The Stevenson Memorial Hospital

Financial Statements

For the year ended March 31, 2025

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Financial Statements
For the year ended March 31, 2025

Contents

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Canada

Independent Auditor's Report

To the Board of Director and Supervisor of The Stevenson Memorial Hospital

Opinion

We have audited the financial statements of The Stevenson Memorial Hospital ("the Hospital"), which comprise the statement of financial position as at March 31, 2025, and the statements of operations and net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Hospital as at March 31, 2025, 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 report. We are independent of the Hospital in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the annual report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Hospital's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Hospital or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Hospital's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Hospital's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Hospital to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Barrie, Ontario
July 11, 2025

The Stevenson Memorial Hospital
Statement of Financial Position

March 31		2025		2024
Assets				
Current				
Cash and cash equivalents (Note 5)	$	-	$	1,385,240
Accounts receivable - Ministry of Health / Ontario Health Central		2,065,592		3,990,393
Accounts receivable - other		1,225,685		1,084,681
Receivable from Stevenson Memorial Hospital Foundation (Note 13)		324,975		455,142
Inventory of supplies		329,624		321,214
Prepaid expenses		812,453		737,022
		4,758,329		7,973,692
Cash held for capital projects (Note 3)		1,536,368		3,118,863
Property, buildings and equipment (Note 4)		23,825,565		19,211,576
		25,361,933		22,330,439
	$	30,120,262	$	30,304,131
Liabilities and Net Assets				
Current				
Bank overdraft, operating facility (Note 5)	$	945,476		-
Current portion of long-term bank borrowings (Note 7)		506,200		201,951
Accounts payable and accrued liabilities (Note 11)		8,049,209		8,165,690
Deferred revenue		657,242		677,877
		10,158,127		9,045,518
Long-term bank borrowings (Note 7)		283,020		784,956
Accrued post-employment benefits (Note 9)		653,700		622,200
Accrued asset retirement obligation (Note 8)		268,514		268,514
Deferred contributions related to buildings and equipment (Note 6)		24,920,718		21,883,375
		26,125,952		23,559,045
		36,284,079		32,604,563
Contingencies and commitments (Note 11)				
Net Assets				
Unrestricted - (deficit)		(6,163,817)		(2,300,432)
	$	30,120,262	$	30,304,131

On behalf of the Board

Carmine Stumpo

Digitally signed by Carmine Stumpo
DN: cn=Carmine Stumpo, o=Stevenson Memorial Hospital, ou, email=cstumpo@smhosp.on.ca, c=CA
Date: 2025.07.11 16:04:17 -04'00'

Carmine Stumpo, Supervisor

The Stevenson Memorial Hospital
Statement of Operations and Net Assets

For the year ended March 31	2025	2024
Revenues		
Ministry of Health / Ontario Health Central	$ 33,347,079	$ 34,905,775
Other Provincial programs	3,442,849	2,410,659
Other agencies and self-pay	4,558,940	4,431,250
Recoveries and sales (Note 10)	1,932,243	1,324,622
Amortization of deferred contributions for equipment (Note 6)	1,019,377	1,086,082
	44,300,488	44,158,388
Expenses		
Salaries and wages	22,037,395	21,018,515
Employee benefits	5,891,450	5,146,758
Medical staff remuneration	4,835,375	4,296,222
Medical and surgical supplies	1,950,467	1,928,721
Drugs	788,007	819,329
Other supplies and expenses	7,965,269	7,408,498
Other Provincial programs	3,625,875	2,410,659
Amortization of equipment	1,032,623	1,042,932
	48,126,461	44,071,634
Excess (deficiency) of revenues over expenses before building amortization	(3,825,973)	86,754
Amortization of deferred contributions for buildings (Note 6)	698,218	648,548
Amortization of buildings	(735,630)	(698,992)
Excess (deficiency) of revenues over expenses for the year	(3,863,385)	36,310
Net deficit, beginning of year	(2,300,432)	(2,336,742)
Net deficit, end of year	$ (6,163,817)	$ (2,300,432)

