Financial Statements of

LADY DUNN HEALTH CENTRE

And Independent Auditor’s Report thereon

Year ended March 31, 2026

Centre de santé Lady Dunn

17, chemin Government Road
Wawa, ON P0S 1K0
Tel./Tél. 705-856-2335
Fax/Téléc. 705-856-7533

STATEMENT OF MANAGEMENT RESPONSIBILITY

The accompanying financial statements of Lady Dunn Health Centre have been prepared by management in accordance with Canadian public sector accounting standards, and the integrity and objectivity of these statements are management's responsibilities. Management is also responsible for all the statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises this responsibility through the Audit Committee of the Board. The Audit Committee meets with management and the external auditors no fewer than three times a year.

The financial statements have been audited by KPMG LLP, independent external auditors appointed by the Board. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Health Centre's financial statements.

On behalf of Lady Dunn Health Centre

K. O'Gilvie

Kadean O'Gilvie
Chief Executive Officer

Heather Zayachkowski

Heather Zayachkowski
Chief Financial Officer

KPMG LLP
480 Pim Street, Unit 1
Sault Ste. Marie, ON P6B 2V4
Canada
Telephone 705 949 5811
Fax 705 949 0911

INDEPENDENT AUDITOR'S REPORT

To the Members of Lady Dunn Health Centre

Opinion

We have audited the financial statements of Lady Dunn Health Centre (the "Centre"), which comprise:

- the statement of financial position as at March 31, 2026
- the statement of operations for the year then ended
- the statement of changes in net assets (debt) for the year then ended
- the statement of remeasurement gains and losses 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 Centre as at March 31, 2026, and its results of operations, its remeasurement of gains and losses, 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 Centre in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the financial statements, management is responsible for assessing the Centre'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 Centre or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Centre’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 Centre'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 Centre'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 Centre 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Sault Ste. Marie, Canada

July 10, 2026

LADY DUNN HEALTH CENTRE

Statement of Financial Position

March 31, 2026, with comparative information for 2025

		2026		2025
Assets				
Current assets:				
Cash	$	798,979	$	562,924
Investments (note 2)		997,328		922,253
Accounts receivable (note 3)		574,313		1,026,974
Inventory (note 4)		232,401		225,317
Prepayments		301,478		279,339
		2,904,499		3,016,807
Restricted assets:				
Cash		575,580		552,214
Capital assets (note 5)		10,245,353		10,209,299
	$	13,725,432	$	13,778,320
Liabilities, Deferred Contributions and Net Assets				
Current liabilities:				
Accounts payable and accrued liabilities (note 7)	$	2,810,086	$	2,252,416
Demand credit facility (note 8)		339,811		342,394
		3,149,897		2,594,810
Post-employment benefit obligations (note 9)		660,300		659,600
Deferred contributions (notes 10 and 11)				
Expenses of future periods		575,580		552,214
Capital assets		7,633,313		7,851,985
		8,208,893		8,404,199
		12,019,090		11,658,609
Net assets (debt):				
Investment in capital assets (note 6)		2,612,040		2,357,314
Unrestricted		(984,829)		(319,919)
		1,627,211		2,037,395
Accumulated remeasurement gains		79,131		82,316
		1,706,342		2,119,711
Contingent liabilities (note 15)				
	$	13,725,432	$	13,778,320

See accompanying notes to the financial statements.

On behalf of the Board:

D. Mathias Director

Director

LADY DUNN HEALTH CENTRE

Statement of Operations

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

	2026	2025
Revenue:		
Ministry of Health and Ontario Health North	$ 12,512,235	$ 12,277,986
In-patient	73,826	59,906
Out-patient	273,858	279,176
Chronic care co-payment	375,517	339,568
Amortization of deferred contributions for major equipment and information technology	167,053	181,773
Interest	101,181	101,733
Recoveries and other	485,956	363,690
	13,989,626	13,603,832
Expenses:		
Salaries, wages and employee benefits	10,635,802	9,601,169
Drugs, supplies and other	3,372,134	3,505,316
Amortization of major equipment and information technology	322,604	298,982
Interest on demand credit facility	13,236	18,777
Bad debts	2,524	32,170
	14,346,300	13,456,414
(Deficiency) excess of revenue over expenses from Hospital Operations	(356,674)	147,418
Amortization of deferred capital contributions for building and service equipment	410,864	391,800
Amortization of building and service equipment	(464,374)	(433,648)
(Deficiency) excess of revenue over expenses	$ (410,184)	$ 105,570

See accompanying notes to the financial statements.

