Services De Santé De Chapleau Health Services

Financial Statements

Year ended March 31, 2026

MANAGEMENT RESPONSIBILITY STATEMENT

The accompanying financial statements of the Services De Santé De Chapleau Health Services ("the Hospital") are the responsibility of the Hospital's management and have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 3 to these financial statements. The preparation of the 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, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The Board of Directors meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by Freelandt Caldwell Reilly LLP, 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.

J. Piaschetti N Conte	Luc Tessier Luc Tessier (Jun 16, 2026 22:36:58 EDT)
Chief Executive Officer June 16, 2026	Chair

INDEPENDENT AUDITOR'S REPORT

To: The Board of Directors of
Services De Santé De Chapleau Health Services

Opinion
We have audited the financial statements of **Services De Santé De Chapleau Health Services**, which comprise the statement of financial position as at **March 31, 2026**, and the statements of operations, changes in net assets (deficit), 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 organization as at **March 31, 2026**, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion
We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the organization 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.

Material Uncertainty Related to Going Concern
We draw attention to Note 2 in the financial statements, which indicates that the organization incurred a deficiency of revenues over expenditures of $90,963 during the year ended March 31, 2026 and, as of that date, the organization had a working capital deficit in the amount of $2,751,238 and an unrestricted net deficit of $3,489,370. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the organization’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

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INDEPENDENT AUDITOR'S REPORT, continued

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

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

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization'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 organization'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 organization to cease to continue as a going concern.

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INDEPENDENT AUDITOR'S REPORT, continued

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Freelandt Caldwell Reilly LLP

FREELANDT CALDWELL REILLY LLP

Chartered Professional Accountants
Licensed Public Accountants

Sudbury, Ontario
June 16, 2026

Services De Santé De Chapleau Health Services
Statement of Financial Position
March 31, 2026 with comparative figures for 2025

	2026	2025
Assets		
Current		
Cash and cash equivalents (note 4)	$ 1,216,409	$ 1,276,775
Investments (note 5)	108,348	103,154
Accounts receivable (note 6)	880,088	990,028
Inventory	355,526	348,278
Prepaid expenses	3,480	37,258
	2,563,851	2,755,493
Receivable from Chapleau General Hospital Foundation (note 7)	115,216	138,474
Capital assets (note 8)	6,220,141	6,464,777
	$ 8,899,208	$ 9,358,744
Liabilities and net assets (deficit)		
Current		
Accounts payable and accrued liabilities (note 9)	$ 4,945,795	$ 5,159,580
Deferred contributions	307,841	307,841
Current portion of long-term debt	47,695	26,908
Current portion of capital lease obligation	13,758	70,192
	5,315,089	5,564,521
Long-term debt (note 10)	235,400	202,985
Capital lease obligation (note 11)	55,216	68,974
Liability for post-retirement benefits (note 12)	914,800	898,400
Deferred capital contributions (note 13)	4,582,410	4,747,225
Asset retirement obligation (note 14)	288,258	277,641
	11,391,173	11,759,746
Net assets (deficit)		
Unrestricted net assets (deficit)	(3,489,370)	(3,611,020)
Equity in capital assets (note 15)	997,405	1,210,018
	(2,491,965)	(2,401,002)
	$ 8,899,208	$ 9,358,744

Going concern (note 2)
Contingent liabilities (note 16)

Approved on behalf of the Board of Directors:

Director Natalie Tessier
Natalie Tessier (Jun 17, 2026 13:09:49 EDT)

Director
Pamela Drynan (Jun 16, 2026 18:43:15 EDT)

Services De Santé De Chapleau Health Services

Statement of Operations
Year ended March 31, 2026 with comparative figures for 2025

