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# Financial statements of Georgian Bay General Hospital

March 31, 2026

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## Independent Auditor's Report

To the Chairperson, Board of Directors and Members of the  
Corporation of Georgian Bay General Hospital

### Opinion

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

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 the results of its operations, changes in net assets, 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 ("Canadian GAAS"). 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.

### 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 GAAS 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 GAAS, 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.

*Deloitte LLP*

Chartered Professional Accountants  
Licensed Public Accountants  
June 18, 2026

**Georgian Bay General Hospital**  
**Statement of financial position**  
As at March 31, 2026

	Notes	2026 \$	2025 \$
<b>Assets</b>			
Current assets			
Cash	2	<b>13,015,248</b>	10,659,402
Accounts receivable	3	<b>6,539,914</b>	11,958,765
Inventories		<b>435,452</b>	510,982
Prepaid expenses		<b>871,673</b>	1,041,097
		<b>20,862,287</b>	24,170,246
Capital assets	4	<b>60,912,598</b>	58,716,531
		<b>81,774,885</b>	82,886,777
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities	5	<b>28,596,558</b>	27,099,806
Deferred revenue		<b>297,418</b>	1,268,476
Current portion of long-term obligations		<b>650,712</b>	623,023
		<b>29,544,688</b>	28,991,305
Employee post-retirement benefits	8	<b>3,278,000</b>	3,177,700
Deferred capital contributions	6	<b>52,837,090</b>	52,187,944
Long term obligations	7	<b>4,558,624</b>	5,209,336
Asset retirement obligations	9	<b>2,989,627</b>	2,902,571
		<b>93,208,029</b>	92,468,856
Contingencies, commitments	13 and 14		
<b>Deficiency in net assets</b>		<b>(11,433,144)</b>	(9,582,079)
		<b>81,774,885</b>	82,886,777

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

On behalf of the Board

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**Georgian Bay General Hospital**  
**Statement of operations and changes in net assets**  
Year ended March 31, 2026

	Notes	2026 \$	2025 \$
<b>Revenue</b>			
Ministry of Health / Ontario Health		<b>86,845,624</b>	80,952,203
Patient services		<b>5,780,104</b>	4,887,206
Other		<b>4,494,518</b>	5,685,728
Specifically funded programs	16	<b>2,136,209</b>	1,686,626
Amortization of deferred capital contributions related to machinery and equipment		<b>2,134,709</b>	1,797,020
		<b>101,391,164</b>	95,008,783
<b>Expenses</b>			
Salaries and wages		<b>51,528,425</b>	49,983,972
Benefit contributions		<b>15,285,797</b>	14,073,622
Medical staff remuneration		<b>7,537,858</b>	7,004,698
Drugs		<b>1,506,380</b>	1,562,135
Medical and surgical supplies		<b>3,766,860</b>	3,803,646
Supplies and other expenses		<b>17,772,357</b>	17,736,115
Specifically funded programs	16	<b>2,136,209</b>	1,686,626
Amortization of machinery and equipment		<b>3,039,849</b>	2,762,904
		<b>102,573,735</b>	98,613,718
(Deficiency) of revenue over expenses from hospital operations before undernoted items		<b>(1,182,571)</b>	(3,604,935)
Amortization - deferred capital contributions for buildings, land improvements and building service equipment		<b>1,837,290</b>	1,150,541
Amortization - buildings, land improvements and building service equipment		<b>(2,269,860)</b>	(1,575,948)
Interest on long-term debt		<b>(235,924)</b>	(263,017)
<b>(Deficiency) of revenue over expenses</b>		<b>(1,851,065)</b>	(4,293,359)
Deficiency in net assets, beginning of year		<b>(9,582,079)</b>	(5,288,720)
<b>Deficiency in net assets, end of year</b>		<b>(11,433,144)</b>	(9,582,079)

