Financial Statements of

WINDSOR-ESSEX COUNTY HEALTH UNIT

And Independent Auditor's Report thereon

Year ended December 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Windsor-Essex County Health Unit

Opinion

We have audited the financial statements of Windsor-Essex County Health Unit (the Health Unit), which comprise:

- the statement of financial position as at December 31, 2025
- the statement of operations and accumulated deficit for the year then ended
- the statement of changes in net debt for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Health Unit as at December 31, 2025, and its results of operations, its changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

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

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

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

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

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 Health Unit's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Health Unit's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Health Unit to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Windsor, Canada

June 25, 2026

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

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

The Board of Health is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board of Health carries out their responsibility for reviewing the financial statement principally through the Audit Committee. The members of the Audit Committee are not officers or employees of the Health Unit. The Audit Committee meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to recommending approval of the financial statements to the Board of Health. The external auditors have full access to the Audit Committee with and without the presence of management.

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

Dr. Ken Blanchette	Jalin Whyte-Lewin
Chief Executive Officer	Manager, Accounting & Financial Reporting

WINDSOR-ESSEX COUNTY HEALTH UNIT

Statement of Financial Position

December 31, 2025, with comparative information for 2024

		2025		2024
				(recast - see note 15)
Financial Assets				
Financial assets:				
Cash and short-term investments (note 2)	$	5,021,213	$	6,153,094
Accounts receivable (note 3)		2,425,794		1,984,063
	$	7,447,007	$	8,137,157
Financial liabilities				
Financial liabilities:				
Due to Province of Ontario (note 4)	$	2,431,823	$	2,935,535
Due to Municipalities (note 5)		849,220		1,211,108
Due to community programs		69,760		238,502
Amounts held in trust (note 6)		44,800		64,588
Trade accounts payable		1,031,242		1,875,542
Accrued payroll and deductions		1,668,961		2,163,687
Deferred revenue (note 7)		204,891		81,870
Employee future benefit liabilities (note 8)		2,504,125		2,479,162
		8,804,822		11,049,994
Net debt		(1,357,815)		(2,912,837)
Non-financial assets				
Non-financial assets:				
Tangible capital assets (note 9)		1,559,368		1,207,997
Prepaid and other expenses		617,578		642,581
		2,176,946		1,850,578
Commitments and contingencies (notes 12, 13 and 14)				
Accumulated surplus (deficit) (note 10)	$	819,131	$	(1,062,259)

See accompanying notes to financial statements.

On behalf of the Board:

_______________________ Director

_______________________ Director

WINDSOR-ESSEX COUNTY HEALTH UNIT

Statement of Operations and Accumulated Deficit

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

	2025	2024 (recast - see note 15)
Revenue		
Municipalities:		
City of Windsor	$ 3,959,394	$ 3,262,521
County of Essex	3,325,940	2,741,520
Township of Pelee	4,108	2,879
	7,289,442	6,006,920
Province of Ontario:		
Mandatory Health Programs	17,922,369	17,743,958
Ontario Seniors Dental Care Program	2,915,311	2,891,645
One-time funding (schedule 2)	2,491,069	1,405,417
	23,328,749	22,041,020
Other:		
Interest	118,823	231,270
Miscellaneous	49,182	145,840
Ontario Seniors Dental Care Program user fees	5,763	7,522
Ontario Seniors Dental Care Building Occupancy	349,413	255,679
Other grants (schedule 4)	94,170	188,936
Seasonal housing inspection fees	102,466	111,858
Septic	5,287	10,353
Vaccine reimbursement	104,082	106,966
	829,186	1,058,424
Total revenue	31,447,377	29,106,364
Expenses		
General programs (schedule 3)	24,554,774	24,321,817
Ontario Seniors Dental Care Program (schedule 1)	2,842,824	2,686,820
One-time funding (schedule 2)	1,857,284	1,405,417
Other grants (schedule 4)	96,087	188,936
Loss on disposal	133,586	445,114
Other	80,829	-
Septic	603	1,225
Total expenses	29,565,987	29,049,329
Annual surplus	1,881,390	57,035
Accumulated deficit, beginning of year	(1,062,259)	(562,221)
One-time funding repayable (Note 4)	-	(557,073)
Accumulated surplus (deficit), end of year	$ 819,131	$ (1,062,259)

See accompanying notes to financial statements.

WINDSOR-ESSEX COUNTY HEALTH UNIT

Statement of Changes in Net Debt

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

	2025	2024 (recast - see note 15)
Annual surplus	$ 1,881,390	$ 57,035
Acquisition of tangible capital assets	(982,809)	(395,814)
Amortization of tangible capital assets	497,852	284,198
Loss on disposal	133,586	445,114
One-time payable to Ministry	-	(557,073)
Use of prepaid and other expenses	642,581	344,872
Acquisition of prepaid and other expenses	(617,578)	(642,581)
Change in net debt	1,555,022	(464,249)
Net debt, beginning of year	(2,912,837)	(2,448,588)
Net debt, end of year	$ (1,357,815)	$ (2,912,837)

See accompanying notes to financial statements.

