

**HALIBURTON, KAWARTHA, PINE RIDGE
DISTRICT HEALTH UNIT**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

Draft June 17, 2024

**HALIBURTON, KAWARTHA, PINE RIDGE
DISTRICT HEALTH UNIT**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

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Draft June 17, 2024

HALIBURTON, KAWARTHA, PINE RIDGE DISTRICT HEALTH UNIT

For The Year Ended December 31, 2023

MANAGEMENT REPORT

The accompanying consolidated financial statements of the Haliburton, Kawartha, Pine Ridge District Health Unit are the responsibility of management and have been approved by the Board of Health.

The consolidated financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The Health Unit maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Health Unit's assets are appropriately accounted for and adequately safeguarded.

The Health Unit's Board of Health is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving financial statements.

The Board of Health reviews and approves the Health Unit's financial statements for issuance to the members of the Haliburton, Kawartha, Pine Ridge District Health Unit. The Board of Health meets periodically with management, as well as the external auditor, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities and to review the financial statements and the independent auditor's report.

The consolidated financial statements have been audited by Baker Tilly KDN LLP in accordance with Canadian generally accepted auditing standards on behalf of the Health Unit. Baker Tilly KDN LLP has full and free access to the Health Unit.

Chair

Medical Officer of Health

June 20, 2024

Draft June 17, 2024

INDEPENDENT AUDITOR'S REPORT

**To the Members of the Board of Directors of the Haliburton,
Kawartha, Pine Ridge District Health Unit**

Opinion

We have audited the consolidated financial statements of the Haliburton, Kawartha, Pine Ridge District Health Unit (the Health Unit), which comprise the consolidated statement of financial position as at December 31, 2023, the consolidated statements of operations and accumulated surplus, change in net financial 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 consolidated financial position of the Health Unit as at December 31, 2023, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Health Unit 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 the consolidated financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Draft June 17, 2024

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 Health Unit'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 Health Unit'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 Health Unit 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.
- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Health Unit 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.

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.

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
June 20, 2024

HALIBURTON, KAWARTHA, PINE RIDGE DISTRICT HEALTH UNIT

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2023

| | 2023 | 2022 |
|------------------------------------------|------------------|------------------|
| | \$ | \$ |
| FINANCIAL ASSETS | | |
| Cash | 3,968,425 | 7,079,455 |
| Accounts receivable | 357,821 | 306,206 |
| Due from the Province of Ontario | 1,324,620 | - |
| Investments (note 3) | 1,048,802 | - |
| TOTAL FINANCIAL ASSETS | 6,699,668 | 7,385,661 |
| LIABILITIES | | |
| Accounts payable and accrued liabilities | 2,115,938 | 2,276,770 |
| Due to the Province of Ontario | - | 1,117,838 |
| Deferred revenue (note 4) | 381,111 | 443,548 |
| Employee future benefits (note 6) | 1,767,498 | 1,952,134 |
| TOTAL LIABILITIES | 4,264,547 | 5,790,290 |
| NET FINANCIAL ASSETS | 2,435,121 | 1,595,371 |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets (note 8) | 530,947 | 645,388 |
| Prepaid expenses | 361,187 | 647,405 |
| TOTAL NON-FINANCIAL ASSETS | 892,134 | 1,292,793 |
| ACCUMULATED SURPLUS (note 12) | 3,327,255 | 2,888,164 |

The accompanying notes are an integral part of these financial statements

Draft June 17, 2024

HALIBURTON, KAWARTHA, PINE RIDGE DISTRICT HEALTH UNIT

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the Year Ended December 31, 2023