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

**Georgian Bay General Hospital****Statement of cash flows**

Year ended March 31, 2026

	2026	2025
	\$	\$
<b>Operating activities</b>		
Deficiency of revenue over expenses	<b>(1,851,065)</b>	(4,293,359)
Items not affecting cash		
Amortization of capital assets	<b>5,291,510</b>	4,314,911
Amortization of deferred capital contributions	<b>(3,971,999)</b>	(2,947,561)
Increase in employee future benefit liability	<b>100,300</b>	88,400
Change in asset retirement obligation	<b>87,056</b>	(10,553)
	<b>(344,198)</b>	(2,848,162)
Change in non-cash working capital		
Accounts receivable	<b>5,418,851</b>	(2,796,416)
Inventories	<b>75,530</b>	94,237
Prepaid expenses	<b>169,424</b>	(519,866)
Accounts payable and accrued liabilities	<b>1,496,752</b>	5,936,979
Deferred revenue	<b>(971,058)</b>	174,702
	<b>5,845,301</b>	41,474
<b>Capital activity</b>		
Purchase of capital assets	<b>(7,487,577)</b>	(14,062,731)
<b>Financing activities</b>		
Deferred capital contributions received	<b>4,621,145</b>	11,863,075
Repayment of long-term obligations	<b>(623,023)</b>	(596,512)
	<b>3,998,122</b>	11,266,563
Net increase (decrease) in cash during the year	<b>2,355,846</b>	(2,754,694)
Cash, beginning of year	<b>10,659,402</b>	13,414,096
<b>Cash, end of year</b>	<b>13,015,248</b>	10,659,402

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

## **1. Significant accounting policies**

### *Nature and purpose of organization*

Georgian Bay General Hospital (the "Hospital") is a not-for-profit organization and a registered charity incorporated without share capital under the laws of Ontario. The Hospital is principally involved in providing health care services to the North Simcoe Region of Ontario.

Operations are financed by the Ministry of Health (the "MOH") and Ontario Health ("OH") and by patient fees. Ontario Health ("OH"), a Crown agency of the Government of Ontario, was established on June 6, 2019.

### *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.

### *Income taxes*

The Hospital is a charitable organization registered under the Income Tax Act (Canada) (the "Act") and, as such, is exempt from income taxes and able to issue donation receipts for income tax purposes. In order to maintain the status as an organization registered under the Act, the Hospital must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

### *Inventories*

Inventories are stated at the lower of cost or replacement cost. Inventory costs for pharmacy and stores are determined on a first-in, first-out basis. Inventories of supplies are costed on a weighted average basis.

### *Capital assets and amortization*

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Betterments which extend the estimated life of an asset are capitalized. When an asset no longer contributes to the Hospital's ability to provide services, its carrying amount is written down to its residual value. Amortization based on the estimated useful life of the asset is calculated as follows:

Land improvements	5 to 20 years straight-line basis
Buildings	20 to 40 years straight-line basis
Building service equipment	5 to 20 years straight-line basis
Machinery and equipment	2 to 20 years straight-line basis

Capital assets under construction or in development are recorded at cost, based on the percentage of completion method, and are not amortized until the asset is available for productive use.

### *Assets under capital lease*

Assets under capital lease are recorded at cost. Amortization is provided on a straight-line basis over the assets' estimated useful lives of 5-20 years.

### *Impairment of long-lived assets*

When conditions indicate a tangible capital asset no longer contributes to the Hospital's ability to provide services, or that the value of future economic benefits associated with the tangible capital asset is less than its net book value, the cost of the tangible capital asset will be reduced to reflect the decline in the asset's value.

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

*Revenue recognition*

The Hospital follows the deferral method of accounting for contributions which include 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 MOH and OH. Operating grants are recorded as revenue in the period to which they relate. Grants and funding authorized by the MOH/OH as of the end of the fiscal year, and for which a specific purpose or use has been identified, are recognized as revenue when there is reasonable assurance that the Hospital has complied with, and will continue to comply with, all conditions necessary to earn the grant. The recognition of revenue associated with such grants requires management to make estimates and assumptions based on the best information available at the time of preparation of these financial statements. Final funding approved is subject to the funders' reconciliation process and could differ from these estimates.

Grants for which revenue has been earned but not received at the end of the fiscal year are accrued as receivable. Where a portion of a grant received relates to a future period, it is deferred and recognized in that subsequent fiscal year.

Unrestricted contributions are recognized as revenue when received or receivable if the amount 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 assets.

Revenue from the Provincial Insurance Plan, preferred accommodation, and other services is recognized when the Hospital satisfies the related performance obligations.

*Contributed services*

The Hospital is dependent on the voluntary services of many individuals. Since these services are not normally purchased by the Hospital and because of the difficulty in estimating their fair market value, these services are not recorded in these financial statements.

*Compensated absences*

Compensated absences expense is accrued for all employees as entitlement to these payments is earned, in accordance with the Hospital's benefit plans for vacation, statutory holidays, sick leave, and retirement allowances.

*Employee post-retirement benefit*

The Hospital accrues its obligations under employee benefit plans and the related costs.

The cost of non-pension post-retirement and post-employment benefits is determined actuarially using the projected benefit method pro-rated on service and management's best estimate of expected salary escalation, retirement ages of employees and health-care costs.

