

Financial Statements of

ALGOMA PUBLIC HEALTH

And Independent Auditor's Report thereon

Year ended December 31, 2025

ALGOMA PUBLIC HEALTH

Index to Financial Statements

Year ended December 31, 2025

	Page
Independent Auditor's Report	
Financial Statements:	
Statement of Financial Position	1
Statement of Operations and Accumulated Surplus	2
Statement of Change in Net Debt	3
Statement of Cash Flows	4
Notes to Financial Statements	5 - 21
Schedule 1 Statement of Revenue and Expenses - Public Health Programs	22
Schedule 2 Expenditures - Community Health Programs	23
Schedule 3 Summary of Public Health Programs	24



KPMG LLP
480 Pim Street, Unit 1
Sault Ste. Marie, ON P6B 2V4
Canada
Telephone 705 949 5811
Fax 705 949 0911

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Algoma Public Health

Opinion

We have audited the financial statements of Algoma Public Health (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 statement of changes in net debt 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 debt 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

Sault Ste. Marie, Canada

April 22, 2026

ALGOMA PUBLIC HEALTH

Statement of Financial Position

December 31, 2025, with comparative information for 2024

	2025	2024
Financial assets		
Cash	\$ 3,655,860	\$ 4,702,136
Accounts receivable	637,716	1,716,755
Receivable from participating municipalities	26,188	12,654
	<u>4,319,764</u>	<u>6,431,545</u>
Financial liabilities		
Accounts payable and accrued liabilities	1,632,428	1,538,841
Payable to the Province of Ontario	314,954	2,750,849
Deferred revenue (note 5)	315,622	277,755
Employee future benefit obligations (note 6)	3,038,483	2,885,767
Term loans (note 10)	2,498,653	2,907,234
	<u>7,800,140</u>	<u>10,360,446</u>
Net debt	(3,480,376)	(3,928,901)
Non-financial assets		
Tangible capital assets (note 7)	16,806,250	16,559,920
Prepaid expenses	371,829	365,259
	<u>17,178,079</u>	<u>16,925,179</u>
Contingencies (note 11)		
Commitments (note 13)		
Accumulated surplus (note 8)	<u>\$ 13,697,703</u>	<u>\$ 12,996,278</u>

See accompanying notes to financial statements.

ALGOMA PUBLIC HEALTH

Statement of Operations and Accumulated Surplus

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

	2025 Budget (note 15)	2025 Actual	2024 Actual
Revenue:			
Municipal levy - public health	\$ 4,840,220	\$ 4,840,220	\$ 4,440,568
Provincial grants:			
Public health	13,062,716	14,233,569	13,874,568
Community health	1,484,950	1,297,190	1,290,672
Fees, other grants and recovery of expenditures	595,100	739,315	869,439
	<u>19,982,986</u>	<u>21,110,294</u>	<u>20,475,247</u>
Expenses (note 14):			
Public Health Programs (Schedule 1)	18,040,615	17,879,849	17,612,220
Community Health Programs (Schedule 2)			
Healthy Babies and Children	1,140,750	1,136,551	1,125,835
Nurse Practitioner	166,753	160,639	164,835
Stay on Your Feet	100,000	101,006	96,473
Brighter Futures for Children	77,447	93,262	131,273
Employee future benefits	-	152,716	50,492
Interest on long-term debt	48,840	48,840	56,560
Amortization of tangible capital assets	836,006	836,006	790,414
	<u>20,410,411</u>	<u>20,408,869</u>	<u>20,028,102</u>
Operating surplus (deficit)	(427,425)	701,425	447,145
Accumulated surplus, beginning of year	12,996,278	12,996,278	12,549,133
Accumulated surplus, end of year	<u>\$ 12,568,853</u>	<u>\$ 13,697,703</u>	<u>\$ 12,996,278</u>

See accompanying notes to financial statements.

ALGOMA PUBLIC HEALTH

Statement of Change in Net Debt

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

	2025 Budget (note 15)	2025 Actual	2024 Actual
Operating surplus (deficit)	\$ (427,425)	\$ 701,425	\$ 447,145
Additions to tangible capital assets	-	(1,082,336)	(436,900)
Prepaid expenses	-	(6,570)	(236,742)
Amortization of tangible capital assets	836,006	836,006	790,414
	408,581	448,525	563,917
Net debt, beginning of year	(3,928,901)	(3,928,901)	(4,492,818)
Net debt, end of year	\$ (3,520,320)	\$ (3,480,376)	\$ (3,928,901)

See accompanying notes to financial statements.

