

Financial Statements of

ALGOMA PUBLIC HEALTH

And Independent Auditors' Report thereon

Year ended December 31, 2019

ALGOMA PUBLIC HEALTH

Financial Statements

Year ended December 31, 2019

Independent Auditors' Report

Financial Statements

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KPMG LLP
111 Elgin Street, Suite 200
Sault Ste. Marie ON P6A 6L6
Canada
Telephone (705) 949-5811
Fax (705) 949-0911

INDEPENDENT AUDITORS' REPORT

Opinion

We have audited the accompanying financial statements of Algoma Public Health (the "Board"), which comprise:

- the statement of financial position as at December 31, 2019
- the statement of operations and accumulated surplus for the year then ended
- the statement of change 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 Board as at December 31, 2019, 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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our report.

We are independent of the Board in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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 Board'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 Board or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibility 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 auditors' 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 Board's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents 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, Ontario

April 22, 2020

ALGOMA PUBLIC HEALTH

Statement of Financial Position

December 31, 2019, with comparative information for 2018

| | 2019 | 2018 |
|--|----------------------|----------------------|
| Financial assets | | |
| Cash | \$ 3,456,984 | \$ 3,095,904 |
| Accounts receivable | 433,414 | 492,574 |
| Receivable from participating municipalities | 74,976 | 75,726 |
| | <u>3,965,374</u> | <u>3,664,204</u> |
| Financial liabilities | | |
| Accounts payable and accrued liabilities | 1,579,445 | 1,345,385 |
| Payable to the Province of Ontario | 514,362 | 344,305 |
| Deferred revenue (note 4) | 281,252 | 428,341 |
| Employee future benefit obligations (note 5) | 2,910,195 | 2,811,714 |
| Term loans (note 9) | 4,836,784 | 5,199,815 |
| | <u>10,122,038</u> | <u>10,129,560</u> |
| Net debt | (6,156,664) | (6,465,356) |
| Non-financial assets | | |
| Tangible capital assets (note 6) | 19,301,093 | 20,050,252 |
| Prepaid expenses | - | 20,790 |
| Contingencies (note 10) | | |
| Commitments (note 11) | | |
| Subsequent event (note 13) | | |
| Accumulated surplus (note 7) | <u>\$ 13,144,429</u> | <u>\$ 13,605,686</u> |

See accompanying notes to financial statements.

ALGOMA PUBLIC HEALTH

Statement of Operations and Accumulated Surplus

Year ended December 31, 2019, with comparative information for 2018

| | 2019 | 2018 |
|---|----------------------|----------------------|
| Revenue: | | |
| Municipal levy - public health | \$ 3,519,703 | \$ 3,502,180 |
| Provincial grants: | | |
| Public health | 10,796,234 | 10,718,847 |
| Community health | 6,996,929 | 6,850,289 |
| Fees, other grants and recovery of expenditures | 1,267,644 | 1,704,593 |
| | <u>22,580,510</u> | <u>22,775,909</u> |
| Expenses (note 12): | | |
| Public Health Programs (Schedule 1) | 14,258,074 | 13,830,512 |
| Community Health Programs (Schedule 2) | | |
| Healthy Babies and Children | 1,060,788 | 1,070,636 |
| Child Benefits Ontario Works | 24,500 | 24,500 |
| Nurse Practitioner | 154,598 | 143,379 |
| CMH Transformational Supportive Housing | 135,733 | 123,563 |
| CMH/ASH Supportive Housing | 40,883 | 55,655 |
| Healthy Kids Community Challenge | - | 147,507 |
| Genetics Counseling | 118,193 | 446,686 |
| Bill 148 MCYS | - | 8,174 |
| Stay on Your Feet | 104,887 | 98,217 |
| Tobacco Cessation | - | 12,129 |
| Community Alcohol and Drug Assessment | 718,792 | 715,834 |
| Remedial Measures | 7,760 | 1,023 |
| Community Alcohol and Drug Assessment | | |
| - Ontario Works | 71,166 | 91,874 |
| AOPHBA Conference | - | 20,905 |
| CHPI | 214 | - |
| Community Mental Health Housing | 131,506 | 109,595 |
| Community Mental Health | 3,350,379 | 3,153,450 |
| Garden River CADAP Program | 267,452 | 185,999 |
| Infant Development | 629,893 | 645,022 |
| CMH 1150 Units | 37,713 | 11,426 |
| Brighter Futures for Children | 129,237 | 109,455 |
| Preschool Speech and Languages Initiative | 152,335 | 427,072 |
| PSL Communication Development | 488,449 | 225,085 |
| Employee future benefits | 98,481 | 107,440 |
| Interest on long-term debt | 97,867 | 105,722 |
| Amortization on tangible capital assets | 962,867 | 913,514 |
| | <u>23,041,767</u> | <u>22,784,374</u> |
| Operating deficit | (461,257) | (8,465) |
| Accumulated surplus, beginning of year | 13,605,686 | 13,614,151 |
| Accumulated surplus, end of year | <u>\$ 13,144,429</u> | <u>\$ 13,605,686</u> |