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

The Stevenson Memorial Hospital
Statement of Cash Flows

For the year ended March 31	2025	2024
Cash flows from operating activities		
Excess (deficiency) of revenues over expenses for the year	$ (3,863,385)	$ 36,310
Adjustments for		
Amortization of buildings and equipment	1,768,253	1,741,924
Amortization of deferred contributions related to buildings and equipment	(1,717,595)	(1,734,630)
Employee post retirement benefits	31,500	52,100
Cash flows (used in) from operations before non-cash working capital balances	(3,781,227)	95,704
Changes in non-cash working capital balances		
Accounts receivable - Ministry of Health / Ontario Health Central	1,924,801	(2,774,892)
Accounts receivable - other	(141,004)	88,764
Receivable from Stevenson Memorial Hospital Foundation	130,167	117,179
Inventory of supplies	(8,410)	(19,855)
Prepaid expenses	(75,431)	(3,591)
Deferred lease asset	-	32,982
Accounts payable and accrued liabilities	(116,481)	(195,378)
Deferred revenue	(20,635)	(226,495)
Asset retirement obligation	-	(112,079)
Cash used in operating activities	(2,088,220)	(2,997,661)
Cash flows from financing activities		
Increase bank overdraft, operating facility	945,476	-
Repayments on long-term bank borrowings	(197,687)	(172,647)
Increase in deferred contributions related to buildings and equipment	4,754,938	3,508,474
Cash provided by financing activities	5,502,727	3,335,827
Cash flows from capital activities		
Increase in cash held for capital projects	1,582,495	1,813,367
Net purchase of buildings and equipment	(6,382,242)	(6,296,942)
Cash used in capital activities	(4,799,747)	(4,483,575)
Net decrease in cash during the year	(1,385,240)	(4,145,409)
Cash and cash equivalents, beginning of year	1,385,240	5,530,649
Cash and cash equivalents, end of year	$ -	$ 1,385,240

1. Nature of the Organization

The Stevenson Memorial Hospital (the 'Hospital') is a vibrant community hospital one hour from Toronto providing excellent, high quality health care services to a fast-growing population in New Tecumseth and the South Simcoe region. The Hospital, incorporated without share capital under the Corporations Act (Ontario), is a charitable organization within the meaning of the Income Tax Act (Canada) and may issue tax receipts to donors. The Hospital is a not-for-profit organization and, as such, is exempt from income taxes under the Income Tax Act (Canada).

On the recommendation of the Minister of Health (the "Minister), the Lieutenant Governor in Council (LGIC) has appointed a supervisor for the Hospital under section 9 of the *Public Hospitals Act* (PHA). The supervisor shall have the exclusive right to exercise all of the powers of the Hospital's board, the corporation, its officers and corporate members. The appointment of the supervisor was made to ensure safe, quality, accessible care, solid financial management, accountable leadership and a positive work environment for employees, credentialed staff and volunteers.

2. Significant Accounting Policies

Basis of Presentation

The financial statements of the Hospital are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards, including the 4200 series of standards, as issued by the Public Sector Accounting Board ("PSAB for Government NPOs").

Contributed Services

Volunteers contribute numerous hours to assist the Hospital in carrying out certain charitable aspects of its service delivery activities. The fair value of these contributed services is not readily determinable and, as such, is not reflected in these financial statements.

Revenue Recognition

The Hospital follows the deferral method of accounting for contributions which include donations and grants.

Under the Health Insurance Act and Regulations thereto, the Hospital operations are funded primarily by the Province of Ontario in accordance with budget arrangements established by the Ministry of Health (MOH) and Ontario Health Central (OHC).

As required by OHC, the Hospital entered into a Hospital Service Accountability Agreement (H-SAA) that took effect April 1, 2008 and is amended annually. This agreement sets out the rights and obligations of the parties to the H-SAA in respect to funding provided to the Hospital by OHC. The H-SAA also sets out the performance standards and obligations of the Hospital that establish acceptable results for the Hospital's performance in a number of areas.

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

Revenue from transactions with performance obligations is recognized when the Hospital satisfies the performance obligation. Revenue from patient services is recognized when the service is provided. Revenue from parking, food sales and ancillary revenue from medical equipment and supplies is recognized at the time the goods are sold or the services are provided.

2. Significant Accounting Policies *(continued)*

Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Restricted contributions for the purchase of property, buildings and equipment are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related property, buildings and equipment.

