MUSKOKA ALGONQUIN HEALTHCARE

Annual Meeting
of the Members of the Corporation of Muskoka Algonquin Healthcare

Monday, June 16, 2025
7:00 PM
South Muskoka Memorial Hospital Boardroom

	Agenda Item	Speaker	Page #
1.	Chair's Welcome/Call To Order	Dave Uffelmann	---
2.	Land Acknowledgment	Dave Uffelmann	---
3.	Approval of Previous Minutes of June 24, 2024	Dave Uffelmann	3
4.	Report of the Corporate Auditor • Presentation of the Audited Financial Statements • Appointment of Corporate Auditors♦	Bruce Schouten	7
5.	Report of the Nominations Committee • Election of Directors♦	Mary Lyne	---
6.	Closing Remarks and Adjournment♦	Dave Uffelmann	---

♦*Denotes motion required*

NOTICE OF MOTIONS FOR RESOLUTION

- **Adoption of Minutes**

  That the minutes of the Annual Meeting for the Members of the Corporation held June 24, 2024 be approved.

- **Appointment of Corporate Auditor**

  That KPMG be appointed as the corporate auditor for Muskoka Algonquin Healthcare to hold office until the next annual meeting.

- **Election of Directors**

  That the following be appointed by the Members of the Corporation to the Muskoka Algonquin Healthcare Board of Directors:

  - Ruth Chalmers for a 3-year term ending June 2028
  - Beel Yaqub for a 3-year term ending June 2028
  - Michael Righetti for a 3-year term ending June 2028
  - Don Macintosh for a 3-year term ending June 2028

MINUTES OF THE ANNUAL MEETING
FOR THE MEMBERS OF THE CORPORATION OF
MUSKOKA ALGONQUIN HEALTHCARE
MONDAY, JUNE 24, 2024 at 7:00 P.M.

South Muskoka Memorial Hospital Boardroom

Present:

Moreen Miller	Dr. William Evans
Dave Uffelmann	Anna Landry
Carla Clarkson-Ladd	Bruce Schouten
Marni Dicker	Mary Lyne

Guests:

Cheryl Harrison	Dr. Helen Dempster
Dr. Khaled Abdel-Razek	Dr. Joseph Gleeson
Alasdair Smith	Melissa Bilodeau
Diane George	Mary Silverthorn
Jody Boxall	Bobbie Clark

Observers:

Matthew Reisler	Charity Klingenberg
Frankie Dewsbury	Matt Klingenberg

1. Chair's Welcome/Call To Order

   Moreen Miller, Board Chair noted quorum was present and called the meeting to order at 7:01 pm. Guest and observers were welcomed to the meeting and it was noted that only Members of the Corporation are entitled to vote.

2. Land Acknowledgment

   The Land Acknowledgement statement was read aloud.

3. Approval of Previous Minutes of June 26, 2023

   It was moved, seconded and carried that the minutes of the Annual Meeting for the Members of the Corporation held June 26, 2023 be approved.

4. Report of the Corporate Auditor

Bruce Schouten presented the Audited Financial Statements and noted that the Audit Subcommittee met with KPMG and Management May 23, 2024 to review the draft Financial Statements and discuss the Audit Findings report. Subsequently they were reviewed and discussed at the Resources & Audit Committee May 31, 2024. This discussion resulted in a recommendation to the Board to approve the statements.

The year was finished in a surplus position and appreciation was expressed to the members of the Audit Subcommittee and the Resources and Audit Committee for their expertise, experience and review of the materials in a very detailed manner.

KPMG has provided an unqualified opinion which represents the highest level of assurance that can be received under auditing standards. The performance of KPMG as the corporate auditor over the past year was reviewed and resulted in a recommendation for appointment for the final year of their current contract.

It was moved, seconded and carried that KPMG be appointed as the corporate auditor for Muskoka Algonquin Healthcare to hold office until the next annual meeting.

