purpose: **Bed Bug Analysis**
Prepared by: TracyAnn Bethune, Director of NDHC
Reviewed by: Justin Avery, Manager of Finance
Approved by: Catherine Matheson, Chief Executive Officer

Alignment with Strategic Plan: Healthy, Sustainable Communities

Maximize Impact **Removed Barriers** **Seamless Access** **Learn & Grow**

Board report NDHC05-23 provides information on the current bed bug situation at two NDHC properties and steps to remedy the situation.

BACKGROUND:

Bed bug infestations within the district of Nipissing have been present in both private and public housing providers for several years, negatively impacting both landlords and tenants. Although bed bugs are not considered a health hazard, they are a nuisance that can cause mental and physical distress, as well as a strain on financial resources. NDHC's two high rises (Edgewater and Golden Age Apartments) have been most impacted and prove to be especially challenging to remediate. Multiple pest control services offering both chemical and heat treatments have been involved in the extermination procedures; there have been some successes as well as some persistent re-occurrences.

CURRENT STATUS/STEPS TAKEN TO DATE:

NDHC's Tenant Remediation Specialist assists tenants with prepping units for treatment and is a key element in the remediation process. A single unit infestation can affect up to five surrounding units: across, below, above and on either side. Most tenants participate with the process of prepping their unit; however, some simply cannot manage for many different reasons such as mental and/or physical well-being. The lack of tenant participation

significantly delays the process for treatment, increasing the risk of a more serious infestation. For example, in trying to treat 71 units at one property in 2022, 52 treatment dates were either missed or postponed by the tenant.

To highlight some success, in 2021 a total of \$69,341.65 was spent on bed bug remediation. Through the adoption of mitigation measures in 2022, a total of \$38,087.06 was spent, and there was a 54% reduction of infestations.

Complete unit inspections of both Golden Age and Edgewater apartments for the purpose of bed bug identification took place within the last two months, and a total of 23 units were all confirmed as being treated, and nine units were cleared.

RISK IDENTIFICATION AND MITIGATION:

More frequent unit inspections of the properties will assist in monitoring and recording bed bug activity. Many new tenants do not disclose an existing bed bug problem for fear of losing their offer of Rent Geared to Income housing. NDHC has initiated a follow up visit from Tenant Services staff 30 days after move-in as a proactive measure. Supports to tenants to report suspected activity as well as participation in the process to eliminate the situation is encouraged.

To assist with tenant education, Pest Control Services completed a bed bug presentation at Edgewater Apartments on February 1, 2023 and tenants that attended had an opportunity to ask questions about best practices. Another session is scheduled for the Golden Age later this month. Resources are also available on site such as bed bug covers, loaded laundry cards and bed bug detection kits. On the maintenance front, NDHC meets frequently with pest control services to stay informed and educated on best practices and on top of changing trends.

For tenants who repeatedly do not cooperate, staff have served tenants with an N5 notice, which provides the tenant with a termination of tenancy date should they not remedy the problem within a specified time. This route normally results in participation by the tenant to prepare the unit. When cooperation does not happen, the process is to make additional attempts to connect tenants with additional community resources. Failing this, an application can be made to the Landlord and Tenant Board to have the tenant evicted, however, these applications often fail and the lengthy backlog in hearings results in more severe infestations.

CONCLUSION:

NDHC has investigated the benefits of creating a specialized exterminator position to deal with some pest control issues as a means to offer a more convenient, organized and quantified service to tenants. This proved to be restrictive due to training being out of province as well as stringent insurance requirements. NDHC will continue to be innovative and progressive in seeking other initiatives to prevent and manage infestations; including opportunities to enhance tenant supports.



BOARD REPORT NDHC07-23

For Information or For Approval

Date: February 22, 2023
Purpose: Delegation of Authority
Prepared by: Melanie Shaye, Director of Corporate Services
Reviewed by: Justin Avery, Manager of Finance
Approved by: Catherine Matheson, Chief Administrative Officer

Alignment with Strategic Plan: Healthy, Sustainable Communities

Maximize Impact Remove Barriers Seamless Access Learn & Grow

RECOMMENDATION:

THAT the Nipissing District Housing Corporation authorize the Board Chair Chris Mayne, or Vice Chair Lana Mitchell in the Chair's absence, and the Chief Executive Officer (CEO) Catherine Matheson, or the CEO's delegate, as described in Board Report NDHC07-23, in their absence, to act as signing authorities for the Corporation.

BACKGROUND:

Delegation of Authority

In accordance with NDHC's By-law #1, 6.02 a) and b), the Chair will sign all documents which require signature and shall possess and may exercise such powers and shall perform all other duties as may from time to time be assigned by the Board. The Vice-Chair shall be vested with all the powers and in the absence or inability of the Chair, shall exercise the duties and functions of the Board.

