



**THE DISTRICT OF THUNDER BAY
SOCIAL SERVICES ADMINISTRATION BOARD**

Consolidated Financial Statements

**THE DISTRICT OF THUNDER BAY
SOCIAL SERVICES ADMINISTRATION BOARD**

December 31, 2023



**THE DISTRICT OF THUNDER BAY
SOCIAL SERVICES ADMINISTRATION BOARD**

STATEMENT OF ADMINISTRATIVE RESPONSIBILITY

The management of The District of Thunder Bay Social Services Administration Board has prepared the accompanying financial statements and are responsible for their accuracy and integrity. The financial statements have been prepared by management in accordance with the accounting principles generally accepted for the public sector as prescribed by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has developed and maintains a system of internal control designed to provide reasonable assurance that the Board assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of the financial statements.

The Board of Directors reviews and approves the financial statements before such statements are published for the residents of the District of Thunder Bay. The external auditors have access to, and meet with the Board to discuss their audit and the results of their examination.

The 2023 Financial Statements have been reported on by The District of Thunder Bay Social Services Administration Board's external auditors, Grant Thornton LLP, the auditors appointed by the Board. The auditors' report outlines the scope of their audit and their opinion on the presentation of the information included in the financial statements.

William Bradica, CPA
Chief Executive Officer

Georgina Daniels, FCPA, FCA
Director - Corporate Services Division

Independent Auditor's Report

Grant Thornton LLP

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To the Members of the Board of Directors

Opinion

We have audited the consolidated financial statements of The District of Thunder Bay Social Services Administration Board ("the Board"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of operations, re-measurement of gains and losses, changes in net assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of The District of Thunder Bay Social Services Administration Board as at December 31, 2023, and its results of operations, its re-measurement gains and losses, its changes in net assets, 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 *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Board in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board'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 Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation. 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Board and the organizations it controls to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Grant Thornton LLP

Thunder Bay, Canada
April 18, 2024

Chartered Professional Accountants
Licensed Public Accountants

THE DISTRICT OF THUNDER BAY SOCIAL SERVICES ADMINISTRATION BOARD

Consolidated Statement of Financial Position

As at December 31

	2023 \$	2022 \$ <i>[restated - note 2]</i>
FINANCIAL ASSETS		
Cash and cash equivalents <i>[note 3]</i>	25,388,993	22,753,596
Marketable securities <i>[note 3]</i>	26,135,193	25,667,769
Accounts receivable	1,632,790	1,631,923
Client benefit advances	1,692,454	1,698,035
Interest receivable	99,862	84,509
HST receivable	771,888	769,683
	55,721,180	52,605,515
LIABILITIES		
Accounts payable and accrued liabilities	2,796,221	2,699,926
Payable to participating municipalities and funded agencies <i>[note 4]</i>	4,814,376	853,739
Due to Province of Ontario <i>[note 5]</i>	7,703,223	9,843,934
Deferred revenue <i>[note 6]</i>	2,024,172	4,482,442
Long-term debt <i>[note 7]</i>	8,254,238	10,722,732
Employee benefits obligations <i>[note 8]</i>	2,927,475	2,974,366
Asset retirement obligation <i>[note 11]</i>	13,690,597	12,985,485
	42,210,302	44,562,624
NET ASSETS	13,510,878	8,042,891
NON-FINANCIAL ASSETS		
Tangible capital assets - net <i>[Schedule 2]</i>	38,604,815	40,857,736
Prepaid expenses	939,059	962,604
	39,543,874	41,820,340
ACCUMULATED SURPLUS <i>[Schedule 3]</i>		
Accumulated operating surplus	53,452,713	51,593,026
Accumulated re-measurement (losses)	(397,961)	(1,729,795)
	53,054,752	49,863,231

Commitments and Contingent Liabilities *[notes 9 and 10]*

The accompanying notes and schedules are an integral part of these financial statements



Board Chair



Audit Committee Chair

**THE DISTRICT OF THUNDER BAY
SOCIAL SERVICES ADMINISTRATION BOARD**

Consolidated Statement of Re-measurement Gains and Losses

Year ended December 31

	2023	2022
	\$	\$
ACCUMULATED RE-MEASUREMENT (LOSSES) GAINS, BEGINNING OF YEAR	(1,729,795)	322,650
Unrealized gains (losses) attributable to:		
Portfolio investments	697,611	(2,033,433)
Derivatives	(63,481)	297,562
Amounts reclassified to the statement of operations:		
Disposition of investments	697,704	(316,574)
NET RE-MEASUREMENT (LOSSES) GAINS FOR THE YEAR	1,331,834	(2,052,445)
ACCUMULATED RE-MEASUREMENT (LOSSES), END OF YEAR	(397,961)	(1,729,795)

The accompanying notes and schedules are an integral part of these financial statements

**THE DISTRICT OF THUNDER BAY
SOCIAL SERVICES ADMINISTRATION BOARD**

Consolidated Statement of Operations

Year ended December 31

	2023		2022
	Budget \$	Actual \$	Actual \$
	<i>[note 13]</i>		<i>[restated - note 2]</i>
REVENUES			
Provincial Grants			
Ontario Works	30,748,700	30,313,480	30,171,940
Child care and early years	15,503,200	14,552,739	18,230,879
Community housing	784,200	478,405	841,963
Homelessness prevention	6,996,800	13,638,659	8,709,508
TWOMO election	-	-	25,000
	54,032,900	58,983,283	57,979,290
Federal Grants			
Child care and early years	11,089,400	8,461,667	3,101,041
Community housing	8,962,600	8,838,832	5,855,403
Direct-owned community housing building operations	2,518,300	2,518,302	2,473,400
	22,570,300	19,818,801	11,429,844
Levy to municipalities and TWOMO	24,330,500	24,330,500	23,054,300
Rents	11,410,200	10,832,176	11,148,078
Income earned on unrestricted funds	300,000	615,254	100,000
Income earned on reserve funds	722,600	1,360,438	802,843
Other	377,300	321,823	656,088
	37,140,600	37,460,191	35,761,309
TOTAL REVENUES	113,743,800	116,262,275	105,170,443

**THE DISTRICT OF THUNDER BAY
SOCIAL SERVICES ADMINISTRATION BOARD**

Consolidated Statement of Operations (continued)

Year ended December 31

	2023		2022
	Budget \$	Actual \$	Actual \$
	[note 13]		[restated - note 2]
EXPENSES			
Ontario Works [note 14]	34,796,818	33,780,458	33,815,153
Child care and early years [note 15]	27,886,576	24,285,180	19,598,910
Community housing [note 16]	17,128,702	17,577,801	15,698,541
Direct-owned community housing building operations [note 17]	27,324,369	24,648,287	22,423,088
Homelessness prevention [note 18]	6,996,800	14,038,659	8,718,780
TWOMO election	-	-	25,000
TOTAL EXPENSES	114,133,265	114,330,385	100,279,472
REVENUES LESS EXPENSES	(389,465)	1,931,890	4,890,971
OTHER			
Distribution to municipalities	-	(72,203)	-
ANNUAL OPERATING SURPLUS	(389,465)	1,859,687	4,890,971
ACCUMULATED OPERATING SURPLUS, BEGINNING OF YEAR, AS STATED	51,593,026	51,593,026	58,674,063
Prior period restatement [note 2]			(11,972,008)
ACCUMULATED OPERATING SURPLUS, BEGINNING OF YEAR, AS RESTATED	51,593,026	51,593,026	46,702,055
ACCUMULATED OPERATING SURPLUS, END OF YEAR	51,203,561	53,452,713	51,593,026

