

Financial Statements of

**HURON PERTH PUBLIC  
HEALTH**

And Independent Auditor's Report thereon

Year ended December 31, 2025



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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of Huron Perth Public Health

### ***Opinion***

We have audited the financial statements of Huron Perth 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 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.

### ***Other Matter - Comparative Information***

The financial statements for the year ended December 31, 2024 were audited by another auditor who expressed an unmodified opinion on those financial statements on April 16, 2025.



### ***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.



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- 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*

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Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada

May 12, 2026

# HURON PERTH PUBLIC HEALTH

## Statement of Financial Position

December 31, 2025, with comparative information for 2024

	2025	2024
<b>Financial assets:</b>		
Cash (note 2)	\$ 1,471,271	\$ 148,958
Accounts receivable (note 3)	473,051	788,099
Short-term investments (note 4)	309,793	298,853
Due from Ministry of Health	-	534,854
	<u>2,254,115</u>	<u>1,770,764</u>
<b>Liabilities:</b>		
Accounts payable and accrued liabilities	277,401	310,648
Due to Ministry of Health	164,440	-
Post-employment benefit obligation (note 7)	1,527,600	1,723,700
Deferred revenue (note 6)	897,721	690,203
	<u>2,867,162</u>	<u>2,724,551</u>
Net debt	(613,047)	(953,787)
<b>Non-financial assets:</b>		
Tangible capital assets (note 5)	5,367,766	5,346,158
Prepaid expenses	77,531	149,517
	<u>5,445,297</u>	<u>5,495,675</u>
Economic dependence (note 3)		
Commitments (note 8)		
Accumulated surplus	<u>\$ 4,832,250</u>	<u>\$ 4,541,888</u>

See accompanying notes to financial statements.

Approved by the Board of Health:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# HURON PERTH PUBLIC HEALTH

## Statement of Operations and Accumulated Surplus

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

	2025 Budget	2025 Actual	2024 Actual
<b>Revenues:</b>			
Ministry of Health Base Funding	\$ 11,429,372	\$ 12,435,154	\$ 12,816,550
MCCSS funding	-	1,609,117	1,598,536
County of Huron	1,375,025	1,369,025	1,306,232
County of Perth	929,985	925,927	888,153
County of Stratford	739,710	736,483	705,718
Other	220,000	330,187	258,518
Town of St. Marys	147,814	147,169	140,375
Health Canada funding	-	73,197	64,597
Interest income	-	39,841	54,216
Ministry of Health one-time funding	-	12,500	441,889
Municipal larvicide funding	-	5,256	5,098
	14,841,906	17,683,856	18,279,882
<b>Expenses:</b>			
Salaries and wages	9,943,928	11,619,586	11,940,054
Employee benefits	2,768,324	3,409,894	3,441,238
Program expenses	422,358	649,427	938,864
Administrative expenses	518,549	472,260	444,808
Building occupancy	519,770	429,356	467,650
Amortization of tangible capital assets	-	289,864	325,455
Travel	205,572	233,360	258,300
Fee for service	188,705	201,244	146,236
Equipment	274,700	169,061	227,533
One-time programs	-	68,298	74,582
Other	-	47,244	58,713
Post-employment benefit	-	(196,100)	106,900
	14,841,906	17,393,494	18,430,333
Annual surplus (deficit)	-	290,362	(150,451)
Accumulated surplus, beginning of year	4,541,888	4,541,888	4,692,339
Accumulated surplus, end of year	\$ 4,541,888	\$ 4,832,250	\$ 4,541,888

See accompanying notes to financial statements.

# HURON PERTH PUBLIC HEALTH

## Statement of Changes in Net Debt

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

	2025	2024
Annual surplus (deficit)	\$ 290,362	\$ (150,451)
Amortization of tangible capital assets	289,864	325,455
Acquisition of tangible capital assets	(311,472)	(459,216)
Change in prepaid expenses	71,986	124,403
Increase in net financial assets (debt)	340,740	(159,809)
Net debt, beginning of year	(953,787)	(793,978)
Net debt, end of year	\$ (613,047)	\$ (953,787)

See accompanying notes to financial statements.

