



# BOARD OF HEALTH FINANCE COMMITTEE MEETING

Wednesday, **April 26**, 2023  
1:30 p.m. – 3:00 p.m.

Virtual via ZOOM

To ensure a quorum we ask that you please  
RSVP (Regrets Only) to

[clovell@hpeph.ca](mailto:clovell@hpeph.ca) or 613-966-5500, Ext 231  
and request your alternate attend in your place

# Hastings Prince Edward Public Health 2019 - 2023 Strategic Plan

## Our Vision

Healthy Communities,  
Healthy People.

## Our Mission

Together with our communities,  
we help people become as  
healthy as they can be.

## Our Values Show We CARE



Collaboration



Advocacy



Respect



Excellence

## Our Strategic Priorities



Community  
Engagement



Staff  
Engagement  
and Culture



Population Health  
Assessment and  
Surveillance



Program  
Standards



Health  
Promotion



**FINANCE COMMITTEE MEETING**  
A G E N D A

**Wednesday, April 26, 2023**  
Virtual via ZOOM

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1. **CALL TO ORDER**
2. **ROLL CALL**
3. **DISCLOSURE OF PECUNIARY INTEREST AND THE GENERAL NATURE THEREOF**
4. **APPROVAL OF THE AGENDA**
5. **APPROVAL OF MINUTES OF PREVIOUS MEETING**  
5.1 Meeting Minutes dated February 22, 2023 [Schedule 5.1](#)
6. **BUSINESS ARISING FROM MINUTES**
7. **NEW BUSINESS**  
7.1 2023 First Quarter Revenues & Expenses [Schedule 7.1](#)  
7.2 Summary of the Annual Service Plan Submission [Schedule 7.2](#)  
7.3 Review Audit Findings Report [Schedule 7.3](#)  
7.4 Review of Draft Audited Financial Statements [Schedule 7.4](#)
8. **DATE OF NEXT MEETING**  
Wednesday, September 27, 2023 at 1:30 p.m.
9. **ADJOURNMENT**



## FINANCE COMMITTEE MEETING M I N U T E S

Wednesday, February 22, 2023 at 1:30 p.m.  
Hastings Prince Edward Public Health  
**Virtual Via ZOOM**

**Present:** Mr. Garnet Thompson, Councillor, City of Belleville  
Mr. Michael Kotsovos, Councillor, City of Quinte West  
Mr. John Hirsch, Councillor, Prince Edward County  
Ms. Jan O'Neill, Mayor, Township of Marmora and Lake, Hastings County,  
Board Chair

**Regrets:** Dr. Craig Ervine, Provincial Representative  
Kimberly Carson, Mayor, Limerick Township, Hastings County

**Also Present:** Dr. Ethan Toumishey, Medical Officer of Health and CEO  
Mr. David Johnston, Director of Corporate Services  
Ms. Amy Rankin, Finance Manager  
Ms. Catherine Lovell, Executive Assistant

1. **CALL TO ORDER**

Meeting was called to order at 1:32 p.m. by Dr. Toumishey.

2. **ROLL CALL**

3. **DISCLOSURE OF PECUNIARY INTEREST AND THE GENERAL NATURE THEREOF – None**

4. **ELECTION OF CHAIR OF FINANCE COMMITTEE**

Dr. Toumishey opened up nominations for the Chair of the Finance Committee. Councillor Thompson was nominated by Mayor Jan O'Neill. Councillor Thompson agreed to stand for the nomination. There were no other nominations. Councillor Thompson was elected Chair of the Finance Committee by acclamation.

5. **APPROVAL OF THE AGENDA**

THAT the agenda for the Finance Committee held on February 22, 2023 be approved as circulated.

**MOTION:**

Moved by: Michael

Seconded by: John

**CARRIED**

**6. APPROVAL OF MINUTES OF PREVIOUS MEETING – October 26, 2022**

THAT the minutes of meeting held on October 26, 2022 be approved as circulated.

**MOTION:**

Moved by: John

Seconded by: Michael

CARRIED

**7. BUSINESS ARISING FROM MINUTES - None****8. CLOSED SESSION**

THAT the Board of Health Finance Committee convene in closed session per Section 239(2)(d) of the Municipal Act for the purpose of discussion of labour relations or employee negotiations.

**MOTION:**

Moved by: Garnet

Seconded by: John

CARRIED

**9. MOTIONS ARISING FROM CLOSED SESSION**

THAT the Finance Committee endorse the actions approved in the Closed Session and direct staff to take appropriate action.

**MOTION:**

Moved by: Michael

Seconded by: Garnet

CARRIED

**10. NEW BUSINESS****10.1 2022 Fourth Quarter Revenues and Expenses****10.2 Status of GIC Investments**

THAT the Finance Committee receive the reports as circulated and recommend taking to the Board for the March meeting as information items.

**MOTION:**

Moved by: John

Seconded by: Garnet

CARRIED

- ♦ Dr. Toumishey reviewed the briefing note highlighting some key items:
  - The Ontario Seniors Dental Care Program (OSDCP) continues to be very busy.
  - Explained that the MOH salary is partially paid for by the Health Unit and partially by a grant from the Ministry. It is the Ministry portion that is yet to be approved.

11. **DATE OF NEXT MEETING**

Wednesday, April 26, 2023 at 1:30 p.m. - Virtual via ZOOM

12. **ADJOURNMENT**

That the Finance Committee meeting be adjourned at 2:12 p.m.

**MOTION:**

Moved by: Garnet

Seconded by: John

CARRIED

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Garnet Thompson, Finance Committee Chair  
(Elected Feb. 22, 2023)

## Finance Committee Briefing Note

<b>To:</b>	Hastings Prince Edward Board of Health - Finance Committee
<b>Prepared by:</b>	David Johnston, Director of Corporate Services
<b>Approved by:</b>	Dr. Ethan Toumishey, Medical Officer of Health and CEO
<b>Date:</b>	Wednesday, April 26, 2023
<b>Subject:</b>	<b>First Quarter Summary of Revenues and Expenses</b>
<b>Nature of Board Engagement</b>	<input checked="" type="checkbox"/> <b>For Information</b> <input type="checkbox"/> Strategic Discussion <input type="checkbox"/> Board approval and motion required <input type="checkbox"/> Compliance with Accountability Framework <input type="checkbox"/> Compliance with Program Standards
<b>Action Required:</b>	Review of first quarter revenues and expenses and present to the Board of Health at May 3 meeting.
<b>Comments:</b>	<p>The following notes are provided to assist in the review of the attached Summary of Revenues &amp; Expenses for the period of January – March 2023.</p> <ul style="list-style-type: none"> <li>• Within the Accountability Agreement reporting, we have separated costs to provide information related to ongoing Mandatory Programs and the Ontario Seniors Dental Care Program.</li> <li>• Overall, as of March 31 there have been no significant events impacting budget plans.</li> <li>• Healthy Babies Healthy Children (Ministry of Children, Community, Social Services - MCCSS) and Federal Grants balance to zero as this represents an April – March fiscal year, all funds have been spent. A new funding year began April 1.</li> <li>• The Ontario Seniors Dental Care Program has a small balance left as of March 31. We continue to receive dental invoices from service providers in April for the first quarter which will utilize the balance. Demand for service continues to be extremely high.</li> </ul>

**HASTINGS PRINCE EDWARD PUBLIC HEALTH**  
**Summary of Revenues & Expenses for the period January 1 - March 31, 2023**  
*For Finance Committee Review April 26, 2023*

	Ministry of Health				Other Grants and Contracts			Totals and Budget Analysis			
	Mandatory Programs	100% Seniors Dental Program	TOTAL Ministry of Health Programs	Ministry of Health Annual and one time Grants	MCCSS HBHC (April-March)	Federal Grants (April-March)	YEAR TO DATE TOTAL	ANNUAL BUDGET	YTD Budget Variance	YTD Actuals as % of budget (3/12 = 25%)	
<b>REVENUES</b>											
Ministry of Health Mandatory and 100% Programs	2,324,191	295,047	2,619,238				2,619,238	10,743,452	8,124,214	24%	
Ministry of Health Annual and one time grants			0	233,447			233,447	790,000	556,553	30%	
Ministry of Health Mitigation Funding			0				0	1,120,000	1,120,000	0%	
Municipal Levies	912,108		912,108				912,108	3,630,108	2,718,000	25%	
Ministry of Children, Community & Social Services			0		262,995	11,516	262,995	1,160,543	897,548	23%	
Federal Grants			0				11,516	39,000	27,484	30%	
Expenditure Recoveries	32,852	2,245	35,097				35,097	122,700	87,603	29%	
Transfer from Reserves			0				0	0	0		
<b>Total Revenues</b>	<b>3,269,151</b>	<b>297,292</b>	<b>3,566,443</b>	<b>233,447</b>	<b>262,995</b>	<b>11,516</b>	<b>4,074,401</b>	<b>17,605,803</b>	<b>13,531,402</b>	<b>23%</b>	
<b>EXPENSES</b>											
Salaries and Wages	1,922,376	56,356	1,978,732	155,135	189,465	8,528	2,331,861	10,628,983	8,297,122	22%	
Staff Benefits	646,081	18,946	665,027	52,155	40,488	2,609	760,279	3,006,560	2,246,281	25%	
Staff Training	23,294	264	23,557		1,059		24,617	200,400	175,783	12%	
Travel Expenses	25,486	62	25,548		5,599		31,146	171,000	139,854	18%	
Building Occupancy	282,206	8,950	291,156		11,250		302,406	1,052,000	749,594	29%	
Office Expenses, Printing, Postage	18,339		18,339		523		18,861	65,000	46,139	29%	
Materials, Supplies	41,708	15,877	57,585		6,262	378	64,226	420,860	356,634	15%	
Professional & Purchased Services	159,883	180,658	340,542				340,542	1,092,000	751,458	31%	
Communications Costs	25,765	1,175	26,940		2,750		29,690	129,000	99,310	23%	
Information Technology	275,342	9,168	284,510		5,600		290,110	550,000	259,890	53%	
Capital Expenditures	0		0				0	30,000	30,000	0%	
Transfer to Capital/Operating Reserves	65,000		65,000				65,000	260,000	195,000	25%	
<b>Total Expenses</b>	<b>3,485,479</b>	<b>291,457</b>	<b>3,776,936</b>	<b>207,290</b>	<b>262,995</b>	<b>11,516</b>	<b>4,258,737</b>	<b>17,605,803</b>	<b>13,347,066</b>	<b>24%</b>	
<b>VARIANCE</b>	<b>(216,328)</b>	<b>5,835</b>	<b>(210,493)</b>	<b>26,157</b>	<b>0</b>	<b>0</b>	<b>(184,336)</b>	<b>0</b>	<b>(184,336)</b>		