The accompanying notes and schedules are an integral part of these financial statements

**THE DISTRICT OF THUNDER BAY
SOCIAL SERVICES ADMINISTRATION BOARD**

Consolidated Statement of Changes in Net Assets

As at December 31

	2023		2022
	Budget \$	Actual \$	Actual \$
	<i>[note 13]</i>		<i>[restated - note 2]</i>
ANNUAL OPERATING SURPLUS	(389,465)	1,859,687	4,890,971
Acquisition of tangible capital assets <i>[Schedule 2]</i>	-	(356)	(417,032)
Amortization of tangible capital assets <i>[Schedule 2]</i>	2,204,043	2,204,043	2,390,332
Changes in estimate of asset retirement obligation	49,234	49,234	41,415
Proceeds on disposal of tangible capital assets	-	-	352,479
Gain on disposal of tangible capital assets	-	-	(346,398)
Addition of prepaid expense	-	(939,059)	(962,604)
Use of prepaid expense	-	962,604	745,652
	1,863,812	4,136,153	6,694,815
Remeasurement gains (losses)	-	1,331,834	(2,052,445)
CHANGE IN NET ASSETS	1,863,812	5,467,987	4,642,370
NET ASSETS, BEGINNING OF YEAR	8,042,891	8,042,891	3,400,521
NET ASSETS, END OF YEAR	9,906,703	13,510,878	8,042,891

The accompanying notes and schedules are an integral part of these financial statements

**THE DISTRICT OF THUNDER BAY
SOCIAL SERVICES ADMINISTRATION BOARD**

Consolidated Statement of Cash Flows

Year ended December 31

	2023	2022
	\$	\$
		<i>[restated - note 2]</i>
OPERATING		
Annual operating surplus	1,859,687	4,890,971
Uses		
Increase in accounts receivable	(867)	(638,402)
Increase in client benefit advances	-	(121,421)
Increase in interest receivable	(15,353)	(69,212)
Increase in HST receivable	(2,205)	(935)
Decrease in payable to participating municipalities and funded agencies	-	(257,911)
Decrease in due to Province of Ontario	(2,140,711)	-
Decrease in deferred revenue	(2,458,270)	(1,190,086)
Increase in prepaid expense	-	(216,952)
Decrease in employee benefits obligations	(46,891)	-
	(2,804,610)	2,396,052
Sources		
Decrease in client benefit advances	5,581	-
Increase in accounts payable and accrued liabilities	96,295	214,028
Increase in payable to participating municipalities and funded agencies	3,960,637	-
Increase in due to Province of Ontario	-	3,154,917
Increase in employee benefits obligations	-	117,898
Increase in asset retirement obligation	705,112	668,796
Decrease in prepaid expense	23,545	-
	4,791,170	4,155,639
Non-cash charges to operations		
Amortization of tangible capital assets	2,204,043	2,390,332
Amortization of asset retirement obligation	49,234	41,415
Gain on disposal of tangible capital assets	-	(346,398)
Cash provided by operating transactions	4,239,837	8,637,040
CAPITAL		
Acquisition of tangible capital assets	(356)	(417,032)
Proceeds on disposal of tangible capital assets	-	352,479
Cash used in capital transactions	(356)	(64,553)
INVESTING		
(Increase) in marketable securities	(467,424)	(3,170,698)
FINANCING		
Repayment of long-term debt	(2,468,494)	(2,870,633)
RE-MEASUREMENT		
Net unrealized loss	1,331,834	(2,052,445)
NET INCREASE IN CASH	2,635,397	478,711
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	22,753,596	22,274,885
CASH AND CASH EQUIVALENTS, END OF YEAR	25,388,993	22,753,596

The accompanying notes and schedules are an integral part of these financial statements

THE DISTRICT OF THUNDER BAY

SOCIAL SERVICES ADMINISTRATION BOARD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023

GENERAL

Effective April 1, 1999, pursuant to provincial legislation, The District of Thunder Bay Social Services Administration Board [TBDSSAB] was formed. TBDSSAB delivers provincially mandated services on behalf of the citizens of the District of Thunder Bay.

Its service area includes 15 municipalities which appoint representatives to the Board of Directors through their municipal Councils. As well, the Board of Directors includes an elected representative from the Territories without Municipal Organization [TWOMO]. The following are included within the District of Thunder Bay service area:

City of Thunder Bay
Municipality of Greenstone
Municipality of Neebing
Municipality of Oliver Paipooonge
Municipality of Shuniah
Town of Marathon
Township of Conmee
Township of Dorion
Township of Gillies
Township of Manitouwadge
Township of Nipigon
Township of O'Connor
Township of Red Rock
Township of Schreiber
Township of Terrace Bay
TWOMO

1. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements are prepared by management in accordance with accounting principles generally accepted for the public sector as prescribed by the Public Sector Accounting Board [PSAB] of the Chartered Professional Accountants of Canada. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic consolidated financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgement.

Basis of consolidation

These consolidated financial statements reflect the assets, liabilities, revenues and expenditures of the operating fund and reserve funds of TBDSSAB and include the activities of its wholly-owned subsidiary, the Thunder Bay District Housing Corporation [TBDHC].

Basis of accounting

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods and services and the creation of a legal obligation to pay.

THE DISTRICT OF THUNDER BAY SOCIAL SERVICES ADMINISTRATION BOARD NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, cash on deposit, and short-term investments 90 days or less which are readily convertible into a known amount of cash and are subject to an insignificant risk to changes in fair value.

Marketable securities

Marketable securities include funds invested in pooled funds, fixed income securities, and equities which are held in trust and managed by an external fund manager. Investments are recorded at fair value using quoted prices in an active market with unrealized gains and losses being recognized in the consolidated statement of re-measurement gains and losses.

When there has been other than a temporary decline in the value of an investment, the investment is written-down to reflect market value. If there is a subsequent increase in the value, prior years' recognized losses are not reversed.

Accounts receivable

Under certain programs, TBDSSAB provides forgivable loans to eligible recipients, in which the principal and any accrued interest is forgiven after a specified number of years, if the recipient meets all identified conditions. A forgivable loan is only recorded as receivable if the recipient fails to meet the identified conditions and there is a reasonable expectation of its recovery.

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses provides the Change in Net Assets for the year.

[i] Tangible capital assets

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

- Land improvements – up to 30 years
- Buildings – up to 50 years
- Machinery and equipment – up to 20 years
- Vehicles – 5 to 15 years
- Computer hardware and software – 3 to 10 years
- Furniture – 5 to 10 years

Financial instruments

All financial instruments are recorded at their cost or amortized cost except for portfolio investments in equity instruments quoted in an active market and derivatives which are recorded at their fair

THE DISTRICT OF THUNDER BAY

SOCIAL SERVICES ADMINISTRATION BOARD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023

value with unrealized remeasurement gains and losses recorded in the statement of remeasurement gains and losses. Once realized, remeasurement gains and losses are transferred to the statement of operations. Changes in the fair value on restricted assets are recognized as a liability until the criterion attached to the restrictions has been met, upon which the gain or loss is recognized in the statement of operations.

