Almonte General Hospital
Financial Statements
For the Year Ended March 31, 2026

Contents

Management's Responsibility for the Financial Statements

The accompanying financial statements are prepared in accordance with Canadian public sector accounting standards.

The financial statements are the responsibility of management and have been approved by the Board of Directors.

To assess certain facts and operations, management has made estimates based on its best judgment of the situation and by taking into account materiality.

Management is responsible for maintaining appropriate internal control and accounting systems that provide reasonable assurance that the Hospital's policies are adopted, that its operations are carried out in accordance with the appropriate laws and authorizations, that its assets are adequately safeguarded, and that the financial statements are based on reliable accounting records.

The Hospital's power and responsibilities are exercised by the Board of Directors.

The responsibilities of the Board of Directors include overseeing financial reporting and presentation procedures, which includes reviewing and approving the financial statements.

The independent auditor, BDO Canada LLP, has audited the financial statements and presented the following report.

Signed by:
Brad Harrington
EF044A2B5C8741D...
Brad Harrington, MBA, CPA-CMA, CHE, C.Dir
President & CEO

Signed by:
Brad Hilker
847FBCF1904245A...
Brad Hilker, MBA, FCPA, FCMA
Vice President Finance & CFO

Almonte, Ontario
June 30, 2026

Tél./Tel: 613-237-9331
Téléc./Fax: 613-237-9779
www.bdo.ca

BDO Canada s.r.l./S.E.N.C.R.L./LLP
180 Kent Street
Suite 1700
Ottawa ON K1P 0B6 Canada

Independent Auditor's Report

To the Board of Directors of Almonte General Hospital

Opinion

We have audited the financial statements of Almonte General Hospital (the "Hospital"), which comprise the statement of financial position as at March 31, 2026, the statements of operations, changes in net assets (deficit), the statement of remeasurement gains and losses 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 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 Matters

The financial statements of the Hospital for the year ended March 31, 2025, were audited by another auditor who expressed an unqualified opinion on those statements on June 24, 2025.

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 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 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 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

Ottawa, Ontario
June 30, 2026

Almonte General Hospital
Statement of Financial Position

March 31	2026	2025
Assets		
Current		
Cash	$ 4,015,587	$ 3,241,117
Accounts receivable	5,302,678	5,236,932
Inventories	270,192	277,419
Prepaid expenses	412,601	490,369
	10,001,058	9,245,837
Capital assets (Note 2)	29,228,203	27,800,056
	$39,229,261	$ 37,045,893
Liabilities and Net Assets (Deficit)		
Current		
Bank indebtedness (Note 3)	$ 297,000	$ -
Accounts payable and accrued liabilities	16,165,419	12,982,526
Current portion of long-term debt (Note 4)	1,304,942	1,252,000
	17,767,361	14,234,526
Long-term debt (Note 4)	2,671,920	3,970,934
Deferred contributions related to capital assets (Note 5)	17,088,755	16,595,732
Employee future benefits (Note 6)	1,287,700	1,276,900
Asset retirement obligation (Note 12)	2,528,000	2,456,000
Interest rate swap contracts (Note 8)	39,806	109,599
	41,383,542	38,643,691
Net Assets (Deficit)		
Invested in Capital Assets	5,634,586	3,525,390
Deficit	(7,749,865)	(5,014,387)
	(2,115,279)	(1,488,997)
Accumulated remeasurement losses	(39,002)	(108,801)
	(2,154,281)	(1,597,798)
	$ 39,229,261	$ 37,045,893

Contractual obligations (Note 9)
Contingencies (Note 11)

On behalf of the Board:

Director

Director

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

Almonte General Hospital
Statement of Changes in Net Assets (Deficit)

For the year ended March 31	Invested in Capital Assets	Unrestricted	2026 Total	2025 Total
Balance (deficiency), beginning of the year	$ 3,525,390	$ (5,014,387)	$ (1,488,997)	$ (2,884,679)
Excess (deficiency) of revenues over expenses	-	(626,282)	(626,282)	1,395,682
Asset retirement obligation accretion	(72,000)	72,000	-	-
Amortization of deferred contributions related to capital assets	1,551,415	(1,551,415)	-	-
Amortization of capital assets	(2,454,393)	2,454,393	-	-
Repayment of long-term debt	1,246,072	(1,246,072)	-	-
Purchase of capital assets	3,882,540	(3,882,540)	-	-
Amounts funded by deferred capital contributions	(2,044,438)	2,044,438	-	-
Balance (deficiency), end of the year	$ 5,634,586	$ (7,749,865)	$ (2,115,279)	$ (1,488,997)

