

Financial Statements

Thunder Bay District Health Unit
December 31, 2024

Statement of Administrative Responsibility

The management of the **Thunder Bay District Health Unit** have prepared the accompanying financial statements and are responsible for their accuracy and integrity. These statements consolidate all operations for which the Health Unit has legislative and financial responsibility. The financial statements have been prepared by management in accordance with the accounting principles generally accepted for the public sector as prescribed by the Public Sector Accounting Board (PSAB).

In fulfilling its responsibilities and recognizing the limits inherent in all systems, administration has developed and maintains a system of internal control designed to provide reasonable assurance that Health Unit assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of the financial statements.

The Board of Health reviews and approves the financial statements before such statements are submitted to the Province of Ontario and published for the residents of the participating municipalities. The external auditors have access to, and meet with the Board of Health to discuss their audit and the results of their examination.

The 2024 financial statements have been reported on by the Health Unit's external auditors, MNP LLP. The auditors' report outlines the scope of their audit and their opinion on the presentation of the information included in the financial statements.



Dr. Janet DeMille
Medical Officer of Health /
Chief Executive Officer



Mr. James McPherson
Chair, Board of Health

Thunder Bay District Health Unit

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To the Member of Board of Health, Members of Council, Inhabitants and Ratepayers of the Participating Municipalities as listed in Note 12 of Thunder Bay District Health Unit:

Opinion

We have audited the financial statements of Thunder Bay District Health Unit (the "Organization"), which comprise the statement of financial position as at December 31, 2024, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2024, and the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization 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.

Emphasis of Matter

We draw attention to Note 4 of the financial statements, which explains that certain comparative information for the year ended December 31, 2023 has been restated. The financial statements for the year ended December 31, 2023 (prior to the adjustment applied to restate certain comparative information explained in Note 4) were audited by another auditor who expressed a unmodified opinion on those financial statements on April 16, 2024. Our opinion is not modified in respect of this.

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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 these 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 Organization'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 Organization'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 Organization 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Thunder Bay, Ontario

June 18, 2025

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

Thunder Bay District Health Unit

STATEMENT OF FINANCIAL POSITION

As at December 31,

	2024 \$	2023 \$ [As Restated Note 4]
FINANCIAL ASSETS		
Cash (Note 10)	7,571,107	6,849,178
Accounts receivable	285,657	298,142
Due from Province of Ontario	1,256,120	1,073,663
Due from Government of Canada	220,737	216,738
Inventory for resale	26,599	22,089
Total Financial Assets	9,360,220	8,459,810
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	1,930,676	1,191,230
Due to Province of Ontario	4,136,838	3,928,888
Due to Government of Canada	212,034	285,907
Deferred revenue (Note 5)	365,378	749,190
Capital lease liability (Note 14)	449,557	67,080
Accrued vacation pay	1,162,361	1,035,933
Total Financial Liabilities	8,256,844	7,258,228
NET FINANCIAL ASSETS	1,103,376	1,201,582
NON-FINANCIAL ASSETS		
Tangible capital assets - net (Schedule 2)	4,478,770	4,199,031
Inventories of supplies	46,912	50,384
Prepaid expenses	478,682	503,401
Total Non-Financial Assets	5,004,364	4,752,816
ACCUMULATED SURPLUS (Schedule 1)	6,107,740	5,954,398