ALGOMA PUBLIC HEALTH

Statement of Cash Flows

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

	2025	2024
Cash provided by (used in):		
Operating activities:		
Operating surplus	\$ 701,425	\$ 447,145
Items not involving cash:		
Amortization of tangible capital assets	836,006	790,414
Employee future benefit obligations	152,716	50,492
	<u>1,690,147</u>	<u>1,288,051</u>
Change in non-cash working capital:		
Decrease in accounts receivable	1,079,039	372,880
Increase in receivable from participating municipalities	(13,534)	(6,172)
Increase in accounts payable and accrued liabilities	93,587	136,437
Decrease in payable to the Province of Ontario	(2,435,895)	(675,867)
Increase (decrease) in deferred revenue	37,867	(2,656)
Increase in prepaid expenses	(6,570)	(236,742)
	<u>444,641</u>	<u>875,931</u>
Financing activities:		
Repayment of principal on term loans	(408,581)	(400,861)
Capital activities:		
Additions to tangible capital assets	(1,082,336)	(436,900)
(Decrease) increase in cash	<u>(1,046,276)</u>	<u>38,170</u>
Cash, beginning of year	4,702,136	4,663,966
Cash, end of year	<u>\$ 3,655,860</u>	<u>\$ 4,702,136</u>

See accompanying notes to financial statements.

ALGOMA PUBLIC HEALTH

Notes to Financial Statements

Year ended December 31, 2025

The Board of Health for the District of Algoma operating as Algoma Public Health (the "Board") is governed by a public health board as mandated by the Health Protection and Promotion Act for the purpose of promoting and protecting public health.

1. Significant accounting policies:

The financial statements are prepared in accordance with the Canadian generally accepted accounting principles for government organizations as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Board are as follows:

(a) Basis of accounting:

Revenue and expenses are reported on the accrual basis of accounting.

The accrual basis of accounting recognizes revenue as they are earned and measurable. 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) Revenue recognition:

The operations of the Board are funded by the Province of Ontario, levies to participating municipalities and user fees. Funding amounts not received at year end are recorded as receivable. Funding amounts in excess of actual expenditures incurred during the year are repayable and are reflected as liabilities.

Certain programs of the Board operate on a March 31 fiscal year. Revenues received in excess of expenditures incurred at December 31 are deferred on the statement of financial position until related expenditures are incurred or upon final settlement.

Fees and other revenue from transactions with performance obligations, are recognized as the Board 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 when the Board 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. The majority of Board revenues do not fall under the new PS 3400 accounting standard.

(c) Prior years' funding adjustments:

The Ministry of Health (the "Ministry") undertakes financial reviews of the Board's operations from time to time, based on the Board's submissions of annual settlement forms. Adjustments to the financial statements, if any, a result of these reviews are accounted for in the period when notification is received from the Ministry.

ALGOMA PUBLIC HEALTH

Notes to Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

(d) 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.

(e) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over the following number of years:

Asset	Years
Building	40
Leasehold improvements	10
Furniture and equipment	10
Vehicle	4
Computer equipment	3

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.

(f) Employee future benefit obligations:

The Board sponsors a defined benefit life and health care plan for all employees who retire from active service with an unreduced OMERS pension. The Board accrues its obligations under the defined benefit plan as the employees render the services necessary to earn these retirement benefits. The cost of future benefits earned by employees is actuarially determined using the projected benefit method prorated on service and incorporates management's best estimates with respect to mortality and termination rates, retirement age and expected inflation rate with respect to employee benefit costs.

Actuarial gains (losses) on the accrued benefit obligation arise from the differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation.

ALGOMA PUBLIC HEALTH

Notes to Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

(g) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant items subject to estimates and assumptions include the carrying amount of tangible capital assets, valuation allowances for accounts receivables and estimation of obligations related to employee future benefits. 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.

(h) Financial instruments:

Financial instruments are classified into three categories: cost, amortized cost or fair value.

Cost

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

Amortized cost

Amortized cost is measured using the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial asset or a 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.

Fair value

The Board 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.

ALGOMA PUBLIC HEALTH

Notes to Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

(h) 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.