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

Almonte General Hospital
Statement of Operations

For the year ended March 31	2026	2025
Revenue		
Ministry of Health - base allocation	$30,846,646	$ 27,568,920
Ministry of Health - one time payments	4,555,026	5,565,315
Ministry of Health - hospital on-call	716,282	556,496
Paramedic contract	14,815,554	14,337,531
Other patient services	4,658,804	4,303,334
Other revenue	3,776,461	3,238,927
Amortization of deferred contributions related to equipment	818,916	688,541
	60,187,689	56,259,064
Expenses		
Amortization of equipment	1,117,508	859,501
Drugs and medical gases	511,990	519,168
Employee benefits	5,367,501	4,864,550
General supplies	8,343,938	6,968,226
Medical and surgical supplies	1,193,765	910,382
Medical staff remuneration	1,965,898	1,285,450
Paramedic contract	14,815,554	14,337,531
Salaries and wages	26,774,090	24,499,141
	60,090,244	54,243,949
Excess of revenue over expenses from operations	97,445	2,015,115
Other (income) and expenses		
Amortization of deferred contributions related to buildings	732,499	774,268
Amortization of buildings and land improvements	(1,336,885)	(1,313,153)
Interest expense	(205,239)	(241,336)
Asset retirement obligation accretion expense (Note 12)	(72,000)	(72,000)
Investment income	157,898	232,788
	(723,727)	(619,433)
Excess (deficiency) of revenues over expenses	$ (626,282)	$ 1,395,682

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

Almonte General Hospital
Statement of Cash Flows

For the year ended March 31	2026	2025
Cash flows from operating activities		
Excess (deficiency) of revenues over expenses	$ (626,282)	$ 1,395,682
Items not affecting cash:		
Amortization of deferred contributions related to capital assets	(1,551,415)	(1,462,809)
Amortization of capital assets	2,454,393	2,172,654
Increase (decrease) in employee future benefits	10,800	(20,000)
Asset retirement obligation (Note 12)	72,000	72,000
	359,496	2,157,527
Changes in non-cash working capital:		
Accounts receivable	(65,746)	(1,485,000)
Inventories	7,227	(9,000)
Prepaid expenses	77,774	(16,000)
Accounts payable and accrued liabilities	3,182,893	2,761,000
	3,561,644	3,408,527
Cash flows from investing activities		
Repayment of long-term debt	(1,246,072)	(1,458,319)
Change in bank indebtedness	297,000	-
	(949,072)	(1,458,319)
Cash flows from capital activities		
Deferred contributions related to capital assets received	2,044,438	3,540,909
Purchase of capital assets	(3,882,540)	(4,134,000)
	(1,838,102)	(593,091)
Net increase in cash	774,470	1,357,117
Cash, beginning of the year	3,241,117	1,884,000
Cash, end of the year	$ 4,015,587	$ 3,241,117

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

Almonte General Hospital
Statement of Remeasurement Gains and Losses

For the year ended March 31	2026	2025
Accumulated remeasurement losses, beginning of year	$ (108,801)	$ (12,600)
Unrealized gains (losses) attributable to interest rate swap contracts (Note 8)	69,799	(96,201)
Accumulated remeasurement losses, end of year	$ (39,002)	$ (108,801)

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

1. Significant Accounting Policies

Nature and Purpose of Organization

The Almonte General Hospital (the "Hospital"), established in 1951, provides health care services to the residents of the Town of Almonte and surrounding areas. The Hospital, incorporated without share capital under the Corporations Act of Ontario continued under the Ontario Not-for-profit Corporations Act, is a charitable organization within the meaning of the Income Tax Act (Canada) and, as such, is exempt from income taxes under the Income Tax Act (Canada).

Basis of Presentation

The financial statements of the Hospital have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards, as issued by the Public Sector Accounting Board ("PSAB for Government NPOs"). The Almonte General Hospital-Fairview Manor Foundation is a separate entity whose financial information is reported separately from the Hospital.

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 includes donations and government grants.