| | Budget 2023 \$ (Unaudited) | Actual 2023 \$ | Actual 2022 \$ |
|------------------------------------------------|-------------------------------------|----------------------|----------------------|
| REVENUES | | | |
| Province of Ontario | 18,312,354 | 17,768,726 | 18,316,469 |
| Municipal contributions | 5,558,798 | 5,558,798 | 5,558,793 |
| Interest | 30,000 | 312,040 | 131,107 |
| Other | 19,000 | 110,997 | 104,219 |
| TOTAL REVENUES | 23,920,152 | 23,750,561 | 24,110,588 |
| EXPENSES | | | |
| Salaries and wages | 13,474,444 | 13,010,555 | 13,872,477 |
| Employee benefits | 3,201,706 | 3,193,567 | 3,214,076 |
| Employee travel | 476,555 | 309,991 | 351,917 |
| Program materials and supplies | 1,815,553 | 1,692,735 | 2,324,995 |
| Staff education | 113,500 | 196,595 | 110,796 |
| Administration | 2,074,746 | 2,168,782 | 1,819,017 |
| Occupancy | 2,467,652 | 2,329,966 | 2,294,658 |
| Liability insurance | 242,596 | 241,438 | 50,873 |
| One time project costs | 53,400 | 53,400 | - |
| Amortization of tangible capital assets | 114,441 | 114,441 | 114,441 |
| TOTAL EXPENSES | 24,034,593 | 23,311,470 | 24,153,250 |
| ANNUAL SURPLUS/(DEFICIT) | <u>(114,441)</u> | 439,091 | (42,662) |
| ACCUMULATED SURPLUS - beginning of year | | 2,888,164 | 2,930,826 |
| ACCUMULATED SURPLUS - end of year | | 3,327,255 | 2,888,164 |

The accompanying notes are an integral part of these financial statements

Draft June 17, 2024

HALIBURTON, KAWARTHA, PINE RIDGE DISTRICT HEALTH UNIT

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the Year Ended December 31, 2023

| | Budget 2023 \$ (Unaudited) | Actual 2023 \$ | Actual 2022 \$ |
|----------------------------------------------------|-------------------------------------|----------------------|----------------------|
| ANNUAL SURPLUS/(DEFICIT) | (114,441) | 439,091 | (42,662) |
| Amortization of tangible capital assets | 114,441 | 114,441 | 114,441 |
| Change in prepaid expenses | - | 286,218 | (394,897) |
| INCREASE/(DECREASE) IN NET FINANCIAL ASSETS | - | 839,750 | (323,118) |
| NET FINANCIAL ASSETS - beginning of year | 1,595,371 | 1,595,371 | 1,918,489 |
| NET FINANCIAL ASSETS - end of year | 1,595,371 | 2,435,121 | 1,595,371 |

Draft June 17, 2024

The accompanying notes are an integral part of these financial statements

HALIBURTON, KAWARTHA, PINE RIDGE DISTRICT HEALTH UNIT

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2023

| | 2023 | 2022 |
|----------------------------------------------|--------------------|------------------|
| | \$ | \$ |
| CASH PROVIDED BY (USED IN) | | |
| OPERATING ACTIVITIES | | |
| Annual surplus/(deficit) | 439,091 | (42,662) |
| Items not involving cash | | |
| Amortization of tangible capital assets | 114,441 | 114,441 |
| Change in employee future benefits | (184,636) | 62,608 |
| Change in non-cash assets and liabilities | | |
| Accounts receivable | (51,615) | 341,458 |
| Due from the Province of Ontario | (1,324,620) | - |
| Prepaid expenses | 286,218 | (394,897) |
| Accounts payable and accrued liabilities | (160,832) | (16,036) |
| Due to the Province of Ontario | (1,117,838) | 575,490 |
| Deferred revenue | (62,437) | 207,211 |
| Net change in cash from operating activities | (2,062,228) | 847,613 |
| INVESTING ACTIVITIES | | |
| Purchase of investments | (1,048,802) | - |
| NET CHANGE IN CASH | (3,111,030) | 847,613 |
| CASH - beginning of year | 7,079,455 | 6,231,842 |
| CASH - end of year | 3,968,425 | 7,079,455 |

The accompanying notes are an integral part of these financial statements

Draft June 17, 2024

HALIBURTON, KAWARTHA, PINE RIDGE DISTRICT HEALTH UNIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

1. NATURE OF OPERATIONS

The Haliburton, Kawartha, Pine Ridge District Health Unit strives to encourage healthy lifestyles and a safe environment for the residents of Northumberland and Haliburton Counties and the City of Kawartha Lakes. The Health Unit is a not-for-profit organization providing community based health programs and services that promote, protect and restore health.

2. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants of Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies are as follows:

(a) Reporting Entity

These consolidated financial statements reflect the assets, liabilities, revenues and expenses and accumulated surplus of the Haliburton, Kawartha, Pine Ridge District Health Unit.

All interfund assets and liabilities and revenues and expenses are eliminated.

(b) 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. Initial costs for tangible capital assets that were acquired or developed prior to 2009 were obtained using historical cost information or using current fair market values discounted by a relevant inflation factor to the point of acquisition. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

| | |
|------------------------|-------------------|
| Leasehold improvements | Term of the lease |
| Equipment and software | 3 - 10 years |
| Furniture and fixtures | 5 years |

Tangible capital assets categorized as assets under construction are not amortized until they are put into service.