WINDSOR-ESSEX COUNTY HEALTH UNIT
Statement of Cash Flows

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

	2025	2024 (recast - see note 15)
Cash provided by (used in):		
Operating activities:		
Annual surplus	$ 1,881,390	$ 57,035
Items not involving cash:		
Amortization	497,852	284,198
Change in employee future benefit liabilities	24,963	(46,524)
Loss on disposal	133,586	445,114
One-time payment due to ministry	-	(557,073)
Change in non-cash assets and liabilities:		
Accounts receivable	(441,731)	1,374,162
Prepaid and other expenses	25,003	(297,709)
Due to Municipalities	(361,888)	27,810
Due to Province of Ontario	(503,712)	591,927
Due to community programs	(168,742)	(242,270)
Amounts held in trust	(19,788)	(27,256)
Trade accounts payable	(844,300)	1,007,033
Accrued payroll and deductions	(494,726)	420,430
Deferred revenue	123,021	(360,353)
Net change in cash from operating activities	(149,072)	2,676,524
Capital activities:		
Cash used to acquire tangible capital assets	(982,809)	(395,814)
Net change in cash from capital activities	(982,809)	(395,814)
Net change in cash	(1,131,881)	2,280,710
Cash and short-term investments, beginning of year	6,153,094	3,872,384
Cash and short-term investments, end of year	$ 5,021,213	$ 6,153,094

See accompanying notes to financial statements.

The Windsor-Essex County Health Unit ("Health Unit") was established under the Health Protection and Promotion Act, R.S.O. 1990. The Health Unit is funded through grants from the Province of Ontario and required contributions from the municipalities of the Corporation of the City of Windsor ("City"), the Corporation of the County of Essex ("County") and the Corporation of the Township of Pelee ("Pelee"). The Health Unit provides public health programs to keep the communities of Windsor-Essex County and Pelee healthy by promoting improved health, preventing disease and injury, controlling threats to human life and function and facilitating social conditions to ensure equal opportunity in attaining health for all.

1. Significant accounting policies:

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

(a) Basis of presentation:

The financial statements reflect the assets, liabilities, revenue and expenses of the Health Unit. The Health Unit is comprised of all programs funded by the Province of Ontario, through the Ministry of Health, the City, County and Pelee. It also includes other programs that the Health Unit may offer from time to time with special grants and other sources of funding.

(b) Basis of accounting:

Revenue and expenses are reported on the accrual basis of accounting and reflected in the statement of operations and accumulated deficit.

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

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

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

(c) Cash and short-term investments:

Cash comprises cash on hand and balances with the financial institution with maturity of three months or less. Short-term investments are highly liquid, subject to the insignificant risk of changes in value and have a short maturity term of less than 90 days.

1. Significant accounting policies (continued):

(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.

Tangible capital assets

Tangible capital assets are recorded at cost which includes amounts that are directly attributed to acquisition, construction, development or betterment of the asset. Amortization is calculated on a straight-line basis over an asset's expected useful life for all classes. Residual values are assumed to be zero. Amortization will be taken at half rates in the year of acquisition.

Asset classification	Useful life (years)
Computer hardware	3
Furniture and fixtures	5
Telephone and security	5
Medical equipment	5
Vehicle	10
Leasehold improvements	term of lease

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

(e) Employee future benefits:

(i) Pension plan:

The Health Unit sponsors a pension plan for all employees who retire through Ontario Municipal Employees Retirement System ("OMERS"). OMERS is a multi-employer, contributory, defined benefit pension plan established in 1962 by the Province of Ontario for employees of municipalities, local boards and school boards in Ontario. Both participating employers and employees are required to make contributions based on participating employees' contributory earnings.

OMERS is a defined benefit plan. However, as OMERS does not segregate its pension assets and liabilities information by individual employer, there is not sufficient information to enable the Health Unit to account for the plan as a defined benefit plan. As such, OMERS is accounted for as a defined contribution pension plan. Obligations for contributions to this defined contribution pension plans are recorded as benefits expense in the statement of operations and accumulated deficit.

1. Significant accounting policies (continued):

(e) Employee future benefits (continued):

(ii) Employee future benefits, other than pension:

The Health Unit sponsors a defined benefit plan for certain health, dental and life insurance benefits on behalf of all employees who retire from active service with unreduced OMERS pension. The Health Unit accrues its obligations under the defined benefit plans as employees render their services necessary to earn these benefits. The cost of future benefits earned by employees is actuarially determined using the projected benefit method prorated on service and incorporates management's best estimates with respect to mortality, termination rates, retirement age and expected inflation rate with respect to employee benefit costs.