5. Report of the Nominations Committee

Dr. William Evans provided the report of the Nominations Committee highlighting that the goal, through the Board, is to present the Members of the Corporations with the strongest possible slate of Directors that will create a complementary broad mix of skills, experience and knowledge around the Board table. A brief overview of the work of the Committee was provided and it was explained that the focus was to recruit candidates with experience in Quality & Performance, Health Care, Environmental, Social and Governance (ESG) and Community Relationship Building. Following a comprehensive communication campaign the Nominations Committee reviewed the applications and determined a short-list of ten candidates. Consideration was given to how each applicant would augment Directors' skills and experience, as well as their experience on other boards and the overall content of their applications. Interviews occurred in April and as a result three candidates were recommended for Director positions and three candidates were recommended for Committee Appointee Members who were confirmed at a special meeting of the Board in June.

It was moved, seconded and carried that the following be appointed by the Members of the Corporation to the Muskoka Algonquin Healthcare Board of Directors:

- ***Carla Clarkson-Ladd for a 3 year term ending June 2027***
- ***Colleen Nisbet for a 3 year term ending June 2027***
- ***Jody Boxall for a 3 year term ending June 2027***

6. Articles of Amendment

Carla Clarkson-Ladd noted for the Members that the Ontario Not-for-Profit Corporations Act (ONCA) was proclaimed in force and replaces the Corporations Act. This requires the Hospital to review and revise its Corporate By-law (By-law) and Letters Patent. With the support of Borden Ladner Gervais, the Governance Committee completed this work over the past year and there were several notable provisions that were carefully reviewed and considered.

In addition, in order to become ONCA compliant, the Articles of Amendment are required to amend the current Letters Patent and include revisions to:

- broaden the objects/purposes to modern language appropriate for Ontario public hospitals;
- modernize power clauses/special provisions to the language accepted by the Ontario Public Guardian and Trustee; and
- include the range in the number of elected Directors and to enable the Board to fix the number in the range.

Following Member approval, the Ministry of Health also pre-approves all Articles before they are filed with Service Ontario arising from an amendment to the Public Hospitals Act. The Governance Committee also undertook a policy review to ensure policy compliance with ONCA.

It was moved, seconded and carried that

WHEREAS the Not-for-Profit Corporations Act, 2010 (Ontario) ("ONCA") came into force on October 19, 2021.

AND WHEREAS Muskoka Algonquin Healthcare ("Corporation") wishes to file Articles of Amendment to update its purposes and special provisions, and to make other changes to comply with ONCA ("Articles of Amendment").

AND WHEREAS this special resolution is to be passed by a majority of the board of directors of the Corporation ("Board") and then confirmed by at least two-thirds of the members of the Corporation ("Members") in attendance and voting at a special Members' meeting.

BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. ***the Form 5271E – Articles of Amendment, a copy of which has been circulated in advance of the meeting, is approved; and***
2. ***any two directors and/or officers are together authorized and directed, for and on behalf of the Corporation, to sign and file the Articles of Amendment with such amendments as they may deem necessary or advisable to comply with the requirements of any governmental or regulatory authority having jurisdiction over the Articles of Amendment, without the need for further approval of the Board or the Members.***

It was moved, seconded and carried that be it resolved that the corporate by-law of Muskoka Algonquin Healthcare ("Corporation") relating generally to the conduct of the activities and affairs of the Corporation ("Corporate By-law") as enacted by the board of directors of the Corporation, is confirmed, and all previous corporate by-laws enacted by the Corporation are repealed and replaced by the Corporate By-law.

3. Closing Remarks and Adjournment

   The Chair indicated that all business for the annual meeting was concluded and thanked all participants for attending.

