

LISTOWEL MEMORIAL HOSPITAL
FINANCIAL STATEMENTS
MARCH 31, 2026

SEEBACH & COMPANY
Chartered Professional Accountants



MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying financial statements of Listowel Memorial 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.

LISTOWEL MEMORIAL HOSPITAL

Esther Millar
President & Chief Executive Officer

Dawood Amjad
Chief Financial Officer

May 27, 2026

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Members of Listowel Memorial Hospital

Opinion

We have audited the accompanying financial statements of Listowel Memorial Hospital ("the Hospital"), which are comprised of the statement of financial position as at March 31, 2026 and the statements of operations, changes in net assets, remeasurement gains (losses) 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, 2026, 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.

Seebach & Company
Chartered Professional Accountants

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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

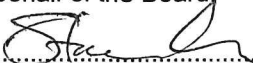
Clinton, Ontario
May 27, 2026

LISTOWEL MEMORIAL HOSPITAL
BALANCE SHEET

See Accompanying Notes to Financial Statements

As at March 31	2026	2025
ASSETS		
Current assets		
Cash	4,887,820	1,814,035
Short-term investments (note 5)	607,451	584,123
Accounts receivable (note 3)	5,761,597	6,168,034
Inventories	369,401	372,306
Prepaid expenses	609,696	533,618
	<u>12,235,965</u>	<u>9,472,116</u>
Investments (note 5)	134,385	126,999
Bequest receivable	81,554	81,554
Capital assets, net book value (note 6)	<u>34,926,939</u>	<u>30,375,820</u>
	<u>\$ 47,378,843</u>	<u>\$ 40,056,489</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	7,497,644	5,349,077
Deferred contributions (note 7)	58,317	58,317
Current portion of long-term debt (note 8)	<u>3,864,264</u>	<u>-</u>
	<u>11,420,225</u>	<u>5,407,394</u>
Long term liabilities		
Deferred contributions (note 7)	280,456	337,017
Post-employment benefits (note 9)	916,755	857,383
Deferred capital contributions (note 10)	24,261,725	23,241,050
Asset retirement obligations (note 11)	<u>66,176</u>	<u>63,625</u>
	<u>36,945,337</u>	<u>29,906,469</u>
Net assets		
Invested in capital assets	6,800,950	7,134,770
Unrestricted	<u>3,540,915</u>	<u>2,930,995</u>
	<u>10,341,865</u>	<u>10,065,765</u>
Accumulated remeasurement gains	<u>91,641</u>	<u>84,255</u>
	<u>10,433,506</u>	<u>10,150,020</u>
	<u>\$ 47,378,843</u>	<u>\$ 40,056,489</u>

On behalf of the Board:

..... Director

..... Director

LISTOWEL MEMORIAL HOSPITAL**STATEMENT OF OPERATIONS**

See Accompanying Notes to Financial Statements

For the Year Ended March 31	2026	2025
Revenue		
Ministry of Health / Ontario Health		
- Hospital operations	23,191,071	21,860,768
- Emergency and on call coverage	3,368,005	2,038,775
Inpatient	544,561	324,617
Outpatient	2,165,287	2,334,039
Investment income	44,171	77,292
Recoveries and other income	1,466,069	1,388,184
Amortization of deferred capital contributions - equipment	955,869	993,636
	<u>31,735,033</u>	<u>29,017,311</u>
Expenses		
Salaries and wages	14,057,045	13,296,660
Medical staff remuneration	4,495,179	4,067,910
Employee benefits	4,559,465	4,361,202
Supplies and other expenses	5,554,743	4,883,986
Medical and surgical supplies	744,106	623,386
Drug expense	331,422	396,838
Amortization of equipment	1,195,231	1,194,505
Interest on long-term debt	28,452	-
	<u>30,965,643</u>	<u>28,824,487</u>
Excess of revenue over expenses		
before other revenue and expenses	<u>769,390</u>	<u>192,824</u>
Building and land improvements		
Amortization of deferred capital contributions	1,426,305	1,013,302
Amortization of building and land improvements	(1,919,595)	(1,408,217)
	<u>(493,290)</u>	<u>(394,915)</u>
Excess (deficiency) of revenue over expenses for the year	<u>\$ 276,100</u>	<u>(\$ 202,091)</u>

LISTOWEL MEMORIAL HOSPITAL
STATEMENT OF CHANGES IN NET ASSETS
See Accompanying Notes to Financial Statements