Under the Health Insurance Act and Regulations thereto, the Hospital is funded primarily by the Province of Ontario in accordance with budget arrangements established by the Ministry of Health ("MOH"). The Hospital has entered into a Hospital Service Accountability Agreement (the "H-SAA") for fiscal 2026 with the Ministry and Ontario Health East that sets out the rights and obligations of the parties to the H-SAA in respect of funding provided to the Hospital by the MOH. 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.

1. Significant Accounting Policies (continued)

Revenue Recognition (continued)

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

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 capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

Amortization of buildings is not funded by the MOH as part of operations and accordingly the amortization of buildings has been reflected as an undernoted item in the statement of operations with the corresponding realization of revenue for deferred contributions.

Externally restricted investment income is accounted for as a liability until the restrictions imposed on the income have been met by the Hospital.

Revenues related to the sale of goods or provision of services are recognized in the year in which the underlying transaction or event occurred, performance obligations fulfilled, and future economic benefits are measurable and expected to be obtained. These revenues include paramedic contract revenue, preferred accommodation differential, patient services, co-payment, and other revenues.

Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined on the first-in first-out basis. Inventory consists of medical and general supplies that are used in the Hospital's operations and not for resale purposes.

1. Significant Accounting Policies (continued)

Capital Assets

Purchased capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments that extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Hospital's ability to provide services or the value of future economic benefits associated with the capital asset is less than its net book value, the carrying value of the capital asset is reduced to reflect the decline in the asset's value. Construction in progress is not amortized until construction is substantially complete and the assets are ready for use.

Capital assets are capitalized on acquisition and amortized on a straight-line basis over their useful lives, which has been estimated as follows:

Land improvements	20 years
Buildings	20 to 40 years
Service equipment	20 to 40 years
Major equipment	5 to 20 years

When conditions indicate that a capital asset no longer contributes to the Hospital's ability to provide goods and services, or that the value of future economic benefits associated with the capital asset is less than its net carrying amount, the cost of the capital asset is reduced to reflect the decline in the asset's value. The net write-downs are accounted for as expenses in the statement of operations. A write-down is not reversed.

1. Significant Accounting Policies (continued)

Retirement and Post-Employment Benefits

The Hospital provides defined retirement and post-employment benefits to certain employee groups. These benefits include pension, health and dental. The Hospital has adopted the following policies with respect to accounting for these employee benefits:

(i) 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 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.

(ii) The costs of the multi-employer defined benefit pension are the employer's contributions due to the plan in the period.

(iii) The discount rate used in the determination of the above mentioned liabilities is equal to the MOH's recommendation, which the Hospital has chosen to adopt.

Financial Instruments

Financial instruments are recorded at fair value on initial recognition and are subsequently recorded at this cost or amortized cost unless management has elected to carry the instruments at fair value. Management has elected to carry its cash and cash equivalents at fair value. Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations. The Hospital's interest rate swap agreements are measured at fair value, with unrealized gains and losses recognized in the statement of remeasurement gains and losses and accumulated remeasurement gains and losses in the statement of financial position.

1. Significant Accounting Policies (continued)

Financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

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 and any unrealized gain is adjusted through the statement of remeasurement gains and losses. When the asset is sold, the unrealized gains and losses previously recognized in the statement of remeasurement gains and losses are reversed and recognized in the statement of operations.

The Standards require the Hospital to classify fair value measurements using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

Level 1 – Unadjusted quoted market prices in active markets for identical assets or liabilities;
Level 2 – Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

1. Significant Accounting Policies (continued)

Management estimates

The preparation of financial statements in conformity with PSAB for Government NPOs requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Areas of key estimates include determination of allowance for doubtful accounts, useful lives of capital assets, actuarial estimation of employee future benefits and asset retirement obligation.

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 liability for the removal of asbestos in the building owned by the Hospital has been recognized based on estimated future expenses on closure of the site and post-closure care.

The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. The tangible capital assets affected by the asbestos liability are being amortized with the building following the amortization accounting policies.

2. Capital Assets

	2026		2025	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	$ 117,559	$ -	$ 117,559	$ -
Land improvements	191,752	175,753	191,752	171,812
Buildings and service equipment	43,927,021	23,636,953	43,073,909	22,404,723
Major equipment	21,931,852	15,343,315	21,116,825	14,125,094
Construction in progress	2,216,040	-	1,640	-
	$68,384,224	$39,156,021	$ 64,501,685	$ 36,701,629
		$29,228,203		$ 27,800,056

Construction in progress represents the costs incurred on capital projects that are not yet substantially complete as at year-end. As these assets are not available for use in providing services, they are not amortized until the projects are completed and the assets are put into service.

