Financial Statements of

BOARD OF HEALTH FOR THE SUDBURY & DISTRICT HEALTH UNIT
(OPERATING AS PUBLIC HEALTH SUDBURY & DISTRICTS)

And Independent Auditor's Report thereon

Year ended December 31, 2025

KPMG LLP
Times Square
1760 Regent Street, Unit 4
Sudbury, ON P3E 3Z8
Canada
Telephone 705 675 8500
Fax 705 675 7586

INDEPENDENT AUDITOR'S REPORT

To the Board Members of The Board of Health for the Sudbury & District Health Unit (operating as Public Health Sudbury & Districts), Members of Council, Inhabitants and Ratepayers of the Participating Municipalities of the Board of Health for the Sudbury & District Health Unit

Opinion

We have audited the financial statements of The Board of Health for the Sudbury & District Health Unit operating as Public Health Sudbury & Districts (the Entity), which comprise:

- the statement of financial position as at December 31, 2025
- the statement of operations and accumulated surplus for the year then ended
- the statements of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2025, and its results of operations, its changes in net financial 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 Financial Statements"*** section of our auditor's report.

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

June 29, 2026

BOARD OF HEALTH FOR THE SUDBURY & DISTRICT HEALTH UNIT

(OPERATING AS PUBLIC HEALTH SUDBURY & DISTRICTS)

Statement of Financial Position

December 31, 2025, with comparative information for 2024

	2025	2024
Financial assets		
Cash and cash equivalents	$ 11,361,264	$ 14,806,939
Accounts receivable	576,051	315,050
Receivable from the Province of Ontario	132,428	51,765
	12,069,743	15,173,754
Financial liabilities		
Accounts payable and accrued liabilities	2,641,246	2,602,045
Deferred revenue	290,337	168,876
Payable to the Province of Ontario	-	4,112,197
Employee benefit obligations (note 2)	3,791,906	3,668,805
	6,723,489	10,551,923
Net financial assets	5,346,254	4,621,831
Non-financial assets:		
Tangible capital assets (note 3)	14,967,141	14,671,650
Prepaid expenses	648,277	458,156
	15,615,418	15,129,806
Commitments and contingencies (note 4)		
Accumulated surplus (note 5)	$ 20,961,672	$ 19,751,637

See accompanying notes to financial statements.

On behalf of the Board:

_____ Board Member

BOARD OF HEALTH FOR THE SUDBURY & DISTRICT HEALTH UNIT

(OPERATING AS PUBLIC HEALTH SUDBURY & DISTRICTS)

Statement of Operations and Accumulated Surplus

Year ended December 31, 2025, with comparative information for 2024

	2025 Budget (note 10)	2025 Actual	2024 Actual
Revenue (note 9):			
Provincial grants	$ 22,924,068	$ 24,853,964	$ 24,077,037
Per capita revenue from municipalities (note 7)	11,186,768	11,186,768	10,548,731
Other:			
Plumbing inspections and licenses	317,000	417,782	251,127
Interest	300,000	443,683	568,649
Other	440,147	351,179	377,251
	35,167,983	37,253,376	35,822,795
Expenses (note 9):			
Salaries and wages	21,389,577	22,244,780	21,712,110
Benefits (note 6)	7,580,665	7,344,107	6,636,188
Administration (note 8)	3,357,436	2,777,445	2,941,588
Supplies and materials	1,014,282	816,840	935,158
Amortization of tangible capital assets (note 3)	1,111,478	1,072,422	1,111,478
Small operational equipment	1,539,430	1,527,319	838,150
Transportation	286,593	260,428	235,930
	36,279,461	36,043,341	34,410,602
Annual surplus (deficit)	(1,111,478)	1,210,035	1,412,193
Accumulated surplus, beginning of year	19,751,637	19,751,637	18,339,444
Accumulated surplus, end of year	$ 18,640,159	$ 20,961,672	$ 19,751,637

See accompanying notes to financial statements.