The accompanying notes are an integral part of these financial statements

Thunder Bay District Health Unit

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the Year Ended December 31,

	Budget 2024 \$ (Note 13)	Actual 2024 \$ (Schedule 3)	Actual 2023 \$ [As Restated Note 4]
REVENUES	23,516,814	23,673,564	24,008,775
EXPENDITURES			
Operating			
Mandatory Core Programs	16,500,524	16,237,998	17,306,551
Indigenous Public Health Programs	902,047	941,414	480,994
Northern Fruits & Vegetables / Food Sovereignty	550,831	478,899	602,210
Ontario Seniors Dental Care	999,300	1,036,409	971,286
Unorganized Territories	978,847	978,847	948,900
Healthy Babies Healthy Children	1,362,551	1,392,162	1,297,038
Healthy Kids	475,533	571,433	354,389
HIV Anonymous Testing	63,271	64,984	64,806
Infection Prevention and Control	921,200	954,885	719,440
Land Development	225,220	257,337	184,090
Nurse Practitioner	165,453	135,347	98,913
Other Funded Programs	227,555	240,087	187,190
Youth Violence Prevention	144,482	190,413	149,808
	23,516,814	23,480,215	23,365,615
NET REVENUES	-	193,349	643,160
Loss on disposal of tangible capital assets	-	(40,007)	(13,680)
ANNUAL SURPLUS	-	153,342	629,480
ACCUMULATED SURPLUS			
Beginning of Year	5,954,398	5,954,398	5,324,918
End of Year	5,954,398	6,107,740	5,954,398

The accompanying notes are an integral part of these financial statements

Thunder Bay District Health Unit

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

For the Year Ended December 31,

	Budget 2024 \$	Actual 2024 \$	Actual 2023 \$
			<i>[As Restated Note 4]</i>
Annual Surplus	-	153,342	629,480
		-	
Acquisition of tangible capital assets	-	(800,951)	(787,012)
Amortization of tangible capital assets	-	481,205	417,520
Loss on disposal of tangible capital assets	-	40,007	13,680
	-	(279,739)	(355,812)
Acquisition of supplies inventory	-	(46,912)	(50,384)
Acquisition of prepaid expenses	-	(478,682)	(503,401)
Consumption of supplies inventory	-	50,384	62,749
Use of prepaid expenses	-	503,401	313,999
	-	28,191	(177,037)
Increase (decrease) in net financial assets	-	(98,206)	96,631
Net financial assets, beginning of year	1,201,582	1,201,582	1,104,951
Net financial assets, end of year	1,201,582	1,103,376	1,201,582

The accompanying notes are an integral part of these financial statements

Thunder Bay District Health Unit

STATEMENT OF CASH FLOWS

For the Year Ended December 31,

	2024 \$	2023 \$
		<i>[As Restated Note 4]</i>
Operating transactions		
Annual surplus	153,342	629,480
Uses		
Increase in due from Province of Ontario	(182,457)	(410,117)
Increase in due from Government of Canada	(3,999)	-
Increase in inventory	(1,038)	-
Decrease in accounts payable and accrued liabilities	-	(443,535)
Decrease in due to Province of Ontario	-	(342,337)
Decrease in due to Government of Canada	(73,873)	(28,857)
Decrease in deferred revenue	(383,812)	(91,432)
Decrease in accrued vacation pay and vested sick leave liability	-	(18,251)
Increase in prepaid expenses	-	(189,402)
	(645,179)	(1,523,931)
Sources		
Decrease in accounts receivable	12,485	17,877
Decrease in due from Government of Canada	-	96,024
Decrease in inventory	-	8,332
Increase in accounts payable and accrued liabilities	739,446	-
Increase in due to Province of Ontario	207,950	-
Increase in accrued vacation pay and vested sick leave liability	126,428	-
Decrease in prepaid expenses	24,719	-
	1,111,027	122,233
Non-cash charges to operations		
Amortization	481,205	417,520
Revenue from contributed tangible capital assets	(13,359)	(81,064)
Loss on disposal of tangible capital assets	40,007	13,680
	507,853	350,136
Cash used in operating transactions	1,127,043	(422,082)
Capital Transactions		
Purchase of tangible capital assets	(322,780)	(632,694)
Cash used in capital transactions	(322,780)	(632,694)
Financing Transactions		
Principal payments on capital lease liability	(82,334)	(6,174)
Cash provided by (used in) financing transactions	(82,334)	(6,174)
Net change in cash	721,929	(1,060,950)
Cash, beginning of the year	6,849,178	7,910,128
Cash, end of the year	7,571,107	6,849,178

