

Financial Statements of

**HALDIMAND WAR
MEMORIAL HOSPITAL**

And Independent Auditor's Report thereon

Year ended March 31, 2026



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Haldimand War Memorial Charitable Corporation

Opinion

We have audited the financial statements of Haldimand War Memorial Charitable Corporation (the Entity), which comprise:

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

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2026, and its results of operations, its remeasurement gains and losses and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

We are independent of the Entity 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 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.



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- 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

June 24, 2026

HALDIMAND WAR MEMORIAL HOSPITAL

Statement of Financial Position

March 31, 2026, with comparative information for 2025

	2026	2025
Assets		
Current assets:		
Cash	\$ 2,759,292	\$ 2,554,852
Accounts receivable (note 3)	1,870,718	1,207,140
Due from related parties (note 4)	91,393	179,532
Inventories (note 5)	200,561	195,009
Prepaid expenses	412,870	307,937
	5,334,834	4,444,470
Investments (note 6)	585,386	530,403
Property and equipment (note 7)	24,127,205	24,572,121
	\$ 30,047,425	\$ 29,546,994

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 9)	5,002,517	4,460,107
Current portion of obligation under capital leases (note 10)	24,885	23,039
	5,027,402	4,483,146
Asset retirement obligations (note 16)	367,273	352,513
Obligation under capital leases (note 10)	38,703	63,588
Deferred capital contributions (note 11)	13,775,903	13,504,442
Employee future benefits (note 12)	533,700	542,200
	19,742,981	18,945,889
Net assets (deficiency):		
Invested in property and equipment (note 15)	10,007,051	10,723,428
Unrestricted	201,009	(192,174)
	10,208,060	10,531,254
Accumulated remeasurement gains	96,384	69,851
Contingent liabilities (note 13)		
	\$ 30,047,425	\$ 29,546,994

See accompanying notes to the financial statements.

On behalf of the Board:

_____ Director _____ Director

HALDIMAND WAR MEMORIAL HOSPITAL

Statement of Operations

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

	2026	2025
Revenues:		
Ministry of Health (the "Ministry")	\$ 20,892,772	\$ 19,162,114
Emergency and on-call funding	4,753,229	3,610,846
Patient related and preferred accommodations	2,444,007	2,175,986
Donations (note 4)	526,564	485,000
Amortization of deferred equipment contributions	523,743	449,640
Recoveries and other income	1,304,190	1,339,569
	<u>30,444,505</u>	<u>27,223,155</u>
Expenses:		
Salaries and benefits	16,517,519	15,982,909
Supplies and other expenses	5,717,613	4,783,622
Emergency and on-call expenses	4,753,230	3,610,846
Medical and surgical supplies	1,009,790	935,930
Amortization of equipment	587,736	548,049
Interest and bank charges	15,474	60,607
Medical staff remuneration	1,419,001	1,243,274
Drugs	300,734	350,188
	<u>30,321,097</u>	<u>27,515,425</u>
Excess (deficiency) of revenues over expenses before the undernoted items	123,408	(292,270)
Other expenses (income):		
Property amortization	1,045,642	1,022,147
Amortization of deferred property contributions	(599,040)	(578,794)
	<u>446,602</u>	<u>443,353</u>
Deficiency of revenues over expenses	<u>\$ (323,194)</u>	<u>\$ (735,623)</u>

See accompanying notes to the financial statements.

HALDIMAND WAR MEMORIAL HOSPITAL

Statement of Changes in Net Assets

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

March 31, 2026	Invested in property and equipment	Unrestricted	Total
Balance, beginning of year	\$ 10,723,428	\$ (192,174)	\$ 10,531,254
Excess (deficiency) of revenues over expenses (note 15)	(510,595)	187,401	(323,194)
Net change in investment in property and equipment (note 15)	(205,782)	205,782	–
Balance, end of year	\$ 10,007,051	\$ 201,009	\$ 10,208,060

March 31, 2025	Invested in property and equipment	Unrestricted	Total
Balance, beginning of year	\$ 11,083,161	\$ 183,716	\$ 11,266,877
Deficiency of revenues over expenses (note 15)	(541,762)	(193,861)	(735,623)
Net change in investment in property and equipment (note 15)	182,029	(182,029)	–
Balance, end of year	\$ 10,723,428	\$ (192,174)	\$ 10,531,254

See accompanying notes to the financial statements.