The following chart shows the measurement method for each type of financial instrument:

Financial instrument	Measurement method
Cash	Cost
Accounts receivable	Amortized cost
Receivable from participating municipalities	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Payable to the Province of Ontario	Amortized cost
Term loans	Amortized cost

ALGOMA PUBLIC HEALTH

Notes to Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

(i) Asset retirement obligations:

The Board recognizes the fair value of an Asset Retirement Obligation (“ARO”) when all of the following criteria have been 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.

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 Board to complete remediation efforts.

2. Participating municipalities:

The participating municipalities are as follows:

City of Sault Ste. Marie
City of Elliot Lake
Town of Blind River
Town of Bruce Mines
Town of Thessalon
Town of Spanish
Municipality of Wawa
Municipality of Huron Shores
Village of Hilton Beach
Township of Dubreuilville
Township of Hilton
Township of Jocelyn
Township of Johnson
Township of Laird
Township of Macdonald, Meredith & Aberdeen Additional
Township of North Shore
Township of Plummer Additional
Township of Prince
Township of St. Joseph
Township of Tarbutt
Township of White River
Certain unincorporated areas in the District of Algoma

ALGOMA PUBLIC HEALTH

Notes to Financial Statements (continued)

Year ended December 31, 2025

3. Credit facility:

The Board has an authorized line of credit available in the amount of \$500,000. The credit facility bears interest at prime + 0.75% and is unsecured. At December 31, 2025, \$Nil (2024 - \$Nil) was outstanding under the facility.

4. Deferred revenue:

The Board operates several additional programs funded by the Ministry. Excess funding received for these programs or programs funded for a program year which differs from the Health Unit's fiscal year is deferred in the accounts until the related costs and final settlements are determined.

5. Deferred revenue:

A summary of the year's activity relating to those programs is as follows:

	2025	2024
Deferred revenue, beginning of year	\$ 277,755	\$ 280,411
Additional funding deferred during the year	39,401	–
Funding recognized as revenue in the year	(1,534)	(2,656)
Deferred revenue, end of year	\$ 315,622	\$ 277,755

6. Employee future benefits:

(a) Pension agreements:

The Board makes contributions to the Ontario Municipal Employees Retirement Fund ("OMERS"), which is a multi-employer plan, on behalf of 182 members (2024 - 171 members) of its staff. The plan is a multi-employer, defined-benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The multi-employer plan is valued on a current market basis for all plan assets.

The Board's contributions to OMERS equal those made by the employees. The amount contributed was \$1,268,072 (2024 - \$1,177,309) for current service and is included as an expense on the statement of operations and accumulated surplus. No pension liability for this type of plan is included in the Board's financial statements.

ALGOMA PUBLIC HEALTH

Notes to Financial Statements (continued)

Year ended December 31, 2025

6. Employee future benefits (continued):

(b) Employee future benefit obligations:

Employee future benefit obligations are future liabilities of the Board to its employees and retirees for benefits earned but not taken as at December 31, 2025. The liabilities will be recovered from future revenues and consist of the following:

	2025	2024
Post-retirement benefits (i)	\$ 1,144,600	\$ 1,116,600
Non-vested sick leave (ii)	717,100	664,500
Accrued vacation pay (iii)	1,176,783	1,104,667
	<u>\$ 3,038,483</u>	<u>\$ 2,885,767</u>

(i) Post-retirement benefits:

The post-retirement benefit liability is based on an actuarial valuation performed by the Board's actuaries. The date of the most recent actuarial valuation of the post-retirement benefit plan is December 31, 2025. The significant actuarial assumptions adopted in estimating the Board's liability are as follows:

Discount Rate	4.90%
Health Care Trend Rate	4.0% to 6.5%

Information about the Board's future obligations with respect to these costs is as follows:

	2025	2024
Accrued benefit obligations, beginning of year	\$ 1,116,600	\$ 1,123,702
Current service cost	43,700	38,300
Interest cost	35,400	35,000
Benefits paid	(20,100)	(48,500)
Amortization of actuarial gains	(31,000)	(31,902)
Accrued benefit obligations, end of year	<u>\$ 1,144,600</u>	<u>\$ 1,116,600</u>

ALGOMA PUBLIC HEALTH

Notes to Financial Statements (continued)

Year ended December 31, 2025

6. Employee future benefits (continued):

(b) Employee future benefit obligations (continued):

(ii) Non-vested sick leave:

Accumulated sick leave credits refers to the balance of unused sick leave credits which accrue to employees each month. Unused sick days are banked and may be used in the future if sick leave is beyond their yearly entitlement. No cash payments are made for unused sick time upon leaving the Board's employment.