3. Bank Indebtedness

The Hospital has available lines of credit of $2,000,000 and $600,000 with its corporate banker. The revolving operating line of credit of $2,000,000 is intended to assist with general operating requirements. The revolving operating line of credit is unsecured and bears interest at prime plus 0.5%. The non-revolving credit facility of $600,000 is intended to assist with the construction of the ambulance base. The non-revolving credit facility is unsecured and bears interest at prime less 0.3%. At March 31, 2026, $nil was withdrawn on the lines of credit. The Hospital also has a short-term borrowing arrangement up to a maximum of $9,000,000 for the implementation of the EPIC project. The line of credit is unsecured and bears interest at Daily Simple CORRA plus 1.20%. At March 31, 2026, $297,000 (2025 - $Nil) was withdrawn on the line of credit.

4. Long-term Debt

	2026	2025
Royal Bank of Canada		
Loan, 4.33% per annum, due February 2032, payable by monthly instalments of $23,691	$ 1,485,000	$ 1,803,742
Bank of Montreal		
Loan, 4.92% per annum, due September 2027, payable by monthly instalments of $64,042	1,107,088	1,679,286
Loan, 2.34% per annum, due November 2029, payable by monthly instalments of $29,721	1,236,659	1,573,919
Loan, 5.25% per annum, due December 2032, payable by monthly instalments of $2,194	148,115	165,987
	3,976,862	5,222,934
Less: current portion	1,304,942	1,252,000
	$ 2,671,920	$ 3,970,934

The principal repayments for the next five years amount to: 2027, $1,304,942; 2028, $972,232; 2029, $612,885; 2030, $496,932; 2031, $288,200. These payments have been calculated under the assumption that the repayment plan will be successfully renewed, based on the present payment terms and interest rates.

5. Deferred Contributions Related to Capital Assets

Deferred contributions related to capital assets represent the unamortized portion of contributed capital assets and restricted contributions used to purchase capital assets. The changes in the deferred contributions balance for the period are as follows:

	2026	2025
Beginning balance	$16,595,732	$ 14,517,631
Add: contributions received during the year	2,044,438	3,540,909
Less: amounts amortized to revenue	(1,551,415)	(1,462,808)
Ending balance	$17,088,755	$ 16,595,732

6. Employee Future Benefits

Post-Retirement Benefits

The Hospital provides extended health care, dental care, and life insurance benefits to certain of its employees and extends this coverage to the post-retirement period. The most recent actuarial valuation of employee future benefits was completed as of March 31, 2026.

Accrued Benefits Liability
The reconciliation of the actuarially determined accrued benefit obligation to the amount recorded in the financial statements is as follows:

	2026	2025
Accrued benefit obligation	$ 1,028,600	$ 994,900
Unamortized actuarial gains	259,100	282,000
Accrued benefit liability	$ 1,287,700	$ 1,276,900

Significant assumptions
The significant actuarial assumptions and economic factors adopted in estimating the Hospital's accrued benefit obligations are as follows. All rates and percentages are annualised.

	2026	2025
Discount rate	3.95 %	3.88 %
Dental cost trend rate	4.00 %	4.00 %
Extended health care trend rate	5.65 %	5.65 %

6. Employee Future Benefits (continued)

Benefits Expense
Included in the statement of operations is a benefit expense of $82,300 (2025 - $84,200). This expense is comprised of the following:

	2026	2025
Current period benefit cost	$ 64,500	$ 61,500
Amortization of actuarial losses (recovery)	(20,800)	(15,600)
Post-retirement benefit interest expense	38,600	38,300
Benefits expense	$ 82,300	$ 84,200

Hospital of Ontario Pension Plan ("HOOPP")

HOOPP provides pension services to more than 500,000 members and approximately 870 employers. Substantially all of 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 March 31, 2026 disclosed a surplus of $11,103,000. The results of this valuation disclosed total actuarial liabilities and pension obligations of $261,782,000 in respect of benefits accrued for service with actuarial assets at that date of $272,885,000. 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 by the Hospital to the plan during the year by the Hospital amounted to $2,848,915 (2025 - $2,155,954).

