



Stevenson Memorial Hospital
Financial Statements
For the year ended March 31, 2026

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Financial Statements
For the year ended March 31, 2026

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Independent Auditor's Report

To the Board of Director and Supervisor of Stevenson Memorial Hospital

Opinion

We have audited the financial statements of Stevenson Memorial Hospital ("the Hospital"), which comprise the statement of financial position as at March 31, 2026, and the statements of operations and net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Hospital as at March 31, 2026, 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 report. We are independent of the Hospital in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the annual report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Emphasis of Matter - Restated Comparative Information

We draw attention to Note 3 to the financial statements, which explains that certain comparative information presented for the year ended March 31, 2025 has been restated. Our opinion is not modified in respect to this matter.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement 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 Hospital'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 Hospital'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 Hospital to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

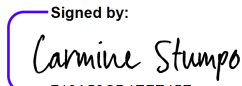
BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Barrie, Ontario
June 26, 2026

Stevenson Memorial Hospital Statement of Financial Position

March 31	2026	2025
	(Restated - Note 3)	
Assets		
Current		
Cash	\$ 421,685	\$ -
Accounts receivable - Ministry of Health / Ontario Health Central	7,199,934	3,351,409
Accounts receivable - Insurers/Patient	464,078	518,799
HST receivable	2,333,721	315,524
Accounts receivable - other	1,313,485	532,118
Receivable from Stevenson Memorial Hospital Foundation (Note 14)	71,050	324,975
Inventory of supplies	381,961	329,624
Prepaid expenses	773,264	812,453
	<u>12,959,178</u>	<u>6,184,902</u>
Cash held for capital projects (Note 4)	740,850	1,536,368
Property, buildings and equipment (Note 5)	<u>61,953,085</u>	<u>25,146,635</u>
	<u>62,693,935</u>	<u>26,683,003</u>
	<u>\$ 75,653,113</u>	<u>\$ 32,867,905</u>
Liabilities and Net Assets		
Current		
Bank overdraft, operating facility (Note 6)	\$ -	945,476
Current portion of long-term bank borrowings (Note 8)	409,577	506,200
Accounts payable and accrued liabilities (Note 12 and 15)	12,102,920	7,695,965
Deferred revenue	659,706	657,242
	<u>13,172,203</u>	<u>9,804,883</u>
Pay equity (Note 12)	1,763,346	1,594,257
Holdback payable	3,347,616	220,813
Long-term bank borrowings (Note 8)	188,016	283,020
Accrued post-employment benefits (Note 10)	681,700	653,700
Accrued asset retirement obligation (Note 9)	268,514	268,514
Deferred contributions related to buildings and equipment (Note 7)	<u>62,311,996</u>	<u>26,206,535</u>
	<u>68,561,188</u>	<u>29,226,839</u>
	<u>81,733,391</u>	<u>39,031,722</u>
Contingencies and commitments (Note 12)		
Net Assets		
Unrestricted - (deficit)	<u>(6,080,278)</u>	<u>(6,163,817)</u>
	<u>\$ 75,653,113</u>	<u>\$ 32,867,905</u>

On behalf of the Board

Signed by:

 718A58CD1EFE45F
 Carmine Stumpo, Supervisor

Stevenson Memorial Hospital Statement of Operations and Net Assets

For the year ended March 31	2026	2025
Revenues		
Ministry of Health / Ontario Health Central	\$ 40,610,005	\$ 33,347,079
Other Provincial programs	3,977,569	3,442,849
Other agencies and self-pay	4,560,028	4,558,940
Recoveries and sales (Note 11)	1,920,682	1,932,243
Amortization of deferred contributions for equipment (Note 7)	965,682	1,019,377
	<u>52,033,966</u>	<u>44,300,488</u>
Expenses		
Salaries and wages	24,027,516	22,037,395
Employee benefits	6,289,273	5,891,450
Medical staff remuneration	5,017,651	4,835,375
Medical and surgical supplies	1,914,847	1,950,467
Drugs	737,375	788,007
Other supplies and expenses	8,760,352	7,965,269
Other Provincial programs	3,977,569	3,625,875
Amortization of equipment	1,200,900	1,032,623
	<u>51,925,483</u>	<u>48,126,461</u>
Excess (deficiency) of revenues over expenses before building amortization	108,483	(3,825,973)
Amortization of deferred contributions for buildings (Note 7)	723,102	698,218
Amortization of buildings	<u>(748,046)</u>	<u>(735,630)</u>
Excess (deficiency) of revenues over expenses for the year	83,539	(3,863,385)
Net deficit, beginning of year	<u>(6,163,817)</u>	<u>(2,300,432)</u>
Net deficit, end of year	<u>\$ (6,080,278)</u>	<u>\$ (6,163,817)</u>