BOARD OF HEALTH FOR THE SUDBURY & DISTRICT HEALTH UNIT

(OPERATING AS PUBLIC HEALTH SUDBURY & DISTRICTS)

Statement of Changes in Net Financial Assets

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
Annual surplus	$ 1,210,035	$ 1,412,193
Purchase of tangible capital assets	(1,367,913)	(574,614)
Amortization of tangible capital assets	1,072,422	1,111,478
Change in prepaid expenses	(190,121)	1,336
Change in net financial assets	724,423	1,950,393
Net financial assets, beginning of year	4,621,831	2,671,438
Net financial assets, end of year	$ 5,346,254	$ 4,621,831

See accompanying notes to financial statements.

BOARD OF HEALTH FOR THE SUDBURY & DISTRICT HEALTH UNIT

(OPERATING AS PUBLIC HEALTH SUDBURY & DISTRICTS)

Statement of Cash Flows

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
Cash provided by (used in):		
Cash flows from operating activities:		
Annual surplus	$ 1,210,035	$ 1,412,193
Adjustments for:		
Amortization of tangible capital assets	1,072,422	1,111,478
Change in employee benefit obligations	123,101	(101,365)
	2,405,558	2,422,306
Changes in non-cash working capital:		
Decrease (increase) in accounts receivable	(261,001)	214,501
Increase in receivable from the Province of Ontario	(80,663)	(17,545)
Increase (decrease) in accounts payable and accrued liabilities	39,201	(167,211)
Increase (decrease) in deferred revenue	121,461	(187,776)
Increase (decrease) in payable to the Province of Ontario	(4,112,197)	3,088,070
Decrease (increase) in prepaid expenses	(190,121)	1,336
	(2,077,762)	5,353,681
Cash flows from investing activity:		
Purchase of tangible capital assets	(1,367,913)	(574,614)
Increase (decrease) in cash and cash equivalents	(3,445,675)	4,779,067
Cash and cash equivalents, beginning of year	14,806,939	10,027,872
Cash and cash equivalents, end of year	$ 11,361,264	$ 14,806,939

See accompanying notes to financial statements.

BOARD OF HEALTH FOR THE SUDBURY & DISTRICT HEALTH UNIT

(OPERATING AS PUBLIC HEALTH SUDBURY & DISTRICTS)

Notes to Financial Statements

Year ended December 31, 2025

The Board of Health for the Sudbury & District Health Unit (operating as Public Health Sudbury & Districts) (the "Health Unit") was established in 1956, and is a progressive, accredited public health agency committed to improving health and reducing social inequities in health through evidence informed practice. The Health Unit is funded through a combination of Ministry grants and through levies that are paid by the municipalities to whom the Health Unit provides public health services. The Health Unit works locally with individuals, families and community and partner agencies to promote and protect health and to prevent disease. Public health programs and services are geared toward people of all ages and delivered in a variety of settings including workplaces, daycare and educational settings, homes, health-care settings and community spaces.

The Health Unit is a not-for-profit public health agency and is therefore exempt from income taxes under the Income Tax Act (Canada).

1. Summary of significant accounting policies:

These financial statements are prepared by management in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board. The principal accounting policies applied in the preparation of these financial statements are set out below.

(a) Basis of accounting:

The financial statements are prepared using the accrual basis of accounting.

The accrual basis of accounting recognizes revenues as they are earned. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Cash and cash equivalents:

Cash and cash equivalents include guaranteed investment certificates that are readily convertible into known amounts of cash and subject to insignificant risk of change in value.

Guaranteed investment certificates generally have a maturity of one year or less at acquisition and are held for the purpose of meeting future cash commitments.

Guaranteed investment certificates amounted to $2,680,155 as at December 31, 2025 (2024 - $2,594,788) and these can be redeemed for cash on demand.

(c) Employee benefit obligations:

The Health Unit accounts for its participation in the Ontario Municipal Employee Retirement Fund ("OMERS"), a multi-employer public sector pension fund, as a defined contribution plan.

Vacation and other compensated absence entitlements are accrued for as entitlements are earned.