HALDIMAND WAR MEMORIAL HOSPITAL

Statement of Cash Flows

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

	2026	2025
Cash provided by (used in):		
Operations:		
Deficiency of revenues over expenses	\$ (323,194)	\$ (735,623)
Items not involving cash:		
Amortization of property and equipment	1,633,378	1,570,196
Amortization of deferred capital contributions related to property and equipment	(1,122,783)	(1,028,434)
Increase in asset retirement obligation	14,760	8,262
Employee future benefit expenses	17,200	14,100
	219,361	(171,499)
Non-pension benefit payments	(25,700)	(17,000)
Change in non-cash operating working capital:		
Accounts receivable	(663,578)	2,127,551
Due from related parties	88,139	433,642
Inventories	(5,552)	37,984
Prepaid expenses	(104,933)	80,133
Accounts payable and accrued liabilities	542,410	244,304
	50,147	2,735,115
Financing:		
Payments under capital lease obligations	(23,039)	(41,178)
Investing:		
Purchase of investments	(28,450)	(18,174)
Capital:		
Property and equipment acquisitions	(1,188,462)	(1,975,926)
Receipt of capital contributions related to property and equipment	1,394,244	1,793,897
	205,782	(182,029)
Increase in cash	204,440	2,493,734
Cash, beginning of year	2,554,852	61,118
Cash, end of year	\$ 2,759,292	\$ 2,554,852

See accompanying notes to the financial statements.

HALDIMAND WAR MEMORIAL HOSPITAL

Statement of Remeasurement Gains and Losses

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

		2026		2025
Accumulated remeasurement gains, beginning of the year	\$	69,851	\$	39,493
Unrealized gains from investments		26,533		30,358
Net remeasurement gains for the year		26,533		30,358
Accumulated remeasurement gains, end of year	\$	96,384	\$	69,851

These funds are held for repairs on the Village by the Grand as further described in note 9.

See accompanying notes to the financial statements.

HALDIMAND WAR MEMORIAL HOSPITAL

Notes to Financial Statements

Year ended March 31, 2026

1. Nature of operations:

Haldimand War Memorial Hospital (the "Hospital") is incorporated under the laws of the Province of Ontario and is a registered charitable organization under the Income Tax Act (Canada) and accordingly is exempt from income taxes.

2. Significant accounting policies:

These financial statements are prepared by management in accordance with Canadian Public Sector Accounting Standards including the 4200 standards for government not-for-profit organizations. The Hospital's significant accounting policies are as follows:

(a) Basis of presentation:

These financial statements present only the accounts of the Hospital as a separately managed entity. They do not include the accounts of Edgewater Gardens Long-Term Care Centre ("Edgewater") or the Haldimand War Memorial Charitable Corporation (the "Charity") (controlled but separately managed entities (note 4)).

(b) Inventories:

Inventories are valued at the lower of cost and net realizable value defined by replacement cost.

(c) Property and equipment:

Purchased property and equipment are recorded at cost. 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. Betterments which extend the estimated useful 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.

Property and equipment are amortized on a straight-line basis using the following annual rates:

Asset	Rate
Land improvements	2 to 10%
Buildings	2.5%
Furniture and equipment	5 to 20%
Redevelopment costs	10%

HALDIMAND WAR MEMORIAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2026

2. Significant accounting policies (continued):

(d) 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 funding policies established by the Ministry of Health. Any excess of revenues over expenses earned during a fiscal year may be retained by the Hospital. There is currently no commitment by the Ministry to fund deficits incurred by the Hospital. Therefore, to the extent that deficits are incurred and not funded, future operations may be affected. The Ministry provides operating funding, including base funding which is expected to be received on an annual basis, and special funding which is non-recurring in nature, and consequently is unconfirmed for future years.

