

Financial Statements of

MIDDLESEX-LONDON HEALTH UNIT

And Independent Auditors' Report thereon

Year ended December 31, 2022



MIDDLESEX-LONDON HEALTH UNIT

Financial Statements

Year ended December 31, 2022

Financial Statements

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MIDDLESEX-LONDON HEALTH UNIT

Financial Statements

Year ended December 31, 2022

Management's Responsibility for the Financial Statements

The accompanying financial statements of the Middlesex-London Health Unit ("Health Unit") are the responsibility of the Health Unit's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies is described in Note 1 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Health Unit's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The Finance & Facilities Committee meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by KPMG LLP, independent external auditors appointed by the Health Unit's Board of Health, through the City of London. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Health Unit's financial statements.

Emily Williams, BScN, RN, MBA, CHE
Chief Executive Officer

David Jansseune, CPA, CMA
Assistant Director, Finance

Matthew Newton-Reid, Chair
Board of Health

INDEPENDENT AUDITORS' REPORT

To the Chair and Members, Middlesex-London Board of Health

Opinion

We have audited the financial statements of Middlesex-London Health Unit (the "Health Unit"), which comprise:

- the statement of financial position as at December 31, 2022
- 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 Health Unit as at December 31, 2022, 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 "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

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

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

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

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

In preparing the financial statements, management is responsible for assessing the Health Unit'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 Health Unit or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 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 Health Unit'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 Health Unit'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 Health Unit 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.

“Draft”

Chartered Professional Accountants, Licensed Public Accountants

July 2023

London, Canada

Draft

MIDDLESEX-LONDON HEALTH UNIT

Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
Financial Assets		
Cash	\$ 4,181,797	\$ 10,481,078
Accounts receivable	1,195,023	764,281
Grants receivable	6,910,975	2,480,606
	12,287,795	13,725,965
Financial Liabilities		
Accounts payable and accrued liabilities	851,182	1,510,746
Deferred revenue	4,213,229	2,905,137
Demand loan (note 5)	3,840,625	4,026,743
Due to Province of Ontario	5,005,768	4,383,914
Due to The Corporation of the City of London	611,898	2,189,701
Due to The Corporation of the County of Middlesex	116,552	121,949
Accrued wages and benefits	1,329,494	2,714,699
Employee future benefits (note 2)	3,220,100	3,057,800
	19,188,849	20,910,689
Net Debt	(6,901,054)	(7,184,724)
Non-Financial Assets		
Tangible capital assets (note 6)	6,996,281	7,524,760
Prepaid expenses	211,326	209,881
	7,207,607	7,734,641
Commitments (note 7)		
Contingencies (note 8)		
Accumulated surplus (note 9)	\$ 306,553	\$ 549,917

The accompanying notes are an integral part of these financial statements.

MIDDLESEX-LONDON HEALTH UNIT

Statement of Operations and Accumulated Surplus

Year ended December 31, 2022, with comparative information for 2021

	2022 Budget	2022	2021
Revenue:			
Grants:			
Ministry of Health	\$ 52,642,573	\$ 44,444,190	\$ 50,589,571
The Corporation of the City of London	7,344,798	7,344,798	6,095,059
Ministry of Children and Youth Services	2,483,313	2,536,257	2,538,604
The Corporation of the County of Middlesex	1,404,859	1,404,859	1,160,961
Government of Canada	291,227	291,223	370,667
	64,166,770	56,021,327	60,754,862
Other:			
Property search fees	5,000	1,916	3,500
Family planning	157,000	70,366	82,737
City of London Tobacco Reinforcement	415,798	296,975	182,206
Other income (note 10)	565,440	454,627	425,009
	1,143,238	823,884	693,452
Total Revenue	65,310,008	56,845,211	61,448,314
Expenditures:			
Salaries:			
Public Health Nurses	11,878,169	13,324,247	12,426,386
Other salaries	14,693,651	10,006,491	13,786,815
Administrative staff	11,548,085	10,766,146	11,337,651
Public Health Inspectors	3,208,548	2,663,999	2,444,933
Dental staff	1,206,191	1,102,004	704,311
Medical Officers of Health	581,622	419,248	610,193
	43,116,266	38,282,135	41,310,289
Other Operating:			
Benefits	9,393,150	7,443,304	7,322,256
Professional services	3,890,960	2,905,417	4,089,278
Rent and maintenance	2,861,574	3,286,234	2,869,385
Other expenses (note 11)	933,923	1,007,827	1,127,707
Materials and supplies	2,271,538	3,264,552	3,915,687
Amortization expense	2,420,566	779,188	789,355
Travel	422,031	119,918	280,851
	21,193,742	18,806,440	20,394,519
Total Expenditures	65,310,008	57,088,574	61,704,808
Annual deficit	-	(243,364)	(256,494)
Accumulated surplus, beginning of year	549,917	549,917	806,411
Accumulated surplus, end of year	\$ 549,917	\$ 306,553	\$ 549,917

