Consolidated Financial Statements of

# THE RELIGIOUS HOSPITALLERS OF ST. JOSEPH OF CORNWALL, ONTARIO

Year ended March 31, 2026

# THE RELIGIOUS HOSPITALLERS OF ST. JOSEPH OF CORNWALL, ONTARIO

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Year ended March 31, 2026

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# INDEPENDENT AUDITOR'S REPORT

To The Religious Hospitallers of St. Joseph of Cornwall, Ontario

## *Opinion*

We have audited the consolidated financial statements of The Religious Hospitallers of St. Joseph of Cornwall, Ontario (the "Entity"), which comprise:

- the consolidated statement of financial position as at March 31, 2026
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes in net assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

In our opinion, the accompanying consolidated financial statements, present fairly, in all material respects, the consolidated financial position of the Entity as at March 31, 2026, and its consolidated results of operations, and its consolidated 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 Consolidated 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 consolidated 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 Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

May 29, 2026

# THE RELIGIOUS HOSPITALLERS OF ST. JOSEPH OF CORNWALL, ONTARIO

Consolidated Statement of Financial Position

March 31, 2026, with comparative information for 2025

| | 2026 | 2025 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash | $ 1,933,017 | $ 2,698,990 |
| Accounts receivable (note 2) | 173,579 | 715,803 |
| Prepaid expenses | 99,068 | 120,648 |
| | 2,205,664 | 3,535,441 |
| Trust fund assets | 27,343 | 27,677 |
| Capital assets (note 3) | 19,827,449 | 20,818,146 |
| | $ 22,060,456 | $ 24,381,264 |
| **Liabilities, Deferred Contributions and Net Assets** | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | $ 3,619,726 | $ 5,090,614 |
| Current portion of long-term debt (note 4) | 828,009 | 795,461 |
| | 4,447,735 | 5,886,075 |
| Trust fund liabilities | 27,343 | 27,677 |
| Long-term debt (note 4) | 3,938,280 | 4,766,148 |
| Deferred contributions (note 5) | 7,857,928 | 8,188,260 |
| | 16,271,286 | 18,868,160 |
| Net assets (deficiency): | | |
| Invested in capital assets (note 6) | 7,279,407 | 7,096,811 |
| Internally restricted | 1,724,179 | 1,457,352 |
| Endowment fund | 26,407 | 26,407 |
| Unrestricted | (3,240,823) | (3,067,466) |
| | 5,789,170 | 5,513,104 |
| Contingencies (note 10) | | |
| | $ 22,060,456 | $ 24,381,264 |

See accompanying notes to consolidated financial statements.

On behalf of the Board and the Membership:

Paul Desnoyers
______________________________ Chairperson of the Board

Eileen Bowes
______________________________ President of the Membership

# THE RELIGIOUS HOSPITALLERS OF ST. JOSEPH OF CORNWALL, ONTARIO

Consolidated Statement of Operations

Year ended March 31, 2026, with comparative information for 2025

| | 2026 | 2025 |
|---|---|---|
| Revenue: | | |
| Ministry of Health/Ontario Health | $ 26,407,097 | $ 24,861,775 |
| Patient revenue | 4,591,302 | 4,282,596 |
| Amortization of deferred contributions | 427,932 | 404,002 |
| Other | 932,075 | 1,060,731 |
| | 32,358,406 | 30,609,104 |
| Expenses: | | |
| Salaries and wages | 19,697,324 | 17,960,460 |
| Employee benefits | 5,991,362 | 5,359,331 |
| Other supplies and expenses | 4,341,097 | 4,562,884 |
| Amortization of capital assets | 1,087,716 | 1,076,142 |
| Medical and surgical supplies | 342,159 | 365,698 |
| Drugs | 332,291 | 306,229 |
| Interest on long-term debt (note 4) | 208,668 | 258,078 |
| Medical staff remuneration | 81,723 | 199,525 |
| | 32,082,340 | 30,088,347 |
| Excess of revenue over expenses | $ 276,066 | $ 520,757 |

See accompanying notes to consolidated financial statements.