The Hospital operates under a Hospital Service Accountability Agreement ("H-SAA") with the Hamilton Niagara Haldimand Brant Local Health Integration Network (the "LHIN"). Effective April 1, 2021 the LHIN's Health System planning and funding functions have transferred to Ontario Health. On February 13, 2025, the H-SAA was amended, extending the term to March 31, 2026. This agreement sets out the rights and obligations of the two parties in respect of funding provided to the Hospital by Ontario Health. The H-SAA sets out the funding provided to the Hospital together with performance standards and obligations of the Hospital that establish acceptable results for the organization's performance.

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 related to a future period, it is deferred and recognized in that period. These financial statements reflect agreed arrangements approved by the Ministry with respect to the year ended March 31, 2026.

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 property and equipment are deferred and amortized into revenue on a straight-line basis at a rate corresponding with the amortization rate of the related property and equipment.

Ontario Health Insurance Plan and preferred accommodation revenue is recognized when the service is provided.

HALDIMAND WAR MEMORIAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2026

2. Significant accounting policies (continued):

(e) Contributed goods and services:

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

(f) Employee future benefits:

Post-employment health, dental, and life insurance:

The Hospital provides post-employment health, dental, and life insurance for eligible employees. The cost of retirement benefits earned by employees is actuarially determined using the projected benefit method prorated on service and incorporates management's best estimate of cost escalation, retirement ages of employees and other actuarial factors. The most recent actuarial valuation of the benefit plans for funding purposes was as of March 31, 2026 and the next required valuation will be as of March 31, 2029.

Actuarial gains (losses) on the liability for post-employment benefits arise from the difference between actual and expected experience and from changes in the actuarial assumptions used to determine the liability for post-employment benefits. The accumulated actuarial gains (losses) are amortized over the average remaining service period of active employees. The average remaining service period of the active employees covered by the post-employment health, dental, and life insurance plan is 15 years (2025 – 17 years).

Past service costs arising from plan amendments are recognized immediately in the period the plan amendments occur.

Pension:

Eligible employees of the Hospital are members of the Healthcare of Ontario Pension Plan ("HOOPP"). This plan is a multi-employer defined benefit plan. As HOOPP's assets and liabilities are not segmented by participating employer, the Hospital accounts for contributions made to the plan as a defined contribution plan. Accordingly, contributions are included in salaries and benefits expense in the year the contributions are made.

HALDIMAND WAR MEMORIAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2026

2. Significant accounting policies (continued):

(g) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. Management has elected to record all investments at fair value as they are managed and evaluated on a fair value basis.

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.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other 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 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 Hospital is required 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.

HALDIMAND WAR MEMORIAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2026

2. Significant accounting policies (continued):

(h) 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 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 asbestos removal has been recognized based on the estimated future expenses. The liability for the removal of above ground fuel tanks has been recognized based on estimated future expenses and post removal care. The increase to property and equipment is being amortized in accordance with the amortization accounting policies outlined in note 2(c).

(i) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of property and equipment, accounts receivable, due from related parties, and obligations related to employee future benefits. Additionally, with respect to asset retirement obligations, management is required to make estimates regarding the useful lives of affected property and equipment and the expected retirement costs, as well as the timing and duration of these retirement costs. The estimate is reconsidered annually at the financial reporting date for any significant changes in the estimated obligation. Actual results could differ from those estimates.

HALDIMAND WAR MEMORIAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2026

3. Accounts receivable:

	2026	2025
Ministry of Health	\$ 1,368,260	\$ 614,212
HST receivable	339,969	318,087
Insurers and patients	63,624	88,381
Other	103,128	194,534
	1,874,981	1,215,214
Allowance for doubtful accounts	(4,263)	(8,074)
	\$ 1,870,718	\$ 1,207,140

4. Related party transactions:

Due from Edgewater Gardens Long-Term Care Centre:

The Hospital exercises control over Edgewater Gardens Long-Term Care Centre ("Edgewater") by virtue, in part, by a number of common directors. Transactions and balances with Edgewater during the year are as follows:

	2026	2025
Building rental, maintenance and hydro revenue	\$ 485,231	\$ 467,890
Administration fee, salaries and other revenue	123,541	76,384
Deferred contributions received, nursing home capital funding	241,776	242,438
Due from related parties, non-interest bearing with no specified terms	92,797	179,532

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.