		2026		2025
Revenues				
Chapleau General Hospital (Schedule 1 - Schedule of Operations)	$	16,059,162	$	14,144,172
Other Votes (Schedule 2)		2,332,307		2,073,575
Cedar Grove (Schedule 3)		389,399		344,197
		18,780,868		16,561,944
Expenditures				
Chapleau General Hospital (Schedule 1 - Schedule of Operations)		16,214,763		15,403,472
Other Votes (Schedule 2)		2,300,058		2,083,934
Cedar Grove (Schedule 3)		385,014		332,063
		18,899,835		17,819,469
Deficiency of revenues over expenditures before undernoted items		(118,967)		(1,257,525)
Interest and other investment income		22,810		35,429
Unrealized gain in market value of investments		5,194		5,351
Deficiency of revenues over expenditures	$	(90,963)	$	(1,216,745)

Services De Santé De Chapleau Health Services

Statement of Changes in Net Assets (Deficit)
Year ended March 31, 2026 with comparative figures for 2025

	Unrestricted net assets (deficit)	Equity in capital assets (note 15)	Total 2026	Total 2025
Balance, beginning of year	$ (3,471,854)	$ 1,070,852	$ (2,401,002)	$ (1,184,257)
Excess (deficiency) of revenues over expenditures	179,002	(269,965)	(90,963)	(1,216,745)
Invested in capital assets	(196,518)	196,518	-	-
Balance, end of year	$ (3,489,370)	$ 997,405	$ (2,491,965)	$ (2,401,002)

See accompanying notes to financial statements

Services De Santé De Chapleau Health Services

Cash Flows Statement

Year ended March 31, 2026 with comparative figures for 2025

	2026	2025
Cash flows from operating activities		
Deficiency of revenues over expenditures	$ (90,963)	$ (1,216,745)
Adjustments for non-cash items		
Amortization of capital assets	782,813	870,177
Amortization of deferred capital contributions (note 13)	(538,309)	(581,888)
Increase in post-retirement benefits liability	16,400	15,600
Unrealized gain on market value of investments	(5,194)	(5,351)
Accretion of asset retirement obligation (note 14)	10,617	9,269
Amortization of capital leases	14,845	-
	190,209	(908,938)
Change in non-cash working capital items		
Accounts receivable	109,940	(217,158)
Inventory	(7,248)	(24,329)
Prepaid expenses	33,778	15,299
Accounts payable and accrued liabilities	(213,785)	1,362,532
	112,894	227,406
Cash flows from financing activities		
Recovery of advances to (advances to) Chapleau General Hospital Foundation	23,258	(91,352)
Proceeds of long-term debt	98,806	-
Principal payments on long-term debt	(45,604)	(55,020)
Repayment of capital lease obligation	(70,192)	(9,280)
	6,268	(155,652)
Cash flows from capital activities		
Deferred capital contributions received	373,494	171,798
Purchase of capital assets	(553,022)	(313,033)
	(179,528)	(141,235)
Decrease in cash and cash equivalents	(60,366)	(69,481)
Cash and cash equivalents, beginning of year	1,276,775	1,346,256
Cash and cash equivalents, end of year	$ 1,216,409	$ 1,276,775

Other information

Cash is comprised of cash and cash equivalents. Refer to notes 3(b) and 4 for additional information.

Refer to note 8 for details of capital assets acquired during the year by way of capital lease, with a value of $Nil (2025 - $148,446).

1. Nature of operations

Services De Santé De Chapleau Health Services ("the Hospital") is principally involved in providing health care services to the residents of the Chapleau area. The Hospital is incorporated without share capital under the Corporations Act (Ontario) and is a charitable organization within the meaning of the Income Tax Act (Canada) and accordingly is exempt from income tax.

2. Going concern

These financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of operations. Should the organization be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

The Hospital incurred a deficiency of revenues over expenditures during the year in the amount of $90,963 (2025 - 1,216,745) and had a working capital deficit in the amount of $2,751,238 (2025 - $2,809,028). The total operating deficiency over the two years 2025 and 2026 is $1,307,708 resulting in an unrestricted net deficit at March 31, 2026 of $3,489,370. Without the assistance of Ontario Health, it is likely that the hospital will not be able to meet its obligations to pay its liabilities as they become due in the near future.

Management has determined that a significant portion of the deficit incurred in fiscal 2025 and 2026 was due to the acquisition of capital assets financed using internal resources as well as the cost for the Hospital to hire an appropriate level of staff, which resulted in the need for significant amounts of overtime and high agency staffing costs incurred to maintain the level of service as dictated by Ontario Health.