The current service cost for the period is equal to the actuarial present value of the benefits attributed to employees' services rendered in the period.

The discount rate used to determine the accrued benefit obligation was determined by reference to market interest rates at the measurement date of high-quality debt instruments with cash flows that match the timing and amount of expected benefit payments.

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

### *Employee post-retirement benefit (continued)*

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.

The Hospital applies defined contribution accounting to its multi-employer defined benefit plan for which the Hospital has insufficient information to apply defined benefit plan accounting.

### *Pension plan*

The Hospital is an employer member of the Healthcare of Ontario Pension Plan ("HOOPP"), which is a multi-employer, defined benefit pension plan. The Hospital has adopted defined contribution plan accounting principles for this plan because insufficient information is available to apply defined benefit plan accounting principles. The Hospital records as pension expense the current service costs, amortization of past service costs and interest costs related to the future employer contributions to the plan for past employee service.

### *Financial instruments*

Financial assets and financial liabilities are initially recognized at fair value when the Hospital becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost.

Financial assets measured at amortized cost are assessed at each reporting date for indications of impairment. If such impairment exists, the asset is written down and the resulting impairment loss is recognized in the statement of operations.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument.

### *Asset Retirement Obligations*

Asset Retirement Obligations (ARO's) are provisions for legal obligations for the retirement of the Hospital's tangible capital assets that are either in productive use or no longer in productive use.

An ARO liability is recognized when, as at the financial reporting date:

- there is a statutory, contractual, or 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.

Liabilities are recognized by the Hospital in the period in which an obligation arises for statutory, contractual, or legal obligations associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development, or normal operation of the tangible capital assets. The obligations are measured initially at management's best estimate of the retirement obligation. For tangible capital assets that are still in productive use, there is a corresponding increase to the carrying value of the related tangible capital asset. For assets that are not recorded or are no longer in productive use, the liability is expensed in the period. In subsequent periods, the liability is adjusted for changes in the liability estimate, as applicable. The capitalized asset retirement costs are amortized on the same basis as the related asset.

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

*Use of estimates*

The preparation of financial statements in accordance with Canadian public sector accounting standards 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 financial statements, and the reported amounts of revenues and expenses during the reporting year. The principal estimates in the preparation of these financial statements are the allowance for doubtful accounts, inventory valuation and obsolescence, valuation and useful life of capital assets, payroll related accruals, contingencies, and the fair value of financial instruments. Actual results could differ from management's best estimates as additional information becomes available in the future.

Revenue recognized from OH has a number of estimates. The Hospital has entered into a Hospital Service Accountability Agreement ("HSAA") that sets out the rights and obligations of the two parties with respect to funding provided to the Hospital by OH for fiscal 2026. The HSAA sets out certain performance standards and obligations for the Hospital's performance in a number of areas. If the Hospital does not meet its performance standards or obligations, OH has the right to adjust funding received by the Hospital. OH 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 Ministry funding received during the year may be increased or decreased subsequent to the year end. The amount of revenue recognized in these financial statements represents management's best estimates of the amounts earned during the year.

**2. Cash and bank indebtedness**

The Hospital's bank account is held at a chartered bank. The bank account earns interest at a variable rate calculated on the daily balance. Cash in bank at year end was \$13,015,248 (\$10,659,402 in 2025).

The hospital has the following credit facilities available:

- (i) Operating credit line facility to a maximum authorized amount of \$8,000,000
- (ii) Revolving term equipment financing line facility up to a maximum authorized amount of \$3,500,000

As of March 31, 2026, the balance on the credit facilities is nil (nil in 2025). Both facilities bear interest at prime lending rate less 0.50%, are unsecured, and due on demand.

**3. Accounts receivable**

	<b>2026</b>	2025
	<b>\$</b>	<b>\$</b>
MOH and OH	<b>1,817,380</b>	1,094,503
GBGH Foundation	<b>2,762,707</b>	8,028,530
Other	<b>2,259,178</b>	3,141,635
	<b>6,839,265</b>	12,264,668
Less: allowance for doubtful accounts	<b>(299,351)</b>	(305,903)
	<b>6,539,914</b>	11,958,765

