

Financial Statements of

**ORILLIA SOLDIERS'
MEMORIAL HOSPITAL**

And Independent Auditor's Report thereon

Year ended March 31, 2026



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INDEPENDENT AUDITOR'S REPORT

To the Directors of Orillia Soldiers' Memorial Hospital

Opinion

We have audited the financial statements of Orillia Soldiers' Memorial Hospital (the Hospital), which comprise:

- the statement of financial position as at March 31, 2026
- the statement of operations for the year then ended
- the statements of changes in net assets for the year then ended
- the statement of cash flows 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 Hospital as at March 31, 2026, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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



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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 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 Hospital'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 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.
- 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' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

June 5, 2026

ORILLIA SOLDIERS' MEMORIAL HOSPITAL



Statement of Financial Position

March 31, 2026, with comparative information for 2025
(in thousands of dollars)

	2026	2025
Assets		
Current assets:		
Cash	\$ 32,864	\$ 35,332
Accounts receivable (note 2)	5,168	8,296
Inventories and prepaid expenses	5,511	5,132
	<u>43,543</u>	<u>48,760</u>
Property, plant and equipment (note 3)	113,520	112,530
Restricted cash and investments (note 4)	10,057	-
	<u>\$ 167,120</u>	<u>\$ 161,290</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 33,810	\$ 29,585
Deferred contributions (note 6)	3,269	1,820
	<u>37,079</u>	<u>31,405</u>
Asset retirement obligation (note 7)	548	526
Long-term obligations (note 8)	4,569	2,375
Employee post-retirement benefits (note 9)	6,755	6,490
Deferred capital contributions (note 10)	79,557	81,340
	<u>128,508</u>	<u>122,136</u>
Net assets	38,612	39,154
Contingencies (note 14)		
	<u>\$ 167,120</u>	<u>\$ 161,290</u>

See accompanying notes to financial statements

On behalf of the Board:


 _____ Chair

 _____ Secretary

ORILLIA SOLDIERS' MEMORIAL HOSPITAL

Statement of Operations

Year ended March 31, 2026, with comparative information for 2025
(in thousands of dollars)

	2026	2025
Revenue:		
Ministry of Health and Ontario Health Central (note 11)	\$ 181,169	\$ 175,937
Patient services	12,055	11,847
Other	10,123	9,492
Specifically funded programs (note 12)	7,691	7,320
Amortization of deferred capital contributions	2,818	2,855
	<u>213,856</u>	<u>207,451</u>
Expenses:		
Salaries and wages	102,085	96,341
Employee benefits	30,382	30,371
Medical staff remuneration	14,974	14,249
Drugs	7,765	8,073
Medical and surgical	12,968	12,275
Amortization of equipment	5,382	5,612
Other supplies and services	32,329	29,148
Specifically funded programs (note 12)	7,691	7,378
	<u>213,576</u>	<u>203,447</u>
Excess of revenue over expenses before undernoted items	280	4,004
Amortization of property, plant and equipment	(4,768)	(4,667)
Amortization of deferred contributions	3,946	3,863
Excess (deficiency) of revenue over expenses	<u>\$ (542)</u>	<u>\$ 3,200</u>

See accompanying notes to financial statements

ORILLIA SOLDIERS' MEMORIAL HOSPITAL

Statement of Changes in Net Assets

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

(in thousands of dollars)

2026	Unrestricted	Board Restricted (Note 4)	Total
Balance, beginning of year	\$ 39,154	\$ -	\$ 39,154
Excess (deficiency) of revenue over expenses	(599)	57	(542)
Board restricted investment	(10,000)	10,000	-
Balance, end of year	\$ 28,555	\$ 10,057	\$ 38,612

2025	Unrestricted	Board Restricted (Note 4)	Total
Balance, beginning of year	\$ 35,954	\$ -	\$ 35,954
Excess of revenue over expenses	3,200	-	3,200
Board restricted investment	-	-	-
Balance, end of year	\$ 39,154	\$ -	\$ 39,154

ORILLIA SOLDIERS' MEMORIAL HOSPITAL

Statement of Cash Flows

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

(in thousands of dollars)