The accompanying notes are an integral part of these financial statements.

MIDDLESEX-LONDON HEALTH UNIT

Statement of Change in Net Debt

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Annual deficit	\$ (243,364)	\$ (256,494)
Acquisition of tangible capital assets, net	(250,710)	(260,608)
Amortization of tangible capital assets	779,189	789,355
	285,115	272,253
Acquisition of prepaid expenses	(211,326)	(209,881)
Use of prepaid expenses	209,881	222,809
	(1,445)	12,928
Change in net debt	283,671	285,181
Net debt, beginning of year	(7,184,724)	(7,469,905)
Net debt, end of year	\$(6,901,054)	\$(7,184,724)

The accompanying notes are an integral part of these financial statements.

MIDDLESEX-LONDON HEALTH UNIT

Statement of Cash Flows

December 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Annual deficit	\$ (243,364)	\$ (256,494)
Items not involving cash:		
Amortization expense	779,189	789,355
Change in employee future benefits	162,300	175,500
Changes in non-cash assets and liabilities:		
Accounts receivable	(430,742)	(311,955)
Grants receivable	(4,430,369)	3,003,604
Prepaid expenses	(1,445)	12,928
Due to Province of Ontario	621,854	3,018,918
Due to Government of Canada	-	(53)
Due to The Corporation of the City of London	611,898	2,189,701
Due to The Corporation of the County of Middlesex	(5,397)	121,949
Accounts payable and accrued liabilities	(2,849,265)	356,303
Deferred revenue	1,308,093	895,945
Accrued wages and benefits	(1,385,205)	887,161
Net change in cash from operating activities	(5,862,452)	10,882,862
Financing Activities:		
Repayment of demand loan	(186,118)	(173,257)
Net change in cash from financing activities	(186,118)	(173,257)
Capital activities:		
Acquisition of tangible capital assets	(250,710)	(260,608)
Net change in cash from capital activities	(250,710)	(260,608)
Net change in cash	(6,299,280)	10,448,997
Cash, beginning of year	10,481,078	32,081
Cash, end of year	\$ 4,181,797	\$ 10,481,078

The accompanying notes are an integral part of these financial statements.

MIDDLESEX-LONDON HEALTH UNIT

Notes to Financial Statements
Year ended December 31, 2022

The Middlesex-London Health Unit (the “Health Unit”) is a joint local board of the municipalities of The Corporation of the City of London and The Corporation of the County of Middlesex that was created on January 1, 1972. The Health Unit provides programs which promote healthy and active living throughout the participating municipalities.

1. Significant accounting policies:

The financial statements of the Health Unit are prepared by management in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board (“PSAB”) of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the Middlesex-London Health Unit are as follows:

(a) Basis of presentation:

The financial statements reflect the assets, liabilities, revenue and expenditures of the reporting entity. The reporting entity is comprised of all programs funded by the Government of Canada, the Province of Ontario, The Corporation of the City of London, and The Corporation of the County of Middlesex. It also includes other programs that the Board of Health may offer from time to time with special grants and/or donations from other sources.

Inter-departmental transactions and balances have been eliminated.

(b) Basis of accounting:

Sources of financing and expenditures are reported on the accrual basis of accounting with the exception of donations, which are included in the statement of operations as received.

The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of services and the creation of a legal obligation to pay.

The operations of the Health Unit are funded by government transfers from the Government of Canada, Province of Ontario, The Corporation of the City of London and The Corporation of the County of Middlesex. Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made. Government transfers not received at year end are recorded as grants receivable due from the related funding organization in the statement of financial position.