# HURON PERTH 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:		
Annual surplus (deficit)	\$ 290,362	\$ (150,451)
Item not involving cash:		
Amortization of tangible capital assets	289,864	325,455
	580,226	175,004
Changes in non-cash operating working capital:		
Accounts receivable	315,048	1,300,708
Due from Ministry of Health	699,294	(487,108)
Prepaid expenses	71,986	124,403
Accounts payable and accrued liabilities	(33,247)	(56,999)
Employee benefits payable	(196,100)	106,900
Deferred revenue	207,518	(394,901)
	1,644,725	768,007
Cash flows from financing activities:		
Bank indebtedness	-	(151,117)
Cash flows from capital activities:		
Acquisition of tangible capital assets	(311,472)	(459,216)
Cash flows from investing activities:		
Purchase of short-term investments	(10,940)	(8,716)
Net increase in cash	1,322,313	148,958
Cash, beginning of year	148,958	-
Cash, end of year	\$ 1,471,271	\$ 148,958

See accompanying notes to financial statements.

# HURON PERTH PUBLIC HEALTH

Notes to Financial Statements

Year ended December 31, 2025

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## **Nature of operations:**

Huron Perth Public Health ("Health Unit") has been created by statute under the Health Protection and Promotion Act ("HPPA") and is by statute an autonomous Board of Health. It is governed by a Board of Health which is comprised of nine elected municipal representatives and one or more provincial representatives. The mission of the Health Unit is to work in partnership with our community to foster conditions in which people can be healthy. The Health Unit promote health, protect health, prevent disease and provide community health services for the people of Huron and Perth County. The Health Unit is a registered charitable organization.

## **1. Significant accounting policies:**

The financial statements have been prepared in accordance with Canadian public sector accounting standards ("PSAS"), and reflect the following policies:

### **(a) Basis of presentation:**

#### **Basis of accounting**

- a) The operations reported on in the financial statements reflect the complete operations of the Health Unit.
- b) The operations of Health Unit general programs are funded by the Municipal Government bodies and the Ontario Ministry of Health ("the Ministry"). Each year the amount of expenditure is based upon budgeted approvals and is funded accordingly. Funding amounts not received at year-end are recorded as receivable. Funding amounts in excess of actual expenditures incurred during the year are recorded as payable, or as deferred revenue depending on the terms of the funding agreement.

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

### **(b) Use of estimates:**

The preparation of the financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Significant estimates used within these financial statements include accrued liabilities and employee benefits payable. Actual results may differ from these estimates.

# HURON PERTH PUBLIC HEALTH

Notes to Financial Statements (continued)

Year ended December 31, 2025

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## 1. Significant accounting policies (continued):

### (c) Revenue recognition:

Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

### (d) Tangible capital assets:

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

Asset	Rate
Buildings	10-50 years
Leasehold improvements	Term of lease
Furniture and equipment	5-10 years
Technological systems	3-5 years

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### (e) Asset retirement obligations:

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 and other contract obligations;
- (ii) The past transactions or events giving rise to the liability has occurred;
- (iii) It is expected that future economic benefits will be given up; and
- (iv) A reasonable estimate of the amount can be made.

Judgement may be required to determine if an asset retirement exists and if so, the asset retirement obligation is based on management's best estimate of the expenditures to settle the obligation. Assumptions used in the subsequent calculations are revised yearly.

# HURON PERTH PUBLIC HEALTH

Notes to Financial Statements (continued)

Year ended December 31, 2025

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## 1. Significant accounting policies (continued):

### (f) Financial instruments:

#### (i) Initial measurement:

Health Unit's financial instruments include cash, short-term investments, accounts receivable, due to/from Ministry, accounts payable and accrued liabilities. The carrying value of cash, short-term investments, accounts receivable, due to/from Ministry, accounts payable and accrued liabilities approximate their fair values due to the short-term nature of these financial assets and liabilities.

All financial instruments are measured at cost or amortized cost. There have been no re-measurement gains or losses. Therefore, the Statement of Remeasurement Gains (Losses) has been excluded.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the Statement of Operations and Accumulated Surplus.