Management's plan for 2027 is to:
1. work with Ontario Health to review funding levels to provide the required level of care;
2. continue to operate as efficiently as possible while maintaining the level of service;
3. continue their recruitment plan to hire more RN's and RPN's to reduce agency costs further; and
4. secure cash flow advances through Ontario Health.

The accompanying financial statements do not include any adjustments relating to the recoverability of assets and to the reclassification of asset and liability amounts that might be necessary should the organization be unable to continue its operations.

3. **Significant accounting policies**

These financial statements are prepared using Canadian public sector accounting standards for government not-for-profit organizations including PS 4200 series of standards as issued by the Public Sector Accounting Board. The significant accounting policies are detailed 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 ("MOH") and Ontario Health ("OH"). Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

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

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

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

Revenue from the Provincial insurance plan, preferred accommodation, and marketed services are recognized in the period in which the goods are sold or the service is provided.

(b) **Cash and cash equivalents**

Cash and cash equivalents include cash and short-term investments with maturities of 1 year or less from their date of acquisition, which are readily convertible into a known amount of cash, and are subject to an insignificant risk to changes in their fair value.

3. **Significant accounting policies, continued**

(c) **Investments**

The organization records its investments at fair value. Changes in fair values during the year are included in the statement of operations.

(d) **Inventory**

Inventory held for consumption is recorded at the lower of cost and replacement cost. Cost is determined using the purchase cost method.

(e) **Other entities**

The notes to the accompanying financial statements include information about the following entities:

One Health Information Technology Services
Chapleau General Hospital Foundation

The ONE Health Information Technology Services is accounted for using the modified equity method.

(f) **Capital assets and amortization**

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. When a capital asset no longer contributes to the Hospital's ability to provide services, its carrying amount is written down to its estimated realizable value.

Amortization is provided on assets placed into use on the straight-line basis over their estimated useful lives as follows:

Buildings	20 to 30 years
Equipment	5 to 15 years
Land improvements	5 to 15 years
Assets under capital leases	5 to 6 years

(g) **Capital lease obligations**

Assets financed by capital lease obligation are recorded at their value at the inception of the lease with the principal portion of the rental obligation recorded as a long-term liability. Amortization is recorded as outlined in note 3(f) and the interest portion of the lease payments is expensed as incurred.

3. **Significant accounting policies, continued**

(h) **Pension plans and other retirement benefit plans**

The Hospital accrues its obligations for employee benefit plans. The cost of non-pension post-retirement and post-employment benefits earned by employees is actuarially determined using the projected benefit method pro-rated on service and management's best estimate of retirement ages of employees and expected health care costs.

Actuarial gains (losses) on the accrued benefit obligation arise from 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 9 years.

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

The Hospital is an employer member of the Healthcare of Ontario Pension Plan (The "Plan), which is a multi-employer, defined benefit pension plan. The Hospital has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The Hospital records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the Plan for the past employee service.

(i) **Funding Adjustments**

The Hospital receives grants from Ontario Health ("OH") and the Ministry of Health ("MOH") for specific services. Pursuant to the related agreements, if the Hospital does not meet specified levels of activity, OH or MOH are entitled to seek recoveries. Should any amounts become recoverable, the recoveries would be charged to operations in the period in which the recovery is determined payable. Should programs and activities incur a deficit, the Hospital records any recoveries thereon when additional funding is received or receivable if the amounts can be reasonably estimated and collection is reasonably assured.

(j) **Contributed services**

The Hospital is dependent on the voluntary services of many individuals. Since these services are not normally purchased by the Hospital and because of the difficulty in estimating their fair market value, these services are not recorded in these financial statements.

3. **Significant accounting policies, continued**

(k) **Financial instruments**

(i) **Measurement of financial instruments**

The organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Hospital subsequently measures its financial assets and financial liabilities at amortized cost using the effective interest rate method, except for investments which are subsequently measured at fair value. Changes in fair value are recognized in the statement of operations in the period they occur.