Actuarial gains (losses) on the accrued benefit obligation arise from the differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. The excess actuarial gains (losses) are amortized over the average remaining service period of active employees, which is 13.2 years.

Gains and losses determined upon a plan settlement or curtailment are accounted for in the period of the settlement or curtailment in the statement of operations and accumulated deficit.

Expenses associated with the defined benefits plan have been recognized as part of benefits expense on the statement of operations and accumulated deficit and the associated liability has been recognized as part of employee future benefit liabilities on the statement of financial position.

(iii) Accrued sick leave:

The Health Unit accrues its liability for unused sick leave which is payable to employees in accordance with their collective bargaining agreements. The cost of accrued sick leave is actuarially determined using the projected benefit method similar to employee future benefits, other than pension. Costs associated with unused sick leave are recognized as part of salaries on the statement of operations and accumulated deficit and the associated liability is recognized as part of employee future benefit liabilities on the statement of financial position.

(iv) Accrued vacation entitlements:

The Health Unit accrues its liability for accrued vacation entitlements as employees render their services necessary to earn these benefits.

1. Significant accounting policies (continued):

(f) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenue and expenses during the year. Significant assumptions include the valuation of accounts receivable, the valuation of employee future benefit obligations and certain other payroll related accruals. Actual results could differ from those estimates.

2. Cash and short-term investments:

Cash and short-term investments recognized on the statement of financial position are comprised of the following:

	2025	2024
Non-restricted funds	$ 4,769,795	$ 5,886,489
Restricted funds:		
Employee benefits	206,618	202,017
Held in trust - prepaid leave program	44,800	64,588
	$ 5,021,213	$ 6,153,094

3. Accounts receivable:

Accounts receivable recognized on the statement of financial position are comprised of the following:

	2025	2024
Province of Ontario	$ 1,856,730	$ 1,259,364
Township of Pelee	3,965	-
Commodity taxes receivable	324,811	268,257
Other	240,288	456,442
	2,425,794	1,984,063
	$ 2,425,794	$ 1,984,063

4. Due to the Province of Ontario:

The amount due to the Province of Ontario recognized on the statement of financial position resulting from the annual settlement process is comprised of the following:

	2025	2024
Current year settlement	$ 133,183	$ 698,222
Prior year settlement	2,298,640	2,237,313
	$ 2,431,823	$ 2,935,535

During the period January 1, 2026, to March 31, 2026, cash flows of $208,661 were clawed back from the Ontario Senior Dental Care funding, reducing the settlement amounts due to the Province of Ontario.

5. Due to municipalities:

The amount due to the participating municipalities, namely the City, County and Pelee, recognized on the statement of financial position, is comprised of the following:

	2025	2024 (recast - see note 15)
City of Windsor:		
Current year settlement	$ -	$ 657,671
Prior year settlement	657,671	644,181
Repayment of prior year's settlements	(196,545)	(644,181)
	461,126	657,671
County of Essex:		
Current year settlement	-	552,390
Prior year settlement	552,390	538,420
Repayment of prior year's settlements	(165,146)	(538,420)
	387,244	552,390
Township of Pelee:		
Current year settlement	-	1,047
Prior year settlement	1,047	697
Repayment of prior year's settlements	(197)	(697)
	850	1,047
	$ 849,220	$ 1,211,108

5. Due to municipalities (continued):

Effective this fiscal year the Board approved a change in the Health Unit's treatment of eligible funding surpluses due to municipalities. Under the revised policy, amounts otherwise payable to municipalities shall be transferred to a reserve account.

As at the December 31, 2025 year end an amount of $1,323,410 was transferred to a reserve pursuant to an approved board resolution.

6. Amounts held in trust:

Certain employees of the Health Unit participate in a prepaid leave program. These programs are funded by the participating employees, allowing the employee to spread four years' salary over a five-year period. This enables employees to take one year leave of absence following the four years of salary deferral. Amounts held in trust at December 31, 2025, of $44,800 (2024 - $64,588) are recognized as a liability on the statement of financial position.

7. Deferred revenue:

The Health Unit receives funding from external parties to administer programs. The Health Unit also receives funding from the Province of Ontario for specified purposes. The excess of funding over expenses is recognized as deferred revenue on the statement of financial position until such time as those funds and related expenses are settled.