7. Related Party Transactions

(a) Mississippi River Health Alliance

Under the terms of the Mississippi River Health Alliance agreement, the Hospital and Carleton Place District & Memorial Hospital ("CPDMH") are related by virtue of having common membership on the Allied Board of Directors and an integrated executive management team. The two hospitals operate as individual corporations under the Public Hospitals Act of Ontario, receive their own funding from the Government and are separate employers.

During the year ended March 31, 2026, the Hospital charged CPDMH $1,721,805 (2025 - $1,404,731) for administrative services. As at March 31, 2026, of these administrative services, $203,417 are receivable (2025 - $15,821).

7. Related Party Transactions (continued)

During the year ended March 31, 2026, CPDMH charged the Hospital $517,958 (2025 - $254,017) for administrative services. As at March 31, 2026, $36,499 are payable (2025 - $284).

These transactions are recorded at cost.

(b) Economic interest

The Almonte General Hospital-Fairview Manor 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. The Foundation receives and maintains funds for charitable purposes, which it donates to the Hospital for the use of operations, renovations, maintenance and equipment of the Hospital.

During the year ended March 31, 2026, the Foundation made capital contributions of $456,782 (2025 - $2,802,000) to the Hospital. As at March 31, 2026, $248,564 of these contributions are receivable (2025 - $215,294).

During the year ended March 31, 2026, the Hospital billed the Foundation $305,854 (2025 - $366,915) for administrative services. As at March 31, 2026, of these administrative services, $5,854 are receivable (2025 - $68,917).

These transactions are recorded at cost.

8. Interest Rate Swap Contract

The Hospital has entered into interest rate swap agreements to manage its exposure to fluctuations in interest rates on its variable-rate debt. Under these agreements, the Hospital exchanges variable interest payments for fixed interest payments based on a notional principal amount. The notional principal amount does not represent an amount exchanged by the parties and is solely used to calculate the interest payments under the contracts.

The Hospital has converted a net notional $3.5 million of floating rate long-term debt related to construction projects. The fixed rates received under the interest rate swaps range from 3.54% to 4.59%. The maturity dates of the interest rate swaps are the same as the maturity dates of the associated long-term debt ranging from 2027 to 2032.

The interest rate swaps have unrealized accumulated losses of $39,002 (2025 - $108,801) which are recorded on the statement of financial position as at March 31, 2026. The current year impact of the change in fair value of the interest rate swap is an increase of accumulated remeasurement gains of $69,799 (2025 - losses of $96,201)

The fair value of the interest rate swap has been determined using Level 3 of the fair value hierarchy. The fair value of interest rate swaps is based on broker quotes. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

9. Contractual Obligations

As of March 31, 2026, the Hospital has the following contractual obligations:

2027	$ 2,640,235
2028	$ 6,983
2029	$ 7,193

During the year, the Hospital entered into an agreement for the onboarding of a new healthcare software. The amount committed is $2,123,923 for the year ending March 31, 2027.

10. Financial Instruments

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Hospital's financial instruments that are exposed to concentrations of credit risk relate primarily to its accounts receivable.

The majority of the Hospital's receivables are from government sources and the Hospital works to ensure it meets all eligibility criteria in order to qualify to receive the funding.

The maximum exposure to accounts receivable credit risk would be the carrying value of $5,302,678 (2025 - $5,236,932).

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 amounts outstanding at year end were as follows:

As at March 31, 2026		*Past due*				
	Total	0-30 days	30-60 days	61-90 days	91-120 days	Over 120 days
Patient related	$ 768,643	$ 328,816	$ 174,670	$ 169,726	$ 4,852	$ 90,579
Client billing	-	-	-	-	-	-
Foundation	449,221	449,221	-	-	-	-
One-time funding	1,703,467	1,703,467	-	-	-	-
Others	2,492,494	2,492,494	-	-	-	-
Gross receivables	5,413,825	4,973,998	174,670	169,726	4,852	90,579
Less: impairment allowances	(111,147)					
Net receivables	$5,302,678					

10. Financial Instruments (continued)

As at March 31, 2025		*Past due*				
	Total	0-30 days	30-60 days	61-90 days	91-120 days	Over 120 days
Patient related	$ 1,113,825	$ 476,481	$ 253,111	$ 245,947	$ 7,031	$ 131,255
Client billing	-	-	-	-	-	-
Foundation	433,841	433,841	-	-	-	-
One-time funding	1,809,442	1,809,442	-	-	-	-
Others	1,953,758	1,953,758	-	-	-	-
Gross receivables	5,310,866	4,673,522	253,111	245,947	7,031	131,255
Less: impairment allowances	(73,934)					
Net receivables	$ 5,236,932					

The amounts aged greater than 90 days owing from patients that have not had a corresponding impairment allowance setup against them are collectible based on the Hospital's past experience. Management has reviewed the individual balances and based on the credit quality of the debtors and their past history of payment.