The accompanying notes are an integral part of these financial statements

Thunder Bay District Health Unit

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

1. GENERAL

The Thunder Bay District Health Unit is established under the *Health Protection and Promotion Act*, and provides programs and services in accordance with the legislative mandate for Boards of Health in Ontario.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements of the Thunder Bay District Health Unit (Health Unit) are prepared by management in accordance with Canadian Public Sector Accounting Standards as prescribed by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada (CPA Canada). Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgment. The more significant of these accounting policies are as follows:

(a) Reporting Entity

These financial statements reflect the financial assets, liabilities, operating revenues and expenditures, reserves and reserve funds, and changes in investment in tangible capital assets of the Health Unit.

(b) Basis of accounting

Accrual accounting

The Health Unit uses the accrual basis of accounting and recognizes revenues as they are levied or earned and become measurable; expenditures 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.

Cash

Cash is defined as cash on hand and balances with banks with maturities of three months or less.

Inventories held for resale

Inventories held for resale are recorded at the lower of cost and net realizable value, with cost being determined on a first in, first out basis. Assets held for sale are those expected to be sold within one year.

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory of supplies

The Health Unit's material and supplies inventory are valued at the lower of cost and net realizable value, with cost being determined on a first in, first out basis.

Employee benefits

Vacation pay is charged to operations in the year earned.

Use of estimates

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of 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 period. Significant estimates included in these financial statements are due to/from governments, accounts payable and accrued liabilities, as well as estimated useful life of tangible capital assets. Actual results could differ from those estimates.

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. The change in non-financial assets during the year, together with the excess (deficiency) of revenues over expenses, provides the Change in Net Financial Assets for the year.

I. Tangible Capital assets

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

Land Improvements	15 to 30 years
Building	40 years
Machinery & Equipment	3 to 30 years
Vehicles	9 to 15 years
Leasehold Improvements	10 years

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

- II. Contribution of tangible capital assets
Tangible capital assets received as contributions are recorded at their fair value at the date of receipt.
- III. Tangible capital assets recorded at nominal value
Tangible capital assets acquired at no cost, or nominal cost, are recorded at their fair value at the date of acquisition.
- IV. Leases
Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. A lease that transfers substantially all of the benefits and risks of ownership to the lessee is recorded as a tangible capital asset and the incurrence of a lease obligation. At inception, a tangible capital asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments, excluding executory costs, and the leased property's fair value at the beginning of the lease. The discount rate used to determine the present value of the lease payments is the lower of the Health Unit's rate for incremental borrowing or the interest rate implicit in the lease. The tangible capital assets are amortized on a straight-line basis consistent with other assets in the machinery & equipment category. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

Revenue recognition

Government transfers, which include legislative grants, are recognized in the financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made unless the transfer contains stipulations that create a liability. If the transfer contains stipulations that create a liability, the related revenue is recognized over the period that the liability is extinguished.

Government agencies undertake financial reviews of the Health Unit's operations based on the submission of annual settlement forms. Adjustment to the financial statements, if any, as a result of these reviews are accounted for when notification is received.

Municipal levies are recognized as earned when the levy is established by the Board of Health through the budget process.

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Financial Instruments

The Health Unit's financial assets and financial liabilities are accounted for as follows:

Cash is recorded at fair value. Accounts receivable and due from government are recorded at amortized cost less any valuation allowances. Valuation allowances are made to reflect accounts receivable at the lower of amortized cost and net recoverable value, when collectability and risk of loss exists. Changes in valuation allowances are recognized in the statement of operations. Accounts payable and accrued liabilities are recorded at cost.

The Health Unit has made an election pursuant to PS 2601.19A Foreign Currency Translation to recognize exchange gains and losses directly in the statement of operations.

3. CHANGE IN ACCOUNTING POLICY – ADOPTION OF NEW ACCOUNTING STANDARD

The Health Unit adopted the following standards concurrently beginning January 1, 2024 retroactively with restatement: PS 3160 *Public Private Partnerships*, PS 3400 *Revenue* and adopted PSG-8 *Purchased Intangibles* prospectively.