1. Summary of significant accounting policies (continued):

(c) Employee benefit obligations (continued):

Other post-employment benefits are accrued in accordance with the projected benefit method pro-rated on service and management's best estimate of salary escalation and retirement ages of employees. The discount rate used to determine the accrued benefit obligation was determined with reference to the Health Unit's cost of borrowing at the measurement date taking into account cash flows that match the timing and amount of expected benefit payments.

Actuarial gains (losses) on the accrued benefit obligation arise from the difference between actual and expected experiences and from changes in actuarial assumptions used to determine the accrued benefit obligation. These gains (losses) are amortized over the average remaining service period of active employees.

(d) Non-financial assets:

Tangible capital assets and prepaid expenses are accounted for as non-financial assets by the Health Unit. Non-financial assets are not available to discharge 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.

(e) Tangible capital assets:

Tangible capital assets are recorded at cost, and include amounts that are directly related to the acquisition of the assets. The Health Unit provides for amortization using the straight-line method designed to amortize the cost, less any residual value, of the tangible capital assets over their estimated useful lives. The annual amortization periods are as follows:

Asset	Basis	Rate
Building	Straight-line	2.5%
Land improvements	Straight-line	10%
Leasehold improvements	Straight-line	10%
Computer hardware	Straight-line	30%
Computer software	Straight-line	100%
Website design	Straight-line	20%
Vehicles and equipment	Straight-line	10%
Equipment – vaccine refrigerators	Straight-line	20%

1. Summary of significant accounting policies (continued):

(f) Prepaid expenses:

Prepaid expenses are charged to expenses over the periods expected to benefit from them.

(g) Accumulated surplus:

Certain amounts, as approved by the Board of Directors, are set aside in accumulated surplus for future operating and capital purposes. Transfers to/from funds and reserves are an adjustment to the respective fund when approved.

The accumulated surplus consists of the following surplus accounts:

– Invested in tangible capital assets:

This represents the net book value of the tangible capital assets the Health Unit has on hand.

– Unfunded employee benefit obligations:

This represents the unfunded future employee benefit obligations comprised of the accumulated sick leave benefits, other post-employment benefits and vacation pay and other compensated absences.

The accumulated surplus consists of the following reserves:

– Working capital reserve:

This reserve is not restricted and is utilized for the operating activities of the Health Unit.

– Public health initiatives:

This reserve is restricted and can only be used for public health initiatives.

– Corporate contingencies:

This reserve is restricted and can only be used for corporate contingencies.

– Facility and equipment repairs and maintenance:

This reserve is restricted and can only be used for facility and equipment repairs and maintenance.

– Sick leave and vacation:

This reserve is restricted and can only be used for future sick leave and vacation obligations.

– Research and development:

This reserve is restricted and can only be used for research and development activities.

1. Summary of significant accounting policies (continued):

(h) Revenue recognition:

Revenue from government grants and from municipalities is recognized in the period in which the events giving rise to the government transfer have occurred as long as: the transfer is authorized; the eligibility criteria, if any, have been met except when and to the extent that the transfer gives rise to an obligation that meets the definition of a liability for the recipient government; and the amount can reasonably be estimated. Funding received under a funding arrangement, which relates to a subsequent fiscal period and the unexpended portions of contributions received for specific purposes, is reflected as deferred revenue in the year of receipt and is recognized as revenue in the period in which all the recognition criteria have been met.

Fees and other revenue from transactions with performance obligations, are recognized as the Health Unit satisfies a performance obligation by providing the promised goods or services to the payor. Fees and other revenue from transactions with no performance obligations, are recognized as the Health Unit has the authority to claim or retain an inflow of economic resources and when a past transaction or event is an asset. Amounts received prior to the end of the year that will be recognized in subsequent fiscal year are deferred and reported as a liability.

(i) Budget information:

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Board of Directors. The budget figures are unaudited.

(j) Use of estimates:

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of the financial statements and the reported amounts of certain revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. Accounts specifically affected by estimates in these financial statements are estimated amounts for uncollectible accounts receivable, employee benefit obligations and the estimated useful lives and residual values of tangible capital assets. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

1. Summary of significant accounting policies (continued):

(k) Financial instruments:

Financial instruments are classified into three categories: fair value, amortized cost or cost. The following chart shows the measurement method for each type of financial instrument:

Financial instrument	Measurement method
Cash and cash equivalents	Cost
Accounts receivable	Amortized cost
Receivable from the Province of Ontario	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Payable to the Province of Ontario	Amortized cost

Amortized cost

Amounts are measured using the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, based on the effective interest rate. It is applied to financial assets or financial liabilities that are not in the fair value category and is now the method that must be used to calculate amortized cost.