LADY DUNN HEALTH CENTRE

Statement of Changes in Net Assets (Debt)

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

	2026			2025
	Invested in Capital Assets	Unrestricted	Total	Total
Net assets (debt), beginning of year	$ 2,357,314	$ (319,919)	$ 2,037,395	$ 1,931,825
(Deficiency) excess of revenue over expenses	(209,061)	(201,123)	(410,184)	105,570
Change in investment in capital assets (note 6)	463,787	(463,787)	-	-
Net assets (debt), end of year	$ 2,612,040	$ (984,829)	$ 1,627,211	$ 2,037,395

See accompanying notes to the financial statements.

LADY DUNN HEALTH CENTRE

Statement of Remeasurement Gains and Losses

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

		2026		2025
Accumulated remeasurement gains, beginning of year	$	82,316	$	42,230
Unrealized (losses) gains attributable to:				
Investments		(3,185)		33,311
Amounts reclassified to the statement of operations:				
Investment gains		-		6,775
Net remeasurement (losses) gains for the year		(3,185)		40,086
Accumulated remeasurement gains, end of year	$	79,131	$	82,316

See accompanying notes to the financial statements.

LADY DUNN HEALTH CENTRE

Statement of Cash Flows

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

		2026		2025
Cash flows from operating activities:				
(Deficiency) excess of revenue over expenses	$	(410,184)	$	105,570
Adjustments for:				
Amortization of capital assets		786,978		732,630
Amortization of deferred capital contributions		(577,917)		(573,573)
Increase (decrease) in post-employment benefit obligations		700		(6,844)
Net remeasurement (losses) gains for the year		(3,185)		40,086
		(203,608)		297,869
Changes in non-cash working capital:				
Accounts receivable		452,661		(358,910)
Inventories		(7,084)		(30,519)
Prepayments		(22,139)		17,970
Accounts payable and accrued liabilities		557,670		(302,402)
		777,500		(375,992)
Cash flows from capital activities:				
Additions to capital assets		(823,032)		(688,620)
Contributions received for capital purposes		359,245		654,372
		(463,787)		(34,248)
Cash flows from financing activities:				
Repayment of demand credit facility		(2,583)		-
Cash flows from investing activities:				
Sale of investments		(75,075)		(67,235)
Net increase (decrease) in cash		236,055		(477,475)
Cash, beginning of year		562,924		1,040,399
Cash, end of year	$	798,979	$	562,924

See accompanying notes to the financial statements.

Lady Dunn Health Centre (the “Centre”) is incorporated under the Ontario Corporations Act and recognized as a hospital authority. The Centre is principally involved in providing health care services to the North Algoma area. The Centre 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. The Foundation is a separate entity whose financial information is reported separately from the Centre.

(a) Revenue recognition:

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

Under the Health Insurance Act and Regulations thereto, the Centre is funded primarily by the Province of Ontario in accordance with budget arrangements established by the Ministry of Health (the “MOH”) and Ontario Health North (“OHN”). 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.

Grants and donations related to capital assets are deferred until the funds are expended on projects, at which time the amounts are amortized on the same basis as the related capital assets are amortized. Amortization of deferred capital grants and donations for buildings is charged against building amortization. Amortization of deferred capital grants and donations for equipment is included in revenue.

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

Restricted investment income is recognized in the year in which the related expenses are recognized. Unrestricted investment income is recognized as revenue when earned.

Revenue from patient and other services is recognized when the performance obligations are settled, when the goods are sold or the service is provided and the amounts can be reasonably estimated and collection is reasonably assured.

(b) Cash:

Cash consists of cash on hand plus cash on deposit at financial institutions and is recorded at fair value.

1. Significant accounting policies (continued):

(c) Restricted cash:

Restricted cash consists of externally restricted donations and interest earned for certain stipulated periods. As these assets become unrestricted, they may be used for such purposes that the Board approves including current operations and capital purchases.

(d) Investments:

Investments are recorded at fair value.

(e) Inventories:

Inventories consist of drugs, general, medical and surgical supplies valued at the lower of cost and net realizable value.