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

Stevenson Memorial Hospital Statement of Cash Flows

For the year ended March 31	2026	2025
		(Restated - Note 3)
Cash flows from operating activities		
Excess (deficiency) of revenues over expenses for the year	\$ 83,539	\$ (3,863,385)
Adjustments for		
Amortization of buildings and equipment	1,948,946	1,768,253
Amortization of deferred contributions related to buildings and equipment	(1,688,784)	(1,717,595)
Employee post retirement benefits	28,000	31,500
Cash flows (used in) from operations before non-cash working capital balances	371,701	(3,781,227)
Changes in non-cash working capital balances		
Accounts receivable - Ministry of Health / Ontario Health Central	(3,848,525)	638,984
Accounts receivable - Insurers/Patient	54,721	7,949
HST receivable	(2,018,197)	(136,185)
Accounts receivable - other	(781,367)	(153,524)
Receivable from Stevenson Memorial Hospital Foundation	253,925	130,167
Inventory of supplies	(52,337)	(8,410)
Prepaid expenses	39,189	(75,431)
Accounts payable and accrued liabilities	4,406,954	975,064
Deferred revenue	2,464	(20,635)
Pay equity	169,089	149,468
Holdback payable	3,126,803	220,813
Cash used in operating activities	1,724,420	(2,052,967)
Cash flows from financing activities		
(Decrease) increase bank overdraft, operating facility	(945,476)	945,476
Repayments on long-term bank borrowings	(191,627)	(197,687)
Increase in deferred contributions related to buildings and equipment	37,794,245	6,040,755
Cash provided by financing activities	36,657,142	6,788,544
Cash flows from capital activities		
Increase in cash held for capital projects	795,518	1,582,495
Net purchase of buildings and equipment	(38,755,395)	(7,703,312)
Cash used in capital activities	(37,959,877)	(6,120,817)
Net decrease in cash during the year	421,685	(1,385,240)
Cash, beginning of year	-	1,385,240
Cash, end of year	\$ 421,685	\$ -

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

Stevenson Memorial Hospital

Notes to the Financial Statements

March 31, 2026

1. Nature of the Organization

Stevenson Memorial Hospital (the "Hospital") is a vibrant community hospital one hour from Toronto providing health care services to the New Tecumseth and the South Simcoe region. The Hospital, incorporated without share capital under the Corporations Act (Ontario), is a charitable organization within the meaning of the Income Tax Act (Canada) and may issue tax receipts to donors. The Hospital is a not-for-profit organization and, as such, is exempt from income taxes under the Income Tax Act (Canada).

On the recommendation of the Minister of Health (the "Minister"), the Lieutenant Governor in Council (LGIC) has appointed a supervisor for the Hospital under section 9 of the *Public Hospitals Act* (PHA). The supervisor shall have the exclusive right to exercise all of the powers of the Hospital's board, the corporation, its officers and corporate members. The appointment of the supervisor was made to ensure safe, quality, accessible care, solid financial management, accountable leadership and a positive work environment for employees, credentialed staff and volunteers.

2. Significant Accounting Policies

Basis of Presentation

The financial statements of the Hospital are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards, including the 4200 series of standards, as issued by the Public Sector Accounting Board ("PSAB for Government NPOs").

Contributed Services

Volunteers contribute numerous hours to assist the Hospital in carrying out certain charitable aspects of its service delivery activities. The fair value of these contributed services is not readily determinable and, as such, is not reflected in these financial statements.

Revenue Recognition

The Hospital follows the deferral method of accounting for contributions which include donations and grants.