Financial assets measured at amortized cost include cash and cash equivalents and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, long-term debt and capital lease obligation.

Financial assets measured at fair value include investments.

Financial assets measured at cost includes receivable from Chapleau General Hospital Foundation.

(ii) **Impairment**

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in the statement of operations. The write down reflects the difference between the carrying amount and the higher of:

- the present value of the cash flows expected to be generated by the asset or group of assets;
- the amount that could be realized by selling the assets or group of assets;
- the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in the statement of operations, in the period it is identified and measurable, to the amount of the previously recognized impairment.

3. **Significant accounting policies, continued**

(l) **Use of estimates**

The preparation of financial statements in accordance with Canadian public sector accounting standards for government not-for-profit organizations requires management to make estimates 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 revenues and expenditures during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Estimates used in the preparation of the accompanying financial statements include estimated allowances for uncollectible accounts receivable, realizable value of inventory, estimated useful lives of capital assets, certain accrued liabilities, deferred revenue, asset retirement obligation and post-employment benefits liability.

(m) **Asset retirement obligation ("ARO")**

The organization recognizes an estimate of the liability associated with an ARO in the financial statements at the time the liability is incurred. The estimated net present value of the ARO is recorded as a liability, with a corresponding increase in the carrying amount of the related assets. The capitalized amount is amortized over the estimated life of the assets. The liability amount is increased each reporting period due to the passage of time and the amount of accretion is recognized in profit or loss for the period. The ARO can also increase or decrease due to changes in the original estimated undiscounted costs, or changes in the timing of these expenditures. Actual costs incurred upon settlement of the ARO are charged against the ARO to the extent of the liability recorded.

4. Cash and cash equivalents

Included in cash and cash equivalents is cash and guaranteed investment certificates as follows:

	2026	2025
Cash	$ 1,174,746	$ 1,236,258
Guaranteed investment certificates with an interest rate of 2.69% per annum, and maturing in March 2027	41,663	-
Guaranteed investment certificates with an interest rate of 2.83% per annum, and matured in March 2026	-	40,517
	$ 1,216,409	$ 1,276,775

5. Investments

	2026 Market Value	2026 Cost	2025 Market value	2025 Cost
Cash	$ 3,480	$ 3,480	$ 3,155	$ 3,155
Fixed income	25,670	29,691	21,616	23,807
Money Market funds	17,633	17,633	13,265	13,265
Equities	61,565	40,536	65,118	46,485
	$ 108,348	$ 91,340	$ 103,154	$ 86,712

Financial instruments that are measured subsequent to initial recognition at fair value are grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities using the last bid price;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for assets or liabilities that are not based on observable market date (unobservable inputs).

Fair value of the Health Centre’s portfolio investments have been determined using Level 1 measures in the fair value hierarchy.

6. **Accounts receivable**

	2026	2025
Patients, tenants and service recipients	$ 658,272	$ 556,485
HST rebates	158,145	206,372
Grants and other	63,671	227,171
	$ 880,088	$ 990,028

7. **Receivable from Chapleau General Hospital Foundation**

The advances to Chapleau General Hospital Foundation, (see additional information in notes 3(e) and 19), are unsecured, non-interest bearing and without fixed terms of repayment.

8. **Capital assets**

			2026	2025
	Cost	Accumulated amortization	Net	Net
Land	$ 82,133	$ -	$ 82,133	$ 82,133
Buildings	18,664,776	14,018,934	4,645,842	4,764,210
Equipment	8,902,288	7,543,723	1,358,565	1,469,988
Land improvements	278,804	278,804	-	-
	27,928,001	21,841,461	6,086,540	6,316,331
Assets under capital leases	148,446	14,845	133,601	148,446
	$ 28,076,447	$ 21,856,306	$ 6,220,141	$ 6,464,777

Cost and accumulated amortization at March 31, 2025 amounted to $27,523,291 and $21,058,514 respectively.

During the year, assets with a cost of $Nil (2025 - $148,446) were acquired by way of capital lease.