(c) Deferred Revenue

Deferred revenue represents grants, user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

(d) Non-financial Assets

Tangible capital and other non-financial assets are accounted for as assets by the Health Unit because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Health Unit unless they are sold.

(e) Reserve Funds

Certain amounts, as approved by the Health Unit, are set aside in reserve funds for future purposes. Transfers to and/or from reserve funds are an adjustment to the fund when approved.

HALIBURTON, KAWARTHA, PINE RIDGE DISTRICT HEALTH UNIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(f) Use of Estimates

Certain items recognized in the consolidated financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Health Unit's best information and judgment. By their nature, these estimates are subject to measurement uncertainty and the effect on the consolidated financial statements or changes in such estimates in future periods could be significant. The Health Unit's significant estimates include:

- The amounts recorded for amortization of tangible capital assets are based on estimates of useful life and residual values; and
- The values of employee future benefits charged to operations depend on certain actuarial and economic assumptions.

(g) Recognition of Revenues and Expenses

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

Government Funding

The Health Unit claims from the Ministry of Health and Long-Term Care and Ministry of Children, Community and Social Services, The Corporations of the Counties of Northumberland and Haliburton and the City of Kawartha Lakes revenue equivalent to its net costs for the public health programs. While these net claims for costs are recorded as revenue in the current year, the reimbursement for these costs is ultimately dependent upon their acceptance by the funding bodies.

Other revenue

Interest income is recorded when earned.

Other revenue is recorded when earned and collection is reasonably assured.

3. INVESTMENTS

Investments consist of Guaranteed Investment Certificates (GIC) recorded at cost plus accrued interest to December 31. Interest is paid annually. The details of the GICs are as follows:

| | 2023 | 2022 |
|---------------------------------------------------------------------|-----------|------|
| | \$ | \$ |
| Non-redeemable GIC with interest 5.27% and matures January 27, 2024 | 1,048,802 | - |
| | 1,048,802 | - |

HALIBURTON, KAWARTHA, PINE RIDGE DISTRICT HEALTH UNIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

4. DEFERRED REVENUE

Deferred revenue consists of:

| | 2023 | 2022 |
|-------------------------------------|---------|---------|
| | \$ | \$ |
| Specific externally funded projects | 75,597 | 103,137 |
| PRHC- Hub & Spoke IPAC | - | 28,778 |
| Province - One-time needle exchange | 44,250 | - |
| Small Drinking Water System | 37,494 | - |
| Northumberland County | 223,770 | 218,819 |
| Province - School Health Nurses | - | 92,814 |
| | 381,111 | 443,548 |

The continuity of deferred revenue is as follows:

| | 2023 | 2022 |
|-------------------------------------------|---------|---------|
| | \$ | \$ |
| Balance - beginning of year | 443,548 | 236,337 |
| Add amounts received: | | |
| Specific externally funded projects | 58,100 | 52,429 |
| PRHC - Hub & Spoke IPAC | - | 28,778 |
| Province - One-time needle exchange | 59,000 | - |
| Small Drinking Water System | 37,494 | - |
| Northumberland County | 223,770 | 218,819 |
| Province - School Health Nurses | - | 92,814 |
| | 378,364 | 392,840 |
| Less: transfers to operations | | |
| Specific externally funded projects | 85,640 | 58,025 |
| Province - One-time needle exchange | 14,750 | 36,861 |
| PHAC - Harm Reduction Program Enhancement | - | 35,743 |
| PRHC - Hub & Spoke IPAC | 28,778 | 55,000 |
| Northumberland County | 218,819 | - |
| Province - School Health Nurses | 92,814 | - |
| | 440,801 | 185,629 |
| Balance - end of year | 381,111 | 443,548 |

5. BUDGET FIGURES

Budget data is compiled from the budget approved by the Board of Health, which is not subject to audit.

HALIBURTON, KAWARTHA, PINE RIDGE DISTRICT HEALTH UNIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

6. EMPLOYEE FUTURE BENEFITS

The Health Unit provides certain employee benefits that will require funding in future periods. The employee future benefits liability is comprised of the following:

| | 2023 | 2022 |
|----------------------------------------|------------------|------------------|
| | \$ | \$ |
| Accrued benefit obligation | 1,789,371 | 1,690,382 |
| Unamortized actuarial gain | (21,873) | 261,752 |
| Employee future amounts payable | 1,767,498 | 1,952,134 |

The Health Unit sponsors defined benefit plans to pay costs of health, vision and dental benefits for eligible employees after they retire. All benefits are provided upon retirement and continue until the retiree reaches age 65. The plans are not funded by the Health Unit until paid.