See accompanying notes to financial statements.

ALGOMA PUBLIC HEALTH

Statement of Change in Net Debt

Year ended December 31, 2019, with comparative information for 2018

| | 2019 | 2018 |
|---|----------------|----------------|
| Operating deficit | \$ (461,257) | \$ (8,465) |
| Additions to tangible capital assets | (216,131) | (49,895) |
| Loss on disposal of tangible capital assets | 2,423 | - |
| Amortization of tangible capital assets | 962,867 | 913,514 |
| | 287,902 | 855,154 |
| Change in prepaid expenses | 20,790 | (20,790) |
| Net debt, beginning of year | (6,465,356) | (7,299,720) |
| Net debt, end of year | \$ (6,156,664) | \$ (6,465,356) |

See accompanying notes to financial statements.

ALGOMA PUBLIC HEALTH

Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

| | 2019 | 2018 |
|---|--------------|--------------|
| Cash provided by (used in): | | |
| Operating activities: | | |
| Operating deficit | \$ (461,257) | \$ (8,465) |
| Items not involving cash: | | |
| Amortization of tangible capital assets | 962,867 | 913,514 |
| Loss on disposal of tangible capital assets | 2,423 | - |
| Increase in employee future benefit obligations | 98,481 | 107,440 |
| | 602,514 | 1,012,489 |
| Change in non-cash working capital: | | |
| Decrease (increase) in accounts receivable | 59,160 | (2,943) |
| Decrease (increase) in receivable from participating municipalities | 750 | (44,957) |
| Increase (decrease) in accounts payable and accrued liabilities | 234,061 | (91,337) |
| Increase (decrease) in payable to the Province of Ontario | 170,057 | (198,778) |
| Decrease in deferred revenue | (147,089) | (84,406) |
| Decrease (increase) in prepaid expenses | 20,790 | (20,790) |
| | 940,243 | 569,278 |
| Financing activities: | | |
| Repayment of term loan | (363,032) | (355,178) |
| Capital activities: | | |
| Additions to tangible capital assets | (216,131) | (49,895) |
| Increase in cash | 361,080 | 164,205 |
| Cash, beginning of year | 3,095,904 | 2,931,699 |
| Cash, end of year | \$ 3,456,984 | \$ 3,095,904 |

See accompanying notes to financial statements.

ALGOMA PUBLIC HEALTH

Notes to Financial Statements

Year ended December 31, 2019

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.

(c) Prior years' funding adjustments:

The Ministry of Health and Long-Term Care 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.

(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.

ALGOMA PUBLIC HEALTH

Notes to Financial Statements

Year ended December 31, 2019

1. Significant accounting policies (continued):

(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.

(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 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.

ALGOMA PUBLIC HEALTH

Notes to Financial Statements

Year ended December 31, 2019

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 and Plummer Additional
- Township of Prince
- Township of St. Joseph
- Township of Tarbutt & Tarbutt Additional
- Township of White River
- Certain unincorporated areas in the District of Algoma

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, 2019, \$Nil (2018 - \$Nil) was outstanding under the facility.

ALGOMA PUBLIC HEALTH

Notes to Financial Statements

Year ended December 31, 2019

4. Deferred revenue:

The Board operates several additional programs funded by the Ministry of Health and Long-Term Care. 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.