## Finance Committee Briefing Note

<b>To:</b>	Hastings Prince Edward Board of Health - Finance Committee
<b>Prepared by:</b>	David Johnston, Director of Corporate Services
<b>Approved by:</b>	Dr. Ethan Toumishey, Medical Officer of Health and CEO
<b>Date:</b>	Wednesday, April 26, 2023
<b>Subject:</b>	<b>Summary of the Annual Service Plan Submission</b>
<b>Nature of Board Engagement</b>	<input checked="" type="checkbox"/> <b>For Information</b> <input type="checkbox"/> Strategic Discussion <input type="checkbox"/> Board approval and motion required <input checked="" type="checkbox"/> <b>Compliance with Accountability Framework</b> <input type="checkbox"/> Compliance with Program Standards
<b>Action Required:</b>	Review the Annual Service Plan Summary
<b>Background:</b>	<p>The Annual Service Plan (ASP) document supports the Public Health accountability framework by describing the complete picture of programs and services being delivered by boards of health and within the context of the Standards. It helps demonstrate that board of health programs and services align with the priorities of their communities. The ASP also demonstrates accountability for planning and use of funding per program and service.</p> <p>The ASP provides the following content:</p> <ul style="list-style-type: none"> <li>▪ Community assessment, including local population health issues and priority populations.</li> <li>▪ Program plans, including summary details on community needs/priorities, key partners/ stakeholders, programs/services that boards of health plan to deliver under each Standard, and public health interventions within each program.</li> <li>▪ Budget submission for each program.</li> <li>▪ One-time funding requests.</li> <li>▪ Board of health membership, apportionment of costs, and certification.</li> </ul> <p>Key Finance Committee Information:</p> <ul style="list-style-type: none"> <li>▪ Mandatory base funding requested, per approved budget: \$9,436,252</li> <li>▪ Ontario Seniors Dental Care Program (OSDCP): Requested additional \$127,000 to the approved \$1,180,200 program base funding to help support significant program demand.</li> <li>▪ “One Time” funding requests include:             <ul style="list-style-type: none"> <li>○ \$ 12,000 for a new vaccine refrigerator (due for replacement)</li> <li>○ \$ 36,000 for Public Health Inspector(s) practicum training</li> <li>○ \$200,000 for OSDCP catch up for community backlog</li> <li>○ \$150,000 to support Immunization of School Pupils Act (ISPA)</li> <li>○ \$265,000 continued support requested for COVID-19 related work</li> <li>○ \$218,000 continued support requested for COVID-19 vaccine work</li> </ul> </li> </ul> <p>The ASP was submitted to the Ministry on April 3, 2023.</p>



# Hastings Prince Edward Public Health

Audit Findings Report for the year ended  
December 31, 2022

*KPMG LLP*

Prepared on March 28, 2023 for the Finance Committee meeting on April 26, 2023

[kpmg.ca/audit](http://kpmg.ca/audit)



# KPMG contacts

Key contacts in connection with this engagement



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## Digital use information

This Audit Findings Report is also available as a “hyper-linked” PDF document.

If you are reading in electronic form (e.g. In “Adobe Reader” or “Board Books”), clicking on the home symbol on the top right corner will bring you back to this slide.



Click on any item in the table of contents to navigate to that section.

4	Audit highlights	5	Status of the audit	6	Audit risks and results	8	Audit misstatements
9	Control deficiencies	14	Additional matters	16	Appendices		

The purpose of this report is to assist you, as a member of the Finance Committee, in your review of the results of our audit of the financial statements as at and for the period ended December 31, 2022. This report is intended solely for the information and use of Management and the Finance Committee and should not be used for any other purpose or any other party. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.



# Audit highlights

## Status of the audit

We have completed the audit of the financial statements ("financial statements") of Hastings Prince Edward Public Health (the "Organization") for the year ended December 31, 2022, with the exception of certain remaining outstanding procedures, which are highlighted on page 5 of this report.

## Significant changes to our audit plan

There were no significant changes to our audit plan.

## Audit risks and results – significant risks

No matters to report.

## Audit risks and results – going concern assessment

No matters to report.

## Uncorrected audit misstatements

We did not identify any misstatements that remain uncorrected.

## Corrected audit misstatements

We did not identify any misstatements that were subsequently corrected during the audit.

## Newly effective auditing standards

CAS 315, *Identifying and Assessment the Risks of Material Misstatement*, was effective for the fiscal 2022 audit. See Appendix 2: Newly effective auditing standards.

## Significant unusual transactions

No matters to report.

## Control deficiencies

We did not identify any control deficiencies that we determined to be significant deficiencies in internal control over financial reporting. See page 11 for certain required communications regarding control deficiencies.

## Accounting policies and practices

No matters to report.

## Other financial reporting matters

No matters to report.

# Status of the audit

As of the date of this report, we have completed the audit of the financial statements, with the exception of certain remaining procedures, which include amongst others:

- Completing our discussions with the Finance Committee;
- Obtaining evidence of the Board approval of the financial statements;
- Completion of our subsequent events review procedures up to the date of our auditors' report; and
- Receipt of the signed management representation letter.

We will update the Finance Committee, and not solely the Chair, on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures.

Our auditor's report, a draft of which is provided in Appendix 1a: Draft Auditor's Report, will be dated upon the completion of any remaining procedures.



# Risk assessment summary

Our audit is risk-based, and begins with an assessment of risks of material misstatement in your financial statements.

We draw upon our understanding of the Organization and its environment (e.g. the industry, the wider economic environment in which the business operates, etc.), our understanding of the Organization's components of its system of internal control, including our business process understanding.

	Risk of fraud	Risk of error	Risk Rating
<ul style="list-style-type: none"> <li>● Management override of controls</li> </ul>	✓		Significant
<ul style="list-style-type: none"> <li>● Cash</li> </ul>		✓	Base
<ul style="list-style-type: none"> <li>● Capital assets</li> </ul>		✓	Base
<ul style="list-style-type: none"> <li>● Investments</li> </ul>		✓	Base
<ul style="list-style-type: none"> <li>● Government contributions (including related receivables, payables and deferred revenue)</li> </ul>		✓	Base
<ul style="list-style-type: none"> <li>● Expenditures (including related accounts payable and accrued liabilities)</li> </ul>		✓	Base
<ul style="list-style-type: none"> <li>● Financial reporting</li> </ul>		✓	Base

Legend:

- PRESUMED RISK OF MATERIAL MISSTATEMENT
- OTHER AREA OF FOCUS

We did not uncover any significant findings as a result of the procedures performed over the areas highlighted above.

# Significant risks and results

We highlight our significant findings in respect of **significant risks**.



## Management Override of Controls

RISK OF FRAUD



### Significant risk

### Estimate?

### Key audit matter?

Management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk nevertheless is present in all entities.

No

No

### Our response

As this presumed risk of material misstatement due to fraud is not rebuttable, our audit methodology incorporates the required procedures in professional standards to address this risk. These procedures include:

- Assessed the design and implementation of controls surrounding the journal entry process;
- Determined the criteria to identify high-risk journal entries and other adjustments; and
- Tested high-risk journal entries and other adjustments.

### Findings

We did not uncover any issues during the performance of the procedures described above.



# Audit misstatements

Materiality is established to identify risks of material misstatements, to develop an appropriate audit response to such risks, and to evaluate the level at which we think misstatements will reasonably influence users of the financial statements. It considers both quantitative and qualitative factors. Materiality for fiscal 2022 was set at \$425,000 which translated into an audit misstatement posting threshold of \$21,250. As such, all misstatements identified during the audit greater than \$21,250 have been recorded on our summary of adjustments and differences.

Adjustments and differences identified during the audit have been categorized as “Corrected adjustments” or “Uncorrected differences”. These include disclosure adjustments and differences.

Professional standards require that we request of management and the Finance Committee that all identified adjustments or differences be corrected, if any.

## Uncorrected differences

We did not identify any differences that remain uncorrected.

## Corrected adjustments

The management representation letter, which has been provided to management directly, includes all adjustments that were communicated to management and subsequently corrected in the financial statements.

# Control deficiencies



## Consideration of internal control over financial reporting (ICFR)

In planning and performing our audit, we considered ICFR relevant to Hastings Prince Edward Public Health's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on ICFR.

Our understanding of internal control over financial reporting was for the limited purpose described above and was not designed to identify all control deficiencies that might be significant deficiencies. The matters being reported are limited to those deficiencies that we have identified during the audit that we have concluded are of sufficient importance to merit being reported to those charged with governance.

Our awareness of control deficiencies varies with each audit and is influenced by the nature, timing, and extent of audit procedures performed, as well as other factors. Had we performed more extensive procedures on internal control over financial reporting, we might have identified more significant deficiencies to be reported or concluded that some of the reported significant deficiencies need not, in fact, have been reported.



## A deficiency in internal control over financial reporting

A deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.



## Significant deficiencies in internal control over financial reporting

A significant deficiency in internal control over financial reporting is a deficiency, or combination of deficiencies, in internal control that, in the auditor's professional judgment, is of sufficient importance to merit the attention of those charged with governance.

**We did not identify any significant deficiencies in internal control over financial reporting.**

# Control deficiencies (continued)



## Prior year observations

We have included our follow-up to the other observations identified in the prior year.



## Review of bank reconciliations

### Prior year observation and recommendation:

During our field work, we noted that that bank reconciliations and journal entries were not reviewed on a regular basis. We recommended that bank reconciliations and journal entries should be reviewed on a monthly basis to ensure adequate internal controls are present in each of these key areas related to financial reporting.

### Recommendation:

As part of our testing over bank balances in the current year, we obtained and reviewed the bank reconciliations and noted the same observation as in the prior year. We will continue to monitor this matter in fiscal 2023.



## Differences between sub-ledgers and general ledger

### Prior year observation and recommendation:

During our review of the year-end bank reconciliation, we noted there were minimal differences between the report and what was recorded in the general ledger. We recommended that adjustments be made to ensure these balances agreed in the fiscal 2022 year.

### Recommendation:

As part of our testing over bank balances in the current year, we obtained and reviewed the bank reconciliations and noted the same observation as in the prior year. We will continue to monitor this matter in fiscal 2023.

# Control deficiencies (continued)



## Prior year observations

We have included our follow-up to the other observations identified in the prior year.



## Capital asset policy

### Prior year observation and recommendation:

During the audit, we noted that the Organization did not have a formal capital asset policy. We recommended that a policy be developed and approved by the Board of Directors. This would lead to improved consistency and simplification of the financial reporting process relating to tangible capital assets.

### Recommendation:

As part of our testing over capital assets in the current year, we obtained and reviewed a copy of the capital asset policy, noting that it is appropriate and reflects the size and scale of the Organization's operations. We consider this matter resolved.



## Indirect tax policies

### Prior year observation and recommendation:

During our review of the indirect tax policy questionnaire, we noted that there was no formal process in place to review and/or identify difference ITC rates and claims. KPMG recommended developing a robust HST identification process.

### Recommendation:

On review of the questionnaire in the current year, KPMG notes that the above observation still remains applicable. KPMG will continue to monitor this matter in fiscal 2023.

# Control deficiencies (continued)



## Current year observations

We identified certain other observations related to processes in place at the Organization. These have been summarized below.



## Financial Sustainability

### Observation:

KPMG notes that as of December 31, 2022, the Organization is in a net financial liability position of \$1,871,207 (2021 - \$2,773,834), whereby the Organization's liabilities exceed its assets. KPMG also notes that, similar to other Public Health Boards, the Organization has received mitigation funding during the year to support costs. We understand this mitigation funding is not expected to continue beyond 2023 and is to be discontinued in 2024.

### Recommendation:

Given the efforts of management to continue focusing on a balanced budget and discretionary spend, we believe the Organization will continue to operate into the foreseeable future as a going concern. However, as costs pressures continue and mitigation funding is no longer available, KPMG recommends a continued focus on the financial health of the Organization is critical, as is continued conversation with the Ministries and the implementation of long-term financial planning.