# THE RELIGIOUS HOSPITALLERS OF ST. JOSEPH OF CORNWALL, ONTARIO

Consolidated Statement of Changes in Net Assets

Year ended March 31, 2026, with comparative information for 2025

| | Unrestricted | Internally restricted | Endowment fund | Invested in capital assets | 2026 Total | 2025 Total |
|---|---|---|---|---|---|---|
| Balance, beginning of year | $ (3,067,466) | $ 1,457,352 | $ 26,407 | $ 7,096,811 | $ 5,513,104 | $ 4,992,347 |
| Excess of revenue over expenses (expenses over revenue) (note 6(b)) | 949,943 | – | – | (673,877) | 276,066 | 520,757 |
| Net change in investment in capital assets (note 6(b)) | (856,473) | – | – | 856,473 | – | – |
| Interfund transfers | (266,827) | 266,827 | – | – | – | – |
| Balance end of year | $ (3,240,823) | $ 1,724,179 | $ 26,407 | $ 7,279,407 | $ 5,789,170 | $ 5,513,104 |

See accompanying notes to consolidated financial statements.

# THE RELIGIOUS HOSPITALLERS OF ST. JOSEPH OF CORNWALL, ONTARIO

Consolidated Statement of Cash Flows

Year ended March 31, 2026, with comparative information for 2025

| | 2026 | 2025 |
|---|---|---|
| Cash provided by (used in): | | |
| Operating activities: | | |
| Excess of revenue over expenses | $ 276,066 | $ 520,757 |
| Items not involving cash: | | |
| Amortization of capital assets | 1,087,716 | 1,076,142 |
| Amortization of deferred contributions | (427,932) | (404,002) |
| Loss on disposal of capital assets | 14,093 | 51,699 |
| Change in non-cash operating working capital: | | |
| Accounts receivable | 623,661 | 914,471 |
| Prepaid expenses | 21,579 | (33,245) |
| Deferred revenue | – | (359,258) |
| Accounts payable and accrued liabilities | (1,552,324) | 368,516 |
| | 42,859 | 2,135,080 |
| Capital activities: | | |
| Purchase of capital assets | (111,112) | (492,968) |
| Additions to deferred contributions | 97,600 | 630,943 |
| | (13,512) | 137,975 |
| Financing activities: | | |
| Long-term debt repayments | (795,320) | (764,213) |
| Change in cash | (765,973) | 1,508,842 |
| Cash, beginning of year | 2,698,990 | 1,190,148 |
| Cash, end of year | $ 1,933,017 | $ 2,698,990 |

See accompanying notes to consolidated financial statements.

The Religious Hospitallers of St. Joseph of Cornwall, Ontario (the “Health Centre”) was incorporated under the Corporations Act of Ontario and its principal activity is the delivery of health services. The Health Centre is operated as St. Joseph’s Continuing Care Centre.

These consolidated financial statements present the consolidated financial position and results of operations of the Health Centre and its subsidiaries. The Health Centre is a registered charity under the Income Tax Act (Canada) and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act (Canada) are met.

The Religious Hospitallers of St. Joseph of Cornwall, Ontario operates under the canonical sponsorship of Catholic Health International. These consolidated financial statements present the financial position and results of operations of The Religious Hospitallers of St. Joseph of Cornwall, Ontario.

Capital assets disclosed in the consolidated statements of financial position include land, buildings and building service equipment, some of which were contributed by The Religious Hospitallers of St. Joseph.

## 1. Significant accounting policies:

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards including the 4200 standards for government not-for-profit organizations. Significant accounting policies of the Health Centre are as follows:

(a) Basis of consolidation:

The consolidated financial statements include the accounts of Hotel Dieu Hospital and St. Joseph's Villa which are operated by the same administration and owned by the Health Centre. All intercompany accounts and transactions are eliminated in consolidation.

(b) Revenue recognition:

The Health Centre follows the deferral method of accounting for contributions which include donations and government grants.

Under the Health Insurance Act and Regulations thereto the Health Centre is funded primarily by the Province of Ontario. Operating grants are recorded as revenue in the period to which they relate. 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. These consolidated financial statements reflect agreed arrangements approved by the Ministry of Health/Ontario Health with respect to the year ended March 31, 2026.