(iii) Accrued vacation pay:

Accrued vacation pay represents the liability for vacation entitlements earned by employees but not taken as at December 31.

ALGOMA PUBLIC HEALTH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

7. Tangible capital assets:

Cost	Balance at December 31, 2024	Additions	Transfers and disposals	Balance at December 31, 2025
Building	\$ 23,223,682	\$ 791,217	\$ -	\$ 24,014,899
Leasehold improvements	1,583,164	-	-	1,583,164
Furniture and equipment	2,181,117	102,873	-	2,283,990
Vehicle	40,113	-	-	40,113
Computer equipment	3,622,567	188,246	-	3,810,813
Total	\$ 30,650,643	\$ 1,082,336	\$ -	\$ 31,732,979

Accumulated Amortization	Balance at December 31, 2024	Disposals	Amortization expense	Balance at December 31, 2025
Building	\$ 7,308,006	\$ -	\$ 557,148	\$ 7,865,154
Leasehold improvements	1,323,264	-	106,975	1,430,239
Furniture and equipment	2,038,378	-	38,262	2,076,640
Vehicle	40,113	-	-	40,113
Computer equipment	3,380,962	-	133,621	3,514,583
Total	\$ 14,090,723	\$ -	\$ 836,006	\$ 14,926,729

	Net book value, December 31, 2024	Net book value, December 31, 2025
Building	\$ 15,915,676	\$ 16,149,745
Leasehold improvements	259,900	152,925
Furniture and equipment	142,739	207,350
Vehicle	-	-
Computer equipment	241,605	296,230
Total	\$ 16,559,920	\$ 16,806,250

ALGOMA PUBLIC HEALTH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

7. Tangible capital assets:

Cost	Balance at December 31, 2023	Additions	Transfers and disposals	Balance at December 31, 2024
Building	\$ 23,072,474	\$ 151,208	\$ -	\$ 23,223,682
Leasehold improvements	1,583,164	-	-	1,583,164
Furniture and equipment	2,145,864	35,253	-	2,181,117
Vehicle	40,113	-	-	40,113
Computer equipment	3,372,128	250,439	-	3,622,567
Total	\$ 30,213,743	\$ 436,900	\$ -	\$ 30,650,643

Accumulated Amortization	Balance at December 31, 2023	Disposals	Amortization expense	Balance at December 31, 2024
Building	\$ 6,755,856	\$ -	\$ 552,150	\$ 7,308,006
Leasehold improvements	1,216,288	-	106,976	1,323,264
Furniture and equipment	2,006,797	-	31,581	2,038,378
Vehicle	40,113	-	-	40,113
Computer equipment	3,281,255	-	99,707	3,380,962
Total	\$ 13,300,309	\$ -	\$ 790,414	\$ 14,090,723

	Net book value, December 31, 2023	Net book value, December 31, 2024
Building	\$ 16,316,618	\$ 15,915,676
Leasehold improvements	366,876	259,900
Furniture and equipment	139,067	142,739
Vehicle	-	-
Computer equipment	90,873	241,605
Total	\$ 16,913,434	\$ 16,559,920

ALGOMA PUBLIC HEALTH

Notes to Financial Statements (continued)

Year ended December 31, 2025

8. Accumulated surplus:

Accumulated surplus is comprised of:

	2025	2024
Invested in tangible capital assets	\$ 16,806,250	\$ 16,559,920
Reserve fund (note 9)	2,329,810	2,143,820
Operating	98,779	85,539
Unfunded:		
Employee future benefits	(3,038,483)	(2,885,767)
Term loans	(2,498,653)	(2,907,234)
	\$ 13,697,703	\$ 12,996,278

9. Reserve fund:

The Board has set aside a reserve fund for specific purposes to be approved by the Board.

	2025	2024
Balance, beginning of year	\$ 2,143,820	\$ 2,064,546
Additions to reserve fund	135,324	–
Investment income	50,666	79,274
Balance, end of year	\$ 2,329,810	\$ 2,143,820

The reserve fund has been placed in a premium investment account and is included in cash on the statement of financial position. Interest is earned on daily balances and paid monthly at tiered annual rates from 2.0% to 3.5%.