Deferred revenue is comprised of the following:

	2025	2024
Programs funded by external parties	$ 204,891	$ 81,600
Funding for specified purposes	-	270
Deferred revenue, end of year	$ 204,891	$ 81,870

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

	2025	2024
Deferred revenue, beginning of year	$ 81,870	$ 442,223
Funds received during the year	126,479	311,057
Expenses incurred in the year	(3,458)	(671,410)
Deferred revenue, end of year	$ 204,891	$ 81,870

8. Employee future benefits:

(a) Pension agreements

The Health Unit makes contributions to OMERS on behalf of members of its staff. The plan is a multi-employer defined-benefit plan which specifies the amount of retirement benefit to be received by the employees based on the length of service and rates of pay. The multi-employer plan is valued on a current market basis for all plan assets. The amount contributed to OMERS for current service for 2025 was $1,685,562 (2024 - $1,671,077) and is included in benefits expense on the statement of operations and accumulated deficit.

(b) Employee future benefits liabilities:

Employee future benefit liabilities recognized on the statement of financial position, are future liabilities of the Health Unit to its employees and retirees for benefits earned but not taken as at December 31, 2025. The employee future benefits liabilities consist of the following:

	2025	2024
Accrued vacation entitlements	$ 439,020	$ 408,835
Post-retirement benefits	1,156,622	1,113,866
Sick leave entitlements	908,483	956,461
	$ 2,504,125	$ 2,479,162

(i) Accrued vacation entitlements:

Accrued vacation entitlements consist of vacation entitlements that accumulate, and employees would be entitled to cash payments equal to the value of their unused entitlement if they were to terminate their employment with the Health Unit. Carryforward of vacation entitlements from prior years is limited to 10 days and is consistent with the terms of the collective bargaining agreements. Total accrued vacation entitlements at December 31, 2025, are $439,020 (2024 - $408,835) and are included in employee future benefits liabilities on the statement of financial position.

(ii) Post-retirement benefits:

The Post Retirement benefit liability is based on an extrapolation of Post Retirement effective December 31, 2025. The last full valuation was performed effective December 31, 2023. The significant actuarial assumptions adopted in estimating the Health Unit's liability are as follows:

Discount Rate	4.70% (2024 - 4.70%)
Health Care Trend Rate	5.50% (2024 - 5.5%) in 2025; decreasing over 15 years to an ultimate rate 4.0%
Dental Care Trend Rate	4.00% (2024 - 4.0%)

8. Employee future benefits (continued):

(b) Employee future benefits liabilities (continued):

(ii) Post-retirement benefits (continued):

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

		2025		2024
Accrued benefit liability, beginning of year	$	1,113,866	$	1,112,610
Current service costs		67,381		64,999
Interest cost		55,113		54,130
Benefits paid		(84,850)		(124,013)
Amortization of actuarial losses		5,112		6,140
Accrued benefit liability, end of year		1,156,622		1,113,866
Unamortized net actuarial losses		31,987		67,484
Accrued benefit obligations, end of year	$	1,188,609	$	1,181,350

Benefit expense recorded in the statement of operations and accumulated deficit is as follows:

		2025		2024
Current service costs	$	67,381	$	64,999
Interest cost		55,113		54,130
Amortization of actuarial losses		5,112		6,140
Benefit expense	$	127,606	$	125,269

The approximate effect on the accrued benefit obligation if the health care and dental trend rate assumption was increased or decreased by 1% is as follows:

		2025		2024
1% increase in trend rate	$	134,000	$	133,000
1% decrease in trend rate		(224,000)		(223,000)

8. Employee future benefits (continued):

(b) Employee future benefits liabilities (continued):

(ii) Post-retirement benefits (continued):

The approximate effect on the accrued benefit obligation if the discount rate assumption was increased or decreased by 1% is as follows:

	2025	2024
1% increase in trend rate	$ (136,600)	$ (126,500)
1% decrease in trend rate	163,700	152,100

(iii) Sick leave entitlements:

Included in employee future benefits liability on the statement of financial position is the liability for sick leave entitlements of $908,483 (2024 - $956,461). The Health Unit is bound by two collective bargaining agreements. The Canadian Union of Public Employees, Local 543.3 (“CUPE”), representing certain non-management employees and the Ontario Nurses Association (“ONA”), representing non-management nurses.

As it relates to the ONA sick leave plan, effective January 1, 2013, full-time employees are credited 12 sick days. These sick days do not accumulate from year-to-year. Upon separation from the Health Unit, ONA members will be entitled to be paid in cash one-half of the accumulated sick leave credit at their current wage rate up to a maximum of six months’ salary. ONA member sick leave banks were frozen prior to January 1, 2013.

On January 1st annually, CUPE members are credited 15 sick leave days. Unused days can be carried forward from year-to-year. In the latter part of 2015, the Health Unit negotiated changes to the sick leave plan for CUPE employees. Under the terms of the new collective bargaining agreement, the sick leave bank is capped at 150 days. One half of the banks were frozen at September 30, 2015, wage rates. The remaining one-half has no commuted cash value and will remain in the members’ sick bank for future use, if required. Of that frozen portion, one-half or $382,214 was paid out in November of 2015 with the remainder to be paid out upon separation of those members from the Health Unit.