**1. Significant accounting policies (continued):**

(b) Revenue recognition (continued):

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

Revenues from the in-patient services, preferred accommodation, marketed services, recoveries and other revenue are recognized when the goods are sold or the services are provided, performance obligations fulfilled, and future economic benefits are measurable and expected to be obtained.

Endowment contributions are recognized as direct increases in endowment net assets.

(c) Inventory:

Inventory is valued at the lower of average cost and net realizable value.

(d) Capital assets:

Purchased capital assets are recorded at cost. The original cost does not reflect replacement cost or market value upon liquidation. Assets acquired under capital leases are amortized over the estimated life of the assets or over the lease term, as appropriate. Repairs and maintenance costs are charged to expense when incurred. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Health Centre’s ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight-line basis at the following annual rates:

| Asset | Rate |
|---|---|
| Land improvements | 5 to 20 years |
| Buildings | 25 to 40 years |
| Building service equipment | 5 to 20 years |
| Furniture and equipment | 5 to 20 years |

The costs incurred for major capital projects are classified separately as construction in progress until the project is complete. When complete the costs are transferred to the appropriate capital asset category and amortized.

**1. Significant accounting policies (continued):**

(e) Asset retirement obligations:

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- 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 Health Centre has not recognized any asset retirement obligations as of March 31, 2026 or 2025.

(f) Contributed services:

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the consolidated financial statements.

(g) Use of estimates:

The preparation of the consolidated 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 date of the consolidated financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

(h) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. Management has not elected to subsequently carry financial instruments at fair value.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations.

Long-term debt is recorded at amortized cost.

(i) Statement of remeasurement gains and losses:

A statement of remeasurement gains and losses has not been provided as there are no significant unrealized gains or losses at March 31, 2026 or 2025.

## 1. Significant accounting policies (continued):

(j) Multi-employer pension plan:

The Health Centre participates in a defined benefit multi-employer pension plan. The plan is accounted for on a defined contribution plan basis as contributions to the benefit plan are determined by the plan administrator and are expensed when due. The most recent regulatory funding valuation of this multi-employer pension plan conducted as at December 31, 2025 disclosed actuarial assets of $131 billion (2025 - $123 billion) with accrued pension liabilities of $120 billion (2025 - $113 billion), resulting in a surplus of $11 million (2025 - $10 million). This filing valuation also confirmed that the plan was fully funded on a solvency basis as at December 31, 2025.

## 2. Accounts receivable:

| | 2026 | 2025 |
|---|---|---|
| Residents and in-patients | $ 17,973 | $ 8,557 |
| Ministry of Health/Ontario Health | – | 13,134 |
| Other | 155,606 | 694,112 |
| | 173,579 | 715,803 |
| Less: allowance for impairment | – | – |
| | $ 173,579 | $ 715,803 |

## 3. Capital assets:

| | Cost | Accumulated amortization | 2026 Net book value | 2025 Net book value |
|---|---|---|---|---|
| Land and land improvements | $ 1,553,835 | $ 517,900 | $ 1,035,935 | $ 1,049,978 |
| Buildings | 30,132,138 | 12,358,564 | 17,773,574 | 18,572,413 |
| Building service equipment | 2,515,636 | 2,165,355 | 350,281 | 435,433 |
| Furniture and equipment | 5,515,706 | 4,848,047 | 667,659 | 760,322 |
| | $ 39,717,315 | $ 19,889,866 | $ 19,827,449 | $ 20,818,146 |

**3. Capital assets (continued):**

Cost and accumulated amortization of capital assets at March 31, 2025 amounted to $40,290,164 and $19,472,018, respectively.

During the year, capital assets with a cost of $471,824 and an accumulated amortization of $457,731 were disposed of, resulting in a loss on disposal of assets of $14,093 (2025 - $51,699).