Funding amounts in excess of actual expenditures incurred during the year are repayable and are reflected as liabilities due to the related funding organization in the statement of financial position.

MIDDLESEX-LONDON HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(c) Employee future benefits:

- (i) The Health Unit provides certain employee benefits which will require funding in future periods. These benefits include sick leave, life insurance, extended health and dental benefits for early retirees.

The cost of sick leave, life insurance, extended health and dental benefits are actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, insurance and health care cost trends, long term inflation rates and discount rates.

- (ii) The cost of multi-employer defined benefit pension plan, namely the Ontario Municipal Employees Retirement System (OMERS) pensions, are the employer's contributions due to the plan in the period. As this is a multi-employer plan, no liability is recorded on the Health Unit's financial statements.

(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 that extend beyond the current year and are not intended for sale in the ordinary course of operations.

- (i) Tangible capital assets

Tangible capital assets are recorded at cost which includes amounts that are directly attributed 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 estimated useful lives as follows:

Asset	Useful Life - Years
Leasehold Improvements	5 - 20
Computer Systems	4
Motor Vehicles	5
Furniture & Equipment	7

Assets under construction are not amortized until the asset is available for productive use.

MIDDLESEX-LONDON HEALTH UNIT

Notes to Financial Statements (continued)
Year ended December 31, 2022

1. Significant accounting policies (continued):

(d) Non-financial assets (continued):

(ii) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair market value at the date of receipt and are recorded as revenue.

(iii) Leased tangible capital assets

Leases which transfer substantially all the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payment are charged to expense as incurred.

(e) Use of estimates:

The preparation of the Health Unit's financial statements requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant estimates include assumptions used in estimating provisions for accrued liabilities, and in performing actuarial valuations of post-employment benefits.

In addition, the Health Unit's implementation of the Public Sector Accounting Handbook PS3150 has required management to make estimates of the useful lives of tangible capital assets.

Actual results could differ from these estimates.

(f) Future accounting pronouncements:

These standards and amendments were not yet effective for the year ending December 31, 2022, and have therefore not been applied in preparing these financial statements. Management is currently assessing the impact of the following accounting standards updates on the future financial statements.

(i) Asset Retirement Obligations

PS 3280, Asset Retirement Obligations, addresses the recognition, measurement, presentation and disclosure of legal obligations associated with the retirement of tangible capital assets in productive use. This standard is effective for fiscal years beginning on or after April 1, 2022 (the Health Unit's December 31, 2023 year end).

(ii) Financial Statement Presentation

PS 1201, Financial Statement Presentation requires entities to present a new statement of remeasurement gains and losses separate from the statement of operations and accumulated surplus. This new statement includes unrealized gains and losses arising from remeasurement of financial instruments and items denominated in foreign currencies and any other comprehensive income that arises when a government includes the results of government business enterprises and partnerships. This standard is effective for fiscal years

MIDDLESEX-LONDON HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2022

(f) Future accounting pronouncements (continued):

beginning on or after April 1, 2022 and applies when PS 3450, Financial Instruments, and PS 2601, Foreign Currency Translation, are adopted (the Health Unit's December 31, 2023 year-end).

(iii) Financial Instruments

PS 3450, Financial Instruments, establishes the standards on accounting for and reporting all types of financial instruments including derivatives. This standard is effective for fiscal periods beginning on or after April 1, 2022 (the Health Unit's December 31, 2023 year-end).

(iv) Foreign Currency Translation

PS 2601, Foreign Currency Translation, establishes the standards on accounting for and reporting transactions that are denominated in a foreign currency. This standard is effective for fiscal periods beginning on or after April 1, 2022 (the Health Unit's December 31, 2023 year-end). Earlier adoption is permitted. A public sector entity adopting this standard must also adopt the new financial instruments standard.

MIDDLESEX-LONDON HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2022

2. Employee future benefits:

The Health Unit pays certain life insurance benefits on behalf of the retired employees as well as extended health and dental benefits for early retirees to age sixty-five. The Health Unit recognizes these post-retirement costs in the period in which the employees render services. The most recent actuarial valuation was performed as at December 31, 2020.