Under the Health Insurance Act and Regulations thereto, the Hospital operations are funded primarily by the Province of Ontario in accordance with budget arrangements established by the Ministry of Health (MOH) and Ontario Health Central (OHC).

As required by OHC, the Hospital entered into a Hospital Service Accountability Agreement (H-SAA) that took effect April 1, 2008 and is amended annually. This agreement sets out the rights and obligations of the parties to the H-SAA in respect to funding provided to the Hospital by OHC. The H-SAA also sets out the performance standards and obligations of the Hospital that establish acceptable results for the Hospital's performance in a number of areas.

If the Hospital does not meet its performance standards or obligations, OHC has the right to adjust funding received by the Hospital. OHC is not required to communicate certain funding adjustments until after the submission of year end data. Since this data is not submitted until after the completion of the financial statements, the amount of OHC funding received by the Hospital during the year may be increased or decreased subsequent to year end.

Stevenson Memorial Hospital
Notes to the Financial Statements
March 31, 2026

2. Significant Accounting Policies *(continued)*

Revenue Recognition *(continued)*

Revenue from transactions with performance obligations is recognized when the Hospital satisfies the performance obligation. Revenue from patient services is recognized when the service is provided. Revenue from parking, food sales and ancillary revenue from medical equipment and supplies is recognized at the time the goods are sold or the services are provided.

Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Restricted contributions for the purchase of property, buildings and equipment are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related property, buildings and equipment.

Inventories

Inventory of supplies is valued at the lower of cost and net realizable value. Cost is determined on the first-in first-out basis for pharmacy and laboratory. Cost for medical and general supplies is determined using a weighted average basis.

Property, Building and Equipment

Assets are recorded at cost less accumulated amortization. Cost includes amounts that are directly related to the acquisition, construction, development, or betterment of the tangible capital assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition, construction or development of the asset.

Purchased property, buildings and equipment are recorded at cost. Contributed property, buildings and equipment are recorded at fair value at the date of contribution. Repairs and maintenance costs are expensed. Betterments that extend the estimated life of an asset are capitalized. When a property, building or a piece of equipment no longer contributes to the Hospital's ability to provide services or the value of future economic benefits associated with the asset is less than its net book value, its carrying value is reduced to reflect the decline in the asset's value.

Property, buildings and equipment are amortized on a straight-line basis over their useful lives, which have been estimated as follows:

Land Improvements	8 to 25 years
Building and Building Service Equipment	5 to 40 years
Major Equipment	3 to 20 years
Computer Hardware and Software	2 to 5 years
Health Information System Project (HIS)	10 years

Costs directly involved in hospital redevelopment are capitalized.

Work in progress costs, which includes hospital redevelopment, is not amortized until construction is substantially complete.

Leases

The Hospital currently only has leases that are classified as operating leases wherein rental payments are expensed on a straight-line basis.

Stevenson Memorial Hospital
Notes to the Financial Statements
March 31, 2026

2. Significant Accounting Policies *(continued)***Employee Post-Employment Benefits**

The Hospital provides defined post-employment benefits to certain employee groups. These benefits include health, dental and life insurance.

The costs of post-employment future benefits are actuarially determined using management's best estimate of health care costs, disability recovery rates and discount rates. Adjustments to these costs arising from changes in estimates and experience gains and losses are amortized to income or expense over the estimated average remaining service life of the employee groups on a straight-line basis. Plan amendments, including past service costs are recognized as an expense in the period of the plan amendment. The costs of the multi-employer defined benefit plan are the Hospital's contributions due to the plan in the period.

Asset Retirement Obligations

A liability for asset retirement obligation is recognized when there is a legal obligation to incur retirement costs in relation to a tangible capital asset; the past transaction or event giving rise to the liability has occurred; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

Financial Instruments

Cash and overdrafts are measured at fair value. Accounts receivable, accounts payable, and long-term debt are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to financial instruments are reported in the statement of operations. The Hospital does not have any remeasurement gains or losses and therefore the statement of remeasurement gains and losses is not presented.

When investment income and realized and unrealized gains and losses from changes in the fair value of financial instruments are externally restricted, the investment income and fair value changes are recognized as revenue in the period in which the resources are used for the purpose specified.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

Stevenson Memorial Hospital
Notes to the Financial Statements
March 31, 2026

2. Significant Accounting Policies *(continued)*

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and bank balances. Bank indebtedness or overdraft balances are not included in cash and cash equivalents.