   It was moved that the meeting be adjourned at 7:11pm

Financial Statements of

MUSKOKA ALGONQUIN HEALTHCARE

And Independent Auditor's Report thereon

Year ended March 31, 2025

MUSKOKA ALGONQUIN HEALTHCARE

Financial Statements Index

Year ended March 31, 2025

KPMG LLP
Times Square
1760 Regent Street, Unit 4
Sudbury, ON P3E 3Z8
Canada
Telephone 705 675 8500
Fax 705 675 7586

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Muskoka Algonquin Healthcare

Opinion

We have audited the financial statements of Muskoka Algonquin Healthcare (the "Hospital"), which comprise:

- the statement of financial position as at March 31, 2025
- the statement of operations for the year then ended
- the statement of changes in net assets (debt) 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, 2025, and its results of operations, its changes in net assets (debt) 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 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 Responsibility 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.

- 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 represents 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

June 5, 2025

MUSKOKA ALGONQUIN HEALTHCARE

Statement of Operations

Year ended March 31, 2025, with comparative information for 2024

	2025	2024
Revenue:		
Ministry of Health and Ontario Health	$ 107,769,134	$ 104,876,901
Ministry of Health and Ontario Health - one-time	2,194,932	1,618,342
Ministry of Health and Ontario Health - pandemic funding	1,693,248	2,212,801
Patient charges	9,818,839	8,846,893
Other (note 15)	8,293,970	7,661,253
Amortization of deferred equipment contributions	3,643,534	3,291,090
	133,413,657	128,507,280
Expenses:		
Salaries and wages	75,509,573	70,573,355
Employee benefits	16,548,445	14,958,461
Supplies and other	21,197,161	18,060,959
Medical staff remuneration	11,720,180	10,602,190
Drugs	5,091,815	4,371,647
Medical and surgical supplies	5,778,687	5,206,966
Amortization of equipment	3,643,534	3,460,364
	139,489,395	127,233,942
Excess (deficiency) of revenue over expenses before the undernoted items	(6,075,738)	1,273,338
Other program:		
Revenue	13,950	13,950
Expenses	(18,384)	(17,342)
	(4,434)	(3,392)
Excess (deficiency) of revenue over expenses from Hospital operations	(6,080,172)	1,269,946
Amortization of deferred capital contributions	2,008,708	1,656,784
Amortization of buildings and building service equipment	(2,119,707)	(2,111,481)
	(110,999)	(454,697)
Excess (deficiency) of revenue over expenses	$ (6,191,171)	$ 815,249

See accompanying notes to financial statements.

MUSKOKA ALGONQUIN HEALTHCARE

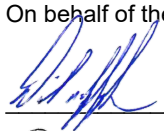
Statement of Financial Position

March 31, 2025, with comparative information for 2024

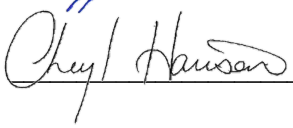
		2025		2024
Assets				
Current assets:				
Cash	$	17,093,458	$	31,663,113
Restricted cash and investments (note 2)		3,376,525		3,219,255
Short-term investments (note 3)		4,753,141		143,021
Accounts receivable (note 4)		7,119,022		8,554,542
Inventories		845,482		904,037
Due from related parties (note 5)		2,033,816		1,991,303
Prepaid expenses		1,182,916		1,278,523
		36,404,360		47,753,794
Capital assets (note 6)		53,994,126		52,185,235
	$	90,398,486	$	99,939,029
Liabilities and Net Assets (Debt)				
Current liabilities:				
Accounts payable and accrued liabilities (note 8)	$	22,604,184	$	29,066,666
Deferred operating contributions (note 9)		601,279		674,197
		23,205,463		29,740,863
Asset retirement obligation (note 10)		267,458		267,458
Long-term obligations (note 11)		12,853,860		10,955,114
Employee post-retirement benefits (note 12)		2,972,500		2,861,700
Deferred contributions related to capital assets (note 13)		52,060,041		50,883,559
		91,359,322		94,708,694
Net assets (debt):				
Unrestricted		(4,337,361)		2,011,080
Internally restricted		3,376,525		3,219,255
		(960,836)		5,230,335
Contingencies (note 16)				
	$	90,398,486	$	99,939,029