	2022	2021
Accrued employee future benefit obligations	\$ 3,394,800	\$ 3,277,000
Unamortized net actuarial loss	(174,700)	(219,200)
Employee future benefits liability as of December 31	\$ 3,220,100	\$ 3,057,800

Retirement and other employee future benefit expenses included in the benefits in the statement of operations consist of the following:

	2022	2021
Current year benefit cost	\$ 223,800	\$ 209,000
Interest on accrued benefit obligation	101,900	103,200
Amortization of net actuarial loss	44,500	38,300
Total benefit cost	\$ 370,200	\$ 350,500

Benefits paid during the year were \$207,900 (2021 - \$175,000).

MIDDLESEX-LONDON HEALTH UNIT

Notes to Financial Statements (continued)
Year ended December 31, 2022

2. Employee future benefits (continued):

The main actuarial assumptions employed for the valuation are as follows:

(i) Discount rate:

The obligation as at December 31, 2022, of the present value of future liabilities and the expense for the year ended December 31, 2022, are determined using a discount rate of 3.00% and 3.00% respectively (2021 – 3.00%).

(ii) Medical costs:

Prescription drug costs are assumed to increase at the rate of 4.7% per year (2021 – 4.5%) varying over 19 years to an ultimate rate of 4.0%. Other Medical costs are assumed to increase at a rate of 4.8% per year (2021 - 4.6%), varying over 19 years to an ultimate rate of 4.0%. Vision costs are assumed to increase at a rate of 0% per year.

(iii) Dental costs:

Dental costs are assumed to increase at the rate of 5.1% per year (2021 – 4.9%), varying over 19 years to an ultimate rate of 4.0%.

3. Pension agreement:

The Health Unit contributes to the OMERS which is a multi-employer plan, on behalf of 386 members. 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.

During 2022, the plan required employers to contribute 9.0% of employee earnings up to the year's maximum pensionable earnings and 14.6% thereafter. The Health Unit contributed \$2,257,274 (2021 - \$2,101,187) to the OMERS pension plan on behalf of its employees during the year ended December 31, 2022.

The last available report for the OMERS plan was on December 31, 2022. At that time, the plan reported a \$6.7 billion actuarial deficit (2021 - \$3.1 billion), based on actuarial liabilities for \$130.3 billion (2021 - \$120.8 billion) and actuarial assets for \$123.6 billion (2021 - \$117.7 billion). If actuarial surpluses are not available to offset the existing deficit and subsidize future contributions, increases in contributions will be required in the future.

4. Bank indebtedness:

In 2021, to better manage daily cash flows, the Health Unit entered into a \$8 million demand revolving line of credit, available by way of overdraft. Interest on amounts drawn is calculated at prime rate less 0.75% per annum. No amount was outstanding under the line of credit as at year end or as at the previous year end.

MIDDLESEX-LONDON HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2022

5. Demand Loan:

In 2020, the Health Unit entered a loan agreement for a \$4.2 million demand instalment loan with an amortization period of 20 years to finance the fit-up and relocation costs related to the move to Citi Plaza. The loan was subsequently converted into two non-revolving amortizing instalment loans, with \$3,050,000 established as a fixed rate instalment loan, and the remaining \$1,150,000 established as a floating rate instalment loan. The fixed rate of interest on the first loan is 1.915% per annum over a term of 5 years and is being repaid by monthly blended payments of principal and interest of \$15,307. The interest rate on the second loan is calculated at prime rate less 0.75% per annum and shall be repaid by monthly principal payments of \$4,792. All amounts under the demand loans are repayable immediately on demand by the bank.

Principal payments are due as follows:

2023	\$ 188,603
2024	191,135
2025 (Renewable in 2025)	3,460,887
	<u>\$3,840,625</u>

MIDDLESEX-LONDON HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2022

6. Tangible Capital Assets:

Cost	Balance at December 31, 2021	Additions	Disposals / Transfers	Balance at December 31, 2022
Leasehold Improvements – 20 years	\$6,756,703	\$ -	\$ -	\$ 6,756,703
Computer Systems	1,555,619	192,333	-	1,747,952
Furniture & Equipment	1,204,590	58,377	-	1,262,967
Total	\$ 9,516,912	\$ 250,710	\$ -	\$ 9,767,622

Accumulated amortization	Balance at December 31, 2021	Amortization expense	Disposals / Transfers	Balance at December 31, 2022
Leasehold Improvements – 20 years	\$ 471,922	334,181	\$ -	\$ 806,103
Computer Systems	920,867	300,707	-	1,221,574
Furniture & Equipment	599,363	144,301	-	743,664
Total	\$ 1,992,152	\$ 779,189	\$ -	\$ 2,771,341