Management Estimates

The preparation of financial statements in accordance with PSAB requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The principal estimates used in the preparation of these financial statements are the determination of allowance for doubtful accounts, actuarial estimation of the liability for post-retirement benefits and compensated absences, estimated useful life of capital assets, asset retirement obligations, amortization of defined capital contributions, pay equity accrual, fair value disclosure, accrued liabilities and contingencies. Actual results could differ from management's best estimates as additional information becomes available in the future.

3. Restatement of Prior Period

Certain redevelopment expenditures relating to services performed prior to March 31, 2025, were not recognized in the appropriate reporting period and were subsequently recorded in the year ended March 31, 2026.

As a result, capital assets under redevelopment and accrued liabilities, as well as accounts receivable and deferred capital contributions, were understated in the prior year.

The redevelopment project was under construction as at March 31, 2025, and March 31, 2026. As a result, no amortization was recognized in either year and the restatement had no impact on annual surplus (deficit) or accumulated deficit.

The net effect of the prior period restatement is as follows:

Statement of financial position as at March 31, 2025

Increase in accounts receivables – Ministry of Health/Ontario Health Central	\$ 1,285,817
Increase in HST receivable	\$ 140,757
Increase in property, building and equipment	\$ 1,310,070
Increase in accounts payable and accrued liabilities	\$ 1,431,638
Increase in holdback payable	\$ 30,189
Increase in deferred contributions related to buildings and equipment	\$ 1,285,817

4. Cash Held for Capital Projects

The Stevenson Memorial Hospital Foundation, Ministry of Health and County of Simcoe provide contributions for the Stevenson Memorial Hospital redevelopment project, which is recognized as Cash Held for Capital Project.

Stevenson Memorial Hospital
Notes to the Financial Statements
March 31, 2026

5. Property, Building and Equipment

	2026		2025	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 25,809	\$ -	\$ 25,809	\$ -
Land Improvements	839,200	572,335	839,200	539,660
Buildings	7,421,900	4,022,995	7,408,323	3,751,390
Building Service Equipment	11,263,657	7,581,697	10,835,834	7,137,930
Major Equipment	23,790,394	21,263,177	22,807,708	20,702,624
Computer Hardware and Software	3,261,959	3,224,595	3,248,901	3,202,935
Health Information System (HIS)	5,748,615	2,755,466	3,443,199	2,180,603
	52,351,534	39,420,265	48,608,974	37,515,142
Work in Progress				
Hospital Redevelopment	48,833,342	-	12,796,760	-
HIS (Phase Two)	-	-	1,004,059	-
Other Projects	188,474	-	251,984	-
	\$101,373,350	\$ 39,420,265	\$ 62,661,777	\$ 37,515,142
 Net Book Value	 \$61,953,085		 \$25,146,635	

The MOH Capital Planning Branch requires hospitals to fund their costs associated with redevelopment prior to approval being granted. The Hospital has received \$7,500,000 in planning grants in the prior years, which contains recovered costs and future planning costs. The Hospital has received \$10,873,970 in funding for Early Works and \$19,775,049 in funding for Main Project. Formal project approval was received June 4, 2021, funding of future costs will be guaranteed; before such time it was at the discretion of the MOH Capital Planning Branch to decide whether or not to reimburse these costs (Note 7). As part of the financing for Redevelopment Project, the County of Simcoe has committed to \$10,000,000 to be received over a 10-year period as ongoing funding to the Hospital. On March 24, 2026, the Hospital was approved for an additional \$997,534 for a total of \$2,947,534 (2025 - \$1,950,000) but it is still outstanding as of March 31, 2026. Direct costs of Hospital personnel dedicated to this planning process are included in hospital redevelopment costs. Given the nature and level of redevelopment planning activities during the year, \$383,864 (2025 - \$328,000) of internal salaries were capitalized.

HIS refers to the Hospital's new health information system that was implemented in 2018-19. Both Phases have now been complete. Phase two consists of Web Ambulatory Care and Computerized Provider Order Management and was completed in October 2025.