PS 3160 *Public Private Partnerships* (P3s) provides specific guidance on the accounting and reporting for P3s between public and private sector entities where the public sector entity procures infrastructure using a private sector partner.

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

3. CHANGE IN ACCOUNTING POLICY – ADOPTION OF NEW ACCOUNTING STANDARD (Continued)

PS 3400 *Revenue* establishes standards on how to account for and report on revenue, specifically differentiating between transactions that include performance obligations (i.e. the payor expects a good or service from the public sector entity), referred to as exchange transactions, and transactions that do not have performance obligations, referred to as non-exchange transactions. For exchange transactions, revenue is recognized when a performance obligation is satisfied. For non-exchange transactions, revenue is recognized when there is authority to retain an inflow of economic resources and a past event that gave rise to an asset has occurred.

PSG-8 *Purchased Intangibles* provides guidance on the accounting and reporting for purchased intangible assets that are acquired through arm's length exchange transactions between knowledgeable, willing parties that are under no compulsion to act.

There was no impact to the Health Unit's financial statements as a result of these adoptions.

4. PRIOR PERIOD ADJUSTMENT

During the current year, the Health Unit determined that revenue from the Ministry of Health had not been recognized in prior years' financial statements despite the funding being spent on eligible COVID-19 expenditures and reported on the Health Unit's Annual Reconciliation Report. As a result of the error, revenue was understated and due to Province of Ontario was overstated. This error has been corrected retroactively with restatement of prior periods. This correction had the following effect on the financial statement amounts presented for comparative purposes:

	Previously Reported	Adjustment	As Restated
	\$	\$	\$
Revenues	23,690,952	317,823	24,008,775
Due to Province of Ontario	4,664,712	(735,824)	3,928,888
Annual Surplus	311,657	317,823	629,480
Accumulated surplus, beginning of year	4,906,917	418,001	5,324,918
Accumulated surplus, end of year	5,218,574	735,824	5,954,398
Net financial assets, beginning of year	686,950	418,001	1,104,951
Net financial assets, end of year	465,758	735,824	1,201,582

Thunder Bay District Health Unit

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

5. DEFERRED REVENUE

The Health Unit operates a number of programs with March 31 fiscal year ends and may receive Municipal Levies in advance of year end for the next fiscal year. As such, any funding received but unearned at December 31 is recorded as deferred revenue.

The continuity of deferred revenue is as follows:

	2024 \$	2023 \$
Balance, beginning of year	749,190	840,622
Funding received, net	(383,812)	(91,432)
Balance, end of year	365,378	749,190

Included in deferred revenue is the amount \$250,337 (2023 - \$238,413) of Municipal Levies received in advance of the 2025 fiscal period.

6. PENSION AGREEMENTS

The Health Unit makes contributions to the Ontario Municipal Employees Retirement System Fund (OMERS), which is a multi-employer plan.

All employees are eligible to be members of the Ontario Municipal Employees Retirement System (OMERS). The plan is a 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 Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of benefits. OMERS provides pension services to more than half a million active, deferred and retired members and approximately 1,000 employers.

Each year an independent actuary determines the funding status of the OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2024. The results of this valuation disclosed total actuarial liabilities of \$142,489 million (2023 - \$136,185 million) in respect of benefits accrued for service with actuarial assets at that date of \$139,576 million (2023 - \$131,983 million) indicating an actuarial deficit of \$2,913 million (2023 - \$4,202 million). Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of the Ontario municipal organizations and their employees. During the year ended December 31, 2024, the Health Unit contributed \$1,362,026 (2023 - \$1,347,866) to the plan.

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

7. AVAILABLE FINANCING

The Health Unit has available an operating line of credit of \$500,000 with TD Canada Trust for which the Health Unit has provided a borrowing by-law. At December 31, 2024, the balance on the line of credit is \$nil (2023 - \$nil). Interest on the line of credit is calculated at bank prime minus 0.50% (4.95% at year-end) (2023– 6.70%).

