WINGHAM AND DISTRICT HOSPITAL

FINANCIAL STATEMENTS

MARCH 31, 2025

SEEBACH & COMPANY
Chartered Professional Accountants

Listowel Wingham
HOSPITALS ALLIANCE
Enriching Life's Journey Together

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying financial statements of Wingham & District Hospital (the "Hospital") are the responsibility of the Hospital's management and have been prepared in accordance with Canadian public sector accounting standards, established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada, as described in Note 1 to the financial statements.

The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Hospital's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded from loss, transactions are properly authorized and recorded, and reliable information is available on a timely basis for preparation of the financial statements. These statements are monitored and evaluated by the Hospital's management. The Board of Directors meets with management and the external auditor to review the financial statements and discuss and significant financial reporting or internal control matters prior to their approval.

The financial statements have been audited by Seebach & Company, independent external auditors appointed by the Hospital. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Hospital's financial statements.

WINGHAM & DISTRICT HOSPITAL

Esther Millar
President & Chief Executive Officer

Rebecca (Becky) Bloemberg
VP Finance & Corporate Services

May 28, 2025

Listowel Memorial Hospital
255 Elizabeth Street
Listowel, ON N4W 2P5
Tel 519-291-3120 Fax 519-291-5440

Wingham & District Hospital
270 Carling Terrace
Wingham, ON N0G 2W0
Tel 519-357-3210 Fax 519-357-2931

Seebach & Company
Chartered Professional Accountants

P.O. Box 758, 41 Ontario Street
CLINTON, ONTARIO N0M 1L0
Tel:(519) 482-7979
Fax:(519) 482-5761
www.seebachandcompany.ca
vbs@vbsca.ca

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Wingham District Hospital

Opinion

We have audited the accompanying financial statements of Wingham District Hospital ("the Hospital"), which are comprised of the statement of financial position as at March 31, 2025 and the statements of operations 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 financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAB).

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.

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 PSAB, 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.

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INDEPENDENT AUDITOR'S REPORT (continued)

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 consolidated 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.

Seebach & Company

Chartered Professional Accountants
Licensed Public Accountants

Clinton, Ontario
May 28, 2025

WINGHAM AND DISTRICT HOSPITAL
BALANCE SHEET
See Accompanying Notes to Financial Statements

As at March 31	2025	2024
ASSETS		
Current assets		
Cash	**890,828**	569,666
Accounts receivable (note 3)	**2,446,278**	1,968,956
Inventories	**790,297**	874,007
Prepaid expenses	**358,328**	391,779
	4,485,731	3,804,408
Capital assets, net book value (note 5)	**20,793,915**	19,645,826
	$ 25,279,646	$ 23,450,234
LIABILITIES AND NET ASSETS		
Current liabilities		
Bank borrowings (note 6)	**35,000**	105,000
Accounts payable and accrued liabilities (note 4)	**5,139,498**	4,017,503
Current portion of long-term debt (note 7)	**148,000**	123,000
	5,322,498	4,245,503
Long term liabilities		
Long-term debt (note 7)	**3,186,000**	3,326,000
Post-employment benefits (note 8)	**729,966**	732,592
Deferred capital contributions (note 9)	**14,526,536**	12,963,695
Asset retirement obligations (note 10)	**51,185**	49,947
	23,816,185	21,317,737
Net assets		
Invested in capital assets	**2,898,379**	3,128,131
Unrestricted	**(1,434,918)**	(995,634)
	1,463,461	2,132,497
	$ 25,279,646	$ 23,450,234

On behalf of the Board:

..... Director

..... Director

WINGHAM AND DISTRICT HOSPITAL

STATEMENT OF OPERATIONS

See Accompanying Notes to Financial Statements

For the Year Ended March 31	2025	2024
Revenue		
Ministry of Health / Ontario Health		
- Hospital operations	**18,389,800**	17,108,944
- Emergency and on call coverage	**1,800,930**	1,618,657
Inpatient	**104,976**	113,642
Outpatient	**751,289**	729,292
Investment income	**7,376**	10,956
Recoveries and other income	**6,075,513**	6,100,900
Amortization of deferred capital contributions - equipment	**814,310**	782,316
	27,944,194	26,464,707
Expenses		
Salaries and wages	**11,415,796**	11,008,579
Medical staff remuneration	**2,699,803**	2,422,574
Employee benefits	**3,157,165**	2,566,763
Supplies and other expenses	**4,406,553**	4,061,115
Medical and surgical supplies	**545,993**	458,142
Drug expense	**4,919,132**	5,053,689
Amortization of equipment	**915,350**	869,346
Interest expense	**102,274**	140,309
	28,162,066	26,580,517
Excess of revenue over expenses before other revenue and expenses	**(217,872)**	(115,810)
Building and land improvements		
Amortization of deferred capital contributions	**673,307**	627,866
Amortization of building and land improvements	**(1,124,471)**	(1,086,519)
	(451,164)	(458,653)
Excess (deficiency) of revenue over expenses for the year	**($ 669,036)**	($ 574,463)