HALDIMAND WAR MEMORIAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2026

4. Related party transactions (continued):

Due from Edgewater Gardens Long-Term Care Centre (continued):

Below is a summary of Edgewater's financial position as at December 31:

	2026	2025
Financial position:		
Total assets	\$ 1,151,592	\$ 3,289,559
Total liabilities	\$ 2,728,292	\$ 3,157,561
Net assets	(1,576,700)	131,998
	\$ 1,151,592	\$ 3,289,559
Results of operations:		
Total revenues	\$ 9,178,602	\$ 8,288,814
Total expenses	10,887,300	8,346,714
Deficiency of revenues over expenses	\$ (1,708,698)	\$ (57,900)

Haldimand War Memorial Charitable Corporation:

The Hospital exercises control over the Haldimand War Memorial Charitable Corporation (the "Charity") in part, by a number of common directors and management. Below is a summary of the Charity's financial position as at March 31:

	2026	2025
Financial position:		
Total assets	\$ 12,916,336	\$ 12,194,082
Total liabilities	\$ 12,068	\$ 12,369
Net assets	10,855,928	10,200,206
Accumulated remeasurement gains	2,048,340	1,981,507
	\$ 12,916,336	\$ 12,194,082
Results of operations:		
Total revenues	\$ 1,360,980	\$ 760,034
Total expenses	212,545	182,262
Excess of revenues over expenses	1,148,435	577,772
Donations to Haldimand War Memorial Hospital	500,000	485,000
Excess of revenues over expenses	\$ 648,435	\$ 92,772

HALDIMAND WAR MEMORIAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2026

4. Related party transactions (continued):

During the year, the Hospital received donations from the Charity. Transactions and balances with the Charity during the year are as follows:

	2026		2025	
Donations from the Charity for operations	\$	500,000	\$	485,000
Due to related parties		(1,404)		–

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.

5. Inventories:

Inventory is comprised of:

	2026		2025	
Medical supplies	\$	134,994	\$	129,243
Drugs		65,567		65,766
	\$	200,561	\$	195,009

6. Investments:

	2026		2025	
	Cost	Fair value	Cost	Fair value
Fixed income	\$ 301,928	\$ 305,299	\$ 286,077	\$ 285,744
Equities	196,873	280,087	184,274	244,659
	\$ 498,801	\$ 585,386	\$ 470,351	\$ 530,403

These funds are held for repairs on the Village by the Grand as further described in note 9.

HALDIMAND WAR MEMORIAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2026

7. Property and equipment:

March 31, 2026	Cost	Accumulated amortization	Net book value
Land – Hospital	\$ 90,754	\$ –	\$ 90,754
Land – Rental	1,588,416	–	1,588,416
Land improvements	519,966	505,006	14,960
Buildings – Hospital	24,129,688	11,561,308	12,568,380
Buildings – Rental	12,999,857	6,359,361	6,640,496
Buildings – Village by the Grand	36,616	–	36,616
Furniture and equipment	15,986,095	13,970,982	2,015,113
Redevelopment costs	129,643	129,643	–
Construction-in-progress	1,172,470	–	1,172,470
	\$ 56,653,505	\$ 32,526,300	\$ 24,127,205

March 31, 2025	Cost	Accumulated amortization	Net book value
Land – Hospital	\$ 90,754	\$ –	\$ 90,754
Land – Rental	1,588,416	–	1,588,416
Land improvements	519,966	500,471	19,495
Buildings – Hospital	23,482,953	10,846,545	12,636,408
Buildings – Rental	12,999,857	6,033,017	6,966,840
Buildings – Village by the Grand	36,616	–	36,616
Furniture and equipment	15,753,362	13,383,246	2,370,116
Redevelopment costs	129,643	129,643	–
Construction-in-progress	863,476	–	863,476
	\$ 55,465,043	\$ 30,892,922	\$ 24,572,121

8. Credit facility:

The Hospital maintains a \$1,600,000 operating line of credit for purposes of short-term borrowing and financing its working capital. The bank indebtedness bears interest at prime minus 0.25% and is secured by a general security agreement. As of March 31, 2026, the balance drawn was \$nil (2025 - \$nil).