10. Term loans:

	2025	2024
Term loan #1	\$ 2,352,650	\$ 2,737,357
Term loan #2	146,003	169,877
	\$ 2,498,653	\$ 2,907,234

ALGOMA PUBLIC HEALTH

Notes to Financial Statements (continued)

Year ended December 31, 2025

10. Term loans (continued):

Principal payment due on the term loans is as follows:

Year	Annual payments
2026	\$ 416,034
2027	423,556
2028	431,215
2029	439,012
2030	446,949
Thereafter	341,887

Term loan #1 is a non-revolving loan bearing interest of 1.80%. The loan is repayable in blended monthly interest and principal payments of \$35,893 and matures on September 1, 2031. Security is in the form of an assignment of fire insurance and a borrowing resolution.

Term loan #2 bears interest of 1.80%. The loan is repayable in monthly interest and principal payments of \$2,225. The loan is due on September 1, 2031. Security is in the form of an assignment of fire insurance and a borrowing resolution.

Interest paid in the year was \$48,840 (2024 – \$56,560).

11. Contingencies:

The Board is periodically subject to legal claims or employee grievances. In the opinion of management, the ultimate resolution of any current claims or grievances would not have a material effect on the financial position (or results of operations) of the Board and any claims would not exceed the current insurance coverage. Accordingly, no provisions for losses has been reflected in the accounts of the Board for these amounts. Settlements, if any, resulting in a cost to the Board will be accounted for in the period the amounts can be determined.

12. Segmented information:

The Board provides a wide range of services to citizens of the District of Algoma. For management reporting purposes, the Board's operations and activities are organized and reported by programs. Programs were created for the purposes of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations. Public health services are provided by programs and their activities are reported in these funds. Certain programs have been separately disclosed in Schedule 2 – Expenditures – Community Health Programs.

ALGOMA PUBLIC HEALTH

Notes to Financial Statements (continued)

Year ended December 31, 2025

13. Commitments:

The Board is committed to minimum annual lease payments under various operating leases as follows:

Year	Annual payments
2026	\$ 172,686
2027	127,604
2028	34,646
2029	22,212
2030	22,212

The annual lease payments are exclusive of maintenance and other operating costs.

14. Expenses by object:

	2025	2024
Salaries and benefits	\$ 15,524,428	\$ 14,858,251
Materials and supplies	3,999,595	4,322,877
Amortization	836,006	790,414
Interest on long-term debt	48,840	56,560
	\$ 20,408,869	\$ 20,028,102

ALGOMA PUBLIC HEALTH

Notes to Financial Statements (continued)

Year ended December 31, 2025

15. Budget:

The budget approved by the board was not prepared on a basis consistent with that used to report the actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget figures excluded amortization expense and included debt principal payments. As a result, the budget figures presented in the statements of operations and accumulated surplus and change in net debt represent the budget adopted by the board with adjustments as follows:

	2025
Adopted budget for the year	\$ -
Adjustments to adopted budget:	
Debt principal repayments	408,581
Amortization of tangible capital assets	(836,006)
Budget deficit per statement of operations and accumulated surplus	\$ (427,485)

16. Financial instruments:

As the valuation of all financial instruments held by the Board at fair value are derived from quoted prices in active markets, all would be in Level 1 of the fair value hierarchy.

The Board is exposed to a variety of financial risks including credit risk, liquidity risk and market risk. The Board's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Board's financial performance.

Risks arising from financial instruments and risk management:

(a) Credit risk:

The Board's principal financial assets are cash and accounts receivable which are subject to credit risk. The carrying amounts of financial assets on the statement of financial position represent the Board's maximum credit exposure as at the statement of financial position date.

(b) Market risk:

The Board's financial instruments consist of cash, accounts receivable, receivable from participating municipalities, accounts payable and accrued liabilities, and term loans. It is the Board's opinion that the Board is not exposed to significant interest rate or currency risks arising from these financial instruments except as otherwise disclosed.

ALGOMA PUBLIC HEALTH

Notes to Financial Statements (continued)

Year ended December 31, 2025

16. Financial instruments (continued):

(c) Liquidity risk:

Liquidity risk is the risk that the Board will not be able to meet all cash flow obligations as they come due. The board mitigates the risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining sufficient cash on hand if unexpected cash outflows arise.

The Board mitigates liquidity risk by monitoring cash activities and expected outflows through extensive budgeting. Accounts payable and accrued liabilities are all current and the terms of the term loan are disclosed in note 10. There have been no significant changes from the previous year in the Board's exposure to liquidity risk or policies, procedures and methods used to measure the risk.