### (g) Employee future benefits:

The Health Unit provides certain employee benefits which will require funding in future periods. These benefits include life insurance, extended health and dental benefits for retirees.

The costs of post-employment benefits are actuarially determined using the projected benefits method prorated on service and management's best estimate of retirement ages of employees, expected health care costs and plan investment performance. Liabilities are actuarially determined using discount rates that are consistent with the market rates of high-quality debt instruments. Any gains or losses from changes in assumptions or experience are amortized over the average remaining service period for active employees. Any gains or losses from plan amendments or other similar changes are recognized in the period of change as an expense or recovery in the Statement of Operations.

## 2. Cash:

The Health Unit occasionally goes into overdraft depending on the timing of expenses and Ministry deposits. The Health Unit has an authorized operating line of credit to a limit of \$1,000,000 (2024 - \$250,000). At December 31, 2025 there is \$1,000,000 (2024 - \$250,000) credit available under this operating line. The Bank of Nova Scotia holds the Health Unit's investments as collateral. The Health Unit is charged a nominal fee based on the number of days the account is in an overdraft position bearing interest at prime plus 1.5%.

# HURON PERTH PUBLIC HEALTH

Notes to Financial Statements (continued)

Year ended December 31, 2025

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### 3. Economic dependence:

Approximately 70% (2024 - 81%) of revenue reported in the year relates to funding received from the Ontario Ministry of Health. As at year end, approximately 64% (2024 - 63%) of accounts receivables relates to the Ministry.

### 4. Short-term investments:

	2025	2024
Guaranteed Investment Certificate, non-redeemable, minimum interest rate 4%, maturing April 2027	\$ 119,048	\$ 114,470
Guaranteed Investment Certificate, non-redeemable, with interest rate of 3.45% maturing August 2029	190,745	184,383
	<u>\$ 309,793</u>	<u>\$ 298,853</u>

The market value of investments was \$309,793 (2024 - \$298,853). These certificates are market-linked and are stated at a market rate and have a principal of \$293,563 (2024 - \$293,563). The return is based on certain market performance over the life of the certificates.

# HURON PERTH PUBLIC HEALTH

Notes to Financial Statements (continued)

Year ended December 31, 2025

## 5. Tangible capital assets:

Cost	Balance, December 31, 2024	Additions	Dispositions	Balance, December 31, 2025
Land	\$ 460,000	\$ -	\$ -	\$ 460,000
Buildings	6,163,256	92,537	-	6,255,793
Leasehold improvements	6,686	-	(6,686)	-
Furniture and equipment	313,536	61,388	(83,352)	291,572
Technological systems	319,459	157,547	(181,308)	295,698
	<b>\$ 7,262,937</b>	<b>\$ 311,472</b>	<b>\$ (271,346)</b>	<b>\$ 7,303,063</b>

Accumulated amortization	Balance, December 31, 2024	Amortization	Dispositions	Balance, December 31, 2025
Land	\$ -	\$ -	\$ -	\$ -
Buildings	1,429,371	187,473	-	1,616,844
Leasehold improvements	6,686	-	(6,686)	-
Equipment	215,260	41,929	(83,352)	173,837
Technology and communication	265,462	60,462	(181,308)	144,616
	<b>\$ 1,916,779</b>	<b>\$ 289,864</b>	<b>\$ (271,346)</b>	<b>\$ 1,935,297</b>

Net book value	2025	2024
Land	\$ 460,000	\$ 460,000
Buildings	4,638,949	4,733,885
Equipment	117,735	98,276
Technology and communication	151,082	53,997
	<b>\$ 5,367,766</b>	<b>\$ 5,346,158</b>

# HURON PERTH PUBLIC HEALTH

Notes to Financial Statements (continued)

Year ended December 31, 2025

## 6. Deferred revenue:

	December 31, 2024	Funds received (repaid)	Revenue recognized	December 31, 2025
CPNP	\$ 19,895	\$ 67,390	\$ (73,196)	\$ 14,089
MCCSS	19,500	-	(19,500)	-
One time PHI Practicum	12,500	-	(12,500)	-
Other	638,308	743,309	(497,985)	883,632
	\$ 690,203	\$ 810,699	\$ (603,181)	\$ 897,721