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

| | 2019 | 2018 |
|-------------------------------------|------------|------------|
| Deferred revenue, beginning of year | \$ 428,341 | \$ 512,747 |
| Funds received during the year | 40,511 | 66,334 |
| Expenses incurred in the year | (187,600) | (150,740) |
| Deferred revenue, end of year | \$ 281,252 | \$ 428,341 |

5. 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 193 (2018 - 193) 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 \$1,343,134 (2018 - \$1,314,684) 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

Year ended December 31, 2019

5. 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, 2019. The liabilities will be recovered from future revenues and consist of the following:

| | 2019 | 2018 |
|------------------------------|---------------------|---------------------|
| Post-retirement benefits (i) | \$ 1,194,626 | \$ 1,177,620 |
| Non-vested sick leave (ii) | 424,835 | 343,585 |
| Accrued vacation pay (iii) | 1,290,734 | 1,290,509 |
| | <u>\$ 2,910,195</u> | <u>\$ 2,811,714</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, 2019. The significant actuarial assumptions adopted in estimating the Board's liability are as follows:

- Discount Rate 3.10%
- Health Care Trend Rate 4.0% to 6.5%

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

| | 2019 | 2018 |
|--|---------------------|---------------------|
| Accrued benefit obligations, beginning of year | \$ 1,177,620 | \$ 1,134,752 |
| Current service cost | 47,604 | 62,920 |
| Interest cost | 35,234 | 33,207 |
| Benefits paid | (40,588) | (40,588) |
| Amortization of actuarial gains | (25,244) | (12,671) |
| Accrued benefit obligations, end of year | <u>\$ 1,194,626</u> | <u>\$ 1,177,620</u> |

(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

Year ended December 31, 2019

6. Tangible capital assets:

| Cost | Balance at December 31, 2018 | Additions | Transfers & (Disposals) | Balance at December 31, 2019 |
|-------------------------|------------------------------------|----------------|----------------------------|------------------------------------|
| Building | \$ 22,732,421 | 134,809 | - | 22,867,230 |
| Leasehold improvements | 1,572,805 | - | - | 1,572,805 |
| Furniture and equipment | 1,936,987 | 73,245 | (12,113) | 1,998,119 |
| Vehicle | 40,113 | - | - | 40,113 |
| Computer equipment | 3,244,030 | 8,077 | - | 3,252,107 |
| Total | \$ 29,526,356 | 216,131 | (12,113) | 29,730,374 |

| Accumulated Amortization | Balance at December 31, 2018 | Disposals | Amortization expense | Balance at December 31, 2019 |
|-----------------------------|------------------------------------|----------------|-------------------------|------------------------------------|
| Building | \$ 3,986,288 | - | 582,536 | 4,568,824 |
| Leasehold improvements | 684,004 | - | 105,939 | 789,943 |
| Furniture and equipment | 1,603,362 | (9,690) | 191,354 | 1,785,026 |
| Vehicle | 30,084 | - | 10,028 | 40,112 |
| Computer equipment | 3,172,366 | - | 73,010 | 3,245,376 |
| Total | \$ 9,476,104 | (9,690) | 962,867 | 10,429,281 |

| | Net book value, December 31, 2018 | Net book value, December 31, 2019 |
|-------------------------|---|---|
| Building | \$ 18,746,133 | 18,298,406 |
| Leasehold improvements | 888,801 | 782,862 |
| Furniture and equipment | 333,625 | 213,093 |
| Vehicle | 10,029 | 1 |
| Computer equipment | 71,664 | 6,731 |
| Total | \$ 20,050,252 | 19,301,093 |

ALGOMA PUBLIC HEALTH

Notes to Consolidated Financial Statements

Year ended December 31, 2019

6. Tangible capital assets (continued):

| Cost | Balance at December 31, 2017 | Additions | Transfers & (Disposals) | Balance at December 31, 2018 |
|-------------------------|------------------------------------|---------------|----------------------------|------------------------------------|
| Building | \$ 22,732,421 | - | - | 22,732,421 |
| Leasehold improvements | 1,572,805 | - | - | 1,572,805 |
| Furniture and equipment | 1,911,325 | 49,895 | (24,233) | 1,936,987 |
| Vehicle | 40,113 | - | - | 40,113 |
| Computer equipment | 3,244,030 | - | - | 3,244,030 |
| Total | \$ 29,500,694 | 49,895 | (24,233) | 29,526,356 |