**4. Long-term debt:**

Long-term debt consists of:

| | 2026 | 2025 |
|---|---:|---:|
| Debenture payable, Ontario Infrastructure Projects Corporation, unsecured, annual interest rate 4.06%, repayable in blended semi-annual payments of $496,103, maturity date October 16, 2030 | $ 4,449,298 | $ 5,236,803 |
| Mortgage payable, annual interest rate of 5.89%, repayable in blended monthly payments of $1,150, maturity date September 30, 2046 | 160,361 | 164,654 |
| Mortgage payable, annual interest rate of 6.54%, repayable in blended monthly payments of $1,158, due September 2046 | 156,630 | 160,152 |
| | 4,766,289 | 5,561,609 |
| Less: current portion of long-term debt | 828,009 | 795,461 |
| | $ 3,938,280 | $ 4,766,148 |

## 4. Long-term debt (continued):

Principal repayments for the next five years and thereafter are as follows:

| | Mortgage | Debenture | Total |
|---|---|---|---|
| 2027 | $ 8,208 | $ 819,801 | $ 828,009 |
| 2028 | 8,731 | 853,423 | 862,154 |
| 2029 | 9,287 | 888,424 | 897,711 |
| 2030 | 9,878 | 924,860 | 934,738 |
| 2031 and thereafter | 280,887 | 962,790 | 1,243,677 |
| | $ 316,991 | $ 4,449,298 | $ 4,766,289 |

The mortgages are secured by a general security agreement over the related buildings.

## 5. Deferred contributions:

(a) Deferred contributions related to capital assets represent the unamortized amount and unspent amount of donations and grants received for the purchase of capital assets. The amortization of deferred contributions is recorded as revenue in the consolidated statement of operations.

| | 2026 | 2025 |
|---|---|---|
| Balance, beginning of year | $ 8,188,260 | $ 7,961,319 |
| Deferred contributions received during the year | 97,600 | 630,943 |
| Amortization of deferred contributions | (427,932) | (404,002) |
| Balance, end of year | $ 7,857,928 | $ 8,188,260 |

(b) The deferred contributions related to capital assets consist of the following:

| | 2026 | 2025 |
|---|---|---|
| Unamortized deferred contributions used to purchase assets | $ 7,781,753 | $ 8,159,726 |
| Unspent contributions | 76,175 | 28,534 |
| Balance, end of year | $ 7,857,928 | $ 8,188,260 |

**5. Deferred contributions (continued):**

During the year, deferred capital contributions in the amount of $Nil (2025 - $231,137) were received which funded capital assets purchased in prior years.

**6. Investment in capital assets:**

(a) Investment in capital assets is calculated as follows:

| | 2026 | 2025 |
|---|---|---|
| Capital assets | $ 19,827,449 | $ 20,818,146 |
| Amounts financed by: | | |
| Long-term debt | (4,766,289) | (5,561,609) |
| Deferred contributions | (7,781,753) | (8,159,726) |
| | $ 7,279,407 | $ 7,096,811 |

(b) Changes in net assets invested in capital assets is calculated as follows:

| | 2026 | 2025 |
|---|---|---|
| Deficiency of revenue over expenses | | |
| Amortization of deferred contributions | $ 427,932 | $ 404,002 |
| Amortization of capital assets | (1,087,716) | (1,076,142) |
| Loss on disposal of capital assets | (14,093) | (51,699) |
| | $ (673,877) | $ (723,839) |
| Net change in investment in capital assets: | | |
| Purchase of capital assets | $ 111,112 | $ 492,968 |
| Amounts funded by deferred contributions | (49,959) | (611,245) |
| Repayments of long-term debt | 795,320 | 764,213 |
| | $ 856,473 | $ 645,936 |

**7. Related party transactions:**

The Health Centre provided management services in the amount of $66,045 (2025 - $58,224) to the Religious Hospitallers of St. Joseph Housing Corporation. These amounts are fully reimbursed on an annual basis. The Religious Hospitallers of St. Joseph Housing Corporation is managed and directed by specific employees of the Health Centre and a volunteer board of directors comprised of community representatives.

## 8. Related entities:

The Health Centre has economic interest in the Religious Hospitallers of St. Joseph Health Centre of Cornwall Fund (the “Fund”).

During the year, the Health Centre received $56,500 (2025 - $218,500) from the Fund to support the purchase of capital equipment, of which $35,075 (2025 - $Nil) is unspent as at March 31, 2026.

## 9. Pension plan:

Substantially all of the full-time employees of the Health Centre are members of the Healthcare of Ontario Pension Plan (the “Plan”), which is a multi-employer defined benefit pension plan available to all eligible employees of the participating members of the Ontario Hospital Association. Contributions to the Plan made during the year by the Health Centre on behalf of its employees amounted to $1,421,264 (2025 - $1,224,102) and are included in the employee benefits in the consolidated statement of operations.