	Net book value December 31, 2021	Net book value December 31, 2022
Leasehold Improvements – 20 years	\$ 6,284,781	\$ 5,950,600
Computer Systems	634,751	526,378
Furniture & Equipment	605,226	519,303
Total	\$ 7,524,760	\$ 6,996,281

MIDDLESEX-LONDON HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2022

6. Tangible Capital Assets (continued):

Cost	Balance at December 31, 2020	Additions	Disposals / Transfers	Balance at December 31, 2021
Leasehold Improvements – 20 years	\$6,610,569	\$ 146,134	\$ -	\$ 6,756,703
Computer Systems	1,461,274	94,345	-	1,555,619
Furniture & Equipment	1,184,461	20,129	-	1,204,590
Total	\$ 9,256,304	\$ 260,608	\$ -	\$ 9,516,912

Accumulated amortization	Balance at December 31, 2020	Amortization expense	Disposals / Transfers	Balance at December 31, 2021
Leasehold Improvements – 20 years	\$ 137,740	334,182	\$ -	\$ 471,922
Computer Systems	614,528	306,339	-	920,867
Furniture & Equipment	450,529	148,834	-	599,363
Total	\$ 1,202,797	\$ 789,355	\$ -	\$ 1,992,152

	Net book value December 31, 2020	Net book value December 31, 2021
Leasehold Improvements – 20 years	\$ 6,472,829	\$ 6,284,781
Computer Systems	846,746	634,751
Furniture & Equipment	733,932	605,226
Total	\$ 8,053,507	\$ 7,524,760

MIDDLESEX-LONDON HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2022

7. Commitments:

The Health Unit is committed under operating leases for office equipment and rental property.

Future minimum payments to expiry are as follows:

2023	\$ 821,520
2024	720,831
2025	747,149
2026	730,658
2027	730,658
Thereafter (Remaining term of Lease)	\$ 10,139,603

8. Contingencies:

From time to time, the Health Unit is subject to claims and other lawsuits that arise in the ordinary course of business, some of which may seek damages in substantial amounts. These claims may be covered by the Health Unit's insurance. Liability for these claims and lawsuits are recorded to the extent that the probability of a loss is likely, and it is estimable.

9. Accumulated Surplus:

Accumulated surplus consists of individual fund surplus and reserves as follows:

	2022	2021
Surpluses:		
Invested in tangible capital assets	\$ 6,996,281	\$ 7,524,760
Net transfer to surplus	194,920	(66,378)
Unfunded:		
Demand loan	(3,840,625)	(4,026,743)
Post-employment benefits	(3,220,100)	(3,057,800)
Total surplus	130,477	373,839
Reserves set aside by the Board:		
Employment costs	176,077	176,077
Total reserves	176,077	176,077
Accumulated surplus	\$ 306,553	\$ 549,917

MIDDLESEX-LONDON HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2022

10. Other income:

The following revenues are presented as other income in the statement of operations:

	2022 Budget	2022	2021
Charitable donations	\$189,992	\$ 234,635	\$ 142,806
OHIP billings	173,483	147,060	130,397
Miscellaneous	168,863	67,852	126,925
Food handler training	4,116	4,770	3,094
Vaccines	28,986	310	21,787
	\$ 565,440	\$ 454,627	\$ 425,009

11. Other expenses:

The following expenditures are presented as other expenses in the statement of operations:

	2022 Budget	2022	2021
Communications	\$ 211,981	\$ 229,813	\$ 219,536
Health promotion/advertising	187,792	214,952	194,485
Miscellaneous	133,544	45,791	138,303
Postage and courier	23,197	97,495	24,024
Printing	191,912	75,274	198,752
Staff development	74,577	201,447	77,235
Capital funding - SOAHAC	-	-	160,500
Insurance	110,919	143,055	114,872
	\$ 933,923	\$ 1,007,827	\$ 1,127,707

MIDDLESEX-LONDON HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2022

12. Financial Risks:

(a) Interest rate risk

The Health Unit has debt with variable interest rates based on prime plus a margin. As a result, the Health Unit is exposed to interest rate risk due to fluctuations in the prime rate.

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