| Accumulated Amortization | Balance at December 31, 2017 | Disposals | Amortization expense | Balance at December 31, 2018 |
|-----------------------------|------------------------------------|-----------------|-------------------------|------------------------------------|
| Building | \$ 3,449,790 | - | 536,498 | 3,986,288 |
| Leasehold improvements | 578,065 | - | 105,939 | 684,004 |
| Furniture and equipment | 1,438,209 | (24,233) | 189,386 | 1,603,362 |
| Vehicle | 20,056 | - | 10,028 | 30,084 |
| Computer equipment | 3,100,703 | - | 71,663 | 3,172,366 |
| Total | \$ 8,586,823 | (24,233) | 913,514 | 9,476,104 |

| | Net book value, December 31, 2017 | Net book value, December 31, 2018 |
|-------------------------|---|---|
| Building | \$ 19,282,631 | 18,746,133 |
| Leasehold improvements | 994,740 | 888,801 |
| Furniture and equipment | 473,116 | 333,625 |
| Vehicle | 20,057 | 10,029 |
| Computer equipment | 143,327 | 71,664 |
| Total | \$ 20,913,871 | 20,050,252 |

ALGOMA PUBLIC HEALTH

Notes to Financial Statements

Year ended December 31, 2019

7. Accumulated surplus:

Accumulated surplus is comprised of:

| | 2019 | 2018 |
|-------------------------------------|---------------|---------------|
| Invested in tangible capital assets | \$ 19,301,092 | \$ 20,050,252 |
| Reserve (note 8) | 1,145,116 | 831,407 |
| Operating | 445,200 | 735,556 |
| Unfunded: | | |
| Employee future benefits | (2,910,195) | (2,811,714) |
| Term loans | (4,836,784) | (5,199,815) |
| | \$ 13,144,429 | \$ 13,605,686 |

8. Reserves:

The Board has set aside reserves for specific purposes to be approved by the Board.

| | 2019 | 2018 |
|----------------------------|--------------|------------|
| Balance, beginning of year | \$ 831,407 | \$ 525,343 |
| Additions to reserves | 300,000 | 300,000 |
| Investment Income | 13,709 | 6,064 |
| Balance, end of year | \$ 1,145,116 | \$ 831,407 |

ALGOMA PUBLIC HEALTH

Notes to Financial Statements

Year ended December 31, 2019

9. Term loans:

| | 2019 | 2018 |
|--------------|---------------------|---------------------|
| Term loan #1 | \$ 4,554,157 | \$ 4,895,975 |
| Term loan #2 | 282,627 | 303,840 |
| | <u>\$ 4,836,784</u> | <u>\$ 5,199,815</u> |

Principal payment due on the term loans is as follows:

| Year | Annual payments |
|------------|-----------------|
| 2020 | \$ 369,886 |
| 2021 | 377,164 |
| 2022 | 384,585 |
| 2023 | 392,152 |
| 2024 | 399,867 |
| Thereafter | 2,913,130 |

Term loan #1 is a non-revolving loan bearing interest of 1.95%. The loan is repayable in blended monthly interest and principal payments of \$36,164 and matures on September 1, 2031.

Term loan #2 bears interest of 1.95%. The loan is repayable in monthly interest and principal payments of \$2,244. The loan is due on September 1, 2031.

Interest paid in the year is \$97,867 (2018 - \$105,722).

10. 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.

ALGOMA PUBLIC HEALTH

Notes to Financial Statements

Year ended December 31, 2019

11. Commitments:

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

| Year | Annual payments |
|------|-----------------|
| 2020 | \$ 174,635 |
| 2021 | 139,221 |
| 2022 | 128,416 |
| 2023 | 133,265 |
| 2024 | 133,706 |

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

12. Expenses by object:

| | 2019 | 2018 |
|------------------------|---------------|---------------|
| Salaries and benefits | \$ 17,392,789 | \$ 17,082,531 |
| Materials and supplies | 4,686,111 | 4,788,328 |
| Capital | 962,867 | 913,515 |
| | \$ 23,041,767 | \$ 22,784,374 |

13. Subsequent event:

Subsequent to December 31, 2019 the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses and organizations globally resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable. The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the Board's revenue, expenditures, and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and our business are not known at this time.