Cost

Amounts are measured at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt.

Fair value

The Health Unit manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment.

At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses. A statement of remeasurement gains and losses has not been included as there are no matters to report therein.

1. Summary of significant accounting policies (continued):

(k) Financial instruments (continued):

Establishing fair value

The fair value of guarantees and letters of credit are based on fees currently charged for similar agreements or on the estimated cost to terminate them or otherwise settle the obligations with the counterparties at the reported borrowing date. In situations in which there is no market for these guarantees, and they were issued without explicit costs, it is not practicable to determine their fair value with sufficient reliability (if applicable).

Fair value hierarchy

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

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

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).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

(l) Asset retirement obligation:

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

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

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

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

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

1. Summary of significant accounting policies (continued):

(l) Asset retirement obligation (continued):

A liability for asset retirement obligations has not been recorded in these financial statements. Given the nature of the assets, the age of the facilities and the remediation work completed to date it was determined there is no further legal obligation on the part of the Health Unit to complete remediation efforts.

2. Employee benefit obligations:

An actuarial estimate of future liabilities has been completed using the most recent actuarial valuation dated December 31, 2024 and forms the basis for the estimated liability reported in these financial statements. The valuation of the plan is updated from a walk forward of the December 31, 2024 results. The next full valuation of the plan will be as of December 31, 2027.

	2025	2024
Accumulated sick leave benefits	$ 514,897	$ 533,958
Other post-employment benefits	2,139,708	1,978,109
	2,654,605	2,512,067
Vacation pay and other compensated absence	1,137,301	1,156,738
	$ 3,791,906	$ 3,668,805

The significant actuarial assumptions adopted in measuring the Health Unit's accumulated sick leave benefits and other post-employment benefits are as follows:

	2025	2024
Discount	4.25%	4.00%
Health-care trend rate:		
Initial	5.67%	5.08%
Ultimate	4.00%	3.75%
Salary escalation factor	3.00%	2.75%

2. Employee benefit obligations (continued):

The Health Unit has established reserves in the amount of $2,639,119 (2024 - $2,639,119) to mitigate the future impact of these obligations. The accrued benefit obligations as at December 31, 2025 are $3,840,723 (2024 - $2,976,939).

	2025	2024
Benefit plan expenses:		
Current service costs	$ 285,589	$ 211,182
Interest	158,988	115,061
Amortization of actuarial loss	101,864	35,912
	$ 546,441	$ 362,155

Benefits paid during the year were $403,904 (2024 - $240,432). The net unamortized actuarial loss of $1,186,118 (2024 - $1,287,982) will be amortized over the expected average remaining service period.

3. Tangible capital assets:

Cost:

	Land	Building	Leasehold improvements	Computer hardware	Computer software	Website design	Furniture and equipment	Parking lot resurfacing	2025 Total
Balance, January 1, 2025	$ 26,938	$ 15,067,088	$ 3,617,531	$ 3,768,130	$ 423,933	$ 69,845	$ 4,603,675	$ 252,346	$ 27,829,486
Additions	-	-	943,028	77,731	43,494	48,677	254,983	-	1,367,913
Balance, December 31, 2025	$ 26,938	$ 15,067,088	$ 4,560,559	$ 3,845,861	$ 467,427	$ 118,522	$ 4,858,658	$ 252,346	$ 29,197,399

Accumulated amortization:

	Land	Building	Leasehold improvements	Computer hardware	Computer software	Website design	Furniture and equipment	Parking lot resurfacing	2025 Total
Balance, January 1, 2025	$ -	$ 4,564,171	$ 1,181,517	$ 3,672,571	$ 423,933	$ 69,845	$ 3,000,078	$ 245,721	$ 13,157,836
Amortization	-	376,679	355,257	81,270	21,747	-	234,744	2,725	1,072,422
Balance, December 31, 2025	$ -	$ 4,940,850	$ 1,536,774	$ 3,753,841	$ 445,680	$ 69,845	$ 3,234,822	$ 248,446	$ 14,230,258