Transaction costs related to financial instruments measured at cost or amortized cost are added to the carrying value of the financial instrument. Transaction costs related to financial instruments recorded at their fair values are expensed as incurred.

Financial liabilities (or part of a financial liability) are removed from the statement of financial position when, and only when, they are discharged or cancelled or expire.

Asset retirement obligations

A liability for an asset retirement obligation is recognized when all of the following criteria are met:

- there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- the past transaction or event giving rise to the liability has occurred;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

The liability is measured at the TBDSSAB's best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date. The estimate includes costs directly attributable to the asset retirement activities. The costs also include post-retirement operation, maintenance and monitoring that are an integral part of the retirement of the tangible capital asset and the costs of tangible capital assets acquired as part of asset retirement activities to the extent those assets have no alternative use.

Upon initial recognition of the liability for an asset retirement obligation, the carrying amount of the corresponding tangible capital asset (or component thereof) is increased by the same amount. The capitalized asset retirement cost is expensed in a rational and systematic manner over the useful life of the tangible capital asset (or a component thereof). For obligations for which there is no tangible capital asset recognized or for tangible capital assets that are no longer in productive use, the asset retirement costs are expensed immediately. Subsequently, the liability is reviewed at each financial statement reporting date and adjusted for (1) changes as a result of the passage of time with corresponding accretion expense and (2) adjusted for any revisions to the timing, amount of the original estimate of undiscounted cash flows, or the discount rate. Adjustments to the liability as a result of revisions to the timing, amount of the estimate of undiscounted cash flows or the discount rate are adjusted to the cost of the related tangible capital asset and the revised carrying amount of the related tangible capital asset is amortized except for adjustments related to tangible capital assets that are not recognized or no longer in productive use, which are expensed in the period they are incurred.

The asset retirement costs are amortized on a straight-line basis over their estimated useful lives.

A recovery related to asset retirement obligation is recognized when the recovery can be appropriately measured; reasonably estimated and it is expected that future economic benefits will be obtained. The recovery is not netted against the liability.

THE DISTRICT OF THUNDER BAY SOCIAL SERVICES ADMINISTRATION BOARD NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023

Full annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

[ii] Contribution of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of transfer.

[iii] Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

[iv] Prepaid expenses

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

Revenue recognition

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the Consolidated Statement of Operations as the stipulated liabilities are settled.

Investment income and other revenue are recognized when they are earned. Rental revenue is recognized when rent is receivable based on tenant occupancy. Prepaid rents are recorded as deferred revenue.

Employee related costs

TBDSSAB has adopted the following policies with respect to employee benefit plans:

[i] Contributions to a multi-employer, defined benefit pension plan are expensed when contributions are made.

[ii] The costs of compensated absences, post-employment benefits, and workplace safety and insurance obligations are recognized when the event that obligates TBDSSAB occurs.

[iii] The costs of post-employment benefits are actuarially determined using the projected benefits method and prorated on service and management's best estimate of retirement ages of employees, salary escalation, and expected health care costs. *[note 8]*.

**THE DISTRICT OF THUNDER BAY
SOCIAL SERVICES ADMINISTRATION BOARD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2023

2. CHANGE IN ACCOUNTING POLICY-ADOPTION OF NEW ACCOUNTING STANDARDS

Effective January 1, 2023, the Board adopted new Public Sector Accounting Standards Sections PS 3450 Financial Instruments, PS 3041 Portfolio Investments, PS 2601 Foreign Currency Translation along with the related amendments. New Section PS 3450 requires the fair value measurement of derivatives and portfolio investments in equities quoted in an active market. All other financial assets and liabilities are measured at cost or amortized cost (using the effective interest method), or, by policy choice, at fair value when the entity defines and implements a risk management or investment strategy to manage and evaluate the performance of a group of financial assets, financial liabilities or both on a fair value basis. For items denominated in a foreign currency, unrealized foreign exchange gains and losses between the transaction date and subsequent financial statement dates are recognized in the statement of remeasurement gains and losses until they are settled, upon which they are recognized in the statement of operations.

The measurement requirements were applied prospectively. The recognition, derecognition, and measurement policies followed in the comparative period were not reversed and the comparative figures have not been restated. The entity elected to account for embedded derivatives required to be reported in accordance with the Section on a prospective basis.

Effective January 1, 2023, the TBDSSAB adopted new Public Sector Accounting Standard Section PS 3280 Asset Retirement Obligations (ARO) which recognizes legal obligations associated with the retirement of tangible capital assets. The financial statements of the comparative year have been restated to reflect this change in the accounting policy, which has been applied using a modified retroactive method. Under the modified retrospective method, the obligation and asset retirement costs were measured using information, assumptions and discount rates that were current at January 1, 2023.

In the past, TBDSSAB have reported its obligations related to the retirement of tangible capital assets in the period when the asset was retired directly as an expense. The new standard requires the recognition of a liability for legal obligations that exist as a result of the acquisition, construction, or development of a tangible capital asset, or that result from the normal use of the asset when the asset is recorded. Such obligation justifies recognition of a liability and can result from existing legislation, regulation, agreement, contract, or that is based on a promise and an expectation of performance.

The estimate of the liability includes costs directly attributable to asset retirement activities. Costs include post-retirement operation, maintenance, and monitoring that are an integral part of the retirement of the tangible capital asset (if applicable). When recording an asset retirement obligation, the estimated retirement costs are capitalized to the carrying value of the associated assets and amortized over the asset's estimated useful life. The amortization of the asset retirement costs follows the same method of amortization as the associated tangible capital asset.

A significant part of asset retirement obligations results from the removal and disposal of designated substances such as asbestos from TBDSSAB buildings.

As a result of applying this accounting standard, an asset retirement obligation of \$13,690,597 (2022 – \$12,985,485) was recognized as a liability in the Statement of Financial Position. These obligations represent estimated retirement costs for the TBDSSAB owned buildings. TBDSSAB

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SOCIAL SERVICES ADMINISTRATION BOARD
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has restated the prior period based on the modified retrospective method, using the asset retirement obligation liabilities, asset retirement obligation assets and the associated asset retirement obligation accumulated amortization for the period January 1, 2023, to December 31, 2023, as a proxy for January 1, 2022, to December 31, 2022, information. The tangible capital asset gross book values, tangible capital asset accumulated amortization and tangible capital asset amortization expense were not restated. The adoption of PS 3280 Asset Retirement Obligations was applied to the comparative period (December 31, 2022) as follows:

	As previously reported	Adjustments	As restated
	\$	\$	\$
Consolidated Statement of Financial Position			
Tangible Capital Assets	40,554,470	303,266	40,857,736
Asset retirement obligation liability	-	(12,985,485)	(12,985,485)
Accumulated Surplus	64,275,245	(12,682,219)	51,593,026
Consolidated Statement of Operations and Accumulated Surplus			
Direct-owned community housing building operations	21,712,877	710,211	22,423,088
Annual Operating Surplus	5,601,182	(710,211)	4,890,971
Accumulated surplus, beginning of year	58,674,063	(11,972,008)	46,702,055
Consolidated Statement of Change in Net Assets			
Net assets, beginning of year	15,717,210	(12,316,689)	3,400,521

3. DESIGNATED ASSETS

Of the assets reported on the consolidated statement of financial position, TBDSSAB has designated \$39,470,922 [2022 - \$36,763,304] to support reserve funds.