Stevenson Memorial Hospital

Notes to the Financial Statements

March 31, 2026

6. Banking Facilities

The Hospital has available the following credit facilities:

- Facility 1 – The Hospital has an operating line of credit to support general operating requirements. The facility bears interest at the bank's prime rate and is repayable on demand. The maximum amount available under the facility decreases from \$5,000,000 commencing December 1, 2025 to \$4,000,000 on August 30, 2026, \$3,500,000 on September 30, 2026 and \$2,500,000 on December 1, 2026. As at March 31, 2026, the Hospital had drawn \$Nil (2025 - \$945,476).
- Facility 2 – A non-revolving demand loan for \$2,000,000 to support ongoing capital investments. This facility bears interest at a fixed rate determined at time of advance, with repayment terms also set at the time of advance. As of March 31, 2026, the Hospital has drawn \$Nil (2025 - \$Nil).
- Facility 3 – A corporate credit card with an authorized limit of \$450,000. As of March 31, 2026, the Hospital has drawn \$56,807 (2025 - \$134,216).
- Facility 4 – A non-revolving demand loan for \$4,439,095 to support the purchase and implementation costs for the Health Information System management software. This facility bears interest at a fixed rate, is repayable with a maturity date per loan agreement (see note 7). As of March 31, 2026, the Hospital has utilized \$597,593 (2025 - \$789,220).

7. Deferred Capital Contributions

Deferred contributions related to buildings and equipment represents the unamortized balance of contributions received for the purchase of buildings and equipment. These restricted contributions are amortized and recorded as revenue in the statement of operations, on the same basis as the amortization of the related assets.

	2026	2025
Balance, beginning of year	\$26,206,535	\$21,883,375
Add: Contributions received during the year		
Stevenson Memorial Hospital Foundation	800,441	1,176,404
Ontario Renal Network	-	224,100
MOH	35,974,712	3,690,251
Formula Fund	21,558	-
County of Simcoe	997,534	950,000
Less: Amounts amortized to revenue for equipment	(965,682)	(1,019,377)
Less: Amounts amortized to revenue for buildings	(723,102)	(698,218)
Balance, end of year	\$62,311,996	\$26,206,535

Stevenson Memorial Hospital

Notes to the Financial Statements

March 31, 2026

8. Long-Term Bank Borrowings

1. At March 31, 2026, the Hospital has a fixed-rate term loan with an outstanding balance of \$314,573 (2025 - \$416,139). The loan bears interest at 4.39% and is repayable in monthly blended principal and interest payments of \$9,859. The loan matures on May 31, 2026.

Principal repayments for the next year are as follows:

	HIS (a)
2027	\$ 314,573
Interest Paid	\$ 10,338

2. At March 31, 2026, the Hospital has a fixed-rate term loan with an outstanding balance of \$283,020 (2025 - \$373,081). The loan bears interest at 5.35% and is repayable in monthly blended principal and interest payments of \$8,987. The loan matures on May 31, 2028.

Principal repayments for the next 2 years are as follows:

	HIS (b)
2027	95,004
2028	188,016
	\$ 283,020
Interest Paid	\$ 17,790

Summary

	2026	2025
HIS Fixed Rate Term Loan (a)	\$ 314,573	\$ 416,139
HIS Fixed Rate Term Loan (b)	95,004	90,061
Current Portion	\$ 409,577	\$ 506,200
HIS Fixed Rate Term Loan (b)	\$ 188,016	\$ 283,020
Non-Current Portion	\$ 188,016	\$ 283,020

Stevenson Memorial Hospital
Notes to the Financial Statements
March 31, 2026

9. Asset Retirement Obligations (ARO)

The Hospital's financial statements include an asset retirement obligation for building and equipment containing asbestos. The Hospital would be required to perform abatement activities upon renovation or demolition of buildings. Abatement activities include handling and disposing of the asbestos in a prescribed manner when it is disturbed. The liability was determined internally based on management expertise and knowledge of the buildings.