The sick leave liability is based on an extrapolation of Sick Leave benefits effective December 31, 2025. The last full valuation was performed effective December 31, 2024. The significant actuarial assumptions adopted in estimating the Health Unit's liability are as follows:

Discount Rate	4.40% (2024 - 4.40%)

8. Employee future benefits (continued):

(b) Employee future benefits liabilities (continued):

(iii) Sick leave entitlements (continued):

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

		2025		2024
Accrued benefit liability, beginning of year	$	956,461	$	1,038,674
Current service costs		29,862		44,839
Interest cost		15,206		22,644
Benefits paid		(33,327)		(105,590)
Amortization of actuarial gains		(59,719)		(44,106)
Accrued benefit liability, end of year		908,483		956,461
Unamortized net actuarial gains		(551,635)		(609,131)
Accrued benefit obligations, end of year	$	356,848	$	347,330

Benefit expense recorded in the statement of operations and accumulated deficit is as follows:

		2025		2024
Current service costs	$	29,862	$	44,839
Interest cost		15,206		22,644
Amortization of actuarial gains		(59,719)		(44,106)
Benefit expense	$	(14,651)	$	23,377

The approximate effect on the accrued benefit obligation if the discount rate assumption was increased or decreased by 1% is as follows:

		2025		2024
1% increase in trend rate	$	(21,000)	$	(21,600)
1% decrease in trend rate		23,300		24,100

9. Tangible capital assets:

Cost		Balance at December 31, 2024		Additions		Disposals		Balance at December 31, 2025
Computer hardware	$	1,398,782	$	49,488	$	816,135	$	632,135
Furniture and fixtures		675,030		19,760		535,965		158,825
Telephone and security		249,989				195,861		54,128
Medical equipment		1,191,223		89,027		722,606		557,644
Leasehold improvements		1,334,171		847,870		1,154,228		1,027,813
Vehicle		52,360		-		-		52,360
Assets in progress		23,336		(23,336)		-		-
Total	$	4,924,891	$	982,809	$	3,424,795	$	2,482,905

Accumulated amortization		Balance at December 31, 2024		Disposals		Amortization		Balance at December 31, 2025
Computer hardware	$	978,510	$	773,715	$	256,307	$	461,102
Furniture and fixtures		607,776		544,665		32,805		95,916
Telephone and security		239,972		213,504		11,425		37,893
Medical equipment		817,879		718,520		105,811		205,170
Leasehold improvements		1,070,139		1,040,805		86,268		115,602
Vehicle		2,618				5,236		7,854
Total	$	3,716,894	$	3,291,209	$	497,852	$	923,537

Net book value		Balance at December 31, 2024		Balance at December 31, 2025
Computer hardware	$	420,272	$	171,033
Furniture and fixtures		67,254		62,909
Telephone and security		10,017		16,235
Medical equipment		373,344		352,474
Leasehold improvements		264,032		912,211
Vehicle		49,742		44,506
Assets in progress		23,336		-
Total	$	1,207,997	$	1,559,368

9. Tangible capital assets (continued):

Cost		Balance at December 31, 2023		Additions		Disposals		Balance at December 31, 2024
Computer hardware	$	1,396,489	$	257,835	$	255,542	$	1,398,782
Furniture and fixtures		681,468		19,316		25,754		675,030
Telephone and security		297,867		3,318		51,196		249,989
Medical equipment		955,582		292,729		57,088		1,191,223
Leasehold improvements		1,971,608		11,972		649,409		1,334,171
Vehicle		20,351		52,360		20,351		52,360
Assets in progress		-		23,336		-		23,336
Total	$	5,323,365	$	660,866	$	1,059,340	$	4,924,891

Accumulated amortization		Balance at December 31, 2023		Disposals		Amortization		Balance at December 31, 2024
Computer hardware	$	1,068,550	$	231,580	$	141,540	$	978,510
Furniture and fixtures		595,851		13,558		25,483		607,776
Telephone and security		251,940		16,563		4,595		239,972
Medical equipment		779,876		49,544		87,547		817,879
Leasehold improvements		1,069,371		21,647		22,415		1,070,139
Vehicle		16,281		16,281		2,618		2,618
Total	$	3,781,869	$	349,173	$	284,198	$	3,716,894

Net book value		Balance at December 31, 2023		Balance at December 31, 2024
Computer hardware	$	327,939	$	420,272
Furniture and fixtures		85,617		67,254
Telephone and security		45,927		10,017
Medical equipment		175,706		373,344
Leasehold improvements		902,237		264,032
Vehicle		4,070		49,742
Assets in progress		-		23,336
Total	$	1,541,496	$	1,207,997