For the Year Ended March 31	2026		2025	
	Invested in Capital Assets	Unrestricted	Total	Total
Balance, beginning of year	7,134,770	2,930,995	10,065,765	10,740,314
Excess (deficiency) of revenues over expenses	(730,101)	1,006,201	276,100	(202,091)
Investment in capital assets, net	396,281	(396,281)	-	-
Balance, end of year	<u>6,800,950</u>	<u>3,540,915</u>	<u>\$ 10,341,865</u>	<u>\$ 10,538,223</u>

LISTOWEL MEMORIAL HOSPITAL
STATEMENT OF REMEASUREMENT GAINS AND LOSSES
See Accompanying Notes to Financial Statements

For the Year Ended March 31	2026	2025
Accumulated remeasurement gains (losses), beginning of year	84,255	71,225
Unrealized holding gains (losses) attributable to portfolio investments	<u>7,386</u>	<u>13,030</u>
Accumulated remeasurement gains (losses), end of year	<u>\$ 91,641</u>	<u>\$ 84,255</u>

LISTOWEL MEMORIAL HOSPITAL**STATEMENT OF CASH FLOWS**

See Accompanying Notes to Financial Statements

For the Year Ended March 31	2026	2025
Operating activities		
Excess of revenue over expenses for the year	276,100	(202,091)
Items not requiring (not providing) cash		
Amortization expense	3,112,275	2,600,269
Amortization of deferred capital grants and donations	(2,382,174)	(2,006,938)
Accretion of asset retirement obligation	2,551	2,453
Working capital provided from operations	1,008,752	393,693
Cash provided from (used for) changes in operational balances		
Accounts receivable	406,437	(4,069,426)
Inventory	2,905	(35,804)
Prepaid expenses	(76,078)	25,439
Accounts payable and accrued liabilities	2,148,567	160,150
Post-employment benefits	59,372	40,919
Deferred contributions	(56,561)	(56,457)
Cash provided from (used for) operating activities	3,493,394	(3,541,486)
Investing activities		
Disposals of investments, net	(23,328)	1,079,776
	(23,328)	1,079,776
Capital activities		
Net disposals (purchases) of capital assets	(7,663,394)	(9,161,011)
Deferred building and equipment grants and donations	3,402,849	11,154,305
	(4,260,545)	1,993,294
Financing activities		
Net proceeds (repayments) from long-term debt	3,864,264	-
	3,864,264	-
Increase (decrease) in cash	3,073,785	(468,416)
Cash, beginning of year	1,814,035	2,282,451
Cash, end of year	\$ 4,887,820	\$ 1,814,035

LISTOWEL MEMORIAL HOSPITAL

NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2026

Listowel Memorial 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 Perth 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 Listowel Memorial Hospital Foundation referred to in the notes is a separate entity whose financial information is reported separately from the Hospital.

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 2025/2026 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 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 and 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.

LISTOWEL MEMORIAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended March 31, 2026

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.

LISTOWEL MEMORIAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended March 31, 2026

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 rate of bank prime less 1.8%, payable monthly.

3. Accounts Receivable

	2026	2025
Ministry of Health	2,827,552	3,093,317
Patient services	361,869	376,955
Other	1,541,599	1,669,855
Due from Wingham and District Hospital	<u>1,040,186</u>	<u>1,039,995</u>
	5,771,206	6,180,122
Less: Allowance for doubtful accounts	<u>(9,609)</u>	<u>(12,088)</u>
	<u>\$ 5,761,597</u>	<u>\$ 6,168,034</u>

4. Related Party Transactions

The Hospital has an alliance agreement with the Wingham and District Hospital and shares a management team and other resources. The services resulted in staff charges of \$737,482 (2025: \$813,726) from Wingham and District Hospital. The Hospital provided staff services to Wingham and District Hospital which resulted in recoveries of \$1,767,775 (2025: \$2,632,881). At March 31, 2026, accounts receivable includes \$1,040,186 (2025: \$1,039,995) that is due from Wingham and District 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.