Net book value:

	Land	Building	Leasehold improvements	Computer hardware	Computer software	Website design	Furniture and equipment	Parking lot resurfacing	2025 Total
At December 31, 2024	$ 26,938	$ 10,502,917	$ 2,436,014	$ 95,559	$ -	$ -	$ 1,603,597	$ 6,625	$ 14,671,650
At December 31, 2025	$ 26,938	$ 10,126,238	$ 3,023,785	$ 92,020	$ 21,747	$ 48,677	$ 1,623,836	$ 3,900	$ 14,967,141

3. Tangible capital assets:

Cost:

	Land	Building	Leasehold improvements	Computer hardware	Computer software	Website design	Furniture and equipment	Parking lot resurfacing	2024 Total
Balance, January 1, 2024	$ 26,938	$ 15,029,052	$ 3,490,251	$ 3,757,242	$ 423,933	$ 69,845	$ 4,205,265	$ 252,346	$ 27,254,872
Additions	-	38,036	127,280	10,888	-	-	398,410	-	574,614
Balance, December 31, 2024	$ 26,938	$ 15,067,088	$ 3,617,531	$ 3,768,130	$ 423,933	$ 69,845	$ 4,603,675	$ 252,346	$ 27,829,486

Accumulated amortization:

	Land	Building	Leasehold improvements	Computer hardware	Computer software	Website design	Furniture and equipment	Parking lot resurfacing	2024 Total
Balance, January 1, 2024	$ -	$ 4,187,968	$ 906,876	$ 3,422,077	$ 423,933	$ 69,845	$ 2,794,413	$ 241,246	$ 12,046,358
Amortization	-	376,203	274,641	250,494	-	-	205,665	4,475	1,111,478
Balance, December 31, 2024	$ -	$ 4,564,171	$ 1,181,517	$ 3,672,571	$ 423,933	$ 69,845	$ 3,000,078	$ 245,721	$ 13,157,836

Net book value:

	Land	Building	Leasehold improvements	Computer hardware	Computer software	Website design	Furniture and equipment	Parking lot resurfacing	2024 Total
At December 31, 2023	$ 26,938	$ 10,841,084	$ 2,583,375	$ 335,165	$ -	$ -	$ 1,410,852	$ 11,100	$ 15,208,514
At December 31, 2024	$ 26,938	$ 10,502,917	$ 2,436,014	$ 95,559	$ -	$ -	$ 1,603,597	$ 6,625	$ 14,671,650

4. Commitments and contingencies:

(a) Line of credit:

The Health Unit has available an operating line of credit of $500,000 (2024 - $500,000). There is $Nil balance outstanding on the line of credit at year end (2024 - $Nil).

(b) Lease commitments:

The Health Unit enters into operating leases in the ordinary course of business, primarily for lease of premises and equipment. Payments for these leases are contractual obligations as scheduled per each agreement. Commitments for minimum lease payments in relation to non-cancellable operating leases at December 31, 2025 are as follows:

No later than one year	$ 298,660
Later than one year and no later than 5 years	1,125,996
Later than five years	725,599
	$ 2,150,255

(c) Contingencies:

The Health Unit is involved in certain legal matters and litigation, the outcomes of which are not presently determinable. The loss, if any, from these contingencies will be accounted for in the periods in which the matters are resolved. Management is of the opinion that these matters are mitigated by adequate insurance coverage.