Inventories

Inventory of supplies is valued at the lower of cost and net realizable value. Cost is determined on the first-in first-out basis for pharmacy and laboratory. Cost for medical and general supplies is determined using a weighted average basis.

Property, Building and Equipment

Assets are recorded at cost less accumulated amortization. Cost includes amounts that are directly related to the acquisition, construction, development, or betterment of the tangible capital assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition, construction or development of the asset.

Purchased property, buildings and equipment are recorded at cost. Contributed property, buildings and equipment are recorded at fair value at the date of contribution. Repairs and maintenance costs are expensed. Betterments that extend the estimated life of an asset are capitalized. When a property, building or a piece of equipment no longer contributes to the Hospital's ability to provide services or the value of future economic benefits associated with the asset is less than its net book value, its carrying value is reduced to reflect the decline in the asset's value.

Property, buildings and equipment are amortized on a straight-line basis over their useful lives, which have been estimated as follows:

Land Improvements	8 to 25 years
Building and Building Service Equipment	5 to 40 years
Major Equipment	3 to 20 years
Computer Hardware and Software	2 to 5 years
Health Information System Project (HIS)	10 years

Costs directly involved in hospital redevelopment are capitalized.

Work in progress costs, including the Health Information System (HIS Phase 2) and hospital redevelopment, are not amortized until construction or software implementation is substantially complete and the assets are ready for use.

Leases

The Hospital currently only has leases that are classified as operating leases wherein rental payments are expensed on a straight-line basis.

2. Significant Accounting Policies *(continued)*

Employee Post-Employment Benefits

The Hospital provides defined post-employment benefits to certain employee groups. These benefits include health, dental and life insurance.

The costs of post-employment future benefits are actuarially determined using management's best estimate of health care costs, disability recovery rates and discount rates. Adjustments to these costs arising from changes in estimates and experience gains and losses are amortized to income or expense over the estimated average remaining service life of the employee groups on a straight-line basis. Plan amendments, including past service costs are recognized as an expense in the period of the plan amendment. The costs of the multi-employer defined benefit plan are the Hospital's contributions due to the plan in the period.

Asset Retirement Obligations

A liability for asset retirement obligation is recognized when there is a legal obligation to incur retirement costs in relation to a tangible capital asset; the past transaction or event giving rise to the liability has occurred; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

Financial Instruments

Cash and overdrafts are measured at fair value. Accounts receivable, accounts payable, and long-term debt are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to financial instruments are reported in the statement of operations. The Hospital does not have any remeasurement gains or losses and therefore the statement of remeasurement gains and losses is not presented.

When investment income and realized and unrealized gains and losses from changes in the fair value of financial instruments are externally restricted, the investment income and fair value changes are recognized as revenue in the period in which the resources are used for the purpose specified.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

2. Significant Accounting Policies *(continued)*

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and bank balances. Bank indebtedness or overdraft balances are not included in cash and cash equivalents.

Management Estimates

The preparation of financial statements in accordance with PSAB requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The principal estimates used in the preparation of these financial statements are the determination of allowance for doubtful accounts, actuarial estimation of the liability for post-retirement benefits and compensated absences, estimated useful life of capital assets, asset retirement obligations, amortization of defined capital contributions, pay equity accrual, fair value disclosure, accrued liabilities and contingencies. Actual results could differ from management's best estimates as additional information becomes available in the future.

3. Cash Held for Capital Projects

The Stevenson Memorial Hospital Foundation, Ministry of Health and County of Simcoe provide contributions for the Stevenson Memorial Hospital redevelopment project, which is recognized as Cash Held for Capital Project.

4. Property, Building and Equipment

	2025		2024	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Land	**$ 25,809**	**$ -**	$ 25,809	$ -
Land Improvements	**839,200**	**539,660**	839,200	506,986
Buildings	**7,408,323**	**3,751,390**	7,394,466	3,462,008
Building Service Equipment	**10,835,834**	**7,137,930**	10,128,961	6,724,357
Major Equipment	**22,807,708**	**20,702,624**	22,064,863	20,056,870
Computer Hardware and Software	**3,248,901**	**3,202,935**	3,248,901	3,160,385
Health Information System (HIS)	**3,443,199**	**2,180,603**	3,443,199	1,836,283
	48,608,974	**37,515,142**	47,145,399	35,746,889
Work in Progress				
Hospital Redevelopment	**11,475,690**	-	6,647,362	-
HIS (Phase Two)	**1,004,059**	-	696,524	-
Other Projects	**251,984**	-	469,180	-
	$ 61,340,707	**$ 37,515,142**	$ 54,958,465	$ 35,746,889
Net Book Value	**$23,825,565**		$ 19,211,576	