WINGHAM AND DISTRICT HOSPITAL

STATEMENT OF CHANGES IN NET ASSETS

See Accompanying Notes to Financial Statements

For the Year Ended March 31			2025	2024
	Invested in Capital Assets	Unrestricted	**Total**	Total
Balance, beginning of year	3,128,131	(995,634)	**2,132,497**	2,706,960
Excess (deficiency) of revenues over expenses	(550,966)	(118,070)	**(669,036)**	(574,463)
Investment in capital assets, net	321,214	(321,214)	**-**	-
Balance, end of year	2,898,379	(1,434,918)	**$ 1,463,461**	$ 2,132,497

WINGHAM AND DISTRICT HOSPITAL

STATEMENT OF CASH FLOWS

See Accompanying Notes to Financial Statements

For the Year Ended March 31	2025	2024
Operating activities		
Excess of revenue over expenses for the year	**(669,036)**	(574,463)
Items not requiring (not providing) cash		
Amortization expense	**2,038,583**	1,953,411
Amortization of deferred capital grants and donations	**(1,487,617)**	(1,410,182)
Accretion of asset retirement obligation	**1,238**	2,454
Working capital provided from operations	**(116,832)**	(28,780)
Cash provided from (used for) changes in operational balances		
Accounts receivable	**(477,322)**	(31,468)
Inventory	**83,710**	(154,325)
Prepaid expenses	**33,451**	(164,272)
Accounts payable and accrued liabilities	**1,121,995**	509,054
Post-employment benefits	**(2,626)**	48,044
Cash provided from (used for) operating activities	**642,376**	178,253
Capital activities		
Net disposals (purchases) of capital assets	**(3,186,672)**	(1,818,326)
Deferred building and equipment grants and donations	**3,050,458**	940,515
	(136,214)	(877,811)
Financing activities		
Net proceeds (repayments) from short-term bank borrowings	**(70,000)**	(70,000)
Net proceeds (repayments) from long-term debt	**(115,000)**	(131,000)
	(185,000)	(201,000)
Increase (decrease) in cash	**321,162**	(900,558)
Cash, beginning of year	**569,666**	1,470,224
Cash, end of year	**$ 890,828**	$ 569,666

Wingham and District Hospital (the "Hospital") is a non-profit organization incorporated without share capital under the laws of the Province of Ontario. The Hospital provides health care services to the residents of North Huron and surrounding area. The Hospital is a registered charity under the Income Tax Act and, as such, is exempt from income tax.

1. Significant accounting policies

The financial statements of the Hospital are the representations of management. They have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards, as issued by the Public Sector Accounting Board (PSAB for Government NPOs).

The Wingham and District Hospital Foundation referred to in the notes is a separate entity whose financial information is reported separately from the Hospital.

The significant accounting policies are summarized as follows:

a) Revenue recognition

The hospital follows the deferral method of accounting for contributions, which include donations and government grants.

Under the Health Insurance Act and Regulations thereto, the Hospital is funded primarily by the Province of Ontario in accordance with budget arrangements established by the Ministry of Health and Ontario Health. The Hospital has entered into a Hospital Service Accountability Agreement (the H-SAA) for fiscal 2024-2025 with Ontario Health that sets out the rights and obligations of the parties to the H-SAA in respect of funding provided to the Hospital by the Ministry / Ontario Health. 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, the Ministry / Ontario Health has the right to adjust funding received by the Hospital. The Ministry / Ontario Health 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 Ministry / Ontario Health funding received by the Hospital during the year may be increased or decreased subsequent to year-end.

Contributions 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 to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

Amortization of buildings is not funded by the Ontario Health and accordingly the amortization of buildings has been reflected as an undernoted item in the statement of operations with the corresponding realization of revenue for deferred contributions.

Revenue from patient services is recognized when the service is provided, the amount to be received can be reasonably estimated and collection is reasonably assured.

Ancillary revenue is recognized when the goods are sold and services provided.