**THE DISTRICT OF THUNDER BAY
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2023

4. PAYABLE TO PARTICIPATING MUNICIPALITIES AND FUNDED AGENCIES

Payable to participating municipalities and funded agencies consists of:

	2023	2022
	\$	\$
Participating municipalities		
City of Thunder Bay	-	15,199
City of Thunder Bay (child care operator)	63,963	50,556
Municipality of Greenstone (child care operator)	12,703	9,135
Municipality of Oliver Paipooinge	(88,967)	-
Town of Marathon	-	(15,778)
Township of Nipigon	3	3
Funded agencies		
Child care operators	403,496	235,045
Community housing providers	1,270,428	445,279
Homelessness Prevention Program	1,562,500	-
Social Services Relief Fund providers	1,590,250	114,300
	4,814,376	853,739

5. DUE TO (FROM) PROVINCE OF ONTARIO

Due to Province of Ontario consists of:

	2023	2022
	\$	\$
Due to Ministry of Children, Community and Social Services [MCCSS]	649,918	504,378
Due to Ministry of Education [MED]	13,846,515	10,933,255
Due from Ministry of Municipal Affairs and Housing [MMAH]	(6,793,210)	(1,593,699)
	7,703,233	9,843,934

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6. DEFERRED REVENUE

Deferred revenue balance consists of the following:

	2023	2022
	\$	\$
Child Care and Early Years		
Canada-Wide Early Learning and Child Care	-	378,501
Transitional administration	-	849,964
Workforce funding	-	435,192
Community Housing		
Canada-Ontario Community Housing Initiative	-	572,986
Investment in Affordable Housing		
Homeownership	248,340	248,340
Rent supplement	-	25,294
Revolving loan	836,250	996,492
Northern Home Repair (loan discharge)	12,062	14,227
Ontario Priorities Housing Initiative	299,521	417,942
Home for Good – Capital	35,068	26,180
Homelessness Prevention Program	-	8,888
SIF	25,008	-
Miscellaneous	49,005	41,005
Tenant rent	518,918	467,431
	2,024,172	4,482,442

7. LONG-TERM DEBT

Long-term debt balance consists of the following:

	2023	2022
	\$	\$
Debt payable on direct-owned housing	5,223,972	7,269,899
Debt payable on office headquarters	2,743,402	2,985,928
Capital leases payable	286,864	466,905
	8,254,238	10,722,732

[i] Long-term debt includes various amounts payable as at December 31, 2023 on direct-owned housing:

	2023	2022
	\$	\$
Debt payable to:		
Canada Mortgage and Housing Corporation [CMHC]	1,178,684	1,991,629
Other lenders	4,045,288	5,278,270
	5,223,972	7,269,899

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The land, buildings, appliances, and equipment of each project together with an assignment of the rents are pledged as collateral for the mortgage of each project. The net book value of the pledged assets as at December 31, 2023 was \$9,612,073 [2022 - \$13,664,894].

The CMHC mortgages bear interest at rates between 0.7% and 2.6% [2022 – 0.7% and 2.6%]. These mortgages mature between 2024 and 2027.

The other long-term debt bears interest at rates between 1.8% and 6.1% [2022 – 1.9% and 6.1%]. These mortgages mature between 2024 and 2027.

- [ii] Included in long-term debt is a swap rate takeout loan agreement on TBDSSAB office headquarters payable to the Royal Bank of Canada [RBC] as at December 31, 2023:

	2023	2022
	\$	\$
TBDSSAB office headquarters loan payable	2,880,993	3,187,000
Fair value adjustment of derivative	(137,591)	(201,072)
	2,743,402	2,985,928

The RBC retains a general security agreement over certain assets of TBDSSAB as collateral for this loan. The RBC loan on TBDSSAB office headquarters bears interest at 2.72% and matures in 2032.

- [iii] Included in long-term debt are capital leases for certain computer equipment.

	2023	2022
	\$	\$
Desktop computers	115,664	161,929
Disaster recovery computer equipment	-	14,535
Folder/insert machine	17,782	24,058
Laptop computers	49,039	102,537
Multi-function machines	104,379	149,113
Office headquarters computer equipment	-	4,191
Telephone system	-	10,542
	286,864	466,905

The lease contract for the desktop computers is payable in monthly instalments of \$4,955 including harmonized sales tax [HST] and interest calculated at 5.91%, maturing in July, 2026.

The lease contract for the disaster recovery computer equipment is payable in monthly instalments of \$3,653 including HST and interest calculated at 4.98%, matured in June, 2023.

The lease contract for the folder/insert machine is payable in quarterly instalments of \$1,956 including HST and interest calculated at 5.79%, maturing in October 2026.

The lease contract for the laptop computers is payable in monthly instalments of \$5,410 including HST and interest calculated at 5.86%, maturing in December, 2024.

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The lease contract for the multi-function machines is payable in quarterly instalments of \$14,314 including HST and interest calculated at 7.15%, maturing in April 2026.

The lease contract for the office headquarters computer equipment is payable in monthly instalments of \$5,224 including HST and interest calculated at 4.63%, matured in February, 2023.

The lease contract for the telephone system is payable in monthly instalments of \$2,051 including HST and interest calculated at 1.98%, matured in July, 2023.

Principal payments due within each of the next nine years on long-term debt assuming refinancing at similar terms and conditions are approximately as follows:

	Direct-Owned Housing		Office Headquarters \$	Capital Leases \$	Total \$
	CMHC \$	Other \$			
2024	562,188	1,265,590	315,000	146,314	2,289,092
2025	302,998	1,289,087	326,000	97,275	2,015,360
2026	184,179	1,070,653	335,000	43,275	1,633,107
2027	129,319	419,958	346,000	-	895,277
2028	-	-	356,000	-	356,000
2029	-	-	367,000	-	367,000
2030	-	-	379,000	-	379,000
2031	-	-	391,000	-	391,000
2032	-	-	66,000	-	66,000
	1,178,684	4,045,288	2,881,000	286,864	8,391,836

8. EMPLOYEE BENEFITS OBLIGATIONS

The employee benefits obligations of TBDSSAB are as follows:

	2023 \$	2022 \$
Post-employment retiree benefits	2,665,927	2,778,065
Vacation entitlements	261,548	196,301
	2,927,475	2,974,366

[i] TBDSSAB pays certain post-employment benefits on behalf of its retired employees and recognizes these post-retirement costs in the period in which the employees rendered the services. The accrued benefit obligation at December 31, 2023 of \$1,498,400 [2022 – \$1,443,752] was determined by an actuarial valuation prepared for the year ended December 31, 2023.

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Information about TBDSSAB's post-employment retiree benefit liability recognized in the consolidated financial statements is as follows:

	2023	2022
	\$	\$
Accrued benefit liability, beginning of year	2,778,065	2,673,499
Expense for the year	7,905	164,808
Benefits paid for the year	(120,046)	(60,242)
Accrued benefit liability, end of year	2,665,924	2,778,065

The main actuarial assumptions employed for the valuation are as follows:

General inflation

Future general inflation levels, as measured by changes in the Consumer Price Index, were assumed at 2% per annum.

Discount rate

The obligation as at December 31, 2023 of the present value of future liabilities and the expense for the year then ended was determined using an annual discount rate of 4.5%. This rate reflects the assumed borrowing rate based on market bond yield information for-high quality bonds as at December 31, 2023.