The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities:

As at December 31, 2025	Within 6 months	6 - 12 months	1 - 5 years	5+ years	Total
Accounts payable and accrued liabilities	\$ 1,632,428	\$ –	\$ –	\$ –	1,632,428
Term loans	207,085	208,949	1,740,732	341,887	2,498,653
	\$ 1,839,513	\$ 208,949	\$ 1,740,732	\$ 341,887	\$ 4,131,081

As at December 31, 2024	Within 6 months	6 - 12 months	1 - 5 years	5+ years	Total
Accounts payable and accrued liabilities	\$ 1,538,841	\$ –	\$ –	\$ –	1,538,841
Team loans	203,407	205,238	1,709,817	788,772	2,907,234
	\$ 1,742,248	\$ 205,238	\$ 1,709,817	\$ 788,772	\$ 4,446,075

ALGOMA PUBLIC HEALTH

Notes to Financial Statements (continued)

Year ended December 31, 2025

17. Future accounting standard adoption:

The Board is in the process of assessing the impact of the upcoming new standards and the extent of the impact of their adoption on its financial statements.

(a) Standards applicable for fiscal years beginning on or after April 1, 2026 (in effect for the Board for as of January 1, 2027 for the year ending December 31, 2027):

(i) New Public Sector Accounting Standards (PSAS) Conceptual Framework:

This new model is a comprehensive set of concepts that underlie and support financial reporting. It is the foundation that assists:

- preparers to account for items, transactions and other events not covered by standards;
- auditors to form opinions regarding compliance with accounting standards;
- users in interpreting information in financial statements; and
- Public Sector Accounting Board (PSAB) to develop standards grounded in the public sector environment.

The main changes are:

- Additional guidance to improve understanding and clarity
- Non-substantive changes to terminology/definitions
- Financial statement objectives foreshadow changes in the Reporting Model
- Relocation of recognition exclusions to the Reporting Model
- Consequential amendments throughout the Public Sector Accounting Handbook

The framework is expected to be implemented prospectively.

(ii) Reporting Model- PS 1202- Financial Statement Presentation:

This reporting model provides guidance on how information should be presented in the financial statements and will replace PS 1201- Financial Statement Presentation. The model is expected to be implemented retroactivity with restatement of prior year amounts.

The main changes are:

- Restructured Statement of Financial Position
- Introduction of financial and non-financial liabilities
- Amended non-financial asset definition
- New components of net assets- accumulated other and issued share capital
- Relocated net debt to its own statement
- Renamed the net debt indicator

ALGOMA PUBLIC HEALTH

Notes to Financial Statements (continued)

Year ended December 31, 2025

17. Future accounting standard adoption:

(a) (continued):

(ii) Reporting Model- PS 1202- Financial Statement Presentation:

- Revised the net debt calculation
- Removed the Statement of Change in Net Debt
- New Statement of Net Financial Assets/Liabilities
- New Statement of Changes in Net Assets Liabilities
- Isolated financing transaction in the Cash Flow Statement

ALGOMA PUBLIC HEALTH

Schedule 1

Statement of Revenue and Expenses – Public Health Programs

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

	2025 Budget (note 15)	2025 Total	2024 Total
Revenue (Schedule 3)			
Provincial grant	\$ 13,062,716	\$ 14,233,569	\$ 13,874,568
Levies	4,840,220	4,840,220	4,440,568
Recoveries	595,100	545,046	641,695
	<u>18,498,036</u>	<u>19,618,835</u>	<u>18,956,831</u>
Expenses:			
Salaries and wages	11,333,300	11,059,222	10,675,500
Benefits	2,940,429	2,894,933	2,788,588
Accounting and audit	37,000	35,825	35,700
Equipment	909,060	859,729	846,567
Insurance	262,500	195,159	247,547
Occupancy and renovations	930,910	954,534	907,073
Office supplies	27,400	28,140	22,475
Professional development	106,220	149,492	119,076
Program promotion	17,700	13,792	13,325
Program supplies	389,922	442,197	386,754
Program administration	67,008	27,342	29,732
Purchase professional services	602,206	792,397	1,102,025
Telephone and telecommunications	237,660	258,888	270,652
Travel	179,300	168,199	167,206
	<u>18,040,615</u>	<u>17,879,849</u>	<u>17,612,220</u>
Excess of revenue over expenses before the undernoted	457,421	1,738,986	1,344,611
Interest on long-term debt	48,840	48,840	56,560
Amortization	836,006	836,006	790,414
Excess (deficiency) of revenue over expenses	\$ (427,425)	\$ 854,140	\$ 497,637