The actuarial valuation as at December 31, 2023 was based on a number of assumptions about future events, such as inflation rates, interest rates, medical inflation rates and employee turnover and mortality. Under this method, the benefit costs are recognized over the expected average service life of the employee group. Any actuarial gains and losses related to the past service of employees are amortized over the expected average remaining service life of the employee group, which was 10.4 years. The assumptions used reflect management's best estimate. The main actuarial assumptions employed for the valuation are as follows:

| | |
|-------------------------------------------------------------|------|
| Expected inflation rate | 2.5% |
| Future health care premium rates - increase first year 2021 | 5.5% |
| - decrease over 5 years to | 4.0% |
| Future dental care premium rates | 4.0% |
| Interest rate | 4.65 |

The employee future benefits expense is reported on the Consolidated Statement of Operations and Accumulated Surplus and is comprised of the following:

| | 2023 | 2022 |
|--------------------------------------------------|------------------|---------------|
| | \$ | \$ |
| Current service costs | 106,445 | 94,429 |
| Amortized actuarial loss | (25,168) | (27,553) |
| Interest on accrued benefit obligation | 39,893 | 37,765 |
| Premiums paid | (47,349) | (42,033) |
| Actuarial gain in period | (258,457) | - |
| Change in employee future amounts payable | (184,636) | 62,608 |

7. ECONOMIC DEPENDENCE

The Health Unit receives the majority of its operating revenue from the Province of Ontario and the Counties of Northumberland and Haliburton and the City of Kawartha Lakes. The nature and extent of this revenue is of such significance that the programs are economically dependent on these sources of revenue.

HALIBURTON, KAWARTHA, PINE RIDGE DISTRICT HEALTH UNIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

8. TANGIBLE CAPITAL ASSETS

The net book value of the Health Unit's tangible capital assets are:

| | Leasehold improvements \$ | Equipment and Software \$ | Furniture and Fixtures \$ | 2023 Totals \$ | 2022 Totals \$ |
|------------------------------------------------------|---------------------------------|------------------------------------|------------------------------------|----------------------|----------------------|
| COST | | | | | |
| Balance, beginning of year | 1,269,376 | 71,847 | 93,772 | 1,434,995 | 1,434,995 |
| Balance, end of year | 1,269,376 | 71,847 | 93,772 | 1,434,995 | 1,434,995 |
| ACCUMULATED AMORTIZATION | | | | | |
| Balance, beginning of year | 645,018 | 71,847 | 72,742 | 789,607 | 675,166 |
| Add: additions during the year | 100,049 | - | 14,392 | 114,441 | 114,441 |
| Balance, end of year | 745,067 | 71,847 | 87,134 | 904,048 | 789,607 |
| NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS | 524,309 | - | 6,638 | 530,947 | 645,388 |

During the year there were no write-downs of assets (2022 - \$Nil) and no interest capitalized (2022 - \$Nil).

9. PENSION AGREEMENTS

Certain employees of the Health Unit are eligible members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan.

The Actuarial Opinion contained in the 2023 Annual Report disclosed total actuarial liabilities of \$136,185 million in respect of benefits accrued for service with actuarial assets of \$131,983 million indicating an actuarial deficit of \$4,202 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Health Unit does not recognize any share of the OMERS pension surplus or deficit.

The Health Unit's required contributions to OMERS in 2023 were \$1,285,239 (2022 - \$1,126,057).

10. CONTINGENT LIABILITIES

The Health Unit, in the course of its operations, is involved in legal issues the outcome of which is indeterminable at this time. No amounts in connection with these items have been reflected in these financial statements.

11. HEALTH UNIT MERGER

During the year the Health Unit committed to investigating a potential merger with the Peterborough Public Health Unit.