8. TANGIBLE CAPITAL ASSETS

Schedule 2 provides information on the tangible capital assets of the Health Unit by major asset class, as well as accumulated amortization of the assets controlled.

Tangible capital assets contributed to the Health Unit totaled \$13,359 (2023 - \$81,064).

9. SEGMENTED INFORMATION

The Health Unit provides a wide range of services to citizens of the District of Thunder Bay. For management reporting purposes, the Health Unit'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 3 – Schedule of Revenue and Expenditures.

10. DESIGNATED ASSETS

Of the financial assets reported on the Statement of Financial Position, the Health Unit has designated \$3,899,086 (2023 - \$3,594,622) to support reserve funds.

Thunder Bay District Health Unit**NOTES TO FINANCIAL STATEMENTS**

December 31, 2024**11. COMMITMENTS**

The Health Unit leases branch offices in Marathon, Red Rock, Geraldton, and Terrace Bay. Also, the Health Unit leases significant pieces of office and computer equipment, software and vehicles. Future minimum payments over the next five years, and in aggregate under the operating leases, with initial terms of one year or more, consisted of the following at December 31, 2024:

	\$
2025	290,806
2026	246,415
2027	82,800
2028	78,011
2029	73,037
	771,069

12. MUNICIPAL LEVIES

	2024	2023
	\$	\$
Township of Conmee	19,827	19,249
Township of Dorion	7,584	7,363
Township of Gillies	12,670	12,301
Municipality of Greenstone	102,058	99,085
Township of Manitouwadge	51,227	49,735
Town of Marathon	80,252	77,914
Municipality of Neebing	58,080	56,388
Township of Nipigon	40,628	39,445
Township of O'Connor	18,213	17,682
Municipality of Oliver-Paipoonge	161,478	156,773
Township of Red Rock	23,817	23,123
Township of Schreiber	29,877	29,007
Municipality of Shuniah	74,221	72,059
Township of Terrace Bay	38,862	37,730
City of Thunder Bay	2,860,952	2,777,595
	3,579,746	3,475,449

13. BUDGETED AMOUNTS

The budget figures have been restated to conform with the requirements under Public Sector Accounting Board guidelines. As such, the budget figures presented in the financial statements differ from the presentation approved by the Board of Health.

Thunder Bay District Health Unit**NOTES TO FINANCIAL STATEMENTS**

December 31, 2024

14. OBLIGATIONS UNDER CAPITAL LEASES

The Health Unit has entered into agreements to lease certain information systems equipment under capital leases. The total future payments for capital leases amount to \$496,925 (2023 - \$73,391), consisting of \$449,557 (2023 - \$67,080) in principal and \$47,368 (2023 - \$6,311) in interest.

The lease agreements have terms of 3 to 5 years, with interest rates of 4.95% to 6.70% and maturity dates between June 2026 and August 2029.

Minimum annual principal and interest payments are as follows:

	\$
2025	142,658
2026	135,922
2027	107,474
2028	76,422
2029	34,449
	<hr/> 496,925 <hr/>

15. FINANCIAL INSTRUMENTS**General objectives, policies and processes**

The Board of Health have overall responsibility for the determination of the Health Unit's risk management objectives and policies, and whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure effective implementation of the objectives and policies to the Health Unit's Director of Corporate Services. The Board of Health receives regular reports from the Director of Corporate Services through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The Health Unit is not exposed to significant foreign currency risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Health Unit is exposed to this risk through its demand operating line of credit and obligations under capital lease. There were no changes in exposure to interest rate risk during the period.

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

15. FINANCIAL INSTRUMENTS (Continued)

Liquidity Risk

Liquidity risk is the risk that the Health Unit encounters difficulty in meeting its obligations associated 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 less than what they are worth; or maybe unable to settle or recover a financial asset. Liquidity arises from accounts payable and accrued liabilities and commitments. Management is of the opinion that the Health Unit is not exposed to significant liquidity risk and there were no changes in exposure to liquidity risk during the period.