Medical and dental costs

Medical and dental costs were assumed to increase as follows:

Year	Health	Dental
2024	5.1%	5.4%
2025	5.3%	5.6%
2030	5.3%	5.3%
2035	4.6%	4.6%
2040 and thereafter	4.0%	4.0%

[ii] Vacation Entitlements

Vacation entitlements earned by the employees would be converted to a cash payment if they retire or leave TBDSSAB's employment. The liability for these accumulated days as at December 31, 2023 would amount to approximately \$261,548 [2022 - \$196,301].

[iii] Workplace Safety and Insurance Obligations

TBDSSAB is a Schedule 1 employer under the Workplace Safety and Insurance Act and as such, is protected by a system of collective liability. TBDSSAB pays premiums to the Workplace Safety and Insurance Board and, in exchange, the Workplace Safety and Insurance Board pays all benefits to injured workers out of monies pooled in the insurance fund.

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[iv] Pension Agreement

TBDSSAB makes contributions to the Ontario Municipal Employees' Retirement System plan [OMERS], a multi-employer pension plan, on behalf of its employees. OMERS is a defined benefit plan which specifies the amount of the retirement benefits to be received by the employees based on length of service and rates of pay. Employees and employers contribute equally to the plan. Employer contributions for 2023 amounted to \$1,021,845 [2022 - \$929,219]. These contributions are included in the consolidated statement of operations.

TBDSSAB does not recognize any share of the pension plan deficit based on the fair market value of OMERS assets, as the plan is managed by OMERS and TBDSSAB does not share risk or control of decisions in the plan administration, benefits, or contribution. As at December 31, 2023, OMERS has reported a deficit of \$4.2 billion (2022 – deficit of \$6.7 billion).

9. COMMITMENTS

- [i] TBDSSAB has commitments under various office building lease agreements expiring between 2024 and 2026. The following approximate annual rental payments are required under these operating leases.

Year	Annual Payment
2024	37,681
2025	10,693
2026	891
Total	\$ 49,265

- [ii] TBDSSAB has commitments under various leases and service agreements for certain computer equipment and software expiring between 2024 and 2026. The following approximate annual payments are required under these agreements.

Year	Annual Payment
2024	165,748
2025	112,154
2026	49,833
Total	\$ 327,735

- [iii] TBDSSAB has commitments under various vehicle lease agreements expiring in 2024 and 2025. The following approximate annual payments are required under these leases.

Year	Annual Payment
2024	40,424
2025	23,375
Total	\$ 63,799

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- [iv] On February 1, 2012, TBDSSAB entered into a 20-year amortization, 5 year term indicative swap rate takeout loan agreement in the amount of \$6,000,000 with the RBC to finance the construction of TBDSSAB headquarters. This loan was renewed effective February 1, 2017, for the remaining 15-year term. The balance of the loan as at December 31, 2023 is \$2,881,000 [2022 - \$3,187,000]. The swap agreement exchanges TBDSSAB's Banker's Acceptance variable loan payments for an established fixed interest rate payment. The exchange of interest payments results in an effective interest rate of 2.32% plus a 0.40% stamping fee for an all-in interest rate of 2.72% for the 15-year term. The approximate gain (cost) of breaking the swap rate loan agreement prior to maturation, given the market interest rates as at December 31, 2023, is estimated to be \$137,591 [2022 – \$201,072].
- [v] In 1975, the Thunder Bay Community Projects Incorporated entered into an agreement with The Corporation of the City of Thunder Bay to lease land on which the Andras Court housing project was built. Through amalgamation, TBDSSAB has assumed all responsibilities under this lease. TBDSSAB is responsible for all operating costs of the property and for the mortgage payments on the property [note 7]. The lease expires on May 31, 2032, at which time the land and buildings revert back to the Corporation of the City of Thunder Bay.

10. CONTINGENT LIABILITIES

The nature of TBDSSAB's activities is such that there is often litigation pending or in prospect at any time. With respect to claims at December 31, 2023, management believes TBDSSAB has valid defenses and appropriate insurance coverage in place. In the event that claims are successful, management believes that such claims are not expected to have a material effect on TBDSSAB's financial position.

11. ASSET RETIREMENT OBLIGATION (ARO)

TBDSSAB has adopted PS 3280 with an effective date of January 1, 2023 on a modified retroactive basis, with a retrospective restatement of prior year amounts as at January 1, 2022.

TBDSSAB discounts significant obligations where there is a high degree of confidence on the amount and timing of cash flows and the obligation will not be settled for at least five years from the reporting date. The discount and inflation rate is reflective of the risks specific to the asset retirement liability.

As of December 31, 2023, all liabilities for asset retirement obligations are reported at current costs in nominal dollars without discounting. A reconciliation of the beginning and ending aggregate carrying amount of the ARO liability is below:

	2023	2022
	\$	\$
Opening balance	12,985,485	-
Prior year adjustment	-	12,316,689
Accretion expense	705,112	668,796
Closing balance	13,690,597	12,985,485

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12. RESERVE FUNDS

The continuity of reserve funds is as follows:

	2023	2022
	\$	\$
Reserve funds		
Balance, beginning of year	36,763,304	31,273,025
Revenue		
Transfers from current operations	3,167,400	6,802,262
Income earned	1,360,438	802,843
	4,527,838	7,605,105
Expenditures		
Transfers to current operations	1,820,219	2,114,826
Balance, end of year	39,470,922	36,763,304

13. BUDGET AMOUNTS

The budget approved for the current year was prepared on a cash basis, and has been restated to conform with the accounting and reporting standards applicable to the actual results. A reconciliation of the approved and reported budget amounts is presented below:

	Budget 2023
	\$
Approved Budget:	
Surplus (deficit) cash basis	-
Add:	
Tangible capital asset additions	356
Debt principal repayments	2,354,821
Transfer to reserve funds	3,340,000
Less:	
Transfer from reserve funds	(3,880,600)
Budgeted surplus	1,814,577
Adjustments:	
Amortization of tangible capital assets	(2,204,042)
Annual operating deficit	(389,465)

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14. ONTARIO WORKS

The expenses by program description under the Ontario Works service agreement are outlined below:

	Budget 2023	Actual 2023	Actual 2022
	\$	\$	\$
	<i>[note 13]</i>		
Financial assistance	24,255,286	23,556,002	23,374,255
Program delivery	10,541,532	10,224,456	10,440,898
	34,796,818	33,780,458	33,815,153

15. CHILD CARE AND EARLY YEARS

The expenses by program description under the child care and early years service agreement are outlined below:

	Budget 2023	Actual 2023	Actual 2022
	\$	\$	\$
	<i>[note 13]</i>		
Administration	611,776	612,017	574,695
Base funding for licensed home child care	82,800	82,800	82,800
Canada-Wide Early Learning and Child Care	9,415,000	6,765,438	1,980,727
Capacity building	267,700	220,189	223,494
Emergency Child Care	-	-	21,406
Federal Safe Restart	-	-	-
Fee subsidy	1,871,500	1,198,410	2,282,950
General operating	8,028,600	8,142,887	7,084,700
Occupancy incentive	-	-	300,000
Ontario works formal	128,500	125,402	156,591
Ontario works informal	20,000	372	9,000
Pay equity	104,300	104,300	103,300
Play-based materials and equipment	-	46,508	35,733
Repairs and maintenance	21,800	36,757	29,932
Small water works	3,200	3,904	6,132
Special needs resourcing	1,543,600	1,543,600	1,567,000
Transformation	-	22,719	1,824
Wage enhancement	1,225,200	1,063,695	1,212,089
Workforce	725,300	701,441	285,567
Total	24,049,276	20,671,439	15,957,940