1. Significant accounting policies (continued)

b) Inventories

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

c) Capital assets

Purchased capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments that extend the estimated life of an asset are capitalized. Construction in progress is not amortized until construction is substantially complete and the assets are ready for use.

Capital assets are capitalized on acquisition and amortized on a straight line basis over their estimated useful lives as follows:

Land improvements	3 - 20 years
Buildings	20 - 40 years
Equipment	4 - 20 years

Assets included in construction in progress are not amortized until available for use.

d) Contributed services

Volunteers contribute numerous hours to assist the Hospital in carrying out certain charitable aspects of its service delivery activities. Due to the difficulty of determining the fair value, contributed services are not recognized in these financial statements.

e) Retirement and Post-employment Benefits

The Hospital provides defined retirement and post-employment health, dental and life insurance benefits to eligible retired employees. The Hospital has adopted the following policies with respect to accounting for these employee benefits:

(i) The costs of post-employment benefits are actuarially determined using management's best estimate of health care costs and discount rates. Adjustments to these costs arising from changes in estimates and experience gains and losses are amortized to income 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.

(ii) The costs of the multi-employer defined benefit pension plan are the employer's contributions due to the plan in the period.

f) Management Estimates

The preparation of financial statements in accordance with PSAB for Government NPOs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Actual results could differ from management's best estimates as additional information becomes available in the future. Areas of key estimation include determination of allowance for doubtful accounts, inventory obsolescence, amortization of capital assets, actuarial estimation of post-employment benefits, and asset retirement obligations.

1. Significant accounting policies (continued)

g) Financial instruments

Cash and equity instruments quoted in an active market are measured at fair value. Accounts receivable, loans 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.

When investment income and realized and unrealized gains and losses from changes in 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. Cash

Cash consists of bank deposits that are held at one chartered bank. The accounts earn interest at a variable rate, payable monthly.

3. Accounts Receivable

	2025	2024
Ministry of Health	1,064,993	651,464
Patient services	145,293	148,701
Other	1,240,109	1,188,582
	2,450,395	1,988,747
Less: Allowance for doubtful accounts	(4,117)	(19,791)
	$ 2,446,278	$ 1,968,956

4. Related Party Transactions

The Hospital has an alliance agreement with the Listowel Memorial Hospital and shares a management team and other resources. The services resulted in staff charges of $2,632,881 (2024: $2,2201,474) from Listowel Memorial Hospital. The Hospital provided services to Listowel Memorial Hospital which resulted in recoveries of $813,726 (2024: $686,404). At March 31, 2025, accounts payable includes $1,039,995 (2024: $844,151) that is due to Listowel Memorial Hospital. These transactions are in the normal course of operations and are measured at the exchange amount of consideration established and agreed to by the related parties.

5. Capital Assets

	Cost	Accumulated Amortization	Net Book Value 2025	Net Book Value 2024
Land	916,541	-	916,541	916,541
Land improvements	1,303,849	643,772	660,077	726,539
Buildings	25,808,338	11,759,917	14,048,421	13,444,423
Equipment	20,373,823	15,204,947	5,168,876	4,558,323
	$ 48,402,551	$ 27,608,636	$ 20,793,915	$ 19,645,826

6. Bank Indebtedness

	2025	2024
Canadian Imperial Bank of Commerce, prime rate, repayable $5,833 monthly principal plus interest, due on demand	$ 35,000	$ 105,000

7. Long-Term Debt

	2025	2024
Royal Bank of Canada, repayable $29,000 quarterly (rising to $66,000 quarterly) principal plus interest, due October 2042	3,334,000	3,449,000
Less: current portion	148,000	123,000
	$ 3,186,000	$ 3,326,000

Scheduled principal payments required over the next five fiscal years are as follows:

2025/2026	$ 148,000
2026/2027	125,000
2027/2028	132,000
2028/2029	136,000
2029/2030	143,000

The Wingham and District Hospital entered into a Bankers Acceptance and Interest Rate Swap agreement March 31, 2022 for $1,000,000, with an additional advance in October 2022 for $2,595,000, with a term of 20.75 years at an indicative swap rate of 3.40%, a credit spread of 0.88% with an indicative all-in rate of 4.28%.

8. Post-Employment Benefits

Pension Plan

Substantially all of the employees of the hospital are eligible to be members of the Healthcare of Ontario Pension Plan (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 expenses in the period they come due. Contributions made to the plan during the year by the Hospital amounted to $874,160 (2024: $830,618) and are included in employee benefits on the statement of operations. Variances between actuarial funding estimates and the actual experience could be material and any differences are funded by participating members.