# Control deficiencies (continued)



## Current year observations

We identified certain other observations related to processes in place at the Organization. These have been summarized below.



## Payroll

### Observation:

During the year, management identified errors in the payroll system during the process of allocating staff salary expenses. As a result of the errors identified, the management had to manually realign staff salaries with the corresponding program in order to ensure that the allocation is accurate.

### Recommendation:

We completed payroll testing as part of the audit and did not note any errors that management had not already corrected.

Effective in 2023, management has plans to make necessary upgrades to ensure that the payroll system is able to process these allocations accurately and thereby, eliminating the need for manual intervention. We support management with this change in process.

# Significant accounting policies and practices



## Initial selections of significant accounting policies and practices

There were no new significant accounting policies and practices that were selected and applied during the period.



## Description of new or revised significant accounting policies and practices

There were no changes to significant accounting policies and practices. As a result, there was no impact on the financial statements.



## Significant qualitative aspects of the accounting policies and practices

There are no items to report.



## Future implementation

Accounting pronouncements issued but not yet effective have not been disclosed in the notes to the financial statements. However, the most significant pronouncement in the near term relates to Asset Retirement Obligations (“AROs”) that will be applicable for fiscal 2023.

# Other financial reporting matters

We also highlight the following:



**Financial statement presentation - form, arrangement, and content**



No matters to report.



**Concerns regarding application of new accounting pronouncements**



The most significant pronouncement in the near term relates to Asset Retirement Obligations ("AROs") that will be applicable for fiscal 2023. We will be available to provide the Health Unit the assistance they may require to properly implement this new accounting standard.



**Significant qualitative aspects of financial statement presentation and disclosure**



No matters to report.



# APPENDICES

1

Other required communications

2

Newly effective auditing standards

3

Future accounting pronouncements

4

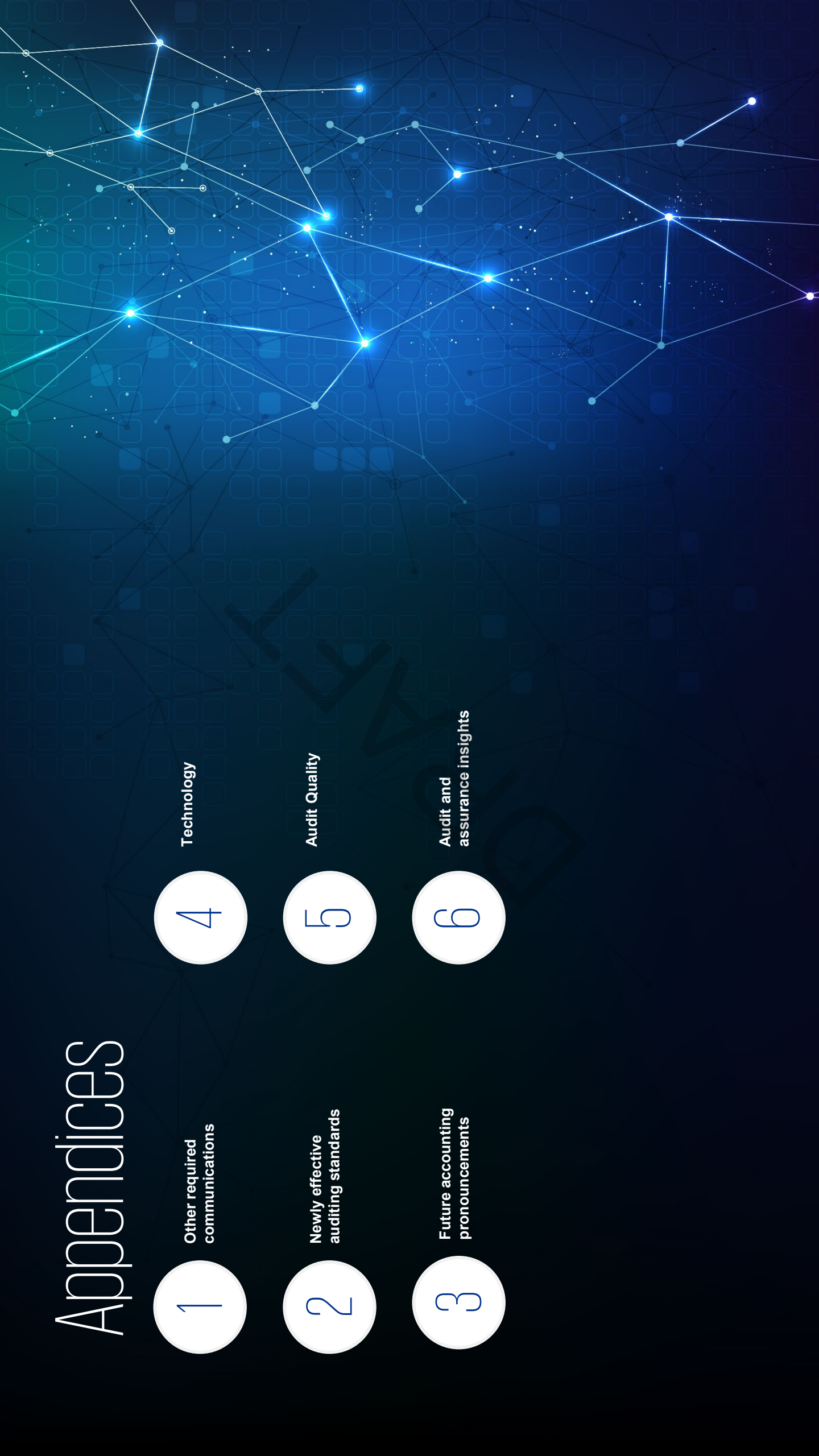
Technology

5

Audit Quality

6

Audit and assurance insights



# Appendix 1: Other required communications



## CPAB communication protocol

The reports available through the following links were published by the Canadian Public Accountability Board to inform Audit Committees and other stakeholders about the results of quality inspections conducted over the past year:

- [CPAB Audit Quality Insights Report: 2022 Interim Inspection Results](#)
- [CPAB Audit Quality Insights Report: 2021 Annual Inspections Results](#)
- [CPAB Audit Quality Insights Report: 2020 Annual Audit Quality Assessments](#)



## Matters pertaining to independence and confidentiality

We are independent of Hastings Prince Edward Public Health, and we have a robust and consistent system of quality control.

Confidentiality of our clients' information is an on-going professional and business requirement of both KPMG and our overall profession. In addition to our internal confirmation of independence of team members, we request confirmation and acknowledgement of our policies regarding confidentiality of Hastings Prince Edward Public Health's information.



## Auditors' Report

The conclusion of our audit is set out in our draft auditors' report as attached.



## Representations of management

In accordance with professional standards, a copy of our management representation letter is provided to the Finance Committee. The management representation letter is attached for your review.

# Appendix 1a: Draft auditors' report

## INDEPENDENT AUDITORS' REPORT

To the Members of the Board of Hastings Prince Edward Public Health

### **Opinion**

We have audited the financial statements of Hastings Prince Edward Public Health (the "Entity"), 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 changes in net financial liabilities 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, 2022, and its results of operations and its cash flows year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### **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 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.

# Appendix 1a: Draft auditors' report (continued)

## **Responsibilities of Management and Those Charged With Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of these 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.

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.

### **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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

# Appendix 1a: Draft auditors' report (continued)

## **Responsibilities of Management and Those Charged With Governance for the Financial Statements**

- 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 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 Entity's 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

April 26, 2023



# Appendix 1b: Management representation letter

KPMG LLP  
Chartered Professional Accountants  
863 Princess Street, Suite 400  
Kingston, Ontario K7L 5N4  
Canada

April 26, 2023

We are writing at your request to confirm our understanding that your review was for the purpose of expressing an opinion on the financial statements (hereinafter referred to as "financial statements") of Hastings Prince Edward Public Health ("the Entity") as at and for the period ended December 31, 2022.

#### General:

We confirm that the representations we make in this letter are in accordance with the definitions as set out in [Attachment I](#) to this letter.

We also confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

#### Responsibilities:

- 1) We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated March 1, 2022, including for:
  - a) the preparation and fair presentation of the financial statements and believe that these financial statements have been prepared and present fairly in accordance with the relevant financial reporting framework;
  - b) providing you with all information of which we are aware that is relevant to the preparation of the financial statements ("relevant information"), such as financial records, documentation and other matters, including:
    - the names of all related parties and information regarding all relationships and transactions with related parties;
    - the complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of board of directors and committees of the board of directors that may affect the financial statements. All significant actions are included in such summaries.
  - c) providing you with unrestricted access to such relevant information;
  - d) providing you with complete responses to all enquiries made by you during the engagement;
  - e) providing you with additional information that you may request from us for the purpose of the engagement;
  - f) providing you with unrestricted access to persons within the Entity from whom you determined it necessary to obtain audit evidence;
  - g) such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We also acknowledge and understand that we are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud;
  - h) ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements.

#### Internal control over financial reporting:

- 2) We have communicated to you all deficiencies in the design and implementation or maintenance of internal control over financial reporting of which we are aware.

#### Fraud & non-compliance with laws and regulations:

- 3) We have disclosed to you:
  - a) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;
  - b) all information in relation to fraud or suspected fraud that we are aware of that involves:
    - management;
    - employees who have significant roles in internal control over financial reporting; or
    - others
 where such fraud or suspected fraud could have a material effect on the financial statements.
  - c) all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements, communicated by employees, former employees, analysts, regulators, or others;
  - d) all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements, whose effects should be considered when preparing financial statements;
  - e) all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

#### Subsequent events:

- 4) All events subsequent to the date of the financial statements and for which the relevant financial reporting framework requires adjustment or disclosure in the financial statements have been adjusted or disclosed.

#### Related parties:

- 5) We have disclosed to you the identity of the Entity's related parties.
- 6) We have disclosed to you all the related party relationships and transactions/balances of which we are aware.
- 7) All related party relationships and transactions/balances have been appropriately accounted for and disclosed in accordance with the relevant financial reporting framework.

#### Estimates:

- 8) The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

#### Going concern:

- 9) We have provided you with all information relevant to the use of the going concern assumption in the financial statements.
- 10) We confirm that we are not aware of material uncertainties related to events or conditions that may cast significant doubt upon the Entity's ability to continue as a going concern.

#### Non-SEC registrants or non-reporting issuers:

- 11) We confirm that the Entity is not a Canadian reporting issuer (as defined under any applicable Canadian securities act) and is not a United States Securities and Exchange Commission ("SEC") issuer (as defined by the Sarbanes-Oxley Act of 2002).

# Appendix 1b: Management representation letter (continued)

- 12) We also confirm that the financial statements of the Entity will not be included in the group financial statements of a Canadian reporting issuer audited by KPMG or an SEC issuer audited by any member of the KPMG organization.

Yours very truly,

**HASTINGS PRINCE EDWARD PUBLIC HEALTH**

By: Ms. Valerie Dunham, Director of Administration

By: Ms. Amy Rankin, Finance Manager, Corporate Services

## Attachment I – Definitions

### Materiality

Certain representations in this letter are described as being limited to matters that are material. Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgments about materiality are made in light of surrounding circumstances, and are affected by perception of the needs of, or the characteristics of, the users of the financial statements and, the size or nature of a misstatement, or a combination of both while also considering the entity's own circumstances.