The carrying amount of the liability is as follows:

Asset retirement obligations as of March 31, 2025	\$268,514
Cash paid out during the fiscal year	<u>(\$Nil)</u>
Asset retirement obligations as of March 31, 2026	<u>\$268,514</u>

10. Employee Post-Employment Benefits

The Hospital provides post-employment extended healthcare and dental benefits to a number of retired employees until the age of 65. From January 1, 2002, retiring Ontario Nursing Association (ONA) members are eligible for post-employment benefits, the cost of which is borne entirely by them; that is, ONA members electing coverage will pay 100% of the associated premium. This premium is typically lower than the actual cost of retiree benefits due to their higher rates of utilization. The premiums paid by retiring ONA members, therefore may not be sufficient to cover the actual costs of the benefits. This may result in an increased obligation, which generates a past service cost to the Hospital.

From April 1, 2011 full-time ONA members who reach age 57 and retire on or after April 1, 2011 are eligible for post-employment benefits and the Hospital will contribute 50% of the billed premiums of these benefit plans. The Hospital provides Ontario Public Service Employees Union (OPSEU) members who retire after age 60 with semi-private, extended health and dental benefits. OPSEU members electing coverage will pay 50% of the associated premium.

An actuarial valuation for accounting purposes is performed every three years using the projected benefit method prorated on services. The most recent actuarial report was prepared as of March 31, 2026. The accrued benefit obligation shown for 2026 of \$681,700 (2025 - \$653,700) is based on the March 31, 2026 valuation.

During the year, actual payments for extended healthcare and dental premiums of \$8,806 (2025 - \$9,097) were made for retired employees and are included in the employee benefits line on the statement of operations.

The actuarial valuation was based on a number of assumptions about future events. The assumptions used reflect the Hospital's best estimate. The major actuarial assumptions employed in the valuation are as follows:

Discount rate	3.90% (2025 – 3.70%) per annum
Extended healthcare cost escalation	5.0% in 2026; decreasing to 3.8% over 20 years
Dental benefits cost escalation	5.3% in 2026; decreasing to 4% over 20 years

Stevenson Memorial Hospital
Notes to the Financial Statements
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10. Employee Post-Employment Benefits *(continued)*

	2026	2025
Accrued Benefit Obligation		
Balance, beginning of year	\$ 569,100	\$ 522,000
Current service expense	46,400	44,700
Interest	22,300	20,600
Benefits paid during year	(25,100)	(18,200)
Actuarial gain	(156,900)	-
Ending balance	\$ 455,800	\$ 569,100
Post-employment Benefit Liability		
Accrued benefit obligation	\$ 455,800	\$ 569,100
Unamortized experience gain	225,900	84,600
Ending balance	\$ 681,700	\$ 653,700

11. Recoveries and Sales

	2026	2025
Compensation	\$ 377,550	\$ 456,361
Services	218,696	46,365
Material	526,280	279,169
Rebates	313,031	440,630
Investment income	17,897	53,872
Dietary and food services	70,795	93,278
Parking	300,154	350,468
Other	96,279	212,100
Ending balance	\$ 1,920,682	\$ 1,932,243

12. Contingencies and Commitments

i) During the normal course of operations, various proceedings and claims are filed against the Hospital. The Hospital reviews the validity of these claims and proceedings and management believes any settlement would be adequately covered by its insurance policies or by accrued provisions in these financial statements based on its best estimates where insurance is not applicable. It is management's opinion that the final determination of these claims will not have a material effect on the financial position or future results of operations of the Hospital.

ii) The Hospital participates in the Healthcare Insurance Reciprocal of Canada (HIROC), pooling of the public liability insurance risks of its hospital members. Members of the pool pay annual premiums, which are actuarially determined and are expensed in the current year. These premiums are subject to further assessment for experience gains and losses, by the pool, for prior years. No assessments have been received during the year ended March 31, 2026.

iii) The Hospital has an obligation to maintain pay equity under the Ontario Pay Equity Act. In 2014 a settlement was reached between the Hospital and the union (Ontario Public Service Employees Local 360) to proceed with the pay equity maintenance process. Similarly, the Ontario Hospital Association has been engaged on behalf of participating hospitals to resolve the union (Ontario Nurses Association) pay equity dispute. At March 31, 2026, a total liability of \$1,763,346 (2025 - \$1,594,257) has been recorded in the financial statements. Key assumptions used to estimate the accrual are that retroactive pay would not be assessed prior to 2011 and that pay equity would not exceed a 1% increase, these assumptions are susceptible to change. It is currently not possible for the Hospital to predict the final outcome of the pay equity process. The related provisions are measured at management's best estimate of the potential expenditure. The Hospital could be exposed to a potential liability that is lower than or in excess of the amount accrued.