**Georgian Bay General Hospital**  
**Notes to the financial statements**  
March 31, 2026

**4. Capital assets**

	<b>2026</b>		2025	
	<b>Cost</b>	<b>Accumulated amortization</b>	Cost	Accumulated amortization
	\$	\$	\$	\$
Land	<b>82,083</b>	—	82,083	—
Land improvements	<b>620,578</b>	<b>432,472</b>	457,612	412,944
Buildings	<b>53,968,548</b>	<b>20,844,336</b>	49,760,888	19,596,362
Building service equipment	<b>20,014,126</b>	<b>8,785,978</b>	18,974,060	7,783,620
Machinery and equipment	<b>50,555,548</b>	<b>38,085,882</b>	48,535,979	35,064,232
Construction in progress	<b>3,820,383</b>	—	3,763,067	—
	<b>129,061,266</b>	<b>68,148,668</b>	121,573,689	62,857,158
Net book value		<b>60,912,598</b>		58,716,531

**5. Accounts payable and accrued liabilities**

	<b>2026</b>	2025
	\$	\$
Accounts payable and accrued liabilities		
Trade payables	<b>9,044,573</b>	11,241,814
MOH and OH	<b>6,197,137</b>	5,181,437
Payroll accruals		
Salaries, wages, vacation, and other entitlements	<b>13,354,848</b>	10,676,555
	<b>28,596,558</b>	27,099,806

**6. Deferred capital contributions**

Deferred capital contributions represent the unamortized amount of donations and grants received for the purchase of capital assets. These contributions are amortized and recorded as revenue in the statement of operations, on the same basis as the amortization of the related asset.

	<b>2026</b>	2025
	\$	\$
Balance, beginning of year	<b>52,187,944</b>	43,272,430
Contributions received during the year – MOH/OH	<b>1,737,007</b>	4,215,256
Contributions received during the year – GBGH Foundation (Note 12)	<b>2,614,138</b>	7,647,819
Contributions received during the year – Other	<b>270,000</b>	—
Less: amounts amortized to revenue	<b>(3,971,999)</b>	(2,947,561)
Balance, end of year	<b>52,837,090</b>	52,187,944

**Georgian Bay General Hospital**  
**Notes to the financial statements**  
March 31, 2026

**7. Long-term obligations**

	<b>2026</b>	2025
	\$	\$
Long-term debt for capital project, interest bearing at the rate of 4.40%	<b>5,209,336</b>	5,832,359
Less amount due within one year	<b>(650,712)</b>	(623,023)
	<b>4,558,624</b>	5,209,336

Principal repayments due in each of the next 5 years and thereafter are as follows:

	Principal repayment
	\$
2027	650,712
2028	679,632
2029	709,836
2030	741,384
2031 and thereafter	1,777,060
	<b>4,558,624</b>

**8. Employee post-retirement benefits**

The Hospital provides post-retirement extended healthcare medical and dental benefits to a number of employees. The most recent valuation of the employee post-retirement benefits was completed as at March 31, 2024 and extrapolated to March 31, 2026. The accrued benefit obligation is recorded in the financial statements as follows.

(a) The accrued non-pension liability is calculated as follows:

	<b>2026</b>	2025
	\$	\$
Accrued benefit liability, beginning of year	<b>3,177,700</b>	3,089,300
Expense for year	<b>347,600</b>	323,000
Funding contributions	<b>(247,300)</b>	(234,600)
Accrued benefit liability, end of year	<b>3,278,000</b>	3,177,700

(b) The non-pension benefit expense for the year is calculated as follows:

	<b>2026</b>	2025
	\$	\$
Accrual for services	<b>276,000</b>	253,700
Interest on accrued benefits	<b>136,800</b>	134,100
Amortization of actuarial gains	<b>(65,200)</b>	(64,800)
Non-pension benefit expense	<b>347,600</b>	323,000

**8. Employee post-retirement benefits (continued)**

(c) Post-employment benefit liability:

	<b>2026</b>	2025
	\$	\$
Accrued benefit obligation	<b>3,029,000</b>	2,956,500
Experience gains	<b>249,000</b>	221,200
Accrued benefit liability, end of year	<b>3,278,000</b>	3,177,700

The significant actuarial assumptions adopted in estimating the Hospital's accrued benefit obligation are as follows:

	<b>2026</b>	2025
	%	%
Discount rate	<b>4.70</b>	4.70
Dental cost trend rate	<b>5.00</b>	5.00
Extended health care trend rate	<b>5.97</b>	5.97

**9. Asset retirement obligations**

*Asbestos*

The Hospital's main building contains asbestos requiring remediation upon decommissioning. The Canadian Environmental Protection Act (CEPA) governs the protection of the environment and human health with respect to the hazardous waste such as asbestos. There are regulations specifically regarding the handling of asbestos, such as the "Prohibition of Asbestos and Products Containing Asbestos Regulations" which are published under the authority of CEPA. In addition, the Canada Occupational Health and Safety Regulations (10.26.1 Schedule, Division II – Hazardous Substances Other than Hazardous Products) outlines requirements for asbestos exposure control plans, as well as requirements on disposal of asbestos and decontamination.