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EarlyON

Data analysis services	103,100	103,100	101,100
EarlyON child and family centres	2,279,400	2,194,349	2,270,060
Early years officer	92,400	77,325	92,400
Mental Health	45,700	45,724	-
Planning	34,100	16,833	-
Indigenous led – operating	1,177,400	1,177,410	1,177,410
Total EarlyON	3,837,300	3,614,741	3,640,970

Total child care and early years	27,886,576	24,285,180	19,598,910
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16. COMMUNITY HOUSING

The expenses by program for Community Housing are as follows:

	Budget 2023	Actual 2023	Actual 2022
	\$	\$	\$
	<i>[note 13]</i>		
Administration*	391,102	587,683	883,552
Provincial reformed	5,627,800	5,573,616	5,995,611
Rent supplement – private landlord	2,676,900	2,689,892	2,507,577
Rent supplement – non-profit	789,600	775,326	1,821,496
Strong Communities – regular	-	-	88,490
Strong Communities – MCCSS	-	-	5,073
Strong Communities – MOHLTC	-	-	4,719
Urban Native, Post-1985	1,046,000	1,139,848	1,287,156
Canada-Ontario Community Housing Initiative [COCHI]			
Administration	2,767	159,063	53,351
Rent supplement	889,000	828,709	654,822
Repairs	3,209,800	1,761,654	267,872
Capital – Affordable housing	-	1,652,000	-
Transitional operating	565,900	590,900	90,977
Investment in Affordable Housing [IAH]			
Rent supplement	46,700	73,223	153,131
Revolving loan	-	250,731	77,317
IAH Social Infrastructure Fund [SIF]			
Administration	2,100	1,979	4,738
Housing allowance	23,600	37,607	84,347
Ontario Priorities Housing Initiative [OPHI]			
Administration	78,000	29,291	58,266
Ontario renovates	895,000	556,531	1,107,063
Rental housing	500,000	-	-
Portable Housing Benefit	1,022,300	849,748	552,983
	17,128,702	17,577,801	15,698,541

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*Community Housing program administration included expenditures incurred under the Reaching Home – Community Capacity and Innovation Funding agreement between the Lakehead Social Planning Council [LSPC] and TBDSSAB. Under the agreement which ended in 2022, LSPC agreed to provide funding equal to eligible expenditures.

Eligible expenditures reported were as follows:

	2023	2022
	\$	\$
Personnel services	-	25,588
Technology	-	2,104
Administration	-	4,887
	-	32,579

17. DIRECT-OWNED COMMUNITY HOUSING BUILDING OPERATIONS

The expenses for direct-owned Community Housing building operations are as follows:

	Budget	Actual	Actual
	2023	2023	2022
	\$	\$	\$
	<i>[note 13]</i>		
Administration	5,796,361	5,366,086	4,893,743
Gain on disposal of housing projects	-	-	(346,398)
Insurance	800,600	1,047,480	670,205
Interest on long-term debt	145,100	141,437	184,509
Loan principal payments	2,045,900	2,045,931	2,243,194
Amortization	-	453,834	710,211
Municipal taxes	5,467,300	5,409,521	5,194,696
Recovery from rent supplement	-	-	(1,168,141)
Repairs, maintenance, and operating services	8,622,508	5,956,785	5,681,412
Utilities	4,446,600	4,228,395	4,359,657
	27,324,369	24,648,287	22,423,088

Each year TBDSSAB is required to provide the MMAH a Service Manager Annual Information Return [SMAIR] which, among other things, confirms the expenditures for the year by program. A portion of these expenditures are included in the summary of Direct-Owned Housing and Administration. For the purposes of the 2023 SMAIR, TBDSSAB has attributed \$8,106,641 [2022 - \$7,256,985] to the Public Housing program and \$4,969,343 [2022 - \$4,662,741] to the Provincial Reformed program.

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18. HOMELESSNESS PREVENTION

The expenses by program for Homelessness Prevention are as follows:

	Budget 2023 \$	Actual 2023 \$	Actual 2022 \$
	<i>[note 13]</i>		
Homelessness Prevention Program			
Administration	344,300	847,361	404,368
Emergency shelter solutions	1,127,400	1,479,016	923,378
Capital (supportive housing)	-	4,904,600	-
Homelessness prevention	1,488,100	1,642,214	1,569,297
Housing with related supports	302,300	311,400	211,400
Community outreach and support services	2,580,000	3,159,097	2,191,094
	5,842,100	13,343,688	5,299,537
Home for Good			
Capital component	104,700	104,721	104,721
Social Services Relief Fund			
Administration	-	-	117,672
Capital	1,050,000	1,590,250	2,381,250
Emergency shelter solutions	-	-	59,261
Homelessness prevention	-	-	455,779
Services and supports	-	-	300,560
	1,050,000	1,590,250	3,314,522
	6,996,800	14,038,659	8,718,780

19. RELATED PARTY TRANSACTIONS

Measurement basis

Related party transactions are in the normal course of operations and stated at the exchange amount. The expenses represent purchased services and rents under contracts approved by TBDSSAB.

Related corporations

TBDSSAB is related to the following corporations:

The Corporation of the City of Thunder Bay acted as a delivery agent for child care programs, and provided certain software licenses to TBDSSAB.

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The Municipality of Greenstone acted as a delivery agent for child care programs and provided rental accommodations to TBDSSAB. TBDSSAB provided Community Homelessness Prevention Initiative food security funds to the Municipality of Greenstone.

The Township of Schreiber provided rental accommodations to TBDSSAB.

	2023	2022
	\$	\$
Amounts owing to related parties, included in payable to participating municipalities and funded agencies. The following amounts are non-interest bearing with repayment terms based on the year-end settlement process:		
City of Thunder Bay	81,963	65,754
Municipality of Greenstone	12,703	9,135

Amounts paid to related parties for purchased services and rent, included in expenses:

City of Thunder Bay	1,608,115	1,554,720
Municipality of Greenstone	688,290	587,575
Township of Schreiber	11,561	8,652

20. PROVINCIAL AND FEDERAL GRANTS

Revenue from the Province of Ontario and Canadian Government has been calculated according to the terms of the governing statutes and is subject to final approval by the Province and Federal Government. Ultimate determination of amounts is dependent upon the reconciliation of funding by the Province of Ontario and Canadian Government. Adjustment to the accounting records is made at the time of final settlement. Updated BCAs are in progress as at year end.

21. COMPARATIVE FIGURES

Certain of the 2022 comparative figures have been reclassified to conform to the presentation adopted in the current year.

22. ADEQUACY OF HOUSING PROVIDERS' CAPITAL RESERVE FUNDS

TBDSSAB and certain non-profit housing providers are required to establish capital reserve funds for financing future major repairs and replacements. Building Condition Assessments [BCA] and Capital Reserve Fund Studies [the Study], conducted by Stantec Consulting Ltd. during the period 2012 to 2014 evaluated the adequacy of annual contributions to the capital reserve funds of certain housing providers that receive funding from TBDSSAB.