Stevenson Memorial Hospital
Notes to the Financial Statements
March 31, 2026

12. Contingencies and Commitments *(continued)*

iv) The Hospital entered into a construction contract in January 2026 related to the redevelopment of the Hospital. Construction is expected to be completed by September 2028. The total contract value is approximately \$175 million. At March 31, 2026, the remaining commitment under the contract was approximately \$154 million. The contract value is subject to change as a result of approved change orders, additional scope items and other contractual adjustments.

13. Healthcare of Ontario Pension Plan (HOOPP)

HOOPP provides pension services to 504,237 active, retired and deferred members and 871 employers. Substantially all of the full-time employees and some of the part-time employees of the Hospital are members of HOOPP. The plan is a multi-employer plan and therefore the Hospital's contributions are accounted for as if the plan were a defined contribution plan with the Hospital's contributions being expensed in the period they come due.

Each year, an independent actuary determines the funding status of HOOPP by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date.

The results of the most recent valuation as at December 31, 2025 disclosed a surplus of \$11.1 billion. The results of this valuation disclosed total actuarial liabilities and pension obligations of \$261.5 billion in respect of benefits accrued for service with actuarial assets at that date of \$272.1 billion. Because HOOPP is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario member organizations and their employees. As a result, the Hospital does not recognize any share of the HOOPP surplus or deficit. Contributions made by the Hospital to HOOPP during the year amounted to \$1,759,417 (2025 - \$1,639,935).

14. Related Entities

Stevenson Memorial Hospital Foundation

The Stevenson Memorial Foundation (the 'Foundation') is an independent corporation incorporated without share capital which has its own independent Board of Directors and is a registered charity under the Income Tax Act (Canada). The Foundation receives and maintains funds for charitable purposes, which it contributes to the Hospital for the purchase of equipment, information systems, infrastructure and renovations to the Hospital.

Amounts received from the Foundation are externally restricted. Accordingly, these contributions are deferred and amortized as revenue when the related assets are amortized. During the year, the Foundation approved funding requests from the Hospital totaling \$800,441 (2025 - \$1,176,404) for equipment, information system, infrastructure and renovations for the Hospital.

All transactions with related parties are recorded at the exchange amount.

Related party transactions during the year are not separately disclosed in the financial statements include the following:

- a. Donations amounting to \$800,441 (2025 - \$851,429) have been received from the Foundation.
- b. An amount of \$608,260 (2025 - \$560,165) have been incurred from the Foundation as a reimbursement of administration and other costs.

At March 31, 2026, \$Nil in capital funding and \$71,050 in trade receivables is due from the Foundation (2025 - \$324,975 capital and \$Nil in trade receivables).

Stevenson Memorial Hospital

Notes to the Financial Statements

March 31, 2026

15. Financial Instrument Risk Management

Credit Risk

Credit risk is the risk of financial loss to the Hospital if a debtor fails to make payments of interest and principal when due. The Hospital is exposed to this risk relating to its cash and cash equivalents and accounts receivable. The Hospital holds its cash and cash equivalent accounts with a Schedule 1 bank which is insured by the Canadian Deposit Insurance Corporation. In the event of default, the Hospital's cash accounts are insured up to \$100,000 (2025 - \$100,000).

Accounts receivable are primarily due from OHIP, the Ministry of Health and Long-Term Care, Ontario Health and patients. Credit risk is mitigated by the financial solvency of the provincial government and the highly diversified nature of the patient population.