### Fraud & error

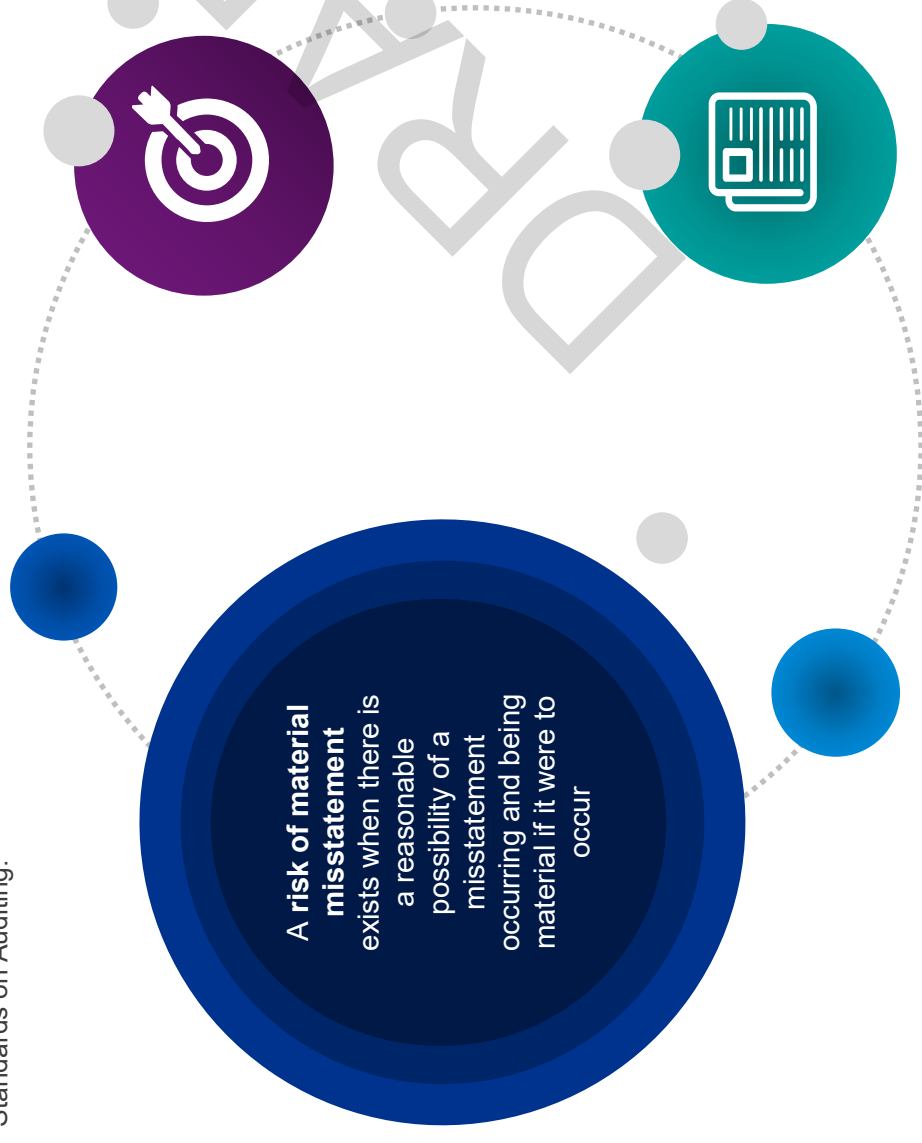
Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorization.

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

# Appendix 2: Newly effective auditing standards

**CAS 315 (Revised) *Identifying and Assessing the Risks of Material Misstatement*** has been revised, reorganized and modernized in response to challenges and issues with the previous standard. It aims to promote consistency in application, improve scalability, reduce complexity, support a more robust risk assessment and incorporate enhanced guidance material to respond to the evolving environment, including in relation to information technology. Conforming and consequential amendments have been made to other International Standards on Auditing.



Affects both preparers of financial statements and auditors

Applies to audits of financial statements for periods beginning on or after 15 December 2021

See here for more information from CPA Canada

**We design and perform risk assessment procedures to obtain an understanding of the:**

- entity and its environment;
- applicable financial reporting framework; and
- entity's system of internal control.

**The audit evidence obtained from this understanding provides a basis for:**

- identifying and assessing the risks of material misstatement, whether due to fraud or error; and
- the design of audit procedures that are responsive to the assessed risks of material misstatement.



# Appendix 2: Newly effective auditing standards (continued)

## Key change

## Impact on the audit team

## Impact on management

### Overall, a more robust risk identification and assessment process, including:

- New requirement to take into account how, and the degree to which, 'inherent risk factors' affect the susceptibility of relevant assertions to misstatement
- New concept of significant classes of transactions, account balances and disclosures and relevant assertions to help us to identify and assess the risks of material misstatement
- New requirement to separately assess inherent risk and control risk for each risk of material misstatement
- Revised definition of significant risk for those risks which are close to the upper end of the spectrum of inherent risk

When assessing inherent risk for identified risks of material misstatement, we consider the degree to which inherent risk factors (such as complexity, subjectivity, uncertainty, change, susceptibility to management bias) affect the susceptibility of assertions to misstatement.

We use the concept of the spectrum of inherent risk to assist us in making a judgement, based on the likelihood and magnitude of a possible misstatement, on a range from higher to lower, when assessing risks of material misstatement

The changes may affect our assessments of the risks of material misstatement and the design of our planned audit procedures to respond to identified risks of material misstatement.

If we do not plan to test the operating effectiveness of controls, the risk of material misstatement is the same as the assessment of inherent risk.

If the effect of this consideration is that our assessment of the risks of material misstatement is higher, then our audit approach may increase the number of controls tested and/or the extent of that testing, and/or our substantive procedures will be designed to be responsive to the higher risk.

We may perform different audit procedures and request different information compared to previous audits, as part of a more focused response to the effects identified inherent risk factors have on the assessed risks of material misstatement.

# Appendix 2: Newly effective auditing standards (continued)



**Overall, a more robust risk identification and assessment process, including evaluating whether the audit evidence obtained from risk assessment procedures provides an appropriate basis to identify and assess the risks of material misstatement**

When making this evaluation, we consider all audit evidence obtained, whether corroborative or contradictory to management assertions. If we conclude the audit evidence obtained does not provide an appropriate basis, then we perform additional risk assessment procedures until audit evidence has been obtained to provide such a basis.

In certain circumstances, we may perform additional risk assessment procedures, which may include further inquiries of management, analytical procedures, inspection and/or observation.

**Overall, a more robust risk identification and assessment process, including performing a 'stand back' at the end of the risk assessment process**

We evaluate whether our determination that certain material classes of transactions, account balances or disclosures have no identified risks of material misstatement remains appropriate.

In certain circumstances, this evaluation may result in the identification of additional risks of material misstatement, which will require us to perform additional audit work to respond to these risks.

# Appendix 2: Newly effective auditing standards (continued)

## Key change

### Modernized to recognize the evolving environment, including in relation to IT

New requirement to understand the extent to which the business model integrates the use of IT.

When obtaining an understanding of the IT environment, including IT applications and supporting IT infrastructure, it has been clarified that we also understand the IT processes and personnel involved in those processes relevant to the audit.

Based on the identified controls we plan to evaluate, we are required to identify the:

- IT applications and other aspects of the IT environment relevant to those controls
- related risks arising from the use of IT and the entity's general IT controls that address them.

Examples of risks that may arise from the use of IT include unauthorized access or program changes, inappropriate data changes, risks from the use of external or internal service providers for certain aspects of the entity's IT environment or cybersecurity risks.

### Enhanced requirements relating to exercising professional skepticism

New requirement to design and perform risk assessment procedures in a manner that is not biased toward obtaining audit evidence that may be corroborative or toward excluding audit evidence that may be contradictory. Strengthened documentation requirements to demonstrate the exercise of professional skepticism.

## Impact on the audit team

We will expand our risk assessment procedures and are likely to engage more extensively with your IT and other relevant personnel when obtaining an understanding of the entity's use of IT, the IT environment and potential risks arising from IT. This might require increased involvement of IT audit professionals.

Changes in the entity's use of IT and/or the IT environment may require increased audit effort to understand those changes and affect our assessment of the risks of material misstatement and audit response.

Risks arising from the use of IT and our evaluation of general IT controls may affect our control risk assessments, and decisions about whether we test the operating effectiveness of controls for the purpose of placing reliance on them or obtain more audit evidence from substantive procedures. They may also affect our strategy for testing information that is produced by, or involves, the entity's IT applications.

We may make changes to the nature, timing and extent of our risk assessment procedures, such as our inquires of management, the activities we observe or the accounting records we inspect.

## Impact on management

# Appendix 2: Newly effective auditing standards (continued)

## Key change

### Clarification of which controls need to be identified for the purpose of evaluating the design and implementation of a control

We will evaluate the design and implementation of controls that address risks of material misstatement at the assertion level as follows:

- Controls that address a significant risk.
- Controls over journal entries, including non-standard journal entries.
- Other controls we consider appropriate to evaluate to enable us to identify and assess risks of material misstatement and design our audit procedures

## Impact on the audit team

We may identify new or different controls that we plan to evaluate the design and implementation of, and possibly test the operating effectiveness to determine if we can place reliance on them.

We may also identify risks arising from IT relating to the controls we plan to evaluate, which may result in the identification of general IT controls that we also need to evaluate and possibly test whether they are operating effectively. This may require increased involvement of IT audit specialists.

## Impact on management

# Appendix 3: Future accounting pronouncements

## Asset retirement obligations (“AROs”)

### Effective date

December 31, 2023

### Summary and implications

- The new standard addresses the recognition, measurement, presentation and disclosure of legal obligations associated with retirement of tangible capital assets in productive use. Retirement costs will be recognized as an integral cost of owning and operating tangible capital assets.
- The ARO standard will require the public sector entity to record a liability related to future costs of any legal obligations to be incurred upon retirement of any controlled tangible capital assets (“TCA”). As a result of the new standard, the public sector entity will:
  - Consider how the additional liability will impact net debt, as a new liability will be recognized.
  - Carefully review legal agreements, senior government directives and legislation in relation to all controlled TCA to determine if any legal obligations exist with respect to asset retirements.

## Financial instruments & foreign currency translation

### Effective date

December 31, 2023

### Summary and implications

- Equity instruments quoted in an active market and free-standing derivatives are to be carried at fair value. All other financial instruments, including bonds, can be carried at cost or fair value depending on the public sector entity’s choice and this choice must be made on initial recognition of the financial instrument and is irrevocable.
- Hedge accounting is not permitted.
- A new statement, the Statement of Remeasurement Gains and Losses, will be included in the financial statements. Unrealized gains and losses incurred on fair value accounted financial instruments will be presented in this statement. Realized gains and losses will continue to be presented in the statement of operations.
- PS 3450 *Financial Instruments* was amended subsequent to its initial release to include various federal government narrow-scope amendments.