Other Benefits

The Hospital provides post-employment health care, dental and life insurance benefits to eligible retired employees. The hospital's liability at March 31 for this plan is as follows:

	2025	2024
Accrued benefit obligation	586,096	580,613
Unamortized net actuarial loss (gain)	143,870	151,979
Post-employment benefits liability	$ 729,966	$ 732,592

In measuring the Hospital's accrued benefit obligation, a discount rate of 4.60% (2024: 4.50%) was assumed. For extended health care costs, a 5.37% annual rate of increase was assumed beginning in 2023, then decreasing to an ultimate rate of 3.57% per annum increase; and, for dental costs, a 3.57%-5.00% annual rate of increase was assumed. The most recent actuarial valuation was prepared as at April 1, 2023 extrapolated to March 31, 2024. Actual results could differ from this estimate as additional information becomes available in the future.

	2025	2024
Current year benefit cost	33,848	32,940
Prior service costs	-	29,175
Interest on accrued benefit obligation	26,769	26,247
Amortized actuarial (gains) losses	1,829	8,094
Expense for the year	$ 62,446	$ 96,456
Benefits paid during the year	$ 65,072	$ 48,412

9. Deferred Capital Contributions

Deferred capital contributions represent the unamortized amount and unspent amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2025	2024
Balance, beginning of year	12,963,695	13,433,362
Contributions received	3,050,458	940,515
Amortization of deferred contributions - equipment	(814,310)	(782,316)
Amortization of deferred contributions - building and land improvements	(673,307)	(627,866)
Balance, end of year	$ 14,526,536	$ 12,963,695

10. Asset Retirement Obligations

Legal liabilities exist for the removal and disposal of asbestos and other environmentally hazardous materials within some Hospital owned properties and buildings that will undergo major renovations, upgrades, or demolition in the future. The obligation has been measured at current cost as the timing of future cash flows cannot be reasonably determined. In subsequent periods, the liability will be adjusted for accretion expenses to reflect the anticipated future costs at retirement.

	2025	2024
Asset retirement obligations, beginning of year	49,947	47,493
Accretion expense during the year	1,238	2,454
Asset retirement obligations, end of year	$ 51,185	$ 49,947

11. Hospital Foundation and Auxiliary

Wingham and District Hospital Foundation

The Wingham and District Hospital 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. The Foundation was established to raise funds for the use of the hospital. Donations received during the year were $2,289,250 (2024: $453,016).

Wingham Hospital Auxiliary

The Wingham Hospital Auxiliary is a volunteer organization affiliated with the Wingham and District Hospital and is engaged in a wide range of services for the betterment of the Hospital. The organization periodically transfers funds to the Hospital Foundation to be used for the purchase of equipment and supplies for the hospital. Donations received during the year were $32,994 (2024: $19,049).

12. Financial Instrument Risks

Market risk

Market risk is the risk that the fair value of 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 Hospital is not exposed to significant currency risk or equity risk as it does not transact materially in foreign currency or hold significant equity financial instruments. The Hospital's investment policy limits equity instruments to 10% of the fair value of the total investment portfolio.

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 Hospital is exposed to this risk through its interest bearing investments and term debt.

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 its cash, accounts receivable, and debt holdings in its investment portfolio. The Hospital holds its cash accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. The Hospital's investment policy operates with the constraints of the investment guidelines issued by the Ministry and puts limits on the investment portfolio.

Accounts receivable are primarily due from OHIP, the Ministry of Health, 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. An impairment allowance is set up based on the Hospital's historical experience regarding collections.

Liquidity risk

Liquidity risk is the risk that the Hospital will not be able to meet its financial obligations as they fall due. The Hospital is exposed to this risk mainly in respect of its accounts payable and long-term debt. The Hospital expects to meet these obligations as they become due by generating sufficient cash flow from operations.

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.

13. Contingent Liabilities

The Hospital participates in the Healthcare Insurance Reciprocal of Canada, a pooling of the public liability insurance risks of its healthcare members. Members of the pool pay annual premiums, which are actuarially determined. Members are subject to assessment for losses, if any, experienced by the pool for the year in which they were members. No assessments have been made to March 31, 2025, with respect to claims.

The Hospital has been named as a defendant in lawsuits. Legal counsel for the Hospital has advised that it is premature to make any evaluation of the possible outcome or possible settlement amount of these claims.