Credit Risk

Credit Risk is the risk that one party to a financial instrument will cause a financial loss for another party by failing to discharge an obligation. The Health Unit is exposed to credit risk from its accounts receivable. The Health Unit mitigates its potential credit risk through proactive credit management policies that include approval and monitoring processes. Furthermore, it evaluates the collectability of accounts receivable and records an impairment allowance for doubtful accounts, which reduces the receivables to the amount management believes will be collected. At year end, the Health Unit's accounts receivable are as follows: current \$27,164 (2023 - \$86,173), 31 to 60 days \$406 (2023 - \$2,237), 61 to 90 days \$2,434 (2023 - \$5,820), and over 90 days \$25,866 (2023 - \$15,427).

The Health Unit is exposed to a credit risk as cash balances held with one institution exceeds federally insured limit. There were no changes in exposure to credit risk during the period.

16. COMPARATIVE FIGURES

Certain comparative figures on the Statement of Operations and Accumulated Surplus, Statement of Cash Flows, and Schedule of Tangible Capital Assets have been reclassified to conform with the current year's presentation.

SCHEDULE OF ACCUMULATED SURPLUS AND RESERVE FUNDS

As at December 31,

	Capital Expenditures Reserve	Land Development Reserve	Program Contingency Reserve	Benefit Cost Stabilization Reserve	Safe Food Handling Training Reserve	Stabilization Reserve	Accumulated Surplus	Total 2024 \$	Total 2023 \$ [As Restated Note 4]
Balance, beginning of year	2,198,428	105,707	500,000	109,683	195,193	618,089	2,227,298	5,954,398	5,324,918
Interest earned	103,469	5,971	19,126	5,132	9,187	29,090	(171,975)	-	-
Transfers (to) from operating	-	3,742	(10,000)	(2,818)	-	-	9,076	-	-
Surplus	-	-	-	-	-	-	153,342	153,342	629,480
Balance, end of year	2,301,897	115,420	509,126	111,997	204,380	647,179	2,217,741	6,107,740	5,954,398

SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the Year Ended December 31,

	Land	Land Improvement	Building	Machinery & Equipment	Vehicles	Leasehold Improvements	Capital Leases	Total 2024 \$	Total 2023 \$
COST									
Balance, beginning of year	147,300	37,444	4,358,794	3,826,392	184,351	75,000	73,254	8,702,535	8,077,955
Add: Additions during the year	-	-	-	336,139	-	-	464,812	800,951	787,012
Less: Disposals during the year	-	-	-	255,014	-	-	-	255,014	162,432
Balance, end of year	147,300	37,444	4,358,794	3,907,517	184,351	75,000	538,066	9,248,472	8,702,535
ACCUMULATED AMORTIZATION									
Balance, beginning of year	-	37,444	2,322,952	2,070,601	37,100	26,250	9,157	4,503,504	4,234,736
Add: Amortization during the year	-	-	108,970	279,768	16,234	7,500	68,733	481,205	417,520
Less: Accumulated amortization on disposal	-	-	-	215,007	-	-	-	215,007	148,752
Balance, end of year	-	37,444	2,431,922	2,135,362	53,334	33,750	77,890	4,769,702	4,503,504
NET BOOK VALUE	147,300	-	1,926,872	1,772,155	131,017	41,250	460,176	4,478,770	4,199,031