	2026	2025
Cash flows from operating activities:		
Excess (deficiency) of revenues over expenses	\$ (542)	\$ 3,200
Adjustments for:		
Amortization of property, plant, and equipment	10,150	10,279
Amortization of deferred capital contributions	(6,764)	(6,718)
Asset retirement obligation accretion	22	14
Increase in liability for employee post-retirement benefits	265	255
	<u>3,131</u>	<u>7,030</u>
Change in non-cash working capital:		
Accounts receivable	3,128	23
Inventories and prepaid expenses	(379)	(1,121)
Accounts payable and accrued liabilities	4,225	2,616
Deferred contributions	1,449	(2,417)
	<u>11,554</u>	<u>6,131</u>
Cash flows from investing activities:		
Increase in investments	(10,057)	-
Purchase of property, plant and equipment	(11,140)	(7,347)
	<u>(21,197)</u>	<u>(7,347)</u>
Cash flows from financing activities:		
Increase (decrease) in long-term obligations	2,194	11
Deferred capital contributions received	4,981	5,045
	<u>7,175</u>	<u>5,056</u>
Net decrease (increase) in cash	(2,468)	3,840
Cash, beginning of year	35,332	31,492
Cash, end of year	<u>\$ 32,864</u>	<u>\$ 35,332</u>

See accompanying notes to financial statements

ORILLIA SOLDIERS' MEMORIAL HOSPITAL

Notes to Financial Statements

Year ended March 31, 2026
(In thousands of dollars)

The Orillia Soldiers' Memorial Hospital (the "Hospital") was incorporated under the laws of Ontario in 1908. The Hospital is principally involved in providing health care services to Orillia and the surrounding area. The Hospital is a registered charity under the Income Tax Act and, accordingly, is exempt from income taxes provided certain requirements of the Income Tax Act are met.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards including the 4200 standards for government not-for-profit organizations.

(a) Revenue recognition:

The Hospital accounts for contributions, which include donations and government grants, under the deferral method of accounting.

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") and Ontario Health Central ("OHC"). Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in the subsequent period.

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

Externally restricted contributions are recognized as revenue in the period in which the related expenses are recognized.

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on the straight-line basis at rates corresponding to those of the related capital assets.

Revenue from patient and other services is recognized as the performance obligations are provided and when the service is provided.

(b) Inventories:

Inventories are stated at the lower of average cost and net realizable value. Cost comprises all costs to purchase, convert and any other costs in bringing the inventories to their present location and condition.

ORILLIA SOLDIERS' MEMORIAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2026
(In thousands of dollars)

1. Significant accounting policies (continued):

(c) Property, plant and equipment:

Property, plant and equipment are recorded at cost. Assets acquired under capital leases are initially recorded at the present value of the future minimum lease payments and amortized over the useful life of the assets. Minor equipment replacements are expensed in the year of replacement. Contributed assets are recorded at fair market value.

Construction in progress is not amortized until construction is complete and the facilities come into use.

Amortization is provided on the straight-line basis at the following range of annual rates:

Land improvements	5.0%
Buildings	2.5%
Building service equipment	5% - 20%
Furniture and equipment	5% - 20%

In the year of acquisition, amortization is pro-rated based on the date of service.

Long-lived assets, including capital assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. When quoted market prices are not available, the Hospital uses the expected future cash flows discounted at a rate commensurate with the risks associated with the recovery of the asset as an estimate of fair value.

Assets to be disposed of would be separately presented in the statement of financial position and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer amortized. The asset and liabilities of a disposed group classified as held for sale would be presented separately in the appropriate asset and liability sections of the statement of financial position.

(d) Related entities:

The notes to financial statements include information of the following entities (note 18):

Orillia Soldiers' Memorial Hospital Foundation ("OSMH Foundation")

ORILLIA SOLDIERS' MEMORIAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2026
(In thousands of dollars)

1. Significant accounting policies (continued):

(e) Asset retirement obligations:

The Hospital recognizes the fair value of an asset retirement obligation ("ARO") when all of the following criteria have been 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.