4. Property, Building and Equipment *(continued)*

The MOH Capital Planning Branch requires hospitals to fund their costs associated with redevelopment prior to approval being granted. The Hospital has received $7,500,000 in planning grants in the prior years, which contains recovered costs and future planning costs. The Hospital has received $2,066,000 in funding for Early Works. Formal project approval was received June 4, 2021, funding of future costs will be guaranteed; before such time it was at the discretion of the MOH Capital Planning Branch to decide whether or not to reimburse these costs (Note 6). As part of the financing for Redevelopment Project, the County of Simcoe has committed to $10,000,000 to be received over a 10-year period as ongoing funding to the Hospital. On August 23, 2024, the Hospital has received an additional $950,000 for a total of $1,950,000 (2024 - $1,000,000). Direct costs of Hospital personnel dedicated to this planning process are included in hospital redevelopment costs. Given the nature and level of redevelopment planning activities during the year, $328,000 (2024 - $266,000) of internal salaries were capitalized.

HIS refers to the Hospital's new health information system that was implemented in 2018-19. Phase one is now complete with phase two in progress. Phase two consists of Web Ambulatory Care and Computerized Provider Order Management with an expected completion date of October 2025.

5. Banking Facilities

The Hospital has available the following credit facilities:

a) Facility 1 – An operating line of credit for $2,500,000 to support general operating requirements of the Hospital. This facility bears interest at the bank's prime rate and is repayable on demand. As of March 31, 2025, the Hospital has drawn $945,476 (2024 - $Nil).

b) Facility 2 – A non-revolving demand loan for $2,000,000 to support ongoing capital investments. This facility bears interest at a fixed rate determined at time of advance, with repayment terms also set at the time of advance. As of March 31, 2025, the Hospital has drawn $Nil (2024 - $Nil).

c) Facility 3 – A corporate credit card with an authorized limit of $450,000. As of March 31, 2025, the Hospital has drawn $134,216 (2024 - $88,293).

d) Facility 4 – A non-revolving demand loan for $4,439,095 to support the purchase and implementation costs for the Health Information System management software. This facility bears interest at a fixed rate, is repayable with a maturity date per loan agreement (see note 7). As of March 31, 2025, the Hospital has utilized $789,220 (2024 - $986,907).

6. Deferred Capital Contributions

Deferred contributions related to buildings and equipment represents the unamortized balance of contributions received for the purchase of buildings and equipment. These restricted contributions are amortized and recorded as revenue in the statement of operations, on the same basis as the amortization of the related assets.

	2025	2024
Balance, beginning of year	**$21,883,375**	$20,109,531
Add: Contributions received during the year		
Stevenson Memorial Hospital Foundation	**1,176,404**	916,783
Ontario Renal Network	**224,100**	-
MOH	**2,404,434**	1,509,703
OHC	**-**	81,988
County of Simcoe	**950,000**	1,000,000
Less: Amounts amortized to revenue for equipment	**(1,019,377)**	(1,086,082)
Less: Amounts amortized to revenue for buildings	**(698,218)**	(648,548)
Balance, end of year	**$24,920,718**	$21,883,375

7. Long-Term Bank Borrowings

1. At March 31, 2025, $416,139 (2024 - $522,153) was outstanding as a fixed rate term loan bearing an interest rate of 5.75%. The loan is repayable in blended monthly payments of principal and interest with a maturity date of May 31, 2025.

Principal repayments for the next year are as follows:

	HIS (a)
2026	$ 416,139
Interest Paid	$ 24,360

2. At March 31, 2025, $373,081 (2024 - $464,754) was outstanding as a fixed rate term loan repayable in monthly blended payments of principal and interest of 5.35%. Payments are based on a 5-year amortization with blended payments with a maturity date of March 31, 2028.