## 7. Post- employment benefit obligation:

	2025	2024
Balance , beginning of the year	1,723,700	1,616,800
Current service cost	96,700	93,900
Interest cost	54,200	50,900
Benefit payment	(37,700)	(37,900)
Plan amendments	(309,300)	-
Balance, end of the year	\$ 1,527,600	\$ 1,723,700
	2025	2024
Accrued benefit obligation related to non-pension post retirement benefit	\$ 1,176,000	\$ 1,723,700
Unamortized actuarial gain	351,600	-
	\$ 1,527,600	\$ 1,723,700
Discount rate	4.7%	3.01%
Expected average remaining service life to retirement	16.1 Years	16.1 Years

# HURON PERTH PUBLIC HEALTH

Notes to Financial Statements (continued)

Year ended December 31, 2025

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## 8. Commitments:

The Health Unit has obligations under long-term leases up to the year 2027. The lease payments for the future years are as follows:

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2026	\$	121,283
2027		72,495
	\$	193,778

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## 9. Financial instruments:

(a) Risk management:

The Health Unit is exposed to liquidity risk, interest rate risk, and credit risk from its financial instruments. This note describes the Health Unit's objectives, policies and processes for managing those risks and the methods used to measure them. Further qualitative and quantitative information in respect of these risks is presented below and throughout these financial statements.

(b) Credit risk:

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Health Unit is exposed to credit risk through its accounts receivable.

The Health Unit manages its credit risk through credit approval procedures and by holding cash at federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. The Health Unit measures its exposure to credit risk based on how long amounts have been outstanding. An impairment allowance is set up based on the Health Unit's historical experience regarding collection. There are no amounts deemed impaired at year-end.

There have been no changes to the Health Unit's financial instrument risk exposure from the prior year.

# HURON PERTH PUBLIC HEALTH

Notes to Financial Statements (continued)

Year ended December 31, 2025

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## 9. Financial instruments: (continued):

### (c) Liquidity risk:

Liquidity risk is the risk that the Health Unit encounters difficulty in meeting its obligations with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Health Unit will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value which is less than what they are worth; or may be unable to settle or recover a financial asset. The Health Unit is exposed to liquidity risk through it's due to Ministry and accounts payable.

The Health Unit manages it's liquidity risk by monitoring cash activities and expected outflows through budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cash flows arise.

### (d) Interest rate risk:

Interest rate risk represents the risk to the Health Unit's operations that arises from fluctuations in interest rates and the degree of volatility of these rates. The Health Unit is exposed to interest rate risk through it's temporary borrowings.

The Health Unit manages it's interest rate risk by monitoring the change in interest rates and using fixed interest rates when appropriate.

## 10. Budget figures:

The budgeted figures, which are presented for comparison purposes, are prepared on a cash basis.

## 11. Comparative information:

Certain comparative information have been reclassified from those previously presented to conform to the presentation of the 2025 financial statements.

# HURON PERTH PUBLIC HEALTH

## Schedule 1 - Other programs

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

	MCCSS	CPNP	OSDCP	IPAC Hub	Total 2025	Total 2024
Revenue:						
Ministry of Health base funding	\$ -	\$ -	\$ 697,739	\$ 275,819	\$ 973,558	\$ 1,216,755
MCCSS funding	1,609,117	-	-	-	1,609,117	1,598,536
Health Canada	-	73,197	-	-	73,197	64,597
	1,609,117	73,197	697,739	275,819	2,655,872	2,879,888
Expenses:						
Salaries and wages	1,137,868	53,023	196,352	205,406	1,592,649	1,750,211
Employee benefit	352,108	18,690	62,301	66,402	499,501	510,911
Program expenses	14,994	344	360,072	9	375,419	666,004
Travel	47,093	1,140	898	3,911	53,042	57,923
Administrative expenses	5,132	-	78,116	91	83,339	-
	1,557,195	73,197	697,739	275,819	2,603,950	2,985,049
Surplus (deficit)	\$ 51,922	\$ -	\$ -	\$ -	\$ 51,922	\$ (105,161)

The amounts shown in the schedule 1 are included in the Statement of Operation and Accumulated Surplus.