A liability for the removal of asbestos-containing materials in certain Hospital facilities and underground fuel tanks owned by the Hospital has been recognized based on estimated future expenses. Actual remediation costs incurred are charged against the ARO to the extent of the liability recorded. Differences between the actual remediation costs incurred and the associated liability recorded within the consolidated financial statements are recognized in the Statement of Operations at the time of remediation occurs.

(f) Employee post-retirement benefits:

The Hospital accrues its obligations for employee benefit plans. The cost of non-pension post-retirement and post-employment benefits earned by employees is actuarially determined using the projected benefit method pro-rated on service and management's best estimate of retirement ages of employees and expected health care costs.

Actuarial gains (losses) on the accrued benefit obligation arise from changes in actuarial assumptions used to determine the accrued benefit obligation. The net 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 employee benefit plan is 12 years.

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

The Hospital is an employer member of the Health Care of Ontario Pension Plan (the "Plan"), 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 cost, amortization of past service costs and interest costs related to the future employer contributions to the Plan for past employee service.

ORILLIA SOLDIERS' MEMORIAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2026
(In thousands of dollars)

1. Significant accounting policies (continued):

(g) 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 revenue and expenses during the periods specified. Significant items subject to such estimates and assumptions include the carrying amount of capital assets; valuation allowances for receivables, and inventories; valuation of financial instruments; and assets and obligations related to employee future benefits. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

In addition, the Hospital's implementation of *PS3280 Asset Retirement Obligations* has resulted in the requirement for management to make estimates regarding the useful lives of affected tangible capital assets and the expected retirement costs.

Actual results could differ from those estimates.

(h) Funding adjustments:

The Hospital receives grants from the OHC and MOH for specific services. Pursuant to the related agreements, if the Hospital does not meet specified levels of activity or achieves other criteria for revenue recognition, the MOH or OHC may be entitled to seek recoveries. Should any amounts become recoverable, the recoveries would be charged to operations in the period in which the recovery is determined to be payable. Should programs and activities incur a deficit, the Hospital records any recoveries thereon when additional funding is received or receivable if the amounts can be reasonably estimated and collection is reasonably assured.

(i) Contributed services:

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

(j) Financial instruments:

All financial instruments are initially recorded on the statement of financial position at fair value.

All investments, if any, held in equity instruments that trade in an active market are recorded at fair value. Management has elected to record investments at fair value as they are managed and evaluated on a fair value basis. Freestanding derivative instruments that are not equity instruments that are quoted in an active market are subsequently measured at fair value.

ORILLIA SOLDIERS' MEMORIAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2026
(In thousands of dollars)

1. Significant accounting policies (continued):

(j) Financial instruments (continued):

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 financial assets are assessed for impairment on an annual basis. Where a decline in fair value is determined to be other than temporary, the amount of the loss is recognized in the statement of operations and any unrealized gain is adjusted through the statement of remeasurement gains and losses. On sale, the statement of remeasurement gains and losses associated with that instrument are reversed and recognized in the statement of operations.

(k) Multi-employer pension plan:

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

2. Accounts receivable:

	2026	2025
MOH/OHC	\$ 639	\$ 2,296
Insurers and patients	1,708	1,660
OSMH Foundation	576	2,042
Other	2,245	2,298
	<u>\$ 5,168</u>	<u>\$ 8,296</u>

ORILLIA SOLDIERS' MEMORIAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2026
(In thousands of dollars)

3. Property, plant and equipment:

	2026		
	Cost	Accumulated amortization	Net book value
Land	\$ 3,683	\$ -	\$ 3,683
Land improvements	3,662	3,221	441
Buildings	121,816	67,513	54,303
Building service equipment	35,537	13,159	22,378
Furniture and equipment	110,481	85,657	24,824
Work in progress	7,891	-	7,891
	\$ 283,070	\$ 169,550	\$ 113,520

	2025		
	Cost	Accumulated amortization	Net book value
Land	\$ 3,683	\$ -	\$ 3,683
Land improvements	3,446	3,191	255
Buildings	121,825	64,624	57,201
Building service equipment	33,299	11,353	21,946
Furniture and equipment	105,817	80,275	25,542
Work in progress	3,903	-	3,903
	\$ 271,973	\$ 159,443	\$ 112,530

ORILLIA SOLDIERS' MEMORIAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2026
(In thousands of dollars)

4. Board restricted net assets:

OSMH maintains restricted cash and investments as approved by the Board of Directors for the Hospital Redevelopment Project. These internally restricted amounts are not available for other purposes without approval by the Board of Directors.