5. Accumulated surplus:

The accumulated surplus consists of individual fund surplus accounts and reserves as follows:

	Balance, beginning of year	Annual surplus (deficit)	Purchase of tangible capital assets	Capital Infrastructure Project	Balance, end of year
Invested in tangible capital assets	$ 14,671,650	$ (1,072,422)	$ 1,367,913	$ –	$ 14,967,141
Unfunded employee benefit obligation	(3,668,805)	(123,101)			(3,791,906)
Working capital reserve	4,096,541	2,405,558	(1,367,913)	–	5,134,186
Public health initiatives	500,000	–	–	–	500,000
Corporate contingencies	500,000	–	–	–	500,000
Facility and equipment repairs and maintenance	956,272	–	–	–	956,272
Sick leave and vacation	2,639,119	–	–	–	2,639,119
Research and development	56,860	–	–	–	56,860
	$ 19,751,637	$ 1,210,035	$ –	$ –	$ 20,961,672

6. Pension agreements:

The Health Unit makes contributions to OMERS, which is a multi-employer plan, on behalf of its members. The plan is a defined contribution plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The amount contributed to OMERS for 2025 was $2,068,863 (2024 - $2,036,224) for current service and is included within benefits expense on the statement of operations and accumulated surplus.

7. Per capita revenue from municipalities:

	2025	2024
City of Greater Sudbury	$ 9,568,315	$ 9,022,585
Town of Espanola	297,943	280,950
Township of Sable and Spanish River	194,534	183,439
Municipality of French River	166,565	157,065
Municipality of Markstay-Warren	168,855	159,224
Township of Northeastern Manitoulin & The Islands	145,536	137,235
Township of Chapleau	135,611	127,877
Township of Central Manitoulin	116,595	109,945
Municipality of St. Charles	85,711	80,823
Township of Assiginack	54,411	51,308
Town of Gore Bay	52,468	49,475
Township of Baldwin	34,562	32,591
Township of Billings (and part of Allan)	36,436	34,358
Township of Gordon (and part of Allan)	31,994	30,170
Township of Nairn & Hyman	28,316	26,701
Township of Tehkummah	26,234	24,738
Municipality of Killarney	25,332	23,886
Township of Burpee	17,003	16,034
Township of Cockburn Island	347	327
	$ 11,186,768	$ 10,548,731

8. Administration expenses:

	2025 Budget	2025 Actual	2024 Actual
Professional fees	$ 1,279,840	$ 934,977	$ 983,441
Building maintenance	756,768	606,981	628,249
Advertising	112,500	45,382	76,077
Telephone	74,878	75,510	202,777
Rent	482,881	482,514	421,000
Utilities	198,705	206,918	176,320
Liability insurance	147,768	108,926	200,694
Staff education	155,201	192,532	113,453
Postage	90,100	69,313	86,022
Memberships and subscriptions	58,795	52,899	52,992
Strategic Planning	–	1,493	563
	$ 3,357,436	$ 2,777,445	$ 2,941,588

9. Revenues and expenses by funding sources:

	OLHA	UIIP	Men C	HPV	Unorganized Territories	Ontario Sr. Dental Care Program	MOH/ AMOH	MCCSS: HBHC & PPNP	HIV-Aids Anonymous Testing	Non-Ministry	Sub-Total
Revenue:											
Provincial grants											
Operation	$ 18,723,802	-	-	-	-	1,098,134	270,282	1,762,537	66,255	-	$ 21,921,010
Unorganized territories	-	-	-	-	1,092,500	-	-	-	-	-	1,092,500
Municipalities	11,186,768	-	-	-	-	-	-	-	-	-	11,186,768
Plumbing and inspections	417,782	-	-	-	-	-	-	-	-	-	417,782
Interest	358,315	-	-	-	-	-	-	-	-	85,368	443,683
Other	193,444	2,415	17,620	24,922	-	4,294	-	-	-	108,484	351,179
	30,880,111	2,415	17,620	24,922	1,092,500	1,102,428	270,282	1,762,537	66,255	193,852	35,412,922
Expenses:											
Salaries and wages	18,371,475	1,980	14,443	20,428	698,524	371,681	270,282	1,309,224	53,565	65,673	21,177,275
Benefits	6,309,797	435	3,177	4,494	222,421	97,587	-	418,861	12,690	13,467	7,082,929
Transportation	145,444	-	-	-	87,425	778	-	23,218	-	-	256,865
Administration (note 9)	2,285,585	-	-	-	704	447,523	-	7,531	-	147	2,741,490
Supplies and materials	567,546	-	-	-	83,426	123,395	-	3,703	-	29,197	807,267
Small operational equipment	1,504,563	-	-	-	-	3,678	-	-	-	-	1,508,241
Amortization of tangible capital assets	1,072,422	-	-	-	-	-	-	-	-	-	1,072,422
	30,256,832	2,415	17,620	24,922	1,092,500	1,044,642	270,282	1,762,537	66,255	108,484	34,646,489
Annual surplus	623,279	-	-	-	-	57,786	-	-	-	85,368	766,433
Capital expenditures	866,525	-	-	-	-	57,786	-	-	-	-	924,311
Annual surplus, net of capital expenditures	$ (243,246)	-	-	-	-	-	-	-	-	85,368	$ (157,878)