HALIBURTON, KAWARTHA, PINE RIDGE DISTRICT HEALTH UNIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

12. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

| | 2023 | 2022 |
|------------------------------------------|-------------|-------------|
| | \$ | \$ |
| Surplus/(Deficit) | | |
| Public Health Programs | 3,219,842 | 3,006,159 |
| Unfunded employee future benefits | (1,767,498) | (1,952,134) |
| Unfunded vacation accruals | (197,101) | (341,445) |
| | 1,255,243 | 712,580 |
| Invested In Capital Assets | | |
| Tangible capital assets - net book value | 530,947 | 645,388 |
| Surplus | 1,786,190 | 1,357,968 |
| Reserve Funds | | |
| Contingencies | 1,541,065 | 1,530,196 |
| | 3,327,255 | 2,888,164 |

13. COMMITMENTS

The Health Unit has entered into lease agreements for office facilities in Haliburton, Lindsay and Port Hope. These leases expire at various dates up to and including 2032. The future minimum anticipated base lease payments over the next five years are:

| | |
|------|-------------|
| 2024 | \$1,189,334 |
| 2025 | 1,140,786 |
| 2026 | 1,099,509 |
| 2027 | 1,104,421 |
| 2028 | 1,114,243 |

The Health Unit has entered into a contract for IT and computer-related services that ends on December 31, 2024. The minimum anticipated payments after expected allowable tax rebates under the contract over the next year is:

| | |
|------|-----------|
| 2024 | \$630,464 |
|------|-----------|

14. COMPARATIVE FIGURES

Certain comparative figures were restated, where required, to conform with the current year presentation. The restatement did not affect the prior year annual surplus.

HALIBURTON, KAWARTHA, PINE RIDGE DISTRICT HEALTH UNIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

15. ADDITIONAL INFORMATION

Medical Officer of Health Compensation

The Health Unit provided the following compensation for the Medical Officer of Health:

| | 2023 | 2022 |
|------------------------------------------------------|----------------|----------------|
| | \$ | \$ |
| Medical Officer of Health compensation - base salary | 263,940 | 258,765 |
| Community Medicine Stipend - 100% Provincial | 5,000 | 5,000 |
| After Hours Availability - 100% Provincial | 12,000 | 12,000 |
| Physician compensation - 100% Provincial | 47,140 | 33,417 |
| | 328,080 | 309,182 |

Special or Specifically Funded Programs - 100%

| | 2023 | 2022 |
|-----------------------------------|----------------|---------------|
| | \$ | \$ |
| Medical Officer of Health | 74,816 | 58,358 |
| Flu, HPV and Men C reimbursements | 36,163 | 34,734 |
| | 110,979 | 93,092 |

One Time Project Funding - 100%

| | 2023 | 2022 |
|------------------------------------------|---------------|----------------|
| | \$ | \$ |
| 2022/2023 one-time needle exchange | - | 90,861 |
| Vaccine refrigerator | 53,400 | - |
| Public Health Inspector practicum | 33,655 | 33,656 |
| Security cameras | - | 11,865 |
| Temporary Retention Incentive for Nurses | - | 311,935 |
| | 87,055 | 448,317 |

16. CHANGES IN ACCOUNTING POLICIES

The Health Unit has implemented the following sections which are now effective under the PSA Handbook: PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments, PS 3450 Financial Instruments and PS 3280 Asset Retirement Obligations.

PS 1201 Financial Statement Presentation replaces PS 1200 Financial Statement Presentation. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 Foreign Currency Translation, PS 3450 Financial Instruments, and PS 3041 Portfolio Investments, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

Draft June 17, 2024

HALIBURTON, KAWARTHA, PINE RIDGE DISTRICT HEALTH UNIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

16. CHANGES IN ACCOUNTING POLICIES, continued

PS 2601 Foreign Currency Translation replaces PS 2600 Foreign Currency Translation. The standard provides comprehensive requirements for the recognition, measurement, presentation and disclosure of foreign currency transactions. The adoption of this standard did not have an impact on the Health Unit's consolidated financial statements.

PS 3041 Portfolio Investments replaces PS 3040 Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments. The adoption of this standard did not have an impact on the Health Unit's consolidated financial statements.

PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. Financial instruments are included on the statement of financial position and are measured either at fair value or cost or amortized cost based on the characteristics of the instrument and the Health Unit's accounting policy choices (see Note 2. Significant Accounting Policies). The new standard provides comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments. The adoption of this standard did not have an impact on the Health Unit's consolidated financial statements.

PS 3280 Asset Retirement Obligations addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. The adoption of this standard did not have an impact on the Health Unit's consolidated financial statements.

17. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in the Health Unit assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

The Health Unit is exposed to the following risks in respect of certain of the financial instruments held:

(a) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The value of fixed income securities will generally rise if interest rates fall and conversely fall when rates rise.