Pension expense is based on Plan management's best estimates, in consultation with its actuaries, of the amount, required to provide a high level of assurance that benefits will be fully represented by fund assets at retirement, as provided by the Plan. The funding objective is for employer contributions to the Plan to remain a constant percentage of employees' contributions.

Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members. The Plan’s 2025 Annual Report indicates the plan is fully funded at 109%.

## 10. Contingencies:

(a) The nature of Health Centre’s activities is such that there may be litigation pending or in prospect at any time. With respect to claims at March 31, 2026, management believes that the Health Centre has valid defenses and appropriate insurance coverage in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Health Centre’s financial position.

(b) During the normal course of operation, the Hospital is involved in certain employment related negotiations and has recorded accruals based on management’s estimate of potential settlement amounts where these amounts are reasonably determinable.

**10. Contingencies (continued):**

(c) On July 1, 1987, a group of health care organizations, ("subscribers"), formed Healthcare Insurance Reciprocal of Canada ("HIROC"). HIROC is registered as a Reciprocal pursuant to Provincial Insurance Acts, which permits persons to exchange with other persons reciprocal contracts of indemnity insurance. HIROC facilitates the provision of liability insurance coverage of health care organizations in the provinces of Ontario, Manitoba, Saskatchewan and Newfoundland. Subscribers pay annual premiums, which are actuarially determined, and are subject to assessment for losses in excess of such premiums, if any, experienced by the group of subscribers for the years in which they were a subscriber. No such assessments have been made to March 31, 2026.

Since its inception in 1987, HIROC has accumulated an un-appropriated surplus, which is the total of premiums paid by all subscribers plus investment income less the obligation for claims reserves and expenses and operating expenses. Each subscriber which has an excess of premium plus investment income over the obligation for their allocation of claims reserves and expenses and operating expenses may be entitled to receive distributions of their share of the un-appropriated surplus at the time such distributions are declared by the Board of Directors of HIROC. There are no distributions receivables from HIROC as of March 31, 2026.

**11. Financial risks and concentration of credit risk:**

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Health Centre is exposed to credit risk with respect to the accounts receivable and cash.

The Health Centre assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the Health Centre at March 31, 2026 is the carrying value of these assets.

The carrying amount of accounts receivable is valued with consideration for an allowance for doubtful accounts. The amount of any related impairment loss is recognized in the consolidated statement of operations. Subsequent recoveries of impairment losses related to accounts receivable are credited to the consolidated statement of operations.

## 11. Financial risks and concentration of credit risk (continued):

(b) Liquidity risk:

Liquidity risk is the risk that the Health Centre will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Health Centre manages its liquidity risk by monitoring its operating requirements.

Accounts payable and accrued liabilities are generally due within 60 days of receipt of an invoice.

The Health Centre prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. As at March 31, 2026, the Health Centre’s current liabilities exceed its current assets by $2,242,270 (2025 - $2,350,634). Management has identified a number of factors that have contributed to its financial position, including but not limited to the impact of recent wages settlements, inflationary cost increase and financial pressures from patient volumes/acuity and capital commitments.

The Health Centre continues to identify and consider opportunities to address these financial challenges. In the short-term, the Health Centre intends to rely on financing through its existing credit facilities as described in note 12 and cost savings resulting from efficiency measures. As a result of its financial position, the Health Centre has an increased level of reliance on the Ministry of Health and Ontario Health to assist in meeting its operating and capital requirements at current levels.

(c) Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows or a financial instrument will fluctuate because of changes in the market interest rates.

Financial assets and financial liabilities with variable interest rates expose the Health Centre to cash flow interest rate risk.

The Health Centre is exposed to interest rate risk through its interest bearing debenture payable and mortgage payable that are repayable at a fixed rate of interest.

There has been no significant changes to the risk exposures from 2025.

## 12. Credit facilities:

The Health Centre has an available operating line of credit facility of $1,000,000 (2025 - $1,000,000). The unsecured operating line is due on demand and bears interest at the bank’s prime rate. As at March 31, 2026, the Health Centre has drawn $Nil (2025 - $Nil) on this facility.