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

MUSKOKA ALONGQUIN HEALTHCARE

Statement of Changes in Net Assets (Debt)

Year ended March 31, 2025, with comparative information for 2024

	Unrestricted	Internally Restricted	2025 Total	2024 Total
Balance, beginning of year as previously stated	$ 2,011,080	$ 3,219,255	$ 5,230,335	$ 4,415,086
Excess (deficiency) of revenue over expenses	(6,191,171)	-	(6,191,171)	815,249
Transfers	(157,270)	157,270	-	-
Balance, end of year	$ (4,337,361)	$ 3,376,525	$ (960,836)	$ 5,230,335

See accompanying notes to financial statements.

MUSKOKA ALGONQUIN HEALTHCARE

Statement of Cash Flows

Year ended March 31, 2025, with comparative information for 2024

	2025	2024
Cash flows from operating activities:		
Excess (deficiency) of revenue over expenses	$ (6,191,171)	$ 815,249
Adjustments for:		
Amortization of capital assets	5,763,241	5,571,845
Amortization of deferred contributions related to capital assets	(5,652,242)	(4,947,874)
Increase in employee post-retirement benefits	110,800	159,200
	(5,969,372)	1,598,420
Change in non-cash working capital:		
Accounts receivable	1,435,520	(3,606,279)
Inventories	58,555	(36,106)
Due from related parties	(42,513)	(268,548)
Prepaid expenses	95,607	(416,920)
Accounts payable and accrued liabilities	(6,462,482)	44,239
Other long-term liabilities	1,898,746	3,537,213
Deferred operating contributions	(72,918)	-
	(9,058,857)	852,019
Cash flows from capital activities:		
Purchase of capital assets	(7,572,132)	(10,117,616)
Deferred contributions related to capital assets	6,828,724	7,095,072
	(743,408)	(3,022,544)
Cash flows from investing activities:		
Net change in investments	(4,610,120)	20,180,199
Net (decrease) increase in cash	(14,412,385)	18,009,674
Cash, beginning of year	34,882,368	16,872,694
Cash, end of year	$ 20,469,983	$ 34,882,368
Made up of:		
Cash	17,093,458	31,663,113
Restricted cash and investments (note 2)	3,376,525	3,219,255
	$ 20,469,983	$ 34,882,368

See accompanying notes to financial statements.

Muskoka Algonquin Healthcare (the "Hospital") is incorporated without share capital under the laws of the Province of Ontario. Its principal activity is the provision of health care services to the residents of Burk's Falls, Huntsville, Bracebridge, Gravenhurst, Township of Muskoka Lakes, Township of Georgian Bay, Township of Lake of Bays and the surrounding areas. The Hospital is a registered charity and, as such, is exempt from income taxes provided certain requirements under 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 statement of remeasurement gains and losses has not been included as there are no matters to report therein.

(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 (the "Ministry") and Ontario Health ("OH"). 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 a straight-line basis at rates corresponding to those of the related capital assets.

Revenue from patient and other services is recognized when the performance obligations are settled 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.

1. Significant accounting policies (continued):

(c) Capital assets:

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

	Rate
Land improvements	5%
Buildings	2% - 20%
Equipment	5% - 33%

Amortization is taken at 50% of the above rates in the year of acquisition.

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.

1. Significant accounting policies (continued):

(d) 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 facilities 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 remediation occurs.

(e) Employee future 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 the change 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 17 years.

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

The Hospital is an employer member of the Healthcare 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.

1. Significant accounting policies (continued):

(f) 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; useful lives and expected retirement costs of assets with retirement obligations; valuation allowances for receivables and inventories; valuation of financial instruments; and assets and obligations related to employee future benefits. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

(g) Funding adjustments:

The Hospital receives grants from the OH and the Ministry for specific services. Pursuant to the related agreements, if the Hospital does not meet specified levels of activity, the Ministry or OH 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.