Section 6.02 c) outlines the duties of the CEO, including to direct and co-ordinate the business of the Corporation, and to exercise general financial control over all departments in terms of approved spending.

For the continuity of the Corporation, the CEO may delegate authority in their absence. When delegating authority, the CEO will name a Director or Chief level employee in their absence. This includes direct reports.

Delegation of Authority- Banking

For banking and investment purposes, it is appropriate to have a specific delegate assigned, to ensure the financial institution has signatures on file for the appropriate individuals. For banking and investment purposes, the CEO's delegate would be the Director of Corporate Services.

CONCLUSION:

Defining the Chair and CEO's delegates for payments approvals maintains business continuity for the NDHC.



BRIEFING NOTE NDHC06-23

For Information or For Approval

Date: February 22, 2023
Purpose: **CMHC Repair Funds**
Prepared by: Donna Mayer, Manager of Project Development
Reviewed by: Justin Avery, Manager of Finance
Approved by: Catherine Matheson, Chief Executive Officer

Alignment with Strategic Plan: Healthy, Sustainable Communities

Maximize Impact Remove Barriers Seamless Access Learn & Grow

RECOMMENDATION:

THAT the Board approve staff proceeding with CMHC Repair funding as described in Board Report NDHC 06-23, should a funding offer be made; and further,

THAT the Board approve capital expenditures of up to \$500,000 from the Capital Replacement Reserve Fund, for repairs to properties described in the report, as the cost-sharing component for the CMHC Repair funding.

BACKGROUND:

In November 2022, CMHC staff reached out to the District of Nipissing Social Services Administration Board (DNSSAB) staff asking if there was interest in receiving contribution (grant) dollars for municipality-owned affordable units for the purpose of repair. It was noted that this is very time sensitive as CMHC needs to make a decision of the allocation and prioritization of funds reserved for repair of existing stock of affordable units.

Staff indicated interest in receiving CMHC funds for the repair of existing stock and that NDHC has a project ready to go. A preliminary meeting was held and CMHC provided an

outline of terms and conditions for funding, with the proviso that this was not an offer for funding but merely exploration, should a funding offer be made.

The terms and conditions for the repair funding initially communicated include:

- Contribution dollars (grant) up to \$10,000 per unit to be repaired, or 30% of total repair cost, whichever is lower
- Municipality to cost-share and agree to cover the 70% difference from own resources; as well as all cost overruns
- The municipality must agree to pay any overages within their own budget and commit to repairing their stated unit count
- 70% can come from any source other than federal money
- The funding is stackable with third party financing
- The repair funding is part of the Co-Investment Program so there can be no further Co-Investment funds applied
- The repairs have to commence within six months of receiving the monies and be completed within three years
- The funding is part of the Co-Investment Program, therefore there are outcomes related to energy efficiency and greenhouse gas emission as well as accessibility that would be required
- Energy efficiency improvements of 25% of the current baseline need to be achieved, however; CMHC is willing to make concessions on a per case and best effort basis.”

In January, a series of five meetings were held to better understand the program terms and conditions and establish NDHC’s readiness and willingness to participate in this CMHC Repair Funding program, should CMHC decide to move forward with another round of funding. An offer had been made to larger service managers previously.

During these meetings, some of the terms and conditions for the funding were further clarified:

- Accessible unit modifications: meeting specific accessibility requirements of individual residents is acceptable and full wheelchair access is not required
- Cost-sharing calculations: NDHC expenditures from the previous two years as well as the upcoming three years can be considered for matching funds
- Application of funds: there is no obligation that these funds be disbursed equally across all units, however overall outcomes for affordability, energy efficiency/greenhouse gas emissions and accessibility must apply for all units in the offer
- Attestation: proof of achieving performance targets by way of a declaration by NDHC is sufficient; third party verification is not required

DNSSAB/NDHC staff assessed the terms and conditions of the potential offer along with NDHC's current capital needs and financial capacity to cost-share these costs at 70%. Staff also consulted with other Service Managers.

While the Mackay Homes project was an obvious fit, the option to extend the funding to the entire portfolio was problematic due to the cost-share requirements. In addition, the restriction on further Co-Investment funding and financing was seen to impair NDHC's ability to conduct deep energy retrofits.

Program Take-up in Northern Ontario

Through communications with Service Manager counterparts in northern Ontario, it was confirmed that three DSSABs elected to not participate in the CMHC Repair program, while two have signed on and two service managers are considering. (No reply from four Service Managers.)