ALGOMA PUBLIC HEALTH

Statement of Revenue and Expenses – Public Health Programs

Schedule 1

Year ended December 31, 2019, with comparative information for 2018

| | 2019 Budget | 2019 Total | 2018 Total |
|---|-------------------|-------------------|-------------------|
| Revenue: | | | |
| Provincial grant | \$ 10,520,151 | \$ 10,796,234 | \$ 10,718,847 |
| Levies | 3,519,690 | 3,519,703 | 3,502,180 |
| Recoveries | 695,214 | 698,343 | 626,921 |
| | <u>14,735,055</u> | <u>15,014,280</u> | <u>14,847,948</u> |
| Expenses: | | | |
| Salaries and wages | 9,031,428 | 8,850,883 | 8,493,648 |
| Benefits | 2,185,087 | 2,132,488 | 2,005,382 |
| Accounting and audit | 25,000 | 23,513 | 20,361 |
| Equipment | 124,591 | 258,544 | 286,196 |
| Insurance | 105,000 | 122,971 | 104,262 |
| Occupancy and renovations | 760,000 | 874,985 | 857,210 |
| Office supplies | 75,544 | 66,621 | 73,054 |
| Other | 42,500 | 40,681 | 39,706 |
| Professional development | 96,702 | 139,999 | 110,689 |
| Program promotion | 62,930 | 40,530 | 25,992 |
| Program supplies | 631,433 | 448,451 | 583,879 |
| Program administration (recovery) | (104,730) | (109,670) | (103,968) |
| Purchase professional services | 779,916 | 892,621 | 819,992 |
| Telephone and telecommunications | 267,685 | 260,123 | 248,526 |
| Travel | 191,069 | 215,334 | 220,672 |
| Special projects | - | - | 44,911 |
| | <u>14,274,155</u> | <u>14,258,074</u> | <u>13,830,512</u> |
| Excess of revenue over expenses before the undernoted | 460,900 | 756,206 | 1,017,436 |
| Interest on long-term debt | - | 97,867 | 105,722 |
| Amortization | - | 962,867 | 913,514 |
| Excess (deficiency) of revenue over expenses | \$ 460,900 | \$ (304,528) | \$ (1,800) |

ALGOMA PUBLIC HEALTH

Schedule 2

Expenditures - Community Health Programs

Year ended December 31, 2019, with comparative information for 2018

| | Healthy Babies and Children | Child Benefits Ontario Works | Nurse Practitioner | Genetics Counselling | Stay on Your Feet | Remedial Measures | Community Alcohol and Drug Assessment Ontario Works | Community Mental Health Housing | Garden River CADAP Program | Infant Development | CHPI |
|--|-----------------------------|------------------------------|--------------------|----------------------|-------------------|-------------------|---|---------------------------------|----------------------------|--------------------|------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Salaries and employee benefits: | | | | | | | | | | | |
| Salaries | 797,206 | 16,677 | 106,116 | 64,294 | 64,898 | 6,976 | 49,907 | 97,360 | 206,484 | 410,345 | - |
| Employee benefits | 210,486 | 4,253 | 24,162 | 18,341 | 15,921 | 698 | 12,991 | 22,456 | 49,963 | 109,122 | - |
| | 1,007,692 | 20,930 | 130,278 | 82,635 | 80,819 | 7,674 | 62,898 | 119,816 | 256,447 | 519,467 | - |
| Supplies and services: | | | | | | | | | | | |
| Equipment | 4,700 | - | - | - | - | - | - | - | - | 4,000 | - |
| Occupancy and renovations | - | - | 6,000 | 4,600 | - | - | - | - | - | 50,854 | - |
| Office supplies | 4,623 | - | 3,325 | 1,374 | - | - | - | - | - | 1,125 | - |
| Insurance | - | - | 1,200 | - | - | - | - | - | - | - | - |
| Audit fees | 2,188 | - | 2,035 | - | - | - | - | - | - | 2,035 | - |
| Professional development | 2,981 | - | 8,228 | - | 1,269 | - | 2,083 | - | - | 2,239 | - |
| Program administration | - | - | - | 4,644 | - | - | 5,602 | 8,914 | 9,647 | 16,160 | - |
| Program promotion | - | - | - | - | - | - | - | - | - | - | - |
| Program supplies | 1,637 | 3,570 | (18) | 2,507 | 21,388 | 86 | - | 229 | 30 | 5,853 | 214 |
| Purchased professional services | 10,000 | - | - | 20,118 | - | - | - | - | - | - | - |
| Telephone and telecommunications | 6,391 | - | 3,300 | 890 | - | - | - | 516 | 645 | 8,126 | - |
| Travel | 20,576 | - | 250 | 1,425 | 1,411 | - | 583 | 2,031 | 683 | 20,034 | - |
| | 53,096 | 3,570 | 24,320 | 35,558 | 24,068 | 86 | 8,268 | 11,690 | 11,005 | 110,426 | 214 |
| Total expenditures | 1,060,788 | 24,500 | 154,598 | 118,193 | 104,887 | 7,760 | 71,166 | 131,506 | 267,452 | 629,893 | 214 |