# Appendix 3: Future accounting pronouncements (continued)

## Revenue

### Effective date

December 31, 2024

### Summary and implications

- The new standard establishes a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement.
- The standard notes that in the case of revenues arising from an exchange transaction, a public sector entity must ensure the recognition of revenue aligns with the satisfaction of related performance obligations.
- The standard notes that unilateral revenue arises when no performance obligations are present, and recognition occurs when there is authority to record the revenue and an event has happened that gives the public sector entity the right to the revenue.

## Public Private Partnerships (“P3s”)

### Effective date

December 31, 2024

### Summary and implications

- PSAB has introduced Section PS3160, which includes new requirements for the recognition, measurement and classification of infrastructure procured through a public private partnership. The standard may be applied retroactively or prospectively.
- The standard notes that recognition of infrastructure by the public sector entity would occur when it controls the purpose and use of the infrastructure, when it controls access and the price, if any, charged for use, and it controls any significant interest accumulated in the infrastructure when the P3 ends.
- The public sector entity recognizes a liability when it needs to pay cash or non-cash consideration to the private sector partner for the infrastructure.

## Purchased intangibles

### Effective date

December 31, 2024

### Summary and implications

- The guideline allows public sector entities to recognize intangibles purchased through an exchange transaction. The definition of an asset, the general recognition criteria and GAAP hierarchy are used to account for purchased intangibles.
- Narrow scope amendments were made to *PS 1000 Financial statement concepts* to remove the prohibition to recognize purchased intangibles and to *PS 1201 Financial statement presentation* to remove the requirement to disclose purchased intangibles not recognized.
- The guideline can be applied retroactively or prospectively.

# Appendix 3: Future accounting pronouncements (continued)

## Asset Retirement Obligations (ARO's): key audit risks

1

Do you have **completeness** of ARO's on your financial statements, particularly in terms of assets identified as in-scope?

2

Have you determined **measurement** of ARO's based on reliable data and costing models?

3

Have you correctly applied an appropriate **transition method**?

4

Do you have adequate **documentation** of your process and audit working papers enabling auditability?



# Appendix 3: Future accounting pronouncements (continued)

## Asset retirement obligations: implementation project

### Project planning

- Project team is cross-functional and includes Finance and non-Finance personnel.
- Sufficient personnel resources are available for the implementation project.
- Where required, external experts have been engaged.
- The project plan identifies who is responsible for each project task.
- Project timelines are reasonable.
- Auditor involvement has been scheduled at each significant project milestone.
- Asset retirement obligations policy has been drafted.
- Recurring project updates are provided to the Audit Committee or other governance body to engage them in the implementation process.

### Scoping

- The tangible capital assets listing reconciles to the audited financial statements.
- Agreements (e.g. leases, statutory rights of way, etc.) have been reviewed for potential legal obligations.
- Productive and non-productive assets have been included in the scoping analysis.
- Assets with similar characteristics and risks have been grouped together in the scoping analysis.
- All relevant legal acts, regulations, guidelines, etc. have been identified.
- Relevant internal stakeholders have been interviewed to obtain information about potential retirement obligations.

### Measurement

- Cost information is relevant and reliable.
- Only costs directly attributable to legally required retirement activities have been included in the liability.
- If applicable, the discount rate is consistent with the risks and timelines inherent in the cash flows.
- If discounting is applied, it is based on reliable information to inform the timing of future cash flows.
- Asset retirement obligations have been linked to specific tangible capital assets.
- The useful life of the tangible capital asset remain appropriate and are consistent with estimated asset retirement date.
- The transition method selected is appropriate based on the measurement information available.
- Calculations are mathematically accurate.

### Financial reporting

- Financial statements have been mocked up to include asset retirement obligations.
- Note disclosures, including significant accounting policies, have been drafted.
- Documentation prepared during the project has been reviewed to ensure it is accurate and complete.
- Plans have been implemented for the annual post-implementation review and update of the asset retirement obligation liability.



# Appendix 3: Future accounting pronouncements (continued)

## Asset retirement obligations: implementation milestones

### PHASE 1

#### Step 1:

Development of a PS3280 compliant policy. Include a definition for in-scope assets, productive and non-productive assets, and document known sources of legal obligations (such as regulations and contracts) as well as key roles and responsibilities for retirement obligation identification, measurement and reporting.

#### Step 2:

Identification of TCA/sites inventory. Develop an inventory of potential in-scope assets or sites based on existing TCA listings, and inventories used for PS3260 contaminated sites. Reconcile the listing of TCA items to the audited financial statements. Assess in-scope assets against PS3280 recognition criteria.

### Milestone – KPMG Audit Team review of PS3280 policy, asset listings, and in-scope assets

### PHASE 2

#### Step 3:

Measure the estimated liability. Assess available information, and consider the need for additional environmental assessment of any sites. Document key assumptions and variables, and selection of transition method. Determine if discounting will be applied for any assets. Consider impacts on useful life assumptions for in-scope assets. Document measurement methodology and range of estimate for in-scope assets.

### Milestone – KPMG Audit Team review of measurement methodology and range of estimates

#### Step 4:

Reporting. Prepare a library of documentation and assumptions supporting each retirement obligation for audit purposes, and comprehensive documentation of the process followed for implementation. Prepare template financial statements and related note disclosure for 2023 year end.

### Milestone – KPMG Audit Team review of working papers and template financial statements

# Appendix 4: Technology - Continuous improvement powered by transformation

## Our investment: \$5B

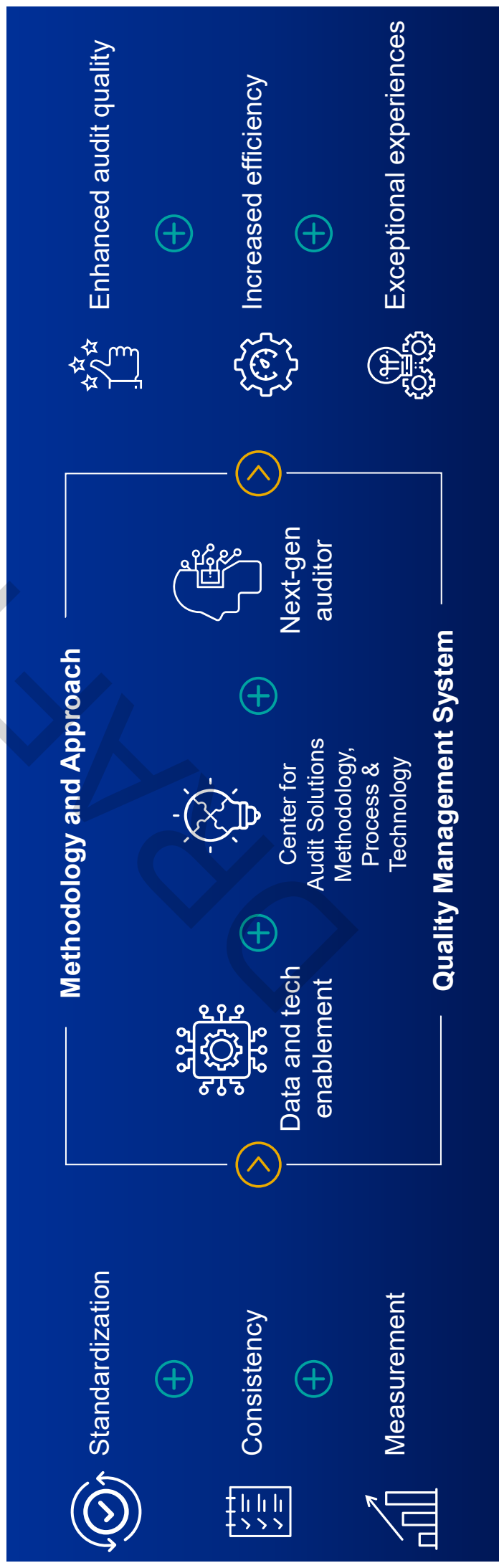
We are in the midst of a five-year investment to develop our people, digital capabilities, and advanced technology.

## Responsive delivery model

Tailored to you to drive impactful outcomes around the quality and effectiveness of our audits.

## Result: A better experience

Enhanced quality, reduced disruption, increased focus on areas of higher risk, and deeper insights into your business.



# Appendix 4: Technology - KPMG Clara - Bringing the audit to one place



## Streamlined client experience

And deeper insights into your business, translating to a better audit experience.



## Secure

A secure client portal provides centralized, efficient coordination with your audit team.



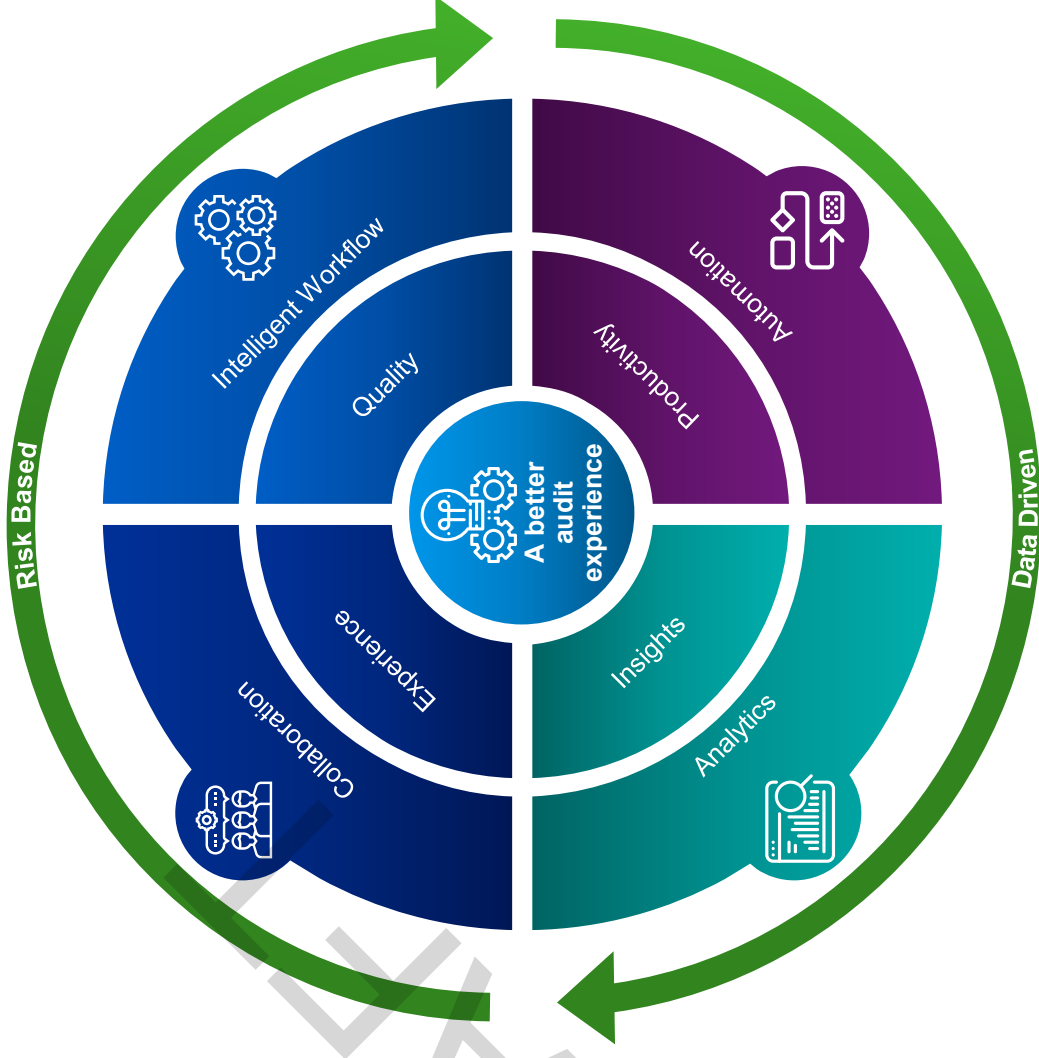
## Intelligent workflow

An intelligent workflow guides audit teams through the audit.