Liquidity risk

Liquidity risk is the risk that the Hospital will not be able to meet all cash flow obligations on a timely basis as they come due, or at a reasonable cost. The Hospital mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and cash flow analysis.

The Hospital has reported financial deficits in the majority of its recent fiscal years, including the current year. As a result of these losses, the Hospital has experienced a reduction in its working capital and net asset position, resulting in increased liquidity risk.

Management has identified a number of factors that have contributed to its recurring operating losses, including but not limited to the funding shortfall in current base funding, the impact of recent wage settlements, inflationary pressures, aging buildings and financial pressures resulting from increasing patient volumes and acuity.

10. Financial Instruments (continued)

The Hospital continues to evaluate and implement measures to address its financial challenges. In the short term, the Hospital intends to rely on temporary financing through its existing credit facilities, ministry cash advances and cost savings resulting from efficiency measures.

As a result of its ongoing financial deficits, the Hospital has an increased level of reliance on the Ministry of Health and Ontario Health to assist in meeting its operating and capital requirements. The Hospital will require sufficient and timely funding from the Ontario Ministry of Health to fulfil its obligations on a timely basis and at a reasonable cost.

Accounts payable and accrued liabilities are generally due within 30 days of receipt of an invoice. Increased borrowing during the year has increased the Hospital's exposure to liquidity risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Hospital is exposed to interest rate risk on its employee future benefit obligation and on the long-term debt. The increased borrowing at variable rate during the year enhanced the Hospital's exposure to interest rate risk. The Hospital mitigates this exposure through an interest rate swap agreement entered into to reduce the variability of cash flows associated with variable-rate debt.

11. Contingencies

(a) Legal matters and litigation:

The nature of the Hospital's activities is such that there is usually litigation pending or in process at any time. With respect to claims at March 31, 2026, management believes the Hospital has valid defences 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 Hospital's financial position.

(b) Healthcare Insurance Reciprocal of Canada:

The Hospital is a member of the Healthcare Insurance Reciprocal of Canada ("HIROC"). HIROC is registered as a Reciprocal pursuant to provincial Insurance Acts which permit persons to exchange with other persons reciprocal contracts of indemnity insurance. HIROC facilitates the provision of liability insurance coverage to health care organizations in the provinces and territories where it is licensed. 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 year in which they were a subscriber. No such assessments were required during the year ended March 31, 2026.

11. Contingencies (continued)

(c) Employment matters:

During the normal course of operations, the Hospital is involved in certain employment related negotiations and other matters and has recorded accruals based on management's estimate of potential settlement amounts where these amounts are reasonably determinable and deemed likely to occur.

12. Asset Retirement Obligation

The Hospital owns and operates buildings that are known to have asbestos, which represents a health hazard upon demolition of the building and there is a legal obligation to remove it. Following the adoption of PS 3280 Asset Retirement Obligations effective April 1, 2021, the Hospital recognized an obligation of $2,300,000 relating to the removal and post-removal care of the asbestos in these buildings. During the year ended March 31, 2021 the buildings were fully amortized.

The obligation is determined based on the estimated undiscounted cash flows that will be required in the future to remove or remediate the asbestos containing material and any other soil contaminants in accordance with current legislation.

In the current year, the Hospital increased the asset retirement obligation estimate by $72,000 to reflect a 2.93% escalation rate for building construction indexes for asbestos removal. This amount is included as an asset retirement obligation inflationary adjustment expense in the statement of operations. There was no remediation performed on the affected buildings in the current year.

	Asbestos removal	
	2026	2025
Opening balance	$ 2,456,000	$ 2,384,000
Accretion expense	72,000	$ 72,000
	$ 2,528,000	$ 2,456,000