ALGOMA PUBLIC HEALTH

Schedule 2

Expenditures - Community Health Programs

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

	Healthy Babies and Children	Nurse Practitioner	Stay on Your Feet	Brighter Futures for Children	2025 Total	2024 Total
Salaries and employee benefits:						
Salaries	\$ 858,695	115,683	77,963	57,858	\$ 1,110,199	\$ 1,095,860
Employee benefits	236,432	28,229	22,328	20,369	307,358	298,303
	1,095,127	143,912	100,291	78,227	1,417,557	1,394,163
Supplies and services:						
Audit fees	2,748	-	-	-	2,748	2,544
Equipment	2,000	3,075	-	-	5,075	-
Insurance	-	1,200	-	-	1,200	1,200
Occupancy and renovations	-	8,400	-	3,601	12,001	12,900
Office supplies	-	1,298	-	-	1,298	1,505
Professional development	1,625	204	-	-	1,829	7,317
Program administration	-	-	-	875	875	2,625
Program supplies	615	-	703	9,254	10,572	58,008
Telephone and telecommunications	9,500	2,550	-	-	12,050	13,800
Travel	24,936	-	12	1,305	26,253	24,354
	41,424	16,727	715	15,035	73,901	124,253
Total expenditures	\$ 1,136,551	160,639	101,006	93,262	\$ 1,491,458	\$ 1,518,416

ALGOMA PUBLIC HEALTH

Schedule 3

Summary of Public Health Programs for Settlement to the Province of Ontario

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

	2025	2024
Revenues:		
Public Health Funding	\$ 10,120,600	\$ 10,020,303
Levies	4,840,220	4,440,568
Ontario Senior Dental Care Program	1,382,700	1,800,991
One time Ontario Senior Dental Care Program	62,900	-
One Time Funding COVID-19 Vaccine Program	290,536	291,704
Unorganized Territories	530,400	530,400
Infection Prevention and Control Hub	426,109	315,550
One Time Funding Infection Prevention and Control Hub	147,654	308,766
One Time Funding COVID-19 Prior Year Extraordinary	22,769	-
Land Control	208,487	223,400
Northern Ontario Fruits and Vegetables	117,400	117,400
Northern Ontario Fruits and Vegetables Expansion	3,542	-
Recoveries from Programs	187,460	194,059
Interest	149,100	224,236
Indigenous Communities	98,000	98,000
MOH and AMOH Compensation	279,206	147,642
One Time Funding RSV Adult Prevention Program	23,446	75,619
One Time Funding Security System Upgrades	-	91,600
One Time Funding Network Switches	-	61,100
One Time Funding PHI Practicum Student	13,867	15,349
One Time Funding Needle Syringe Program	-	144
One Time Funding Boiler Replacement	231,538	-
One Time Funding Building Envelope Repair	482,901	-
	19,618,835	18,956,831
Expenditures: (including capital items):		
Public Health Mandatory Programs	14,628,908	14,028,010
Public Health Mandatory Programs - COVID-19 Managed Costs	83,431	-
100% Funded Ontario Senior Dental Program	1,445,600	1,800,991
One Time Funding Mass Immunization	290,536	291,704
100% Funded Unorganized Territories	530,400	530,400
100% Funded Infection Prevention and Control Hub	573,763	624,316
Land Control	208,487	223,400
100% Funded Northern Ontario Fruits and Vegetables	117,400	117,400
Northern Ontario Fruits and Vegetables Expansion	3,542	-
100% Funded Indigenous Communities	98,000	98,000
100% Funded MOH and AMOH Compensation Initiative	279,206	147,642
One Time Funding RSV Adult Prevention Program	23,446	75,619
One Time Funding Security System Upgrades	-	91,600
One Time Funding Network Switches	-	61,100
One Time Funding PHI Practicum Student	13,867	15,349
One Time Funding Needle Syringe Program	-	144
One Time Funding Boiler Replacement	231,538	-
One Time Funding Building Envelope Repair	482,901	-
	19,011,025	18,105,675
Excess of revenues over expenditures	\$ 607,810	\$ 851,156