## Increased precision

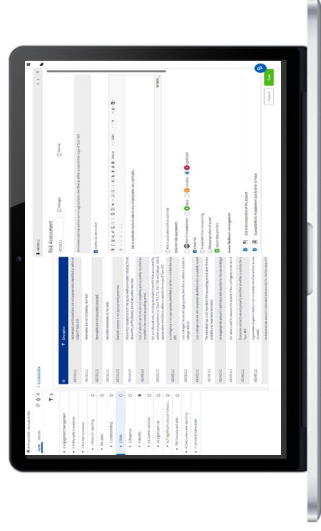
Advanced data analytics and automation facilitate a risk-based audit approach, increasing precision and reducing your burden.



# Appendix 4: Technology - Our audit platform - KPMG Clara

Building upon our sound audit quality foundations, we are making significant investments to drive consistency and quality across our global audit practices. We've committed to an ongoing investment in innovative technologies and tools for engagement teams, such as KPMG Clara, our smart audit platform.

## KPMG Clara workflow

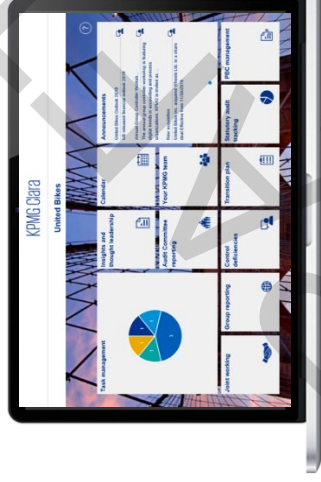


### Globally consistent execution

A modern, intuitively written, highly applicable audit methodology that allows us to deliver globally consistent engagements.

[Learn more](#)

## KPMG Clara for clients



### Real-time collaboration and transparency

Allows the client team to see the real-time status of the engagement and who from our KPMG team is leading on a deliverable.

[Learn more](#)

## KPMG Clara analytics



### Insights-driven efficient operations

Using the latest technologies to analyze data, KPMG Clara allows us to visualise the flow of transactions through the system, identify risks in your financial data and perform more specific audit procedures.

[Learn more](#)

# Appendix 5: Audit quality: How do we deliver audit quality?

**Quality** essentially means doing the right thing and remains our highest priority. Our **Global Quality Framework** outlines how we deliver quality and how every partner and staff member contributes to its delivery.

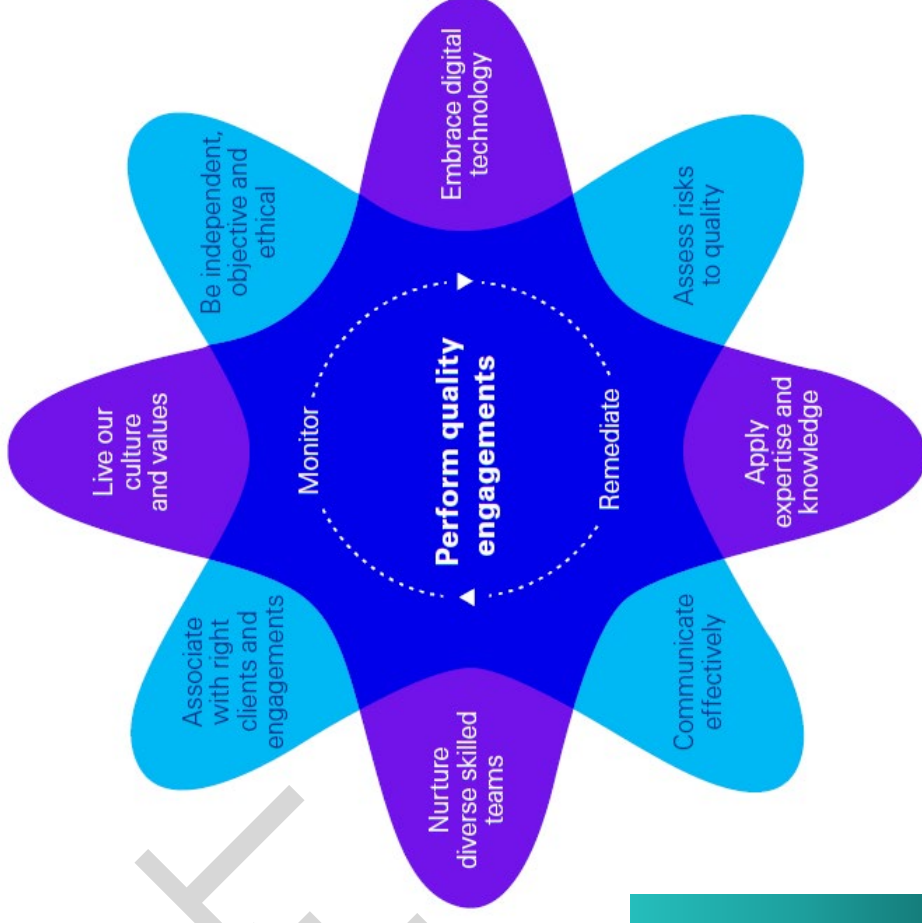
**Perform quality engagement** sits at the core along with our commitment to continually monitor and remediate to fulfil on our quality drivers.

Our **quality value drivers** are the cornerstones to our approach underpinned by the **supporting drivers** and give clear direction to encourage the right behaviours in delivering audit quality.

▶ [KPMG 2022 Audit Quality and Transparency Report](#)

We define 'audit quality' as being the outcome when:

- audits are **executed consistently**, in line with the requirements and intent of **applicable professional standards** within a strong **system of quality controls**; and
- all of our related activities are undertaken in an environment of the utmost level of **objectivity, independence, ethics and integrity**.





# Appendix 6: Audit and assurance insights

Our latest thinking on the issues that matter most to Audit Committees, board of directors and management.

## Accelerate

The key issues driving the audit committee agenda in 2023.

## KPMG Audit & Assurance Insights

Curated research and insights for Audit Committees and boards.

## Board Leadership Centre

Leading insights to help board members maximize boardroom opportunities.

## KPMG Climate Change Financial Reporting Resource Centre

Our climate change resource centre provides insights to help you identify the potential financial statement impacts to your business.

## Current Developments

Series of quarterly publications for Canadian businesses including Spotlight on IFRS, Canadian Securities & Auditing Matters and US Outlook reports.

## Momentum

A quarterly newsletter providing curated insights for management, boards and Audit Committees.

## Audit Committee Guide – Canadian Edition

A practical guide providing insight into current challenges and leading practices shaping Audit Committee effectiveness in Canada

## KPMG Learning Academy

Technical accounting and finance courses designed to arm you with leading-edge skills needed in today's disruptive environment.

## Uncertain Times

### Financial Reporting Resource Centre

Uncertain times resource center provides insights to support clients facing challenges relating to COVID-19, natural disasters and geopolitical events.

## Environmental, social and governance (ESG)

Building a sustainable, resilient and purpose-led organization

## IFRS Breaking News

A monthly Canadian newsletter that provides the latest insights on international financial reporting standards and IASB activities.

## Other Insights





[kpmg.ca](http://kpmg.ca)

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KPMG member firms around the world have 227,000 professionals, in 145 countries.



Financial Statements of

**HASTINGS PRINCE EDWARD  
PUBLIC HEALTH**

Year ended December 31, 2022

DRAFT

# HASTINGS PRINCE EDWARD PUBLIC HEALTH

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Year ended December 31, 2022

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## INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Hastings Prince Edward Public Health

### ***Opinion***

We have audited the financial statements of Hastings Prince Edward Public Health (the "Entity"), 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 changes in net financial liabilities 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, 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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

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

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

### ***Responsibilities of Management and Those Charged With Governance for the Financial Statements***

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

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity's 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.

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

(date)



# HASTINGS PRINCE EDWARD PUBLIC HEALTH

## Statement of Financial Position

As at December 31, 2022, with comparative information for 2021

	2022	2021
Financial assets:		
Cash	\$ 2,639,417	\$ 6,015,921
Investments (note 2)	4,103,683	–
Accounts receivable	491,968	203,095
Due from Province of Ontario	49,962	35,064
	<u>7,285,030</u>	<u>6,254,080</u>
Financial liabilities:		
Accounts payable and accrued liabilities	1,061,604	1,139,210
Due to Province of Ontario	951,778	442,621
Deferred revenue	623,219	668,392
Mortgage payable (note 9)	6,519,636	6,777,691
	<u>9,156,237</u>	<u>9,027,914</u>
	<u>(1,871,207)</u>	<u>(2,773,834)</u>
Non-financial assets:		
Tangible capital assets (note 13)	10,107,874	10,271,757
Prepaid expenses	244,522	87,160
	<u>10,352,396</u>	<u>10,358,917</u>
Commitments (note 5)		
Economic dependence (note 6)		
Accumulated surplus (note 12)	<u>\$ 8,481,189</u>	<u>\$ 7,585,083</u>

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Member

\_\_\_\_\_ Member

# HASTINGS PRINCE EDWARD PUBLIC HEALTH

## Statement of Operations and Accumulated Surplus

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

	Budget 2022	Actual 2022	Actual 2021
	(note 11)		
Revenue:			
Provincial funding	\$ 14,559,943	\$ 14,315,918	\$ 15,318,706
Municipal levies	3,491,385	3,491,385	3,439,788
Federal funding	128,988	174,161	104,489
Interest earned (note 2)	26,000	152,357	29,501
Expense recoveries (note 8)	112,700	81,581	29,059
Rental	–	24,335	–
Other revenue	300,000	–	23,826
	<u>18,619,016</u>	<u>18,239,737</u>	<u>18,945,369</u>
Expenses:			
Salaries	11,895,016	11,051,850	12,130,478
Benefits	3,210,000	2,895,111	3,154,320
Staff training	159,000	155,248	59,844
Travel	178,000	115,481	121,249
Building occupancy (note 9)	1,301,000	799,687	786,909
Office and administration	663,000	555,250	558,649
Program supplies	442,000	436,022	470,168
Professional and purchased services	771,000	922,990	860,601
Amortization	–	411,992	390,024
	<u>18,619,016</u>	<u>17,343,631</u>	<u>18,532,242</u>
Annual surplus	–	896,106	413,127
Accumulated surplus, beginning of year	7,585,083	7,585,083	7,171,956
Accumulated surplus, end of year	<u>\$ 7,585,083</u>	<u>\$ 8,481,189</u>	<u>\$ 7,585,083</u>

See accompanying notes to financial statements.