9. Tangible capital assets (continued):

Amortization expense for 2025 was $497,852 (2024 - $284,198) is presented as amortization expense on the statement of operations and accumulated deficit as part of general program expenses. Total additions by funding source are as follows:

	2025	2024
Mandatory program	$ 268,276	$ 423,681
Healthy Smiles Ontario	9,732	30,277
Ontario Seniors Dental Care Program	78,250	206,908
Ministry of Health - One-Time Funding	626,551	-
	$ 982,809	$ 660,866

10. Accumulated surplus (deficit):

Accumulated surplus (deficit) consists of individual fund balances and reserves as follows:

	2025	2024 (recast - see note 15)
Surplus (deficit)		
Invested in tangible capital assets	$ 1,559,368	$ 1,207,997
Other	173,725	(41,203)
Amounts to be recovered in future years:		
Employee future benefit liabilities	(2,504,125)	(2,479,162)
Total surplus (deficit)	(771,032)	(1,312,368)
Reserves:		
Employee benefits	$ 206,618	$ 184,687
Septic	60,135	65,422
Municipalities reserve	1,323,410	-
	1,590,163	250,109
	$ 819,131	$ (1,062,259)

11. Operating line of credit:

The Health Unit has available an operating line of credit of $750,000 with TD Canada Trust. The line of credit bears interest at the bank’s prime rate and is unsecured. No amount is outstanding at December 31, 2025 (2024 - $nil).

12. Commitments:

The future minimum lease payments for operating leases on equipment over the next five years are as follows:.

Years	Annual payments
2026	$ 8,400
2027	8,400
2028	8,400
2029	8,400
2030	7,700

The Health Unit entered into a lease agreement for its building located at 1005 Ouellette Avenue, Windsor, Ontario, over a period of twenty-six years commencing January 1, 1993. During 2024, the Health Unit entered a lease extension for an additional three-year period commencing January 1, 2025 to December 31, 2027 with an option to exercise an extension for a five-year renewal term ending December 31, 2026 and a second five-year renewal term exercised anytime on or before December 31, 2031. The annual lease payments over the remaining term of the lease, including the first four-year renewal extension, on a calendar year basis are as follows:

Years	Annual payments
2026	$ 594,080
2027	611,902
2028	630,259
2029	649,167
2030	668,642
2031 to 2032	1,398,064

Total lease payments for the remaining term amount to $4,552,114. In addition, the Health Unit is responsible for insurance premiums, routine maintenance, property taxes and utilities in connection with the leased premises.

In July 2025, the Health Unit entered into a lease amending agreement for space at 33 Princess Street, Leamington, Ontario. The amending agreement is to the lease agreement entered into in November 2015 for changes to the configuration and square footage of the leased space. The term of the lease is for a twenty-year period and will mature on March 31, 2036, or earlier, in the event certain early termination clauses are exercised. Lease payments over the life of the lease on a calendar year basis are as follows:

12. Commitments (continued):

Years	Annual payment	Total payment
2026	$ 98,984	$ 98,984
2027 to 2030	101,522	406,088
2031	109,136	109,136
2032 to 2036	111,674	558,370
		$ 1,172,578

In October 2025, the Health Unit entered into lease agreements for parking spaces near the main office for lease terms from October 1, 2025 to September 30, 2028 with automatic extensions for one month periods from October 1, 2028 to September 30, 2029 with annual lease payments as follows:

Years	Annual payments
2026	$ 70,470
2027	73,950
2028	76,560
2029	57,420

13. Contingencies:

The Health Unit is periodically subject to claims or grievances. In the opinion of management, the ultimate resolution of any current claims or grievances would not have a material effect on the financial position or results of operations of the Health Unit.

14. Health Unit expenses:

The statement of operations and accumulated surplus (deficit) presents expenses for the Health Unit by function. The following is a summary of expenses by object.

14. Health Unit expenses (continued):

		2025		2024
Salaries and benefits	$	22,974,847	$	22,164,650
Amortization		497,852		284,198
Financial expenses		9,125		8,543
Purchased services		1,224,365		1,094,314
Equipment rental		250,556		69,971
Supplies and other		2,383,421		3,017,967
Occupancy costs		2,011,407		1,964,572
Loss on disposal		133,586		445,114
Other		80,829		-
	$	29,565,988	$	29,049,329

15. Prior period adjustment

The comparative financial statements for the year ending December 31, 2024 have been recast to correct an error. In the financial statements previously presented, a calculation error within the year end settlement process was indentified. The balance of Due to Municipalities on the Statement of Financial Position was understated by $849,220 and the Municipal revenues in the Statement of Operations and Accumulated Deficit was overstatements by $849,220 and the comparative financial statements have been recast as follows:

		2024 as previously reported		Adjustments		2024 as recast
Statement of Financial Position						
Due to Municipalities	$	361,888	$	849,220	$	1,211,108
Total financial liabilities		10,200,774		849,220		11,049,994
Net debt		(2,063,617)		(849,220)		(2,912,837)
Accumulated deficit		(213,039)		(849,220)		(1,062,259)
Statement of Operations and Accumulated Deficit						
Municipalities:						
City of Windsor		3,723,647		(461,126)		3,262,521
County of Essex		3,128,764		(387,244)		2,741,520
Township of Pelee		3,729		(850)		2,879
Total revenue		29,955,584		(849,220)		29,106,364
Annual surplus		906,255		(849,220)		57,035
Accumulated deficit		(213,039)		(849,220)		(1,062,259)
Statement of Cash Flows						
Annual surplus		906,255		(849,220)		57,035
Due to Municipalities		(821,410)		849,220		1,374,162

WINDSOR-ESSEX COUNTY HEALTH UNIT

Schedule of Ontario Seniors Dental Care Program Expenses

Schedule 1

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

	2025	2024
Salaries	$ 1,345,805	$ 1,249,393
Benefits	369,174	388,281
Mileage	6,935	17,207
Travel	931	-
Professional development	220	8,202
Memberships	2,393	1,997
Office supplies	-	1,608
Program supplies	264,820	276,479
Purchased services	619,578	594,551
Bank charges	-	440
Security	10,468	14,550
Building occupancy costs	127,500	134,112
Facility renewal	95,000	-
	$ 2,842,824	$ 2,686,820

WINDSOR-ESSEX COUNTY HEALTH UNIT

Schedule of One-time funding

Schedule 2

Year ended December 31, 2025

2025	COVID-19: Vaccine Program*	IPAC Hub Funding	Respiratory Syncytial Virus	Measles	Mandatory Program: Public Health Inspector Practicum	Nuclear Preparedness	Facility Infrastructure Renewal	2025 Total
Revenue	$ 309,803	$ 603,484	$ 254,808	$ 626,954	$ 16,010	$ 53,459	$ 626,551	2,491,069
Expenses								
Salaries and benefits	242,177	575,077	200,741	612,844	16,010	-	-	1,646,849
Mileage	1,983	4,317	1,289	6,404	-	-	-	13,993
Program supplies	701	8,189	1,412	2,515	-	53,459	-	66,276
Professional Development	-	-	-	3,536	-	-	-	3,536
Purchased services	27,016	15,901	21,425	-	-	-	-	64,342
Rent	28,784	-	29,941	-	-	-	-	58,725
Translation costs	1,908	-	-	1,655	-	-	-	3,563
	$ 302,569	$ 603,484	$ 254,808	626,954	$ 16,010	53,459	$ -	$ 1,857,284
Other program expenditures	7,234						626,551	633,785
Total program expenditures	$ 309,803	$ 603,484	$ 254,808	626,954	$ 16,010	53,459	$ 626,551	$ 2,491,069

WINDSOR-ESSEX COUNTY HEALTH UNIT

Schedule of One-time funding

Schedule 2

Year ended December 31, 2025

2024	COVID-19: Vaccine Program*	IPAC Hub Funding	Respiratory Syncytial Virus	Mandatory Program: Public Health Inspector Practicum	Nuclear Preparedness	2025 Total
Revenue	$ 224,051	$ 596,616	$ 213,173	$ 30,000	$ 341,577	$ 1,405,417
Expenses						
Salaries and benefits	48,354	572,676	196,748	30,000	-	847,778
Mileage	1,455	5,063	-	-	-	6,518
Program supplies	170,373	4,552	16,425	-	341,577	532,927
Purchased services	3,869	14,325	-	-	-	18,194
	$ 224,051	$ 596,616	$ 213,173	$ 30,000	$ 341,577	$ 1,405,417

*Expenses for this program are included on Schedule 3.