ALGOMA PUBLIC HEALTH

Schedule 2

Expenditures - Community Health Programs (continued)

Year ended December 31, 2019, with comparative information for 2018

| | Brighter Futures for Children | Preschool Speech and Languages Initiative | PSL Communication Development | Community Alcohol and Drug Assessment | Community Mental Health | CMH Transformational Supportive Housing | CMH/ASH Supportive Housing | CMH 1150 Units | 2019 Total | 2018 Total |
|----------------------------------|-------------------------------|---|-------------------------------|---------------------------------------|-------------------------|---|----------------------------|----------------|------------------|------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Salaries and employee benefits: | | | | | | | | | | |
| Salaries | 53,550 | 128,419 | 408,995 | 516,411 | 2,143,992 | 121,920 | - | - | 5,193,550 | 5,357,952 |
| Employee benefits | 16,173 | 14,453 | 59,797 | 113,332 | 543,720 | - | - | - | 1,215,868 | 1,210,880 |
| | 69,723 | 142,872 | 468,792 | 629,743 | 2,687,712 | 121,920 | - | - | 6,409,418 | 6,568,832 |
| Supplies and services: | | | | | | | | | | |
| Equipment | - | - | 3,000 | 4,673 | 10,902 | - | - | - | 27,275 | 14,501 |
| Occupancy and renovations | 1,900 | 188 | 1,538 | 44,815 | 328,838 | (16,825) | 31,796 | 35,228 | 488,932 | 491,094 |
| Office supplies | - | - | 2,123 | 3,624 | 3,660 | - | - | - | 19,854 | 28,859 |
| Insurance | - | - | - | - | - | - | - | - | 1,200 | 500 |
| Audit fees | - | - | 2,430 | - | 15,207 | - | - | - | 23,895 | 36,129 |
| Professional development | - | - | 553 | 1,919 | 9,179 | - | - | - | 28,451 | 22,777 |
| Program administration | - | - | - | 10,353 | 34,535 | 7,815 | - | - | 97,670 | 103,635 |
| Program promotion | - | - | - | - | 2,000 | - | - | - | 2,000 | 14,539 |
| Program supplies | 55,849 | - | 4,557 | 1,933 | 43,546 | 22,823 | 9,087 | 2,485 | 175,776 | 217,459 |
| Purchased professional services | - | - | 1,600 | 7,096 | 58,510 | - | - | - | 97,324 | 73,552 |
| Telephone and telecommunications | 51 | 300 | 1,874 | 5,961 | 66,025 | - | - | - | 94,079 | 71,108 |
| Travel | 1,714 | 8,975 | 1,982 | 8,675 | 90,265 | - | - | - | 158,604 | 184,201 |
| | 59,514 | 9,463 | 19,657 | 89,049 | 662,667 | 13,813 | 40,883 | 37,713 | 1,215,060 | 1,258,354 |
| Total expenditures | 129,237 | 152,335 | 488,449 | 718,792 | 3,350,379 | 135,733 | 40,883 | 37,713 | 7,624,478 | 7,827,186 |