HALDIMAND WAR MEMORIAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2026

9. Accounts payable and accrued liabilities:

	2026	2025
Ministry of Health	\$ 294,075	\$ 340,761
Accounts payable	977,702	480,970
Government remittances	208,930	214,522
Wages, benefits and other accruals	3,521,810	3,423,854
	<u>\$ 5,002,517</u>	<u>\$ 4,460,107</u>

Included in accounts payable is a portion of the occupancy fees charged to life lease unit holders of Village by the Grand. The fees are set aside for future major repairs and replacement of common areas and facilities. As at March 31, 2026, the balance included in accounts payable and accrued liabilities was \$631,581 (2025 - \$618,015)

10. Obligation under capital leases:

The following is a schedule of minimum lease payments under fixed rate capital leases expiring August 15, 2028 together with the balance of the obligation:

Fiscal years ending:	
2027	\$ 28,932
2028	28,932
2029	12,055
	<u>69,919</u>
Less interest	<u>(6,331)</u>
	63,588
Less: current portion	<u>(24,885)</u>
	<u>\$ 38,703</u>

HALDIMAND WAR MEMORIAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2026

11. Deferred capital contributions:

	2026	2025
Balance, beginning of year	\$ 13,504,442	\$ 12,738,979
Contributions received:		
Ministry of Health	804,305	1,041,454
Ministry of Health, nursing home capital funding	241,776	242,438
Dunnville Hospital & Healthcare Foundation	300,000	500,000
Dunnville Health Centre Volunteer Association	33,588	—
Other	14,575	10,005
	14,898,686	14,532,876
Amortization of deferred equipment contributions	(523,743)	(449,640)
Amortization of deferred property contributions	(599,040)	(578,794)
Balance, end of year	\$ 13,775,903	\$ 13,504,442

12. Employee future benefits:

The Hospital provides extended health care, dental and life insurance benefits to eligible employees. At March 31, 2026, the Hospital's accrued benefit obligation relating to post-employment benefit plans is \$274,700 (2025 - \$291,900) of which \$533,700 (2025 - \$542,200) has been recorded as an accrued benefit liability on the statement of financial position.

The main actuarial assumptions employed for the valuations are as follows:

i. Interest (discount rate):

The obligation as at March 31, 2026, of the present value of future liabilities was determined using a discount rate of 4.8% (2025 - 4.5%).

ii. Medical costs:

Medical costs were assumed to increase at the rate of 6.58% (2025 - 5.6%) per year.

iii. Dental costs:

Dental costs were assumed to increase at the rate of 3.3% (2025 - 5%) per year.

Included in salaries and benefits on the statement of operations is an expense of \$17,200 (2025 - \$14,100) regarding employee future benefits. The amount is comprised of:

	2026	2025
Current period benefit cost	\$ 32,200	\$ 30,200
Interest on accrued benefits	14,000	13,200
Amortization of actuarial gain	(29,000)	(29,300)
	\$ 17,200	\$ 14,100

HALDIMAND WAR MEMORIAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2026

12. Employee future benefits (continued):

Information about the accrued benefit obligation and liability as at March 31, 2026, is as follows:

	2026	2025
Accrued benefit obligation:		
Balance, beginning of year	\$ 291,900	\$ 259,600
Current period benefit cost	32,200	30,200
Actuarial (gain) loss	(37,700)	5,900
Interest on accrued benefits	14,000	13,200
Benefit payments	(25,700)	(17,000)
Balance, end of year	274,700	291,900
Unamortized actuarial gains	259,000	250,300
Accrued benefit liability, end of year	\$ 533,700	\$ 542,200

13. Contingent liabilities:

The Hospital is monitoring pay equity plans with certain employee groups. It is not possible at this time to make an estimate of the amount that may be payable to these labour groups, if any, and accordingly no provision has been made in the financial statements.