The Study indicated that, based on the capital reserve fund balances as at December 31, 2012 and the level of annual capital reserve contributions in effect for the year 2012, that over a 30-year period, the capital reserve funds for the public housing and certain provincial reformed non-profit housing providers that receive funding from TBDSSAB would be deficient. The capital reserve funds of housing providers were evaluated on the basis of expected repair and replacement costs

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and life expectancy of the building projects. Such evaluation is based on numerous assumptions and future events. Updated BCAs are in progress at year end.

The Board approved Reserve and Reserve Fund Strategy has been established to prolong the adequacy of financial resources by controlling the amount of capital projects undertaken each year and maintaining the annual contributions to capital reserve funds.

23. COVID-19

From late 2019 through to the end of 2023, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses were forced to cease or limit operations for long periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

In 2020-2023, TBDSSAB administered several programs developed by the Province of Ontario in response to the pandemic, including the Social Services Relief Fund, Temporary Pandemic Pay for eligible front-line workers, and Emergency Child Care for eligible front-line workers. These programs were funded 100% by the Province of Ontario.

24. FINANCIAL INSTRUMENTS

[i] Fair value of financial instruments

The carrying values of cash and cash equivalents, marketable securities, accounts receivable, interest receivable, accounts payable and accrued liabilities, payable to participating municipalities and funded agencies, and due to Province of Ontario approximate fair values due to the relative short periods to maturity of the instruments. The carrying value of long-term debt may differ from its fair value due to the terms of repayment and interest rates charged.

[ii] Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. TBDSSAB is exposed to market risk through its investments held and quoted in an active market.

[iii] Credit Risk

Credit risk is the risk of financial loss to TBDSSAB if a debtor fails to discharge their obligation. TBDSSAB is exposed to this risk arising from its cash, investments, grants receivable and accounts receivable. TBDSSAB holds its cash accounts with a federally regulated chartered bank who is insured by the Canadian Deposit Insurance Corporation. In the event of default, TBDSSAB's cash accounts are insured up to \$100,000 (2022 - \$100,000).

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TBDSSAB's investment policy operates within the constraints of the investment guidelines laid out in the Housing Services Act, 2011 and Municipal Act, 2001 which puts limits on the types of investments TBDSSAB may invest in, lays out composition of its investment portfolio, specifies the bond quality limits and issuer type limits and general guidelines for geographical exposure.

Accounts receivable is primarily due from government, and corporations and individuals. Credit risk is mitigated by the highly diversified nature of the debtors and other customers. TBDSSAB measures its exposure to credit risk based on how long the amounts have been outstanding. An allowance for doubtful accounts (AFDA) is set up based on TBDSSAB's historical experience regarding collections. In the current and prior years, all of the allowance for doubtful accounts related to the other receivables. There were no changes in exposures to credit risk during the period. The amounts outstanding at year end were as follows:

	Current	31 - 60 Days	61 - 90 Days	Over 90 Days	Total
Government	6,793,210	-	-	-	6,793,210
Other receivable	197,458	172,068	184,382	5,535,441	6,089,349
	6,990,668	172,068	184,382	5,535,441	12,882,559
Less: AFDA	-	-	-	4,456,560	4,456,560
	6,990,668	172,068	184,382	1,078,881	8,425,999

[iv] Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk). The Board is exposed to other price risk related to its investments in equity instruments. As described in the credit risk section, the Board's investment policy operates within the constraints of the investment guidelines laid out in the Housing Services Act, 2011 and Municipal Act, 2001 which puts limits on the types of investments the Board may invest in. The investments are limited to equity instruments in long-term Canadian institutions.

[v] Interest rate risk

Interest rate risk is the potential for financial loss caused by fluctuations in the fair value or future cash flows of financial instruments because of changes in market interest rates. TBDSSAB is exposed to this risk through its interest-bearing investments and debt. There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

[vi] Liquidity risk

Liquidity risk is the risk that the Board will not be able to meet all cash outflow obligations as they come due. The Board mitigates this risk by monitoring cash activities and expected

**THE DISTRICT OF THUNDER BAY
SOCIAL SERVICES ADMINISTRATION BOARD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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outflows through extensive budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cash outflows arise. The following table sets out the expected maturities, representing undiscounted cash-flows of its financial liabilities:

	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Amounts payable	26,921,407	-	-	-	26,921,407
Debt	<u>2,289,092</u>	<u>2,015,360</u>	<u>1,633,107</u>	<u>2,454,277</u>	<u>8,391,836</u>
Total	<u>29,210,499</u>	<u>2,015,360</u>	<u>1,633,107</u>	<u>2,454,277</u>	<u>35,313,243</u>

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

TBDSSAB is not exposed to significant currency risk.

FINANCIAL INSTRUMENT CLASIFICATION

The following table provides the carrying amount information of the Board's financial instruments by category. The maximum exposure to credit risk for the financial assets would be the carrying values shown below;

	2023		Total
	Fair Value	Amortized Cost	
Cash	-	25,388,993	25,388,993
Marketable securities	26,135,193	-	26,135,193
Accounts receivable	-	1,632,790	1,632,790
Client benefit advances	-	1,692,454	1,692,454
Interest receivable	-	99,862	99,862
HST Receivable	-	771,888	771,888
Accounts payable and accrued liabilities	-	(2,796,221)	(2,796,221)
Payable to participating municipalities and funded agencies	-	(4,814,376)	(4,814,376)
Due to Province of Ontario	-	(7,703,223)	(7,703,223)
Long-term debt	-	(8,254,238)	(8,254,238)
	<u>26,135,193</u>	<u>6,017,929</u>	<u>32,153,122</u>

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	2022		Total
	Fair Value	Amortized Cost	
Cash	-	22,753,596	22,753,596
Marketable securities	25,667,769	-	25,667,769
Accounts receivable	-	1,631,923	1,631,923
Client benefit advances	-	1,692,454	1,692,454
Interest receivable	-	84,509	84,509
HST Receivable	-	769,683	769,683
Accounts payable and accrued liabilities	-	(2,699,926)	(2,699,926)
Payable to participating municipalities and funded agencies	-	(853,739)	(853,739)
Due to Province of Ontario	-	(9,843,934)	(9,843,934)
Long-term debt	-	(10,722,732)	(10,722,732)
	<u>25,667,769</u>	<u>2,817,415</u>	<u>28,485,184</u>

The following table provides an analysis of financial instruments that are subsequently measured at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities using the last bid price;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial Instruments	2023			Total
	Level 1 - Equities	Level 2 – Fixed Income	Level 3	
Marketable Securities	6,463,383	19,671,810	-	26,135,193
Cash and cash equivalents *	-	5,593,387	-	5,593,387
	<u>6,463,383</u>	<u>25,265,197</u>	<u>-</u>	<u>31,728,580</u>

The fair market value (FMV) of investments at December 31, 2023 is \$31,728,580 (2022: \$29,693,464) compared to the book value (cost) of \$32,260,181 (2022: \$31,624,330).

*Cash and cash equivalents of \$5,593,387 are reclassified for financial statement purposes to cash and cash equivalents.