Thunder Bay District Health Unit
Schedule of Revenue and Expenditures

Schedule 3

For the Year Ended December 31

	Mandatory Core Programs	Indigenous Public Health Programs	Northern Fruits & Vegetables / Food Sovereignty	Ontario Seniors Dental Care	Unorganized Territories	Healthy Babies Healthy Children	Healthy Kids	HIV Anonymous Testing	Infection Prevention and Control	Land Development	Nurse Practitioner	Other Funded Programs	Youth Violence Prevention	Totals 2024 \$	Totals 2023 \$ [As Restated Note 4]
REVENUES															
Provincial Funding MOH*	10,847,331	762,254	478,899	995,712	978,847	-	-	64,984	639,284	-	135,347	-	-	14,902,658	13,097,058
Provincial Funding MCCSS**	-	-	-	-	-	1,392,162	-	-	-	-	-	-	-	1,392,162	1,297,038
Other Provincial & Federal Funding	266	125,770	-	-	-	-	568,508	-	-	-	-	239,582	190,413	1,124,539	805,350
Municipal Levies (note 12)	3,579,746	-	-	-	-	-	-	-	-	-	-	-	-	3,579,746	3,475,449
Interest Revenue	249,543	-	-	-	-	-	-	-	-	-	-	-	-	249,543	264,001
Generated/Other Revenue	969,478	-	-	6,252	-	-	-	-	-	260,967	-	-	-	1,236,697	1,032,478
One Time funding & Other Initiatives***	829,171	40,522	-	-	-	-	2,925	-	315,601	-	-	-	-	1,188,219	4,037,401
Total revenues	16,475,535	928,546	478,899	1,001,964	978,847	1,392,162	571,433	64,984	954,885	260,967	135,347	239,582	190,413	23,673,564	24,008,775
EXPENDITURES															
Operating															
Salaries & Benefits	12,983,021	922,335	333,816	503,667	722,067	1,318,188	146,516	64,484	937,320	209,696	133,383	156,064	81,867	18,512,424	18,302,559
Travel	167,711	-	15,752	564	40,980	15,552	594	-	1,446	29,477	-	3,098	-	275,174	264,443
Staff Training & Recognition	93,361	406	5,278	1,798	10,000	2,144	795	-	9,484	2,020	137	3,819	487	129,729	173,624
Board of Health	51,895	-	-	-	-	-	-	-	-	-	-	-	-	51,895	54,224
Purchased Program Service	196,932	-	-	440,450	-	-	-	-	-	1,204	-	25,500	-	664,086	760,009
Purchased Allocated Administration	990,317	5,805	65,264	10,048	147,800	17,810	373,585	-	2,512	8,799	-	36,927	91,271	1,750,138	1,420,353
Building Occupancy	550,769	-	-	-	25,000	-	-	-	-	-	-	-	-	575,769	791,218
Equipment Expense	167,994	-	2,637	7,645	25,000	21,402	-	500	-	1,539	1,500	-	2,468	230,685	303,459
Materials & Supplies	344,031	-	45,597	26,531	-	7,023	44,232	-	2,260	2,465	-	13,508	10,825	496,472	594,171
Office Expenses	114,965	-	8,105	1,707	5,000	3,291	1,228	-	908	1,025	6	666	3,270	140,171	155,808
Communications	141,396	-	2,450	120	3,000	6,752	4,483	-	955	1,000	321	-	225	160,702	127,149
Interest on Obligations under Capital Lease	11,765	-	-	-	-	-	-	-	-	-	-	-	-	11,765	1,078
Amortization	423,841	12,868	-	43,879	-	-	-	-	-	112	-	505	-	481,205	417,520
Total expenditures	16,237,998	941,414	478,899	1,036,409	978,847	1,392,162	571,433	64,984	954,885	257,337	135,347	240,087	190,413	23,480,215	23,365,615
Loss on disposal of tangible capital assets	(40,007)	-	-	-	-	-	-	-	-	-	-	-	-	(40,007)	(13,680)
Annual surplus / (deficit)	197,530	(12,868)	-	(34,445)	-	-	-	-	-	3,630	-	(505)	-	153,342	629,480

* MOH = Ministry of Health

** MCCSS = Ministry of Children, Community and Social Services

***Includes COVID-19 Vaccine Program, MOH/AMOH Compensation Initiative, PHI Practicum, Infection Prevention and Control Hub, Respiratory Syncytial Virus (RSV) Adult and Infant Prevention Program, Unorganized Territories Indigenous Public Health

Programs and Capital: New Purpose-Built Vaccine Refrigerators