Principal repayments for the next 3 years are as follows:

	HIS (b)
2026	$ 90,061
2027	95,004
2028	188,016
	$ 373,081
Interest Paid	$ 22,320

7. Long-Term Bank Borrowings *(continued)*

Summary

	2025	2024
HIS Fixed Rate Term Loan (a)	**$ 416,139**	$ 109,007
HIS Fixed Rate Term Loan (b)	**90,061**	92,944
Current Portion	**$ 506,200**	$ 201,951
HIS Fixed Rate Term Loan (a)	**$ -**	$ 413,146
HIS Fixed Rate Term Loan (b)	**283,020**	371,810
Non-Current Portion	**$ 283,020**	$ 784,956

8. Asset Retirement Obligations (ARO)

The Hospital's financial statements include an asset retirement obligation for building and equipment containing asbestos. The Hospital would be required to perform abatement activities upon renovation or demolition of buildings. Abatement activities include handling and disposing of the asbestos in a prescribed manner when it is disturbed. The liability was determined internally based on management expertise and knowledge of the buildings.

The carrying amount of the liability is as follows:

Asset retirement obligations as of March 31, 2024	$268,514
Cash paid out during the fiscal year	($Nil)
Asset retirement obligations as of March 31, 2025	$268,514

9. Employee Post-Employment Benefits

The Hospital provides post-employment extended healthcare and dental benefits to a number of retired employees until the age of 65. From January 1, 2002, retiring Ontario Nursing Association (ONA) members are eligible for post-employment benefits, the cost of which is borne entirely by them; that is, ONA members electing coverage will pay 100% of the associated premium. This premium is typically lower than the actual cost of retiree benefits due to their higher rates of utilization. The premiums paid by retiring ONA members, therefore may not be sufficient to cover the actual costs of the benefits. This may result in an increased obligation, which generates a past service cost to the Hospital.

From April 1, 2011 full-time ONA members who reach age 57 and retire on or after April 1, 2011 are eligible for post-employment benefits and the Hospital will contribute 50% of the billed premiums of these benefit plans. The Hospital provides Ontario Public Service Employees Union (OPSEU) members who retire after age 60 with semi-private, extended health and dental benefits. OPSEU members electing coverage will pay 50% of the associated premium.

An actuarial valuation for accounting purposes is performed every three years using the projected benefit method prorated on services. The most recent actuarial report was prepared as of March 31, 2022. The accrued benefit obligation shown for 2025 of $653,700 (2024 - $622,200) is based on the March 31, 2022 valuation.

9. Employee Post-Employment Benefits *(continued)*

During the year, actual payments for extended healthcare and dental premiums of $9,097 (2024 - $10,287) were made for retired employees and is included in the employee benefits line on the statement of operations.

The actuarial valuation was based on a number of assumptions about future events. The assumptions used reflect the Hospital's best estimate. The major actuarial assumptions employed in the valuation are as follows:

Discount rate	3.70% per annum
Extended healthcare cost escalation	4.9% in 2025; decreasing to 3.8% over 20 years
Dental benefits cost escalation	5.6% in 2025; decreasing to 4% over 20 years

Accrued Benefit Obligation	**2025**	2024
Balance, beginning of year	**$ 522,000**	$ 476,800
Current service expense	**44,700**	43,100
Interest	**20,600**	18,900
Benefits paid during year	**(18,200)**	(16,800)
Actuarial (gain) loss	**-**	-
Ending balance	**$ 569,100**	$ 522,000

Post-employment Benefit Liability	**2025**	2024
Accrued benefit obligation	**$ 569,100**	$ 522,000
Unamortized experience gain/(loss)	**84,600**	100,200
Ending balance	**$ 653,700**	$ 622,200

10. Recoveries and Sales

	2025	2024
Compensation	**$ 456,361**	$ 335,970
Services	**46,365**	42,713
Material	**279,169**	190,596
Rebates	**440,630**	157,364
Investment Income	**53,872**	122,732
Dietary and Food Services	**93,278**	69,817
Parking	**350,468**	341,791
Other	**212,100**	63,639
Ending balance	**$ 1,932,243**	$ 1,324,622