WINDSOR-ESSEX COUNTY HEALTH UNIT

Schedule of Mandatory and Related Expenses

Schedule 3

Year ended December 31, 2025

2025	Mandatory Program	Healthy Smiles Ontario	Substance Use Prevention Harm Reduction (Smoke Free Ontario)	Enhanced Food Safety - Haines Initiative	Enhanced Safe Water Initiative	Needle Exchange Program Initiative	2025 Total
Advertising, publications and subscriptions	$ 1,374	$ -	$ -	$ -	$ -	$ -	$ 1,374
Amortization (note 9)	497,852	-	-	-	-	-	497,852
Bank charges	9,125	-	-	-	-	-	9,125
Benefits	4,182,666	-	-	-	-	-	4,182,666
Directors' fees	3,490	-	-	-	-	-	3,490
Legal, audit and consulting	338,566	-	-	-	-	-	338,566
Maintenance	325,541	-	-	-	-	-	325,541
Memberships	33,506	-	-	-	-	-	33,506
Mileage	236,682	-	-	-	-	-	236,682
Office equipment rentals	71,598	25,233	-	-	-	-	96,831
Office supplies	28,175	-	-	-	-	-	28,175
Parking	87,874	-	-	-	-	-	87,874
Postage and freight	47,374	-	-	-	-	-	47,374
Professional development	94,353	157	-	-	-	-	94,510
Program supplies	1,251,263	90,337	6,717	57,740	17,859	126,385	1,550,301
Purchased services	151,733	32,579	-	-	-	-	184,312
Rent	720,927	-	-	-	-	-	720,927
Salaries	14,427,604	906,155	-	-	-	-	15,333,759
Security	31,321	10,468	-	-	-	-	41,789
Taxes and insurance	479,683	-	-	-	-	-	479,683
Telephone	70,790	-	-	-	-	-	70,790
Travel	29,231	-	-	-	-	-	29,231
Utilities	157,303	-	-	-	-	-	157,303
Vehicle expenses	3,113	-	-	-	-	-	3,113
	$ 23,281,144	$ 1,064,929	$ 6,717	$ 57,740	$ 17,859	$ 126,385	$ 24,554,774

WINDSOR-ESSEX COUNTY HEALTH UNIT

Schedule of Mandatory and Related

Schedule 3

Year ended December 31, 2025

2024	Mandatory Program	Healthy Smiles Ontario	Smoke-Free Ontario Strategy	Enhanced Food Safety - Haines Initiative	Enhanced Safe Water Initiative	Needle Exchange Program Initiative	AMOH/MOH Compensati on Initiative	Urgent Care Public Health Needs Site	2024 Total
Advertising, publications and subscription	$ 706	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 706
Amortization (note 9)	284,198	-	-	-	-	-	-	-	284,198
Bank charges	8,103	-	-	-	-	-	-	-	8,103
Benefits	4,393,373	-	-	-	-	-	-	-	4,393,373
Directors' fees	3,134	-	-	-	-	-	-	-	3,134
Legal, audit and consulting	244,928	-	9,280	-	-	-	-	-	254,208
Maintenance	336,787	-	-	-	-	-	-	10,864	347,651
Memberships	23,618	317	-	-	-	-	-	-	23,935
Mileage	200,074	17,131	19,492	-	-	-	-	-	236,697
Office equipment rentals	69,971	-	-	-	-	-	-	-	69,971
Office supplies	38,628	-	-	-	-	-	-	-	38,628
Parking	78,666	-	-	-	-	-	-	-	78,666
Postage and freight	50,731	-	-	-	-	-	-	-	50,731
Professional development	177,753	23	2,113	-	-	-	-	-	179,889
Program supplies	1,382,002	43,888	24,033	56,754	30,143	57,750	-	1,698	1,596,268
Purchased services	181,327	22,728	8,093	-	-	-	-	-	212,148
Rent	711,832	-	-	-	-	-	-	89,193	801,025
Salaries	13,850,107	877,354	342,621	-	-	-	28,200	-	15,098,282
Security	27,103	13,989	-	-	-	-	-	-	41,092
Taxes and insurance	275,312	-	-	-	-	-	-	54,838	330,150
Telephone	97,614	-	-	-	-	-	-	-	97,614
Travel	38,910	57	806	-	-	-	-	-	39,773
Utilities	125,979	-	-	-	-	-	-	8,283	134,262
Vehicle expenses	1,313	-	-	-	-	-	-	-	1,313
	$ 22,602,169	$ 975,487	$ 406,438	$ 56,754	$ 30,143	$ 57,750	$ 28,200	$ 164,876	$ 24,321,817

WINDSOR-ESSEX COUNTY HEALTH UNIT

Schedule of Other Grants

Schedule 4

Year ended December 31, 2025

2025	Community Safety and Police Granting Program	Hotel Dieu	PHAC	2025 Total
Revenue	$ 27,163	22,884	44,123	$ 94,170
Expenses				
Salaries and benefits	27,112	22,884	45,994	95,990
Mileage	51		46	97
	$ 27,163	$ 22,884	$ 46,040	$ 96,087

WINDSOR-ESSEX COUNTY HEALTH UNIT

Schedule of Other Grants

Schedule 4

Year ended December 31, 2025

2024		Community Safety and Police Granting Program		Windsor-Essex Community Opioid and Substance Strategy Grant		2024 Total
Revenue	$	111,877	$	77,059	$	188,936
Expenses						
Salaries and benefits		109,923		77,059		186,982
Mileage		1,954		-		1,954
Program supplies		-		-		-
Purchased services		-		-		-
	$	111,877	$	77,059	$	188,936