The estimated liability required to settle the asset retirement obligations is estimated at \$2,989,627. Changes during the year are as follows:

	<b>2026</b>	2025
	\$	\$
Balance, beginning of the year	<b>2,902,571</b>	2,913,124
Accretion expense	<b>120,228</b>	73,830
Payments made during the year	<b>(33,172)</b>	(84,383)
Balance, end of year	<b>2,989,627</b>	2,902,571

**10. Pension plan**

All fulltime and certain parttime employees of the Hospital are members of HOOPP which is a multiemployer defined benefit pension plan available to all eligible employees of the participating members of the Ontario Hospital Association. Plan members will receive benefits based on the length of service and on the average of annualized earnings during the five consecutive years prior to retirement, termination or death, that provide the highest earnings.

Contributions to the plan made during the year by the Hospital on behalf of its employees amounted to \$4,083,045 (\$3,718,199 in 2025) and are included in salaries and benefits in the statement of operations. The most recent actuarial valuation as at December 31, 2025 indicated the plan is 109% funded.

## **11. Financial risks**

### *(a) 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 accounts receivable. The Hospital holds its cash accounts with Canadian chartered banks which are insured by the Canadian Deposit Insurance Corporation.

Accounts receivable are primarily due from OHIP, the MOH and patients. Credit risk is mitigated by the financial solvency of the provincial government and the highly diversified nature of the patient population.

### *(b) Liquidity risk*

Liquidity risk is the risk that the Hospital will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Hospital manages its liquidity risk by monitoring its operating requirement. The Hospital prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

There have not been any changes in the risk from the prior year.

### *(c) Interest rate risk*

Interest rate risk is the potential for financial loss caused by fluctuations in future cash flows of financial instruments because of changes in market interest rates. The Hospital is exposed to this risk through its Bank indebtedness.

There have not been any changes in the risk from the prior year.

## **12. Other entities**

The Georgian Bay General Hospital Foundation ("the GBGH Foundation") was created for the purpose of promoting and participating in fundraising programs in order to raise money for the purchase of capital equipment, staff education and/or other purposes of the Hospital.

During the year, the Hospital received donations amounting to \$2,777,796 (\$8,043,623 in 2025) from the GBGH Foundation, of which \$2,614,138 (\$7,647,819 in 2025) was used for capital expenditures. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The net assets and results from operations of the GBGH Foundation are not included in the financial statements of the Hospital.

## **13. Contingencies**

### *(a) Legal matters and litigation*

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

**13. Contingencies (continued)**

*(b) Insurance*

A group of healthcare institutions, including the Hospital, are members of the Healthcare Insurance Reciprocal of Canada ("HIROC"). HIROC is a pooling of the liability insurance risk of its members. All members pay annual deposit premiums which are actuarially determined and are subject to further assessment for losses, if any, experienced by the pool for the years in which they are members.

*(c) Employment matters*

During the normal course of business, 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.

**14. Commitments**

The Hospital has lease commitments under non-cancelable operating leases. Amounts payable in each of the next 5 years are as follows:

	\$
2027	447,711
2028	447,771
2029	447,771
2030	447,771
2031	447,771

**15. MOH Hospital On-Call Coverage**

The Hospital has an agreement with the MOH for Hospital On-Call Coverage. The revenues and expenses included in the statement of operations are as follows:

	2026 \$	2025 \$
Funding from MOH - current year	<b>1,547,525</b>	1,359,685
Payments to physicians	<b>(1,547,525)</b>	(1,359,685)
	<u>—</u>	<u>—</u>

**16. Specifically funded programs**

The hospital administers the At Home program which is specifically funded by OH. The revenues and expenses related to this program are recorded separately from the base funding operations of the hospital and any excess or deficiency of revenues over expenses is settled with the OH on an annual basis. As at March 31, 2026, the Health Centre has included an amount of \$385,742 (\$96,051 in 2025) in accounts receivable and \$166,800 (\$133,675 in 2025) in accounts payable.

	2026 \$	2025 \$
Revenue	<b>2,136,209</b>	1,686,626
Expenses	<b>(2,136,209)</b>	(1,686,626)
	<u>—</u>	<u>—</u>

**17. Comparative figures**

Certain of prior years comparative figures have been reclassified to conform with current years presentation.