(h) 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.

(i) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently measured at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Hospital has not elected to carry any such financial instruments at fair value.

Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations.

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.

2. Restricted cash and investments:

The Hospital maintains restricted cash and investments as approved by the Board of Directors. These internally restricted amounts are set aside to support future capital redevelopment and are not available for other purposes without approval by the Board of Directors.

3. Short-term investments:

The Hospital holds short-term investments in the form of guaranteed investment certificates ("GICs"). The GICs have maturities that range between one and six months from March 31, 2025 and earn interest at a rates ranging from 3.75% to 4.88%.

4. Accounts receivable:

	2025	2024
Insurers and patients	$ 2,203,094	$ 1,842,049
Ministry of Health	3,032,130	4,821,224
Other	2,276,009	2,053,984
	7,511,233	8,717,257
Allowance for doubtful accounts	(392,211)	(162,715)
	$ 7,119,022	$ 8,554,542

5. Related party transactions:

(a) Huntsville District Memorial Hospital Foundation:

The Hospital has an economic interest in the Huntsville District Memorial Hospital Foundation ("HDMHF") in that HDMHF solicits funds on behalf of the Hospital to be used for approved capital projects. During the year, HDMHF committed a total of $1,000,000 to the Hospital relating to a capital campaign and a further $3,368,945 related to a special campaign to fund capital costs. The contributions during the year amounted to $3,826,946 (2024 -$1,830,835) relating to these campaigns and previous fiscal year commitments.

(b) South Muskoka Hospital Foundation:

The Hospital has an economic interest in the South Muskoka Hospital Foundation ("SMHF") in that SMHF solicits funds on behalf of the Hospital and other organizations in the community with similar objectives. During the year, SMHF committed a total of $1,000,000 to the Hospital of which $250,000 was contributed (2024 - $752,011).

5. Related party transactions (continued):

(c) Due from (to) related parties:

	2025	2024
Huntsville District Memorial Hospital Foundation	$ 2,024,183	$ 1,994,782
South Muskoka Hospital Foundation	9,633	(3,479)
	$ 2,033,816	$ 1,991,303

6. Capital assets:

2025	Cost	Accumulated amortization	Net book value
Land	$ 669,783	$ –	$ 669,783
Land improvements	538,228	523,112	15,116
Buildings	75,906,367	40,230,353	35,676,014
Equipment	80,803,843	63,170,630	17,633,213
	$ 157,918,221	$ 103,924,095	$ 53,994,126

2024	Cost	Accumulated amortization	Net book value
Land	$ 669,783	$ –	$ 669,783
Land improvements	538,228	520,089	18,139
Buildings	73,456,694	38,133,256	35,323,438
Equipment	75,681,384	59,507,509	16,173,875
	$ 150,346,089	$ 98,160,854	$ 52,185,235

7. Short-term demand loans:

The Hospital has an unutilized demand operating line of credit authorized to a maximum of $7,500,000, which bears interest at a rate of prime plus 0.50%. The line of credit is secured by a general security agreement. As of March 31, 2025, there was $Nil drawn on this line of credit (2024 - $Nil).

8. Accounts payable and accrued liabilities:

	2025	2024
Ministry of Health	$ 3,480,135	$ 3,499,011
Trade payables	7,768,662	12,842,050
Accrued wages and benefits	11,355,387	12,725,605
	$ 22,604,184	$ 29,066,666

9. Deferred contributions:

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

	2025	2024
Balance, beginning of year	$ 674,197	$ 674,197
Less: amounts recognized	(72,918)	–
Balance, end of year	$ 601,279	$ 674,197

10. 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 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 in accordance with current legislation.