**THE DISTRICT OF THUNDER BAY
SOCIAL SERVICES ADMINISTRATION BOARD**

Consolidated Schedule of Segment Disclosure

Year ended December 31

Schedule 1

	Corporate Management and Program Support		Integrated Social Services Program Support		Social Assistance		Child Care and Early Years Programs	
	2023	2022	2023	2022	2023	2022	2023	2022
	\$	\$			\$	\$	\$	\$
Revenues								
Levy to municipalities and TWOMO	(300,000)	(100,000)	-	-	3,667,600	3,688,900	1,271,500	1,675,100
Provincial grants	-	25,000.00	-	-	30,313,480	30,171,940	14,552,739	18,230,879
Federal grants	-	-	-	-	-	-	8,461,667	3,101,041
Rents	-	-	-	-	-	-	-	-
Income earned on unrestricted funds	615,254	100,000	-	-	-	-	-	-
Income earned on reserve funds	186,696	489,570	-	-	-	-	68,729	5,263
Other	39,632	3,694	-	-	-	6,687	4,280	281,016
	541,582	518,264	-	-	33,981,080	33,867,527	24,358,915	23,293,299
Expenses								
Salaries, wages & employee benefits	3,769,283	3,629,040	2,171,791	2,093,139	3,834,709	3,770,995	495,230	467,725
Interest on long-term debt	82,050	100,619	-	-	-	-	-	-
Materials	1,846,145	1,625,858	32,274	37,121	499,082	461,533	34,749	34,095
Contracted services	170,426	239,939	-	-	2,040	7,245	8,446	-
Rents and financial expenses	13,860	13,409	-	-	126,338	121,076	-	2,076
Gain on disposal of assets	-	-	-	-	-	-	-	-
External transfers	-	-	-	-	24,701,142	24,656,340	23,007,526	18,389,588
Amortization	460,607	566,307	-	-	8,009	8,009	-	-
Allocation of internal administration	(6,342,371)	(6,150,172)	(2,204,065)	(2,130,260)	4,609,138	4,789,955	739,229	705,426
	-	25,000	-	-	33,780,458	33,815,153	24,285,180	19,598,910
Excess (deficiency) of revenues over expenses	541,582	493,264	-	-	200,622	52,374	73,735	3,694,389

**THE DISTRICT OF THUNDER BAY
SOCIAL SERVICES ADMINISTRATION BOARD**

Consolidated Schedule of Segment Disclosure

Year ended December 31

**Schedule 1
(continued)**

	Community Housing		Direct-Owned Community Housing Building Operations		Homelessness Prevention Programs		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$	\$	\$
				<i>[restated - note 2]</i>				<i>[restated - note 2]</i>
Revenues								
Levy to municipalities and TWOMO	8,533,900	9,364,500	11,157,500	8,425,800	-	-	24,330,500	23,054,300
Provincial grants	478,405	841,963	-	-	13,638,659	8,709,508	58,983,283	57,979,290
Federal grants	8,838,832	5,855,403	2,518,302	2,473,400	-	-	19,818,801	11,429,844
Rents	-	-	10,832,176	11,148,078	-	-	10,832,176	11,148,078
Income earned on unrestricted funds	-	-	-	-	-	-	615,254	100,000
Income earned on reserve funds	37,548	19,379	1,067,465	288,631	-	-	1,360,438	802,843
Other	17,774	79,627	260,137	285,064	-	-	321,823	656,088
	17,906,459	16,160,872	25,835,580	22,620,973	13,638,659	8,709,508	116,262,275	105,170,443
Expenses								
Salaries, wages & employee benefits	491,245	493,574	3,485,205	3,242,863	-	-	14,247,463	13,697,336
Interest on long-term debt	-	-	141,437	184,509	-	-	223,487	285,128
Materials	1,475,673	934,258	16,906,346	16,388,814	-	-	20,794,269	19,481,679
Contracted services	457,760	123,364	8,592	129,866	-	-	647,264	500,414
Rents and financial expenses	-	-	150,051	98,283	-	-	290,249	234,844
Gain on disposal of assets	-	-	-	(346,398)	-	-	-	(346,398)
External transfers	14,911,144	12,552,873	8,823	2,885	12,499,198	7,724,240	75,127,833	63,325,926
Amortization	-	-	2,531,204	2,526,227	-	-	2,999,820	3,100,543
Allocation of internal administration	241,979	1,594,472	1,416,629	196,039	1,539,461	994,540	-	-
	17,577,801	15,698,541	24,648,287	22,423,088	14,038,659	8,718,780	114,330,385	100,279,472
Excess (deficiency) of revenues over expenses	328,658	462,331	1,187,293	197,885	(400,000)	(9,272)	1,931,890	4,890,971

**THE DISTRICT OF THUNDER BAY
SOCIAL SERVICES ADMINISTRATION BOARD**

Consolidated Schedule of Tangible Capital Assets

Year ended December 31

Schedule 2

	Land	Land Improvements	Building	Vehicles	Computer	Furniture	Machinery & Equipment	Assets Under Construction	2023	2022
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
COST										
Balance, beginning of year	10,011,225	356,222	91,992,341	147,686	1,854,023	431,529	5,934,731	500,743	111,228,500	109,090,243
Prior period restatement [note 2]	-	-	-	-	-	-	-	-	-	1,835,619
Transfer from Assets Under Construction	-	-	-	-	-	-	-	-	-	-
Add:										
Additions during the year	-	-	-	-	-	-	-	356	356	417,032
Less:										
Deductions during the year	-	-	-	-	-	-	-	-	-	(114,394)
BALANCE, END OF YEAR	10,011,225	356,222	91,992,341	147,686	1,854,023	431,529	5,934,731	501,099	111,228,856	111,228,500
ACCUMULATED AMORTIZATION										
Balance, beginning of year	-	344,799	64,531,387	147,686	1,611,761	431,529	3,303,602	-	70,370,764	66,556,392
Prior period restatement [note 2]	-	-	-	-	-	-	-	-	-	1,490,938
Add:										
Amortization during the year	-	11,423	1,521,273	-	149,732	-	521,615	-	2,204,043	2,390,332
ARO Amortization during the year	-	-	49,234	-	-	-	-	-	49,234	41,415
Less:										
Accumulated amortization on deductions	-	-	-	-	-	-	-	-	-	(108,313)
BALANCE, END OF YEAR	-	356,222	66,101,894	147,686	1,761,493	431,529	3,825,217	-	72,624,041	70,370,764
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS, BEGINNING OF YEAR	10,011,225	11,423	27,460,954	-	242,262	-	2,631,129	500,743	40,857,736	42,533,851
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS, END OF YEAR	10,011,225	-	25,890,447	-	92,530	-	2,109,514	501,099	38,604,815	40,857,736

**THE DISTRICT OF THUNDER BAY
SOCIAL SERVICES ADMINISTRATION BOARD**

Consolidated Schedule of Accumulated Surplus

Year ended December 31

Schedule 3

	2023	2022
	\$	\$
RESERVE FUNDS		
Capital regeneration	7,160,966	7,027,219
Community housing	2,000,429	1,972,881
Early years	3,679,795	3,611,066
Employment compensation and benefits	1,108,442	1,087,739
Housing portfolio capital	19,885,519	17,509,578
Levy stabilization	3,430,319	3,534,300
Office building capital	2,205,452	2,020,521
Total - Reserve Funds	39,470,922	36,763,304
SURPLUSES (DEFICITS)		
Invested in tangible capital assets	30,350,577	30,135,004
General	(16,766,747)	(4,049,592)
Prior period restatement <i>[note 2]</i>		(12,985,485)
Total - Surpluses	13,583,830	13,099,927
ACCUMULATED SURPLUS	53,054,752	49,863,231