(f) Capital assets:

Capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments, which extend the life of an asset, are capitalized. When a capital asset no longer contributes to the Centre’s ability to provide services, its carrying amount is written down to its residual value.

The cost of renovations to the Centre's building, which significantly increases its useful life or capacity, is capitalized. Renovation costs to adapt the Centre's building to changed operating conditions or to maintain operating efficiency are expensed as incurred.

Assets are amortized on a straight line basis over their estimated useful lives:

Buildings	10 - 40 years
Equipment	5 - 20 years
Information technology	5 - 15 years

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

(g) Related entities:

The notes to financial statements include information of the following entities (note 13):

Lady Dunn Health Centre Foundation
ONE Health Information Technology Services

The investment in the shared control not-for-profit entity, ONE Health Information Technology Services (“ONE HITS), is accounted for by the modified equity method. The other entity is not consolidated.

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

(h) Retirement and post-employment benefits:

The Centre provides extended health care, dental and life insurance benefits to substantially all employees and accrues its obligations under employee benefit plans and the related costs. The cost of retirement benefits earned by employees is actuarially determined using the projected benefit method pro-rated on service from management's best estimate of salary escalation, 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 11.4 years.

Adjustment arising from plan amendments, including past service costs are recognized immediately in the period the plan amendments occur.

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.

(i) Asset impairment:

The Centre monitors events and changes in circumstances which may require an assessment of the recoverability of its long-lived assets. If required, the Centre would assess recoverability using estimated undiscounted future operating cash flows. If the carrying amount of an asset is not recoverable, an impairment loss is recognized in operations, measured by comparing the carrying amount of the asset to its fair value.

(j) 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.

1. Significant accounting policies (continued):

(k) Financial instruments:

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

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

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gain is adjusted through the statement of remeasurement gains and losses.

When the asset is sold, the unrealized gains and losses previously recognized in the statement of remeasurement gains and losses are reversed and recognized in the statement of operations.

(l) 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. Actual results could differ from those estimates. Areas of key estimation include determination of allowance for doubtful accounts and actuarial estimation of post-employment benefits and compensated absences liabilities.

(m) Funding adjustments:

The Centre receives grants from the MOH and OHN for specific services. Pursuant to the related agreements, if the Centre does not meet specified levels of activity, the MOH or OHN is entitled to seek refunds. Should any amounts become refundable, the refunds would be charged to operations in the period in which the refund is determined to be payable. Should programs and activities incur a deficit, the Centre records any recoveries thereon in the period in which collection is received.

2. Investments:

		2026		2025
Cash and short-term deposits	$	24,872	$	23,280
Investment certificates		292,775		292,775
Mutual funds		207,073		132,219
Fixed income		165,375		163,953
Equity investments		307,233		310,026
	$	997,328	$	922,253

Fair value measurements for the investments are those derived from quoted prices in active markets.

Investment certificates have an interest rate of 4.55% to 4.60% with maturity dates between September 2026 and September 2027.

Fixed income instruments have effective interest rates of 1.35% to 5.29% with maturity dates between July 2027 and December 2053.

3. Accounts receivable:

		2026		2025
Ministry of Health	$	233,890	$	544,862
Patient insurers		228,004		357,208
Other		144,181		152,925
		606,075		1,054,995
Less allowance for doubtful accounts		(31,762)		(28,021)
	$	574,313	$	1,026,974

4. Inventory:

		2026		2025
Pharmacy	$	40,719	$	46,537
Supplies		191,682		178,780
	$	232,401	$	225,317

5. Capital assets:

			2026
	Cost	Accumulated amortization	Net book value
Land	$ 721,964	$ –	$ 721,964
Buildings	18,405,615	11,156,346	7,249,269
Equipment	7,918,576	6,853,237	1,065,339
Information technology	1,360,430	234,782	1,125,648
Construction in progress	83,133	–	83,133
	$ 28,489,718	$ 18,244,365	$ 10,245,353

			2025
	Cost	Accumulated amortization	Net book value
Land	$ 721,964	$ –	$ 721,964
Buildings	18,040,996	10,736,795	7,304,201
Equipment	7,508,551	6,617,715	890,836
Information technology	1,356,864	147,699	1,209,165
Construction in progress	83,133	–	83,133
	$ 27,711,508	$ 17,502,209	$ 10,209,299

6. Investment in capital assets:

Investment in capital assets is as follows:

	2026	2025
Capital assets	$ 10,245,353	$ 10,209,299
Less deferred contributions	(7,633,313)	(7,851,985)
	$ 2,612,040	$ 2,357,314

6. Investment in capital assets (continued):

Change in net assets invested in capital assets is as follows:

	2026	2025
Excess of revenue over expenses:		
Amortization of deferred contributions for major equipment	$ 167,053	$ 181,773
Amortization of deferred contributions for building and service equipment	410,864	391,800
Amortization of capital assets	(786,978)	(732,630)
	(209,061)	(159,057)
Net change in investment in capital assets:		
Purchase of capital assets	823,032	688,620
Contributions received	(359,245)	(654,372)
	463,787	34,248
Net assets invested in capital assets:		
Balance, beginning of year	2,357,314	2,482,123
Balance, end of year	$ 2,612,040	$ 2,357,314

7. Accounts payable and accrued liabilities:

	2026	2025
Payroll related and other accruals	$ 1,398,660	$ 951,277
Trade	737,048	532,537
Due to Ontario Health North / Ministry of Health	674,378	768,602
	$ 2,810,086	$ 2,252,416

Included in wages and other accruals are $30,807 (2025 - $29,356) relating to government remittances.

8. Demand credit facility:

The Centre has a revolving Canadian dollar demand credit facility which is secured by a borrowing resolution. The total authorized amount on the credit facility is $1,500,000 (2025 - $1,500,000). The Centre can access this facility with multiple draws which are repayable on demand. Interest is at the bank's prime rate less 0.85%. The facility is secured by a borrowing resolution. The amount advanced and outstanding at March 31, 2026 was $339,811 (2025 - $342,394).

9. Post-employment benefit obligations:

In addition to the pension plan, the Centre provides extended health care, dental and life insurance benefits to substantially all full-time employees. Under the terms of employee contracts, some employee groups, who elect to retire early, are entitled to continue to receive these health and dental benefits from the date of early retirement until they reach the age of 65. The Centre is required to fund either 50% or 75% of the costs of these post-employment benefits on behalf of the retired employee groups. There are 54 active employees who qualify for these benefits as at March 31, 2026.

The most recent actuarial estimate provided was effective March 31, 2026.

The significant actuarial assumptions adopted in estimating the Centre's accrued post-employment benefit obligation, which was computed using the accrued benefit cost method with the value of projected benefits prorated over the attribution period for each employee, are as follows:

Attribution period	Entry to age 55
Discount rate	3.88%
Retirement age	Greater of age 60 and current age +1
Dental benefits cost escalation	3.50%
Medical benefits cost escalation	6% after the valuation date, grading to 4% over 15 years

Changes in post-employment benefit obligations in the year are as follows:

	2026	2025
Balance, beginning of year	$ 659,600	$ 666,444
Add benefit expense as a result of applying accounting standards	19,400	23,000
Payments made by the Centre during the year on behalf of its retirees	(18,700)	(29,844)
Balance, end of year	$ 660,300	$ 659,600

Included in salaries, wages, and employee benefits on the statement of operations is an amount of $700 (2025 - $6,844) in respect of post-employment medical and dental benefits. This amount represents the difference between the additional benefit expense related to the funding of the plan and the payments made to qualified retirees under the plan in the period.

10. Deferred contributions:

Expenses of future periods:

Restricted assets held for capital projects, including interest earned thereon are designated for the following future capital asset additions:

	2026	2025
Extended care	$ 477,700	$ 461,961
Other	97,880	90,253
	$ 575,580	$ 552,214

Deferred contributions related to expenses of future periods represent unspent grants and donations plus interest earned. The changes in the deferred contributions balance are as follows:

	2026	2025
Balance, beginning of year	$ 552,214	$ 570,846
Add amounts received related to future periods	4,140	31,235
Add investment revenue restricted for capital gains	19,226	37,594
Less amounts transferred to other accounts	–	(87,461)
Balance, end of year	$ 575,580	$ 552,214

11. 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	$ 7,851,985	$ 7,771,186
Contributions received	359,245	654,372
Less amounts amortized for building and service equipment	(410,864)	(391,800)
Less amounts amortized for major equipment	(167,053)	(181,773)
Balance, end of year	$ 7,633,313	$ 7,851,985

12. 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 $547,695 (2025 - $512,621) 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.

Variances 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%.