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

	2025	2024
Balance, beginning of year	$ 267,458	$ 267,458
Less: obligations settled during the year	–	–
Total obligation at March 31	267,458	267,458
Less: current portion reported in accounts payable and accrued liabilities	–	–
Balance, end of year	$ 267,458	$ 267,458

11. Long-term obligations:

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

12. Employee post-retirement benefits:

The Hospital sponsors a post-retirement defined benefit plan for medical, life insurance and dental benefits for employees with various cost-sharing arrangements as determined by their collective agreements and conditions of employment. The most recent valuation of the employee future benefits was completed as at March 31, 2024.

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

	2025	2024
Balance, beginning of year	$ 2,861,700	$ 2,702,500
Add: benefit costs	448,500	476,500
	3,310,200	3,179,000
Less: benefit contributions	(337,700)	(317,300)
Balance, end of year	$ 2,972,500	$ 2,861,700

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

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

	2025	2024
Discount rate	3.89%	3.95%
Initial health care cost trend rate	5.97%	5.97%
Initial dental care cost trend rate	5.00%	5.00%
Health care cost trend rate decreasing to	3.57%	3.57%
Dental care cost trend rate decreasing to	3.57%	3.57%

13. Deferred contributions related to capital assets:

Deferred contributions related to capital assets represent the unamortized or unspent balances of donations and grants received for capital asset acquisitions. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2025	2024
Balance, beginning of year	$ 50,883,559	$ 48,736,361
Less amount amortized to revenue	(5,652,242)	(4,947,874)
Add contributions received:		
Ministry of Health	4,076,946	4,187,755
Foundations	2,439,340	2,582,846
Hospital Auxiliary and other	312,438	324,471
	6,828,724	7,095,072
Balance, end of year	$ 52,060,041	$ 50,883,559

	2025	2024
Unamortized	$ 50,360,455	$ 49,450,160
Unspent:		
Capital projects	1,699,586	1,433,399
	$ 52,060,041	$ 50,883,559

14. Pension plan:

Substantially all of the employees of the Hospital are members of the Healthcare of Ontario Pension Plan (the “Plan”), which is a multi-employer defined benefit plan. Employer contributions made to the Plan during the year by the Hospital amounted to $5,069,243 (2024 - $4,621,723).

15. Other revenue:

	2025	2024
Independent Health Facility funding	$ 2,556,580	$ 2,556,580
Wages and material recoveries	2,715,273	2,087,829
Interest income	999,181	1,145,460
Parking fees	564,363	668,191
Laundry recoveries	886,801	612,173
Differential and co-payment fees	459,505	524,133
Other	97,489	52,109
Rental income	14,778	14,778
	$ 8,293,970	$ 7,661,253

16. Contingencies:

(a) Legal matters and litigation:

The nature of the Hospital's activities is such that there is usually litigation pending or in process at any given time. With respect to claims at March 31, 2025, management believes the Hospital has valid defences and appropriate insurance coverage in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Hospital's financial position.

(b) HealthCare Insurance Reciprocal of Canada:

The Hospital is a member of the HealthCare Insurance Reciprocal of Canada ("HIROC"). HIROC is 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, 2025, no assessments have been received by the Hospital.

(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.

17. Financial risks and concentration of 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.

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, 2025 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 2024.

(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 2024.

17. Financial risks and concentration of risk:

(c) Currency risk:

There have been no significant changes to the currency risk exposure from 2024.

(d) Other risk:

The Hospital has reported a financial deficit in the current year, with an associated impact on working capital and cash flow.

Management has identified several factors that have contributed to these pressures including, but not limited to, financial pressures resulting from patient volumes and acuity, the impact of recent wage settlements, operating costs associated with investments in information technology and cybersecurity, costs associated with the replenishment of critical equipment and inflationary pressures.

The Hospital continues to identify and consider opportunities to address these financial challenges.

18. Comparative information:

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current period. The changes do not affect the prior year excess of revenue over expenses for the year.