11. Contingencies and Commitments

i) During the normal course of operations, various proceedings and claims are filed against the Hospital. The Hospital reviews the validity of these claims and proceedings and management believes any settlement would be adequately covered by its insurance policies or by accrued provisions in these financial statements based on its best estimates where insurance is not applicable. It is management's opinion that the final determination of these claims will not have a material effect on the financial position or future results of operations of the Hospital.

ii) The Hospital participates in the Healthcare Insurance Reciprocal of Canada (HIROC), pooling of the public liability insurance risks of its hospital members. Members of the pool pay annual premiums, which are actuarially determined and are expensed in the current year. These premiums are subject to further assessment for experience gains and losses, by the pool, for prior years. No assessments have been received during the year ended March 31, 2025.

11. Contingencies and Commitments *(continued)*

iii) The Hospital has an obligation to maintain pay equity under the Ontario Pay Equity Act. In 2014 a settlement was reached between the Hospital and the union (Ontario Public Service Employees Local 360) to proceed with the pay equity maintenance process. Similarly, the Ontario Hospital Association has been engaged on behalf of participating hospitals to resolve the union (Ontario Nurses Association) pay equity dispute. At March 31, 2025, a total liability of $1,594,257 (2024 - $1,444,789) has been recorded in the financial statements. Key assumptions used to estimate the accrual are that retroactive pay would not be assessed prior to 2011 and that pay equity would not exceed a 1% increase, these assumptions are susceptible to change. It is currently not possible for the Hospital to predict the final outcome of the pay equity process. The related provisions are measured at management's best estimate of the potential expenditure. The Hospital could be exposed to a potential liability that is lower then or in excess of the amount accrued.

12. Healthcare of Ontario Pension Plan (HOOPP)

HOOPP provides pension services to 478,879 active, retired and deferred members and 709 employers. Substantially all of the full-time employees and some of the part-time employees of the Hospital are members of HOOPP. The plan is a multi-employer plan and therefore the Hospital's contributions are accounted for as if the plan were a defined contribution plan with the Hospital's contributions being expensed in the period they come due.

Each year, an independent actuary determines the funding status of HOOPP by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date.

The results of the most recent valuation as at December 31, 2024 disclosed a surplus of $10.4 billion. The results of this valuation disclosed total actuarial liabilities and pension obligations of $229.8 billion in respect of benefits accrued for service with actuarial assets at that date of $239.9 billion. Because HOOPP is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario member organizations and their employees. As a result, the Hospital does not recognize any share of the HOOPP surplus or deficit. Contributions made by the Hospital to HOOPP during the year amounted to $1,639,935 (2024 - $1,644,185).

13. Related Entities

<u>Stevenson Memorial Hospital Foundation</u>

The Stevenson Memorial Foundation (the 'Foundation') is an independent corporation incorporated without share capital which has its own independent Board of Directors and is a registered charity under the Income Tax Act (Canada). The Foundation receives and maintains funds for charitable purposes, which it contributes to the Hospital for the purchase of equipment, information systems, infrastructure and renovations to the Hospital.

Amounts received from the Foundation are externally restricted. Accordingly, these contributions are deferred and amortized as revenue when the related assets are amortized. During the year, the Foundation approved funding requests from the Hospital totaling $1,176,404 (2024 - $916,783) for equipment, information system, infrastructure and renovations for the Hospital.

All transactions with related parties are recorded at the exchange amount.

13. Related Entities *(continued)*

Related party transactions during the year are not separately disclosed in the financial statements include the following:

a. Donations amounting to $851,429 (2024 - $513,504) have been received from the Foundation.

b. An amount of $560,165 (2024 - $616,821) have been received from the Foundation as a reimbursement of administration and other costs.

At March 31, 2025, $324,975 in capital funding and $Nil in trade receivables is due from the Foundation (2024 - $403,279 capital and $51,863 in trade receivables).

14. Financial Instrument Risk Management

Credit Risk

Credit risk is the risk of financial loss to the Hospital if a debtor fails to make payments of interest and principal when due. The Hospital is exposed to this risk relating to its cash and cash equivalents and accounts receivable. The Hospital holds its cash and cash equivalent accounts with a Schedule 1 bank which is insured by the Canadian Deposit Insurance Corporation. In the event of default, the Hospital's cash accounts are insured up to $100,000 (2024 - $100,000).