# HASTINGS PRINCE EDWARD PUBLIC HEALTH

## Statement of Changes in Net Financial Liabilities

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

	Budget 2022 (note 11)	Actual 2022	Actual 2021
Annual surplus	\$ –	\$ 896,106	\$ 413,127
Acquisition of tangible capital assets	–	(248,109)	(47,455)
Amortization of tangible capital assets	–	411,992	390,024
Change in prepaid expenses	–	(157,362)	109,483
Net decrease in net financial liabilities	–	902,627	865,179
Net financial liabilities at beginning of year	–	(2,773,834)	(3,639,013)
Net financial liabilities at end of year	\$ –	\$ (1,871,207)	\$ (2,773,834)

See accompanying notes to financial statements.

# HASTINGS PRINCE EDWARD PUBLIC HEALTH

## Statement of Cash Flows

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

	2022	2021
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 896,106	\$ 413,127
Amortization, which does not involve cash	411,992	390,024
Change in non-cash assets and liabilities:		
Accounts receivable	(288,873)	(27,571)
Due from Province of Ontario	(14,898)	518,632
Accounts payable and accrued liabilities	(77,606)	(192,661)
Due to Province of Ontario	509,157	231,092
Deferred revenue	(45,173)	465,972
Prepaid expenses	(157,362)	109,483
	<u>1,233,343</u>	<u>1,908,098</u>
Capital activities:		
Purchase of tangible capital assets	(248,109)	(47,455)
Financing activities:		
Principal repayments on mortgage payable	(258,055)	(247,682)
Investing activities:		
Purchase of investments	(4,103,683)	–
Increase (decrease) in cash	(3,376,504)	1,612,961
Cash, beginning of year	6,015,921	4,402,960
Cash, end of year	<u>\$ 2,639,417</u>	<u>\$ 6,015,921</u>

See accompanying notes to financial statements.

# HASTINGS PRINCE EDWARD PUBLIC HEALTH

Notes to Financial Statements

Year ended December 31, 2022

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Hastings Prince Edward Public Health (the "Health Unit") is governed by the Ontario Board of Public Health as mandated by the Health Protection and Promotion Act for the purposes of promoting and protecting public health.

## 1. Significant accounting policies:

The financial statements of the Health Unit are the representation of management prepared in accordance with accounting policies prescribed by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada for local governments and their boards. Significant aspects of the accounting policies adopted by the Health Unit are as follows:

### (a) Basis of accounting:

The basis of accounting followed in the financial statement presentation includes revenues in the period in which the transactions or events occurred that gave rise to the revenues and expenses in the period the goods and services are acquired and a liability is incurred or transfers are due.

Provincial funding received from the Ministry of Health and the Ministry of Children, Community & Social Services (collectively the "Ministries") are subject to annual final reviews and approval by the Ministries. Any adjustments resulting from the review will be reflected in the year of Ministry approvals as an adjustment to provincial funding revenue on the Statement of Operations and Accumulated Surplus.

### (b) Deferred revenue:

Deferred revenue represents special program grants which have been received but for which related program costs have yet to be incurred. These amounts will be recognized as revenue in the fiscal year that the program costs are incurred.

### (c) Government transfers:

Government transfers received relate to health programs. 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 and eligibility criteria have been met and reasonable estimates of the amounts can be made.

### (d) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

# HASTINGS PRINCE EDWARD PUBLIC HEALTH

Notes to Financial Statements (continued)

Year ended December 31, 2022

## 1. Significant accounting policies (continued):

### (e) Tangible capital assets:

Tangible capital assets are recorded at cost less accumulated amortization and are classified according to their functional use. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

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Building and site improvements	40 years
Vehicles	5 years
Communication systems	5 years
Office equipment	5 years
Computer equipment	5 years
Signage	5 years
Leasehold improvements	remaining term of lease

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

When conditions indicate that a tangible capital asset no longer contributes to the Health Unit's ability to provide services or the value of the future economic benefits associated with the tangible capital asset are less than its net book value, and the decline is expected to be permanent, the cost and accumulated amortization of the asset are reduced to reflect the revised estimate of the value of the asset's remaining service potential.

The resulting net adjustment would be reported as an expense on the Statement of Operations and Accumulated Surplus.

### (f) Pension benefits:

The Health Unit accounts for its participation in the Ontario Municipal Employees Retirement System ("OMERS"), a multi-employer public sector pension fund, as a defined contribution plan. The OMERS plan specifies the retirement benefits to be received by employees based on length of service and pay rates.

### (g) Investments:

Investments are recorded at cost plus accrued interest and amortization of purchase premiums and discounts. If the market value of investments becomes lower than cost and this decline in value is considered to be other than temporary, the investments are written down to the market value.

### (g) Use of estimates:

The preparation of financial statements in conformity with Canadian public sector accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.



# HASTINGS PRINCE EDWARD PUBLIC HEALTH

Notes to Financial Statements (continued)

Year ended December 31, 2022

## 2. Investments:

Investments consist of:

	2022 Cost	2022 Fair value	2021 Cost	2021 Fair value
Guaranteed investment certificates	\$ 4,103,683	\$ 4,103,683	\$ -	\$ -

Guaranteed investment certificates yield interest of 4.20% to 4.25% and mature between June and September 2023.

Interest earned consists of:

	2022	2021
Investment income	\$ 86,510	\$ -
Bank interest	65,847	29,501
	\$ 152,357	\$ 29,501

## 3. Pension agreement:

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

OMERS is a multi-employer plan, therefore, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Health Unit does not recognize any share of the OMERS pension surplus or deficit. The last available report for the OMERS plan was December 31, 2022. At that time, the plan reported a \$6.7 billion actuarial deficit (2021 - \$3.1 billion actuarial deficit).

The amount contributed to OMERS for current services in 2022 was \$963,319 (2021 - \$986,031) and is included as an expense on the Statement of Operations and Accumulated Surplus.

# HASTINGS PRINCE EDWARD PUBLIC HEALTH

Notes to Financial Statements (continued)

Year ended December 31, 2022

## 4. Liability for vested sick leave benefits:

Under the previous sick leave benefit plan, unused sick leave could be accumulated, and employees could become entitled to a cash payment when they leave the Health Unit's employment.

In 1988, the Health Unit introduced an employee benefit package which includes short and long term disability insurance. As part of the package, the accumulated sick leave days were frozen at the levels existing at the date of implementation of the plan.

The liability for these accumulated days, to the extent that they have vested and could be taken in cash by an employee on termination, amount to \$4,931 (2021 - \$4,859) and are included in accounts payable and accrued liabilities on the Statement of Financial Position.

## 5. Commitments:

The Health Unit leases office accommodation in Picton, Trenton and Bancroft and also leases office equipment. The future minimum lease payments are as follows:

2023	\$	136,460
2024		75,012
2025		6,495
2026		6,495
2027 and thereafter		7,036
	\$	231,498

In addition to the above, the Health Unit has an outstanding contract for the purchase of two mobile dental clinics in the amount of \$675,698 plus taxes. Of this amount, \$550,000 plus taxes remains outstanding at December 31, 2022. The Ontario government has provided funding for the costs of these mobile clinics, which is included as a component of deferred revenue on the Statement of Financial Position.

## 6. Economic dependence:

The majority of the revenue of the Health Unit is provided by the Province of Ontario and by four funding municipalities. The Province of Ontario funds 70% (2021 - 70%) of mandated public health programs while the Counties of Hastings and Prince Edward and the Cities of Belleville and Quinte West combine to fund the remaining 30% (2021 - 30%). In fiscal 2022, the Province of Ontario provided mitigation funding in the amount of \$1,120,000 (2021 - \$1,120,000) to reduce the impact of the 2019 funding change. Mitigation funding will continue for the 2023 fiscal year and will be discontinued in fiscal 2024. The Health Unit will incorporate this funding decrease into their 2024 balanced budget.

# HASTINGS PRINCE EDWARD PUBLIC HEALTH

Notes to Financial Statements (continued)

Year ended December 31, 2022

## 7. Reserves:

The Health Unit has established reserves as follows:

The capital reserve is restricted to building replacement, expansion, renovations or major repairs.

	2022	2021
Capital reserve, beginning of year	\$ 2,261,622	\$ 1,989,035
Revenues for year – schedule 1	322,617	272,587
Capital reserve, end of year	2,584,239	2,261,622
HBHC reserve	45,859	45,859
Total reserves	\$ 2,630,098	\$ 2,307,481

The Health Babies Healthy Children (“HBHC”) reserve is restricted to fund future costs of the program in excess of provincial funding. There were no changes to the HBHC reserve during the year.

## 8. Expense recoveries:

Expense recoveries consist of:

	2022	2021
Provincial reimbursement of clinic costs	\$ 62,499	\$ 17,102
Program recoveries	11,667	1,232
Seniors dental	3,620	2,408
Other	3,095	3,236
Nicotine replacement clinics	670	4,515
Sexual health clinics	30	566
	\$ 81,581	\$ 29,059

# HASTINGS PRINCE EDWARD PUBLIC HEALTH

Notes to Financial Statements (continued)

Year ended December 31, 2022

## 9. Mortgage payable:

Mortgage payable consists of the following:

	2022	2021
Bankers acceptance, interest at Canadian Imperial Bank of Commerce BA rate at time of renewal plus 0.48% per annum acceptance fee. Interest is fixed with an interest rate swap agreement at 4.11%. Interest paid in advance at time of renewal with an adjustment at next monthly renewal to swapped rate. Principal is reduced each monthly renewal based on a blended monthly payment of principal and interest of \$44,316. Remaining balances due January 2040.	\$ 6,519,636	\$ 6,777,691

The mortgage is secured by a general security agreement creating a first ranking security interest in all personal property of the Health Unit and a first mortgage over the property located at 179 North Park Street, Belleville, Ontario.

Interest expense of \$273,738 (2021 - \$283,823) is included in building occupancy on the Statement of Operations and Accumulated Surplus.

Future principal repayments are estimated to be as follows:

2023	\$ 268,864
2024	280,125
2025	291,857
2026	304,081
2027	316,817
Thereafter	5,057,892
	<u>\$ 6,519,636</u>

## 10. Interest rate swap agreement:

The Health Unit entered into an interest rate swap agreement on March 5, 2014, effective January 2, 2015, which fixes the long-term interest rates associated with the mortgage payable. Under this agreement, the Health Unit pays interest on the notional principal at a fixed rate, and receives interest on the same notional principal at a variable rate based on Bankers' Acceptance rates. At the December 2022 renewal, the interest rate including stamping fee on the Bankers' Acceptance was 1.49%. There is no exposure to loss on the notional principal amount since the amount is netted by agreement; however, as interest rates fluctuates, the fair value of the swap rises and falls.

# HASTINGS PRINCE EDWARD PUBLIC HEALTH

Notes to Financial Statements (continued)

Year ended December 31, 2022

## 10. Interest rate swap agreement (continued):

Under the swap agreement, the Health Unit pays a fixed rate of 4.11% per annum on the notional principal. As at December 31, 2022, the notional principal of this agreement was \$6,519,636 (2021 - \$6,777,691) with the notional principal being reduced monthly in a systematic manner until the contract matures on January 3, 2040.

## 11. Budget:

The Board of Health approved the budget for 2022 with a municipal levy of \$3,491,385 on December 1, 2021. During the year, the Health Unit entered into additional program agreements or amendments to program agreements. The budgets of these program changes are not reflected in the budget amounts presented.