13. Other entities:

This section addresses disclosure requirements regarding the Centre’s relationships with related entities. The relationship can be one of economic interest or shared control.

(a) Lady Dunn Health Centre Foundation:

The Centre has an economic interest in the Lady Dunn Health Centre Foundation. The Foundation was established to solicit funds on behalf of the Centre. All of the Foundation’s net assets must be provided to the Centre or used for the Centre’s benefit. The Foundation has net assets totaling $320,284 (2025 - $266,680) for the benefit of the Centre.

(b) ONE Health Information Technology Services:

ONE HITS is a shared service organization established for the purposes of providing technology, information systems and related capital implementation and support services to participating hospitals in Northeastern Ontario on a full cost recovery basis. The Centre has shared control over ONE HITS, with a 0.40% proportionate share of voting rights and financing requirements.

13. Other entities (continued):

(b) ONE Health Information Technology Services (continued):

Financial information for the Centre's proportionate share of ONE HITS for the March 31 fiscal periods reflected herein is as follows:

	2026	2025
Financial position		
Current assets	$ 43,887	$ 79,723
Non-current assets	114,875	122,754
Total assets	$ 158,762	$ 202,477
Current liabilities	$ 23,841	$ 59,676
Non-current liabilities	134,921	142,801
Total liabilities	$ 158,762	$ 202,478

	2026	2025
Results of operations		
Revenues	$ 79,134	$ 94,937
Expenses	79,134	94,937
Excess of revenue over expenses	$ –	$ –

14. Financial risk management:

(a) Credit risk:

Credit risk is the risk of financial loss to the Centre if a debtor fails to make payments of interest and principal when due. The Centre is exposed to this risk relating to its cash, investments and accounts receivable. The Centre holds its cash account with federally regulated chartered banks that are insured by the Canadian Deposit Insurance Corporation.

Investments consist of corporate/provincial bonds, municipal/ government debentures, Guaranteed investment certificates ("GICs") and mutual funds.

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

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure risk.

14. Financial risk management (continued):

(b) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: interest rate risk, currency risk and equity risk. The Centre is not exposed to significant currency or equity risk as it does not transact materially in foreign currency or hold equity financial instruments.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure risk.

(c) Interest rate risk:

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. The Centre is exposed to this risk through its interest-bearing investments.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

(d) Liquidity risk:

Liquidity risk is the risk that the Centre will be able to meet all cash outflow obligations as they come due. The Centre mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining investments that may be converted to cash in the near term if unexpected cash outflows arise.

The Hospital’s future liquidity risk has increased in fiscal 2026 as a result of ongoing operating pressures, including the ongoing effects of wage increases. In addition, increasing inflationary pressures, continued investment in Information Technology, tariffs, global supply chain disruptions, and financial pressures from patient volumes and acuity are expected to contribute to further cost increases. Broader global and economic factors, including changes in energy prices, have also increased transportation and supply chain costs. It remains uncertain whether the MOH will fund these expenses on a go forward basis. The Centre will require sufficient and timely funding from the MOH to fulfil its obligations on a timely basis and at a reasonable cost. The Centre continues to work with the MOH through hospital sector stabilization plans intended to support the sustainability of the provincial hospital sector.

15. Contingent liabilities:

(a) Lady Dunn Health Centre is part of the Healthcare Insurance Reciprocal of Canada (HIROC). HIROC is a pooling of the public liability insurance risks of its members. All members of the pool pay annual premiums which are actuarially determined. All members are subject to reassessment for losses, if any, experienced by the pool for the years in which they were members, and these losses could be material. No reassessments have been made to March 31, 2026.

15. Contingent liabilities (continued):

(b) The Centre 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.

(c) During the normal course of operation, the Centre 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.

(d) The Centre is monitoring the development of potential future pay equity plans involving a specific employee group. It is not possible at this time to make an estimate of the amount that may be payable to this labour group and accordingly no provision has been made in the financial statements.

16. Other votes and other funding sources:

The Centre administers a number of independent programs on behalf of the MOH and other agencies. These programs which provide separate and distinct funding for specific mandates and expenditures are limited to the amount of grant provided. Grants are recognized for specified levels of activity and any amounts to be returned to the Ministry are reflected in current liabilities. Expenditures in excess of the grants provided are the responsibility of the Centre.

17. Comparative information:

Certain comparative information has been reclassified to conform with the presentation adopted in the current year.