Accounts receivable are primarily due from OHIP, the Ministry of Health and Long-Term Care, Ontario Health and patients. Credit risk is mitigated by the financial solvency of the provincial government and the highly diversified nature of the patient population.

The Hospital measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is set up based on the Hospital's historical experience regarding collections. The allowance is adjusted on a monthly basis. The amounts outstanding at year end were as follows:

As at March 31, 2025			**Past Due**			
	Total	Current	31-60 Days	61-90 Days	91-120 Days	120+ Days
OHIP	$448,071	$303,612	$139,063	$2,280	$3,116	$-
Patient services	81,056	44,021	14,981	13,388	1,065	7,601
MOH/OHC	2,065,592	1,729,493	35,749	39,847	260,503	-
SMH foundation	324,975	324,975	-	-	-	-
Other	706,886	595,580	42,688	41,617	23,131	3,869
Gross receivables	3,626,580	2,997,682	232,481	97,132	287,815	11,470
Impairment allowance	(10,328)	-	-	-	-	(10,328)
Net receivables	$3,616,252	$2,997,682	$232,481	$97,132	$287,815	$1,142

14. Financial Instrument Risk Management *(continued)*

As at March 31, 2024			Past Due			
	Total	Current	31-60 Days	61-90 Days	91-120 Days	120+ Days
OHIP	$429,192	$270,996	$154,335	$2,611	$1,250	$-
Patient services	108,381	27,898	35,434	20,474	4,465	20,110
MOH/OHC	3,990,393	3,894,193	-	-	-	96,200
SMH foundation	455,142	455,142	-	-	-	-
Other	557,933	501,530	29,150	27,253	-	-
Gross receivables	5,541,041	5,149,759	218,919	50,338	5,715	116,310
Impairment allowance	(10,825)	-	-	-	-	(10,825)
Net receivables	$5,530,216	$5,149,759	$218,919	$50,338	$5,715	$105,485

Liquidity Risk

Liquidity risk is the risk that the Hospital will not be able to meet all cash outflow obligations as they come due. The Hospital is exposed to liquidity risk through its accounts payable and long-term borrowings. The risk is heightened by the Hospital's current financial position, which includes negative operating cash flows and a working capital deficit. To manage this risk, the Hospital actively monitors its cash position and projected disbursements through detailed budgeting and cash flow forecasting. The Hospital also maintains access to external financing arrangements and bank facilities to support its short-term liquidity needs and to mitigate the risk of cash flow shortfalls (see Note 5 and 7).

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows of financial liabilities):

2025	Total	Within 6 Months	6 Months to 1 Year	1-5 Years
Bank overdraft	$945,476	$945,476	$-	$-
Accounts payable and accrued liabilities	8,049,209	5,991,568	2,057,641	-
Long-term borrowing	789,220	506,200	95,004	188,016
Total	$9,783,905	$7,443,244	$2,152,645	$188,016

2024	Total	Within 6 Months	6 Months to 1 Year	1-5 Years
Accounts payable and accrued liabilities	$8,165,690	$6,236,738	$1,928,952	$-
Long-term borrowing	986,907	107,683	94,268	784,956
Total	$9,152,597	$6,344,421	$2,023,220	$784,956

14. Financial Instrument Risk Management *(continued)*

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instruments will fluctuate because of changes in the market's interest rate. The Hospital is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-interest instruments subject the Hospital to fair value risk while the floating rate instruments subject it to cash flow risk.

The Hospital is exposed to interest rate risk in relation to interest expense on its banking facilities and long-term borrowings which bears interest at a floating and fixed interest rate, respectively. At March 31, 2025, the Hospital has drawn on the banking facilities.

The Hospital structures its finances as to stagger the maturities of debt, thereby minimizing exposure to interest rate fluctuations.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure credit and interest rate risk. There has been an increase in the exposure to liquidity risk from the prior year due to the Hospital's current financial position.

15. Economic Dependence

The Hospital is economically dependent on the funding it receives from the MOH/OHC. The Hospital derives approximately 75% (2024 – 79%) of its annual funding from the MOH and OHC.

16. Comparative Figures

Comparative amounts presented in the financial statements have been reclassified to conform to the current year's presentation.