For those that signed on, some of the appeal for them was:

- The retroactive nature of matching funds from previous two years expenditures
- Planned projects were a fit (mostly senior buildings, so accessibility and affordability already in place)
- Planned work targets efficiency (roof, windows, insulation, boilers)
- Application process simplified

Some of the reasons Service Managers said no to the program include:

- 20 year affordability too long for a small pocket of funds
- Too many reporting requirements
- Projects don't fit the program requirements
- Time constraints, no capacity, short staffed
- Need to hire consultant
- Supply issues, concerned about meeting timelines

NDHC Proposal

Staff reviewed the capital plan in detail to identify potential projects, including those in the worse condition, those slated for repair within the next three years, and the oldest buildings. Aside from the Mackay Homes project, which is among the oldest and in the worst condition, staff determined that the best fit for the funding program are the units already planned for repairs to doors and windows within the next three years. The following projects were identified:

- 545 McNamara Street – Blocks A, B, D, and E = 39 units

- Thelma Avenue – Blocks B, C, D, E, F, G, H, J, and K = 62 units
- 111 Carruthers Street – Blocks E, F, G, and H = 28 units

Planned capital expenditures for these 129 units for the years 2023-2026 is \$469,234. At 70% of value, this expenditure can leverage \$140,770 in CMHC Repair funds.

Mackay Homes

The Mackay Homes project was identified as a suitable fit for the funding since it was already scheduled for extensive repairs and the cost-sharing is largely already matched. In December the Ministry of Municipal Affairs and Housing approved the Service Manager's recommendation for \$1.497M from the Canada-Ontario Community Housing Initiative (COCHI) and Ontario Priorities Housing Initiative (OPHI) for repairs. Further funding and financing is being pursued through the Federation of Canadian Municipalities' (FCM's) Green Municipal Fund, as per board report NDHC15-22. Acceptance of CMHC Repair funding will disqualify Mackay Homes from utilizing CMHC Co-Investment funds and financing for this project.

In the meantime, the provincial Skills Development Funding application previously approved by the board that would support deep energy retrofit work at Mackay Homes did not go ahead as planned. The viability of the proposal was questionable given that we are proposing a multi-year solution and the Ministry requires that multi-year applicants have demonstrated experience and success delivering Employment Ontario programs. While DNSSAB has experience leading and implementing sustainable employment projects, these were not Employment Ontario programs.

NDHC Request

On January 20th, CMHC was advised that NDHC would consider an offer of \$800K to repair 194 units, being \$650K for the 65 units at Mackay and \$150K for the 129 units in the townhouse blocks at 545 McNamara Street, Thelma Avenue and 111 Carruthers Street.

Although a portfolio project of 194 units would be eligible for a funding contribution of \$1.94M, the corresponding cost-sharing contribution of \$4,526,666 was deemed to be outside of NDHC's current financial capacity.

CURRENT STATUS:

Staff are waiting for CMHC to extend a formal offer. As of February 8th, CMHC has advised that: "No decisions have been made on this possible funding," and they "will be in touch once they have any information to convey."

In anticipation of a positive decision on the possible repair funding, staff are requesting the Board's approval for the municipal cost-sharing contribution for the townhouse properties identified, as has already been identified in the long-range capital plan.

NEXT STEPS:

With board approval of this report and recommendation, staff will enter into a funding agreement with CMHC for the repair of the units identified, should CMHC extend a formal offer for repair funding.

RESOURCES REQUIRED:

Matching capital funds are required to cover the balance of repair costs for the identified units. The NDHC capital financial plan provides for the window and door repairs in the identified town house units as follows:

2023 - \$16,000
2024 - \$383,505
2025 - \$37,804
2026 - \$31,924

Total planned expenditures - \$469,234.

Staff are requesting that these future planned expenditures be funded from the capital reserves, and that the amount of funding be rounded up to \$500k as a contingency, given that the work can be conducted over a three year period, and costs have escalated since the capital plan was created. This is a financial commitment over and above what is in our approved projects for 2023. For both DNSSAB and NDHC the 2021 consolidated financial statements identify \$17.2 million in reserves combined total for both organizations.

RISK IDENTIFICATION AND MITIGATION:

Acceptance of CMHC Repair funding will disqualify Mackay Homes from utilizing CMHC Co-Investment funds and financing for this project, thereby narrowing the financing options to FCM's Green Municipal Fund only. To mitigate this risk, staff have engaged with FCM to initiate the funding application to its Sustainable Affordable Housing initiative.

Similarly, any plans for refinancing the townhouse projects identified in the report for the purpose of a deep energy retrofit would need to consider sources of funds other than CMHC Co-investment funding and financing.

NDHC would be solely responsible for any cost over runs of the repair projects identified. NDHC is normally responsible for all project costs and proactively manages capital projects to mitigate this risk.

CONCLUSION:

CMHC Repair funding, if offered, can help defray repair costs on 194 units, and NDHC's cost-sharing contribution can come from previously approved COCHI/OPHI funds and a commitment of capital reserves funding for projects already budgeted for in the capital plan. The terms and conditions of the CMHC Repair funding will prohibit access to further CMHC Co-Investment funding for these properties.