The change in Board restricted net assets for the year is summarized as follows:

	2026	2025
Board restricted net assets, beginning of year	\$ -	\$ -
Add:		
Funds internally restricted by the Board of Directors	10,000	-
Interest and realized gains	57	-
Board restricted net assets, end of year	\$ 10,057	\$ -

The Board restricted net assets are comprised of:

	2026	2025
Canadian Guaranteed Income Certificates (yields between 2.82% and 3.65%, maturing between January 2028 to January 2031)	\$ 10,057	\$ -
Board restricted net assets, end of year	\$ 10,057	\$ -

5. Accounts payable and accrued liabilities:

	2026	2025
Accounts payable and accrued liabilities:		
OHC/MOH	\$ 4,786	\$ 3,615
Trade accounts payable	3,069	3,575
Other	9,793	5,803
Payroll accruals:		
Salaries and wages	4,523	3,936
Vacation pay and other entitlements	11,639	12,656
	\$ 33,810	\$ 29,585

ORILLIA SOLDIERS' MEMORIAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2026
(In thousands of dollars)

6. Deferred contributions:

Deferred contributions represent unspent funding externally restricted for specific programs received in the current and/or prior period that are related to a subsequent period.

7. Asset retirement obligation:

The Hospital has accrued for asset retirement obligations related to the legal requirement for the removal or remediation of asbestos-containing materials in certain facilities as well as underground fuel tanks on properties owned by the Hospital. 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 soil contaminants in accordance with current legislation.

The change in the estimated obligation during the year consists of the following:

	2026	2025
Balance, beginning of year	\$ 526	\$ 512
Add: Inflation adjustment	22	14
Balance, end of year	\$ 548	\$ 526

8. Long-term obligations:

Included in this balance are amounts owing for various pay equity and other labour settlements beyond the next fiscal year.

ORILLIA SOLDIERS' MEMORIAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2026
(In thousands of dollars)

9. Employee post-retirement benefits:

The Hospital sponsors a post-retirement defined benefit plan for medical, life insurance and dental benefits for substantially all unionized full time employees with various cost-sharing arrangements as determined by their collective agreements. The most recent valuation of the employee future benefits was completed as at April 1, 2025.

The accrued benefit obligation is recorded in the financial statements as follows:

	2026	2025
Balance, beginning of year	\$ 6,490	\$ 6,235
Add: benefit costs	885	813
	7,375	7,048
Less: benefit contributions	(620)	(558)
Balance, end of year	\$ 6,755	\$ 6,490

Similar to most post-employment benefit plans (other than pension) in Canada, the Hospital's plan is not pre-funded, resulting in plan deficit equal to the accrued benefit obligation.

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

	2026	2025
Discount rate	4.70%	4.50%
Dental cost trend rates	5.00%	5.00%
Extended health care trend rates	5.27%	5.27%

ORILLIA SOLDIERS' MEMORIAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2026
(In thousands of dollars)

10. Deferred capital contributions:

Deferred capital contributions represent the unamortized and unspent balances of donations and grants restricted for capital asset acquisitions. Details of the continuity of these funds are as follows:

	2026	2025
Balance, beginning of year	\$ 81,340	\$ 83,013
Contributions received during the year:		
OSMH Foundation	2,587	2,478
MOH/OHC	2,394	2,567
	4,981	5,045
Amounts amortized to revenue:		
Hospital operations	(6,764)	(6,718)
Balance, end of year	\$ 79,557	\$ 81,340

The balance of unamortized and unspent funds consists of the following:

	2026	2025
Unamortized	\$ 77,743	\$ 80,320
Unspent:		
Capital projects	1,814	1,020
	\$ 79,557	\$ 81,340

11. Ministry of Health/Ontario Health Central:

	2026	2025
MOH/OHC	\$ 166,835	\$ 159,838
Ontario Renal Network	13,159	14,152
Cancer Care Ontario	5,944	6,184
Paymaster	(4,769)	(4,237)
	\$ 181,169	\$ 175,937

ORILLIA SOLDIERS' MEMORIAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2026
(In thousands of dollars)

12. Specifically funded programs:

The Hospital administers a number of programs which are separately funded. The revenue and expenses related to these programs are recorded separately from the base funding operations of the Hospital and any excess or deficiency of revenue over expenses is settled with the funding agencies on an annual basis.

	2026	2025
Revenue:		
Community Mental Health and Addictions	\$ 2,312	\$ 2,275
Couchiching Health at Home	3,831	-
CTN Occupational Therapy	676	764
Simcoe – Occupational/Physiotherapy	490	479
MCSS Social Work program	214	206
Bundled Care	150	100
High Intensity Supports at Home	-	3,478
Municipal taxes	18	18
	<u>7,691</u>	<u>7,320</u>
Expenses:		
Community Mental Health and Addictions	2,312	2,328
Couchiching Health at Home	3,831	-
CTN Occupational Therapy	676	764
Simcoe – Occupational/Physiotherapy	490	479
MCSS Social Work program	214	210
Bundled Care	150	100
High Intensity Supports at Home	-	3,478
Municipal taxes	18	19
	<u>7,691</u>	<u>7,378</u>
Excess (deficiency) of revenue over expenses	\$ -	\$ (58)

During the year, the Hospital received a total of \$490 in funding from the County of Simcoe (2025 - \$490) related to the Special Needs Resourcing program. The Hospital has fully spent these funds during the current year.

13. Bank indebtedness:

The Hospital has arranged for credit facilities which include the following:

- \$12 million credit facility available to fund operating requirements, bearing interest at banker's prime rate less 0.65% per annum.
- \$12.7 million credit facility available to fund capital expenditures, bearing interest at banker's prime rate less 0.25% per annum and repayment terms of 84 months from the date of any drawdown.

As at March 31, 2026, there was \$Nil drawn on the credit facilities (2025 - \$Nil).

ORILLIA SOLDIERS' MEMORIAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2026
(In thousands of dollars)

14. Contingencies:

(a) Legal matters and litigation:

The Hospital is involved in certain legal matters and litigation, the outcomes of which are not presently determinable. The loss, if any, from these contingencies will be accounted for in the periods in which the matters are resolved. Management is of the opinion that these matters are mitigated by adequate insurance coverage.

(b) 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.

(c) HealthCare Insurance Reciprocal of Canada:

The Hospital is a member 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. As at March 31, 2026, no assessments have been received by the Hospital.

15. Financial risks and concentration of credit risk:

(a) Credit risk:

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

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

Management considers credit risk to be minimal as most of the accounts receivable balance is collected in a timely fashion.

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

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

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

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

ORILLIA SOLDIERS' MEMORIAL HOSPITAL

Notes to Financial Statements (continued)

Year ended March 31, 2026
(In thousands of dollars)

16. Pension plan:

Substantially all of the full-time employees of the Health Centre are members of the Healthcare of Ontario Pension Plan (the "Plan"), which is a multi-employer defined benefit pension plan available to all eligible employees of the participating members of the Ontario Hospital Association. Contributions to the Plan made during the year by the Health Centre on behalf of its employees amounted to \$8,588 (2025 - \$8,150) and are included in the employee benefits in the consolidated statement of operations.

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

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

17. Related entity:

The Hospital has an economic interest in the OSMH Foundation. The OSMH Foundation was created for the purpose of promoting and participating in fundraising programs in order to raise money for capital projects, training and medical research.

During the year, the Hospital received donations amounting to \$3,062 (2025 - \$3,329) from the OSMH Foundation.