14. Pension plan:

Eligible employees of the Hospital are members of the HOOPP. Contributions to the plan made during the year by the Hospital on behalf of its employees amounted to \$961,700 (2025 - \$936,683) and are included in salaries and benefits in the statement of operations.

The most recent HOOPP actuarial valuation of the Plan as of December 31, 2025 indicated the Plan has a 9% surplus in disclosed actuarial assets.

HALDIMAND WAR MEMORIAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2026

15. Net assets invested in property and equipment:

(a) Net assets invested in property and equipment is calculated as follows:

	2026	2025
Property and equipment	\$ 24,127,205	\$ 24,572,121
Asset retirement obligation (note 16)	(344,251)	(344,251)
Amounts financed by:		
Deferred capital contributions	(13,775,903)	(13,504,442)
	\$ 10,007,051	\$ 10,723,428

(b) Change in net assets invested in property and equipment is calculated as follows:

	2026	2025
Deficiency of revenues over expenses:		
Amortization of deferred capital contributions related to property and equipment	\$ 1,122,783	\$ 1,028,434
Amortization of property and equipment	(1,633,378)	(1,570,196)
	\$ (510,595)	\$ (541,762)
Net change in investment in property and equipment:		
Purchase of property and equipment	\$ 1,188,462	\$ 1,975,926
Amounts funded by deferred capital contributions	(1,394,244)	(1,793,897)
	\$ (205,782)	\$ 182,029

HALDIMAND WAR MEMORIAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2026

16. Asset retirement obligations:

The Hospital's asset retirement obligation consists of several obligations as follows:

(a) Asbestos abatement:

The Hospital owns and operates a facility that is known to have asbestos, which represents a health hazard upon demolition of the building and there is a legal obligation to remove it. Under Public Accounting Standard *PS 3280 – Asset Retirement Obligations*, the Hospital has an obligation of \$356,006 (2025 - \$341,699) relating to the removal and post-removal care of the asbestos in these buildings. Estimates include the removal, transportation and disposal of asbestos-containing building materials. The change in estimate is due to inflationary factors and was recognized as an expense in the statement of operations.

(b) Fuel storage tanks:

The Hospital has two above ground fuel storage tanks in use. Estimated cost for the removal and decommissioning of the fuel tanks is based on industry standard. Under Public Accounting Standard *PS 3280 – Asset Retirement Obligations*, the Hospital has an obligation of \$11,267 (2025 - \$10,814) relating to the removal and decommissioning of the fuel tanks. The change in estimate is due to inflationary factors and was recognized as an expense in the statement of operations.

17. Financial risks:

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates, will affect the Hospital's income or the value of its holdings of financial instruments.

(a) Financial instruments:

The Hospital's financial instruments consist of cash and cash equivalents, and portfolio investments.

(b) Fair value measurement:

Within the fair value hierarchy, as at March 31, 2026 and 2025 cash and cash equivalents, and portfolio investments are classified as Level 1.

(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 market interest rates.

Financial liabilities with variable interest rates expose the Hospital to cash flow interest rate risk. The Hospital is exposed to this risk through its bank indebtedness that bears interest at rates that fluctuate with the prime rate.

There have been no significant changes to the interest rate risk exposure from 2025.

HALDIMAND WAR MEMORIAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2026

17. Financial risks (continued):

(d) Credit risk:

Credit risk is the risk of financial loss to the Hospital if a patient fails to meet its contractual obligations. Such risks arise principally from certain financial assets held by the Hospital consisting of accounts receivable.

The maximum exposure to credit risk of the Hospital 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 allowance for doubtful accounts as at March 31, 2026 is \$4,263 (2025 - \$8,074). The amount of any related impairment loss is recognized in the statement of operations. Subsequent recoveries of impairment losses related to accounts receivable are credited to the statement of operations.

There have been no significant changes to the credit risk exposure from 2025.

(e) 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 requirements. The Hospital prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

There have been no significant changes to the liquidity risk exposure from 2025.

18. Comparative information:

Certain comparative information has been reclassified to conform to the current year's financial statement presentation.