## 12. Accumulated surplus:

Accumulated surplus consists of:

	2022	2021
Tangible capital assets	\$ 10,107,874	\$ 10,271,757
Mortgage payable	(6,519,636)	(6,777,691)
	3,588,238	3,494,066
Reserves (note 6)	2,630,098	2,307,481
Unrestricted surplus	2,262,853	1,783,536
	\$ 8,481,189	\$ 7,585,083
	2022	2021
Unrestricted surplus, beginning of year	\$ 1,783,536	\$ 1,548,109
Annual surplus	896,106	413,127
	2,679,642	1,961,236
Change – tangible capital assets	163,883	342,569
Principal repayments in year	(258,055)	(247,682)
Capital reserve net revenues	(322,617)	(272,587)
Unrestricted surplus, end of year	\$ 2,262,853	\$ 1,783,536

# HASTINGS PRINCE EDWARD PUBLIC HEALTH

Notes to Financial Statements (continued)

Year ended December 31, 2022

## 13. Tangible capital assets:

Cost	Balance at December 31, 2021	Transfers and additions	Transfers, disposals and adjustments	Balance at December 31, 2022
Land	\$ 81,814	\$ –	\$ –	\$ 81,814
Buildings and site improvements	11,803,281	28,615	–	11,831,896
Leasehold improvements	197,010	–	–	197,010
Communications systems	93,585	–	–	93,585
Office equipment	612,387	12,593	(24,084)	600,896
Computer equipment	654,796	206,901	(42,463)	819,234
Signage	20,942	–	–	20,942
Assets under construction	105,686	–	–	105,686
<b>Total</b>	<b>\$ 13,569,501</b>	<b>\$ 248,109</b>	<b>\$ (66,547)</b>	<b>\$ 13,751,063</b>

Accumulated amortization	Balance at December 31, 2021	Amortization expense	Transfers, disposals and adjustments	Balance at December 31, 2022
Buildings and site improvements	\$ 1,905,427	\$ 295,081	\$ –	\$ 2,200,508
Leasehold improvements	197,010	–	–	197,010
Communications systems	92,834	751	–	93,585
Office equipment	482,628	45,618	(24,084)	504,162
Computer equipment	598,903	70,542	(42,463)	626,982
Signage	20,942	–	–	20,942
<b>Total</b>	<b>\$ 3,297,744</b>	<b>\$ 411,992</b>	<b>\$ (66,547)</b>	<b>\$ 3,643,189</b>

	Net book value December 31, 2021	Net book value December 31, 2022
Land	\$ 81,814	\$ 81,814
Buildings and site improvements	9,897,854	9,631,388
Leasehold improvements	–	–
Communications systems	751	–
Office equipment	129,759	96,734
Computer equipment	55,893	192,252
Signage	–	–
Assets under construction	105,686	105,686
<b>Total</b>	<b>\$ 10,271,757</b>	<b>\$ 10,107,874</b>



# HASTINGS PRINCE EDWARD PUBLIC HEALTH

Notes to Financial Statements (continued)

Year ended December 31, 2022

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## 14. Fair value of financial instruments:

The Health Unit's financial instruments are comprised of cash, accounts receivable, accounts payable and accrued liabilities, mortgage payable and interest rate swap agreement. Unless otherwise noted, it is management's opinion that the Health Unit is not exposed to significant interest rate, currency or credit risks arising from these financial instruments. Impairment of accounts receivable at year end was \$Nil (2021 - \$Nil).

The fair values of the financial instruments approximate their carrying values due to the short term nature of the instruments except for the mortgage loan payable and interest rate swap agreement. The fair value of the underlying mortgage loan approximates carrying value due to the interest rate being reset monthly. At December 31, 2022, the fair value of the remaining interest rate swap is a liability of \$81,104 (2021 - \$1,041,490).

The Health Unit has access to a line of credit in the amount of \$1,000,000 with its corporate banker which bears interest at prime and was undrawn at year-end (2021 - \$250,000).

## 15. Impact of COVID-19:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact.

At the time of approval of these financial statements, the Health Unit has experienced the following indicators of financial implications and undertaken the following activities in relation to the COVID-19 pandemic:

- Increased costs related to the purchase of materials and supplies
- Closure of administrative and nonessential services within which it operates based on Public Health recommendations
- Mandatory working from home requirements for those able to do so
- Continuous re-evaluation of the team's work assignments
- Mandatory on-site client and staff screening and tracking protocols

The Health Unit incurred a total of \$2,844,896 (2021 - \$7,239,712) in COVID-19 related costs in fiscal 2022. Of this amount, mandatory program funding paid for expenses amounting to \$2,291,498 (2021 - \$5,269,770). The Health Unit made a separate submission to cover one-time COVID-19 costs and received funding in the form of vaccine program costs and general COVID-19 program funding of \$293,398 and \$260,000 (2021 - \$1,294,942 and \$675,000), respectively, to fund the balance of COVID-19 related costs.

The Health Unit continues to respond to the pandemic and plan for continued operational and financial impacts during the 2022 fiscal year and beyond. Management has assessed the impact of COVID-19 and believes there are no significant financial issues as the Agency has access to sufficient financial resources to sustain operations in the coming year.

# HASTINGS PRINCE EDWARD PUBLIC HEALTH

Schedule of Operations

Year ended December 31, 2022

	Mandatory	100% MOH Ontario Seniors Dental Care Program	COVID-19: Vaccine Program	COVID-19: General Program	Ontario Seniors Dental Care Program	School- focused Nurses Initiative	100% ONE TIME New Purpose- Built Vaccine Refrigerator	Needle Exchange Program	Temporary Retention Incentive for Nurses	PHI Practicum Student	Ontario Seniors Dental Capital: Mobile Clinic	MCCSS Healthy Babies, Healthy Children	Federal Childrens Oral Health Initiative	Canada Prenatal Nutrition Program	Other Operating Fund Capital Reserve	Totals 2022 2021
<b>REVENUES</b>																
Provincial approved funding MOH	9,273,784	1,117,978	600,000	260,000	170,000	787,743	10,000	19,000	278,660	36,000	0	1,163,273	0	0	0	12,553,165
Provincial approved funding MCCSS												1,163,273				1,163,273
Total Approved Provincial Funding	9,273,784	1,117,978	600,000	260,000	170,000	787,743	10,000	19,000	278,660	36,000	0	1,163,273	0	0	0	13,716,438
Provincial funding MOH Salary	133,789															133,789
Provincial funding Mitigation	1,120,000															1,120,000
Settlement adjustments	(133,788)	(3)	(306,602)		(147,173)								(66,733)			(654,309)
Provincial funding	10,393,715	1,117,975	293,398	260,000	22,827	787,743	10,000	19,000	278,660	36,000	0	1,163,273	0	0	0	14,315,918
Municipal levies	2,854,475															2,854,475
Federal funding													36,426	376,910	280,000	3,491,385
Other revenue													137,735		174,161	104,469
Interest income	41,058															41,058
Rental income	24,335															24,335
Expenditure Recoveries	77,861	3,620														81,481
Total Revenues	13,391,604	1,121,595	293,398	260,000	22,827	787,743	10,000	19,000	278,660	36,000	0	1,163,273	36,426	425,592	322,617	18,239,737
<b>EXPENDITURES</b>																
Salaries	8,785,355	286,636		152,829		626,657			259,840	28,341		821,754	29,722			11,051,849
Benefits	2,129,181	77,392		107,171		161,086			18,820	3,570		216,354	5,944			2,895,111
Staff training	154,542	121										585				155,248
Travel	63,075	0	34,283							4,088		13,202	236			115,481
Building occupancy	699,905	32,282										67,500				799,687
Office expense and administration	484,162	27,840	5,968	0								37,280				555,250
Program supplies	308,746	65,615	33,445					19,000				4,369	524	4,294		436,022
Professional and purchased services	216,749	631,708	49,506		22,827							2,200				922,990
Amortization	411,992	0														411,992
Total Expenditures	13,253,707	1,121,595	293,398	260,000	22,827	787,743	0	19,000	278,660	36,000	0	1,163,273	36,426	425,592	322,617	18,532,242
Annual surplus (deficit) before other items	137,897	0	0	0	0	0	10,000	0	0	0	0	0	0	0	0	896,106
Loss on disposal of tangible capital assets	0															0
Annual surplus (deficit)	137,897	0	0	0	0	0	10,000	0	0	0	0	0	0	0	0	896,106
<b>RECONCILIATION TO FUNDING</b>																
Annual surplus (deficit) above	137,897	0	0	0	0	0	10,000	0	0	0	0	0	0	0	0	896,106
Add back amortization	411,992															411,992
Add transfers from reserve	0															0
Add loss on disposal of tangible capital assets	0															0
Add tangible capital asset adjustment	0															0
Less tangible capital asset acquisitions	(238,109)						(10,000)									(248,109)
Less principal repayments on mortgage	(258,055)															(258,055)
Less vacation/frozen sick leave	(53,725)															(53,725)
Funding Surplus	(0)	0	0	0	0	0	0	0	0	0	0	0	0	425,592	322,617	748,209

# HASTINGS PRINCE EDWARD PUBLIC HEALTH

## Schedule 2 - Programs Funding Reconciliation

Year ended December 31, 2022

	January - March 2022	April - December 2022	January - March 2023	Totals	
				2022 Calendar Totals	2022-2023 Fiscal Totals
<b>REVENUES</b>					
Provincial approved funding MCCSS	265,725	870,410	290,133	1,136,135	1,160,543
Total Approved Provincial Funding	265,725	870,410	290,133	1,136,135	1,160,543
Settlement adjustments	0	0	0	0	0
Provincial funding	265,725	870,410	290,133	1,136,135	1,160,543
<b>Total Revenues</b>	<b>265,725</b>	<b>870,410</b>	<b>290,133</b>	<b>1,136,135</b>	<b>1,160,543</b>
<b>EXPENDITURES</b>					
Salaries	200,431	621,323	189,465	821,754	810,788
Benefits	17,628	198,726	40,488	216,354	239,214
Staff training		585	1,059	585	1,644
Travel	2,131	11,071	5,599	13,202	16,670
Building occupancy	33,750	33,750	11,250	67,500	45,000
Office expenses and administration	10,650	26,630	8,873	37,280	35,502
Program supplies	36	4,363	6,262	4,399	10,625
Professional and purchased services	1,100	1,100		2,200	1,100
Amortization				0	0
<b>Total Expenditures</b>	<b>265,725</b>	<b>897,548</b>	<b>262,995</b>	<b>1,163,273</b>	<b>1,160,543</b>
Annual surplus (deficit) before other items	(0)	(27,138)	27,138	(27,138)	0
Loss on disposal of tangible capital assets	0			0	0
<b>Annual surplus (deficit)</b>	<b>(0)</b>	<b>(27,138)</b>	<b>27,138</b>	<b>(27,138)</b>	<b>0</b>
<b>RECONCILIATION TO FUNDING</b>					
Annual surplus (deficit) above	(0)	(27,138)	27,138	(27,138)	0
Add back amortization				0	0
Add transfers from reserve				0	0
Add loss on disposal of tangible capital assets				0	0
Add tangible capital asset adjustment				0	0
Less tangible capital asset acquisitions				0	0
Less principal repayments on mortgage				0	0
Less vacation/frozen sick leave				0	0
<b>Funding Surplus</b>	<b>(0)</b>	<b>(27,138)</b>	<b>27,138</b>	<b>(27,138)</b>	<b>0</b>