In the opinion of management, the Health Unit is not exposed to any significant liquidity, credit or currency risk.

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HALIBURTON, KAWARTHA, PINE RIDGE DISTRICT HEALTH UNIT

PUBLIC HEALTH PROGRAMS SCHEDULE OF REVENUE AND EXPENSES For the Year Ended December 31, 2023

| | Budget 2023 \$ (Unaudited) | Actual 2023 \$ | Actual 2022 \$ |
|-----------------------------------------|-------------------------------------|----------------------|----------------------|
| REVENUE | | | |
| Partner Contributions | | | |
| Province of Ontario | 12,794,050 | 12,794,050 | 11,901,650 |
| County of Northumberland | 2,625,828 | 2,625,828 | 2,661,433 |
| City of Kawartha Lakes | 2,328,529 | 2,328,529 | 2,362,008 |
| County of Haliburton | 604,441 | 604,441 | 535,352 |
| Other | | | |
| Vaccine reimbursement programs | 21,500 | 36,163 | 34,734 |
| Interest | 30,000 | 79,471 | 105,489 |
| Other | 19,000 | 25,357 | 46,194 |
| | 18,423,348 | 18,493,839 | 17,646,860 |
| EXPENSES | | | |
| Salaries and wages | 10,206,755 | 9,876,533 | 8,091,335 |
| Employee benefits | 2,468,875 | 2,484,152 | 2,211,228 |
| Employee travel | 350,537 | 241,631 | 177,373 |
| Program materials and supplies | 319,717 | 387,815 | 482,768 |
| Staff education | 113,500 | 194,916 | 110,793 |
| Administration | 2,074,746 | 2,168,782 | 1,803,153 |
| Occupancy | 2,467,652 | 2,329,966 | 2,256,795 |
| Liability insurance | 242,596 | 241,438 | 50,873 |
| Amortization of tangible capital assets | 114,441 | 114,441 | 114,441 |
| | 18,358,819 | 18,039,674 | 15,298,759 |
| ANNUAL SURPLUS | 64,529 | 454,165 | 2,348,101 |

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HALIBURTON, KAWARTHA, PINE RIDGE DISTRICT HEALTH UNIT

COVID-19 SCHEDULE OF REVENUE AND EXPENSES For the Year Ended December 31, 2023

| | Vaccine Program \$ | General Program \$ | School- Focused Nurses \$ | Actual 2023 \$ | Actual 2022 \$ |
|-----------------------|--------------------------|--------------------------|------------------------------------|----------------------|----------------------|
| REVENUE | | | | | |
| Province of Ontario | 717,057 | 1,339,437 | 492,814 | 2,549,308 | 2,537,610 |
| EXPENSES | | | | | |
| Salaries and wages | 564,866 | 1,042,269 | 392,302 | 1,999,437 | 4,211,625 |
| Benefits | 126,267 | 250,916 | 101,466 | 478,649 | 789,433 |
| Travel | 14,788 | 12,859 | 4,670 | 32,317 | 136,799 |
| Program supplies | 637 | 2,910 | - | 3,547 | 70,729 |
| Professional fees | 10,499 | 30,483 | - | 40,982 | 332,318 |
| | 717,057 | 1,339,437 | 498,438 | 2,554,932 | 5,540,904 |
| ANNUAL DEFICIT | - | - | (5,624) | (5,624) | (3,003,294) |

Draft June 17, 2024

HALIBURTON, KAWARTHA, PINE RIDGE DISTRICT HEALTH UNIT

ONTARIO SENIORS DENTAL CARE PROGRAM SCHEDULE OF REVENUE AND EXPENSES For the Year Ended December 31, 2023

| | Budget 2023 \$ (Unaudited) | Actual 2023 \$ | Actual 2022 \$ |
|--------------------------------------|-------------------------------------|----------------------|----------------------|
| REVENUE | | | |
| Province of Ontario | 1,185,500 | 1,185,494 | 1,284,556 |
| EXPENSES | | | |
| Salaries and wages | 19,000 | 33,576 | 32,770 |
| Benefits | 6,000 | 8,400 | 10,074 |
| Professional and contracted services | 1,160,500 | 1,160,502 | 1,241,518 |
| Travel | - | 146 | 194 |
| | 1,185,500 | 1,202,624 | 1,284,556 |
| ANNUAL DEFICIT | - | (17,130) | - |

Draft June 17, 2024