LISTOWEL MEMORIAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended March 31, 2026

5. Investments

	2026	2025
Sun Life Financial shares (cost: \$42,744)	134,385	126,999
High interest savings account and short-term investment certificates	<u>607,451</u>	<u>584,123</u>
	741,836	711,122
Less current portion	<u>607,451</u>	<u>584,123</u>
	<u>\$ 134,385</u>	<u>\$ 126,999</u>

6. Capital Assets

	Cost	Accumulated Amortization	Net Book Value 2026	Net Book Value 2025
Land	1,557,256	-	1,557,256	1,557,256
Land improvements	871,927	814,565	57,362	44,316
Buildings	41,543,227	13,289,761	28,253,466	23,280,357
Equipment	<u>30,400,325</u>	<u>25,341,470</u>	<u>5,058,855</u>	<u>5,493,891</u>
	<u>\$ 74,372,735</u>	<u>\$ 39,445,796</u>	<u>\$ 34,926,939</u>	<u>\$ 30,375,820</u>

7. Deferred Contributions

Deferred contributions represent unspent externally restricted funding that has been received and relates to a subsequent year. Changes in the contributions deferred to future periods are as follows:

	2026	2025
Balance, beginning of year	395,334	451,791
Contributions received during the year	-	-
Less: amounts recognized as revenue in the year	<u>(56,561)</u>	<u>(56,457)</u>
Balance, end of year	<u>\$ 338,773</u>	<u>\$ 395,334</u>

Deferred contributions are comprised of:

	2026	2025
North Perth Family Health Team prepaid rent for medical clinic lease expiring in February 2032	338,358	394,919
Other prepaid rent	<u>415</u>	<u>415</u>
	338,773	395,334
Less: current portion	<u>58,317</u>	<u>58,317</u>
Balance, end of year	<u>\$ 280,456</u>	<u>\$ 337,017</u>

8. Long-term debt

	2026	2025
Royal Bank of Canada, construction advances, interest at prime + 0.25%, due on demand	3,864,264	-
Less: current portion	<u>3,864,264</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>

LISTOWEL MEMORIAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended March 31, 2026

8. Long-term debt (continued)

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

2026/2027	\$ 3,864,264
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The long-term debt is secured with a general security agreement.

9. 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 \$1,296,714 (2025: \$1,255,903) 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:

	2026	2025
Accrued benefit obligation	911,271	845,294
Unamortized net actuarial gain (loss)	<u>5,484</u>	<u>12,089</u>
Post-employment benefits liability	<u>\$ 916,755</u>	<u>\$ 857,383</u>

In measuring the Hospital's accrued benefit obligation, a discount rate of 4.70% (2025: 4.70%) was assumed. For extended health care costs, a 5.27% annual rate of increase was assumed, 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, 2025. Actual results could differ from this estimate as additional information becomes available in the future.

	2026	2025
Current year benefit cost	69,136	64,995
Interest on accrued benefit obligation	41,047	38,691
Amortized actuarial (gains) losses	<u>(6,605)</u>	<u>(7,164)</u>
Expense for the year	<u>\$ 103,578</u>	<u>\$ 96,522</u>
Benefits paid during the year	<u>\$ 44,206</u>	<u>\$ 55,603</u>

LISTOWEL MEMORIAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended March 31, 2026

10. 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.

	2026	2025
Balance, beginning of year	23,241,050	14,093,683
Contributions received	3,402,849	11,154,305
Amortization of deferred contributions - equipment	(955,869)	(993,636)
Amortization of deferred contributions - building and land improvements	<u>(1,426,305)</u>	<u>(1,013,302)</u>
Balance, end of year	<u>\$ 24,261,725</u>	<u>\$ 23,241,050</u>

11. 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.

	2026	2025
Asset retirement obligations, beginning of year	63,625	61,172
Accretion expense during the year	<u>2,551</u>	<u>2,453</u>
Asset retirement obligations, end of year	<u>\$ 66,176</u>	<u>\$ 63,625</u>

12. Hospital Foundation and Auxiliary

Listowel Memorial Hospital Foundation

The Listowel Memorial 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 \$403,186 (2025: \$4,568,243).

Listowel Hospital Auxiliary

The Listowel Hospital Auxiliary is a volunteer organization affiliated with the Listowel Memorial Hospital and is engaged in a wide range of services for the betterment of the Hospital. The organization periodically transfers funds to the Hospital to be used for the purchase of equipment and supplies for the hospital. During the year, the Auxiliary donated \$- (2025: \$25,000) to the Hospital.

LISTOWEL MEMORIAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended March 31, 2026

13. 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. At March 31, 2026, a 10% movement in stock markets with all other variables held constant, could impact the market value of the equity instruments held by \$13,400 (2025: \$12,700).

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.

14. Contingent Liability

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, 2026, with respect to claims.