The Hospital measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is set up based on the Hospital's historical experience regarding collections. The allowance is adjusted on a monthly basis. The amounts outstanding at year end were as follows:

As at March 31, 2026			Past Due			
	Total	Current	31-60 Days	61-90 Days	91-120 Days	120+ Days
OHIP	\$349,767	\$274,441	\$73,461	\$1,865	\$-	\$-
Patient services	128,776	94,387	13,524	6,402	4,881	9,582
MOH/OHC	7,199,934	6,132,993	222,635	9,386	759,830	75,090
SMH foundation	71,050	71,050	-	-	-	-
HST receivable	2,333,721	2,214,391	119,330	-	-	-
Other	1,313,485	1,203,089	22,879	23,017	19,095	45,405
Gross receivables	11,396,733	9,990,351	451,829	40,670	783,806	130,077
Impairment allowance	(14,466)	-	-	-	-	(14,466)
Net receivables	\$11,382,267	\$9,990,351	\$451,829	\$40,670	\$783,806	\$115,611

As at March 31, 2025			Past Due			
	Total	Current	31-60 Days	61-90 Days	91-120 Days	120+ Days
OHIP	\$448,071	\$303,612	\$139,063	\$2,280	\$3,116	\$-
Patient services	81,056	44,021	14,981	13,388	1,065	7,601
MOH/OHC	3,351,409	3,015,310	35,749	39,847	260,503	-
SMH foundation	324,975	324,975	-	-	-	-
Other	847,642	736,337	42,688	41,617	23,131	3,869
Gross receivables	5,053,153	4,424,255	232,481	97,132	287,815	11,470
Impairment allowance	(10,328)	-	-	-	-	(10,328)
Net receivables	\$5,042,825	\$4,424,255	\$232,481	\$97,132	\$287,815	\$1,142

Stevenson Memorial Hospital
Notes to the Financial Statements
March 31, 2026

15. Financial Instrument Risk Management *(continued)*

Liquidity Risk

Liquidity risk is the risk that the Hospital will not be able to meet all cash outflow obligations as they come due. The Hospital is exposed to liquidity risk through its accounts payable and long-term borrowings. The risk is heightened by the Hospital's current financial position, which includes negative operating cash flows and a working capital deficit. To manage this risk, the Hospital actively monitors its cash position and projected disbursements through detailed budgeting and cash flow forecasting. The Hospital also maintains access to external financing arrangements and bank facilities to support its short-term liquidity needs and to mitigate the risk of cash flow shortfalls (see Note 6 and 8).

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows of financial liabilities):

	2026			
	Total	Within 6 Months	6 Months to 1 Year	1-5 Years
Accounts payable and accrued liabilities	\$7,607,320	\$3,175,605	\$3,492,056	\$939,659
Accounts payable redevelopment	4,495,600	4,495,600	-	-
Pay equity	1,763,346	-	-	1,763,346
Construction holdback	3,347,616	-	-	3,347,616
Long-term borrowing	597,593	409,577	188,016	-
Total	\$17,811,475	\$8,080,782	\$3,680,072	\$6,050,621

	2025			
	Total	Within 6 Months	6 Months to 1 Year	1-5 Years
Bank overdraft	\$945,476	\$945,476	\$-	\$-
Accounts payable and accrued liabilities	6,264,328	4,671,966	1,592,362	-
Accounts payable redevelopment	1,431,637	1,431,637	-	-
Construction holdback	220,813	-	-	220,813
Pay equity	1,594,257	-	-	1,594,257
Long-term borrowing	789,220	506,200	95,004	188,016
Total	\$11,245,731	\$7,555,279	\$1,687,366	\$2,003,086

Stevenson Memorial Hospital
Notes to the Financial Statements
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15. Financial Instrument Risk Management *(continued)*

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market's interest rate. The Hospital is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-interest instruments subject the Hospital to fair value risk while the floating rate instruments subject it to cash flow risk.

The Hospital is exposed to interest rate risk in relation to interest expense on amounts drawn under its banking facilities and long-term borrowings which bears interest at a floating and fixed interest rate, respectively.

The Hospital structures its finances as to stagger the maturities of debt, thereby minimizing exposure to interest rate fluctuations.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure credit and interest rate risk. There has been an increase in the exposure to liquidity risk from the prior year due to the Hospital's current financial position.

16. Economic Dependence

The Hospital is economically dependent on the funding it receives from the MOH/OHC. The Hospital derives approximately 78% (2025 – 75%) of its annual funding from the MOH and OHC.

17. Comparative Figures

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted during the year