9. Revenues and expenses by funding sources (continued):

		2024-25 One-time Funding							2025-2026 One-time Funding						
	Sub-Total	Infection Prevention and Control Hub	COVID-19 Extraordinary Vaccine	PHI Practicuum	MOH - ISPA Vaccination Clinic Catch-up	Merger Planning	RSV	Vaccine Refrigerator	Infection Prevention and Control Hub	RSV	COVID-19 Extraordinary Vaccine	Vaccine Refrigerator	PHI Practicuum	Capital	Total
Revenue:															
Provincial grants															
Operation	$ 21,921,010	287,125	150,986	5,744	-	-	40,728	-	644,487	55,861	243,698	23,400	13,650	374,775	$ 23,761,464
Unorganized territories	1,092,500	-	-	-	-	-	-	-	-			-	-	-	1,092,500
Municipalities	11,186,768	-	-	-	-	-	-	-	-			-	-	-	11,186,768
Plumbing and inspections	417,782	-	-	-	-	-	-	-	-			-	-	-	417,782
Interest	443,683	-	-	-	-	-	-	-	-			-	-	-	443,683
Other	351,179	-	-	-	-	-	-	-	-			-	-	-	351,179
	35,412,922	287,125	150,986	5,744	-	-	40,728	-	644,487	55,861	243,698	23,400	13,650	374,775	37,253,376
Expenses:															
Salaries and wages	21,177,275	199,194	113,203	4,960	-	-	30,456	-	517,445	19,159	171,147	-	11,941	-	22,244,780
Benefits	7,082,929	44,931	36,583	537	-	-	10,272	-	105,452	7,194	54,927	-	1,282	-	7,344,107
Transportation	256,865	1,150	-	247	-	-	-	-	1,739			-	427	-	260,428
Administration (note 9)	2,741,490	22,772	600	-	-	-	-	-	12,558		25	-	-	-	2,777,445
Supplies and materials	807,267	-	600	-	-	-	-	-	7,293	1,680		-	-	-	816,840
Small operational equipment	1,508,241	19,078	-	-	-	-	-	-	-			-	-	-	1,527,319
Amortization of tangible capital assets	1,072,422	-	-	-	-	-	-	-	-			-	-	-	1,072,422
	34,646,489	287,125	150,986	5,744	-	-	40,728	-	644,487	28,033	226,099	-	13,650	-	36,043,341
															-
Annual surplus	766,433	-	-	-	-	-	-	-	-	27,828	17,599	23,400	-	374,775	1,210,035
Capital expenditures	924,311	-	-	-	-	-	-	-	-	27,828	17,599	23,400	-	374,775	1,367,913
Annual surplus, net of capital expeditures	$ (157,878)	-	-	-	-	-	-	-	-	-	-	-	-	-	$ (157,878)

10. Budget information:

The Budget adopted by the Board of Directors on November 21, 2024, was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget did not include amortization of tangible capital assets. As a result, the budget figures presented in the statement of operations and accumulated surplus represent the Budget adopted by the Board of Directors on November 21, 2024 including subsequent budget amendments, with adjustments as follows:

Budget surplus for the year	$	–
Less: amortization		1,111,478
Budget deficit per statement of operations and accumulated surplus	$	(1,111,478)

11. Comparative information:

Certain comparative information have been reclassified to conform with the presentation adopted in the current year.