ALGOMA PUBLIC HEALTH

Summary of Public Health Programs

Schedule 3

Year ended December 31, 2019, with comparative information for 2018

| | 2019 | 2018 |
|---|-------------------|-------------------|
| | Total | Total |
| Revenue: | | |
| MOH Public Health Funding | \$ 7,344,900 | \$ 7,344,900 |
| Levies | 3,519,703 | 3,502,180 |
| MOH Funding Healthy Smiles | 649,483 | 730,384 |
| Recoveries from Programs | 409,052 | 399,433 |
| MOH Funding Unorganized | 530,400 | 530,400 |
| MOH Funding Smoke Free Ontario | 320,600 | 320,600 |
| Senior Dental | 229,227 | - |
| MOH Funding Infection Control | 222,300 | 222,300 |
| Social Determinants of Health | 180,500 | 180,500 |
| Land Control | 157,920 | 157,135 |
| Medical Officer of Health Compensation | 155,563 | 126,451 |
| Diabetes Strategy | 150,000 | 150,000 |
| MOH Funding Harm Reduction | 150,000 | 150,000 |
| Funding - Chief Nursing Officer | 121,500 | 121,500 |
| Northern Ontario Fruit and Vegetables | 117,400 | 117,394 |
| MOH Funding Vector Bourne Disease | 108,700 | 108,700 |
| One Time Funding North East Collaborative | 93,158 | 60,049 |
| MOH Funding Infection Control Nurse | 90,100 | 90,100 |
| MOH Funding SFO Youth Engagement | 80,000 | 80,000 |
| Other | 73,251 | 26,127 |
| MOH Funding Safe Water | 69,600 | 69,600 |
| Needle Exchange Program Initiative | 64,700 | 64,700 |
| Interest | 60,543 | 44,225 |
| MOH Funding Haines Food Safety | 24,600 | 24,600 |
| MOH Funding SFO Prosecution | 17,000 | - |
| MOH Funding SFO E - Cigarettes | 16,000 | 16,000 |
| MOH One Time Funding Safe Water Enhanced Safe Water | 15,500 | 15,500 |
| New Purpose Built Vaccine Refrigerators | 14,500 | 13,100 |
| One Time Funding Legal Fees | 14,002 | 49,300 |
| MOH Funding PHI Practicum Student | 10,000 | 10,000 |
| One Time Funding School Vision | 6,500 | - |
| Panorama | - | 71,908 |
| One Time Funding Needle Exchange Supplies | - | 26,281 |
| One Time Funding Smoking Cessation Program | - | 24,581 |
| | 15,016,703 | 14,847,948 |
| Expenditures: | | |
| Public Health | 10,768,673 | 10,403,765 |
| Healthy Smiles | 649,483 | 730,384 |
| Unorganized | 530,400 | 530,400 |
| Smoke Free Ontario | 419,200 | 320,600 |
| Senior Dental | 229,227 | - |
| Infection Control | 222,300 | 222,300 |
| Social Determinants of Health | 180,500 | 180,500 |
| Land Control | 157,920 | 156,684 |
| Medical Officer of Health Compensation | 155,563 | 126,451 |
| Diabetes strategy | 150,000 | 150,000 |
| Harm Reduction | 150,000 | 150,000 |
| Vector Bourne Disease | 144,933 | 144,933 |
| Chief Nursing Officer | 121,500 | 121,500 |
| Northern Ontario Fruit and Vegetables | 117,400 | 117,394 |
| Safe Water | 92,800 | 85,100 |
| North East Collaborative | 92,566 | 60,049 |
| Infection Control Nurse | 90,100 | 90,100 |
| Needle Exchange Program Initiative | 64,700 | 64,700 |
| Haines Food Safety | 24,600 | 24,600 |
| Safe Water Enhanced | 15,500 | 15,500 |
| New Purpose Built Vaccine Refrigerators | 14,500 | 13,100 |
| Legal fees | 14,002 | 49,300 |
| PHI Practicum Student | 10,000 | 10,000 |
| School Vision | 6,500 | - |
| SFO Youth Engagement | - | 80,000 |
| MOH Funding SFO E - Cigarettes | - | 16,000 |
| Panorama | - | 71,908 |
| Needle Exchange Supplies | - | 26,281 |
| Smoking Cessation Program | - | 24,581 |
| | 14,422,368 | 13,986,130 |
| Excess of revenue over expenses | \$ 594,335 | \$ 861,818 |