9. **Accounts payable and accrued liabilities**

		2026		2025
General accounts payable and other	$	2,611,244	$	2,832,894
Ontario Health/Ministry of Health		1,171,752		1,299,091
Payroll related		1,162,799		1,027,595
	$	4,945,795	$	5,159,580

Included in accounts payable and accrued liabilities are government remittances payable of $234,839 (2025 - $231,213).

10. **Long-term debt**

		2026		2025
2.99% Ford Credit of Canada equipment loan, repayable in monthly payments of $1,784, including interest, maturing March 2030. The loan is secured by specific equipment with a net book value of $80,628.	$	80,110	$	-
4.98% RBC mortgage, repayable in monthly payments of $3,165, including interest, secured by the Cedar Grove apartments located at 101 Pine Street, maturing June 2032.		202,985		229,893
		283,095		229,893
Less current portion		47,695		26,908
	$	235,400	$	202,985

Estimated principal repayments are as follows:

2027	$	47,695
2028		49,889
2029		52,191
2030		54,092
2031		35,439
Subsequent years		43,789
	$	283,095

11. **Capital lease obligation**

		2026		2025
Capital lease contract with Canon Medical, repayable in monthly payments of $1,532 plus HST, including a payment of $10,000 at inception and $60,000 in June 2025, payments include interest at 7.35% per annum, secured by specific equipment, maturing August 2030 with a buyout option of $1.	$	68,974	$	139,166
Less current portion		13,758		70,192
	$	55,216	$	68,974

Capital leases are recorded at an amount equal to the present value of the lease payments using the interest rate implicit in the lease. The implicit interest rate in this obligation is 7.35% with an expiry date of August 2030. The following is a schedule of future minimum lease payments under capital leases.

2027	$	13,758
2028		14,804
2029		15,929
2030		17,140
2031		7,343
Total future minimum lease payments		68,974
Less current portion		13,758
	$	55,216

Interest charges to the accounts of the organization on the above during the year amounts to $6,660 (2025 - $909).

12. Liability for post-retirement benefits

The Hospital provides for the reimbursement of dental and extended health care expenses to retired employees provided that certain specified conditions are met. An actuarial calculation of the future liabilities thereof has been made and forms the basis for the liability reported in these financial statements.

The most recent valuation of the employee future benefits was completed as at March 31, 2026.

	2026	2025
Balance, beginning of year	$ 898,400	$ 882,800
Add: Benefit costs	83,200	84,200
Less: Benefit contributions	(66,800)	(68,600)
	$ 914,800	$ 898,400

The Hospital's plan is not pre-funded, resulting in a plan deficit equal to the accrued benefit obligation.

The main assumptions employed for the valuations are as follows:

Interest (discount) rate:
The obligation as at March 31, 2026 of the present value of future liabilities and the expense for the period ended March 31, 2026 was determined using an annual discount rate of 3.89% (2025 - 3.95%). This corresponds to the provincial cost of borrowing rate recommended by the Ministry of Health.

Dental cost trend rates: 3.30% per annum (2025 - 5.00%).

Extended Health Care trend rates: 6.58% per annum (2025 - 5.60%).

13. Deferred capital contributions

Deferred capital contributions represent the unamortized and unspent balances of donations and grants received for capital asset acquisitions. Details of the continuity of these funds are as follows:

	2026	2025
Balance, beginning of year	$ 4,747,225	$ 5,157,315
Additional capital contributions received in the year	373,494	171,798
Less amounts amortized to revenue	(538,309)	(581,888)
Balance, end of year	$ 4,582,410	$ 4,747,225

14. **Asset retirement obligation**

The Hospital's asset retirement obligation represents management's best estimate of the present value of costs that are expected to be incurred for asbestos removal from the buildings located at 6 Broomhead Road, Chapleau and at 101 Pine Street, Chapleau. At March 31, 2026 the estimated discounted asset retirement obligation is $267,059 at 6 Broomhead Road and $21,199 at 101 Pine Street for a total asset retirement obligation obligation of $288,258. There was accretion of $10,617 for 6 Broomhead Road in fiscal 2026.

The asset retirement obligation for the building located at 6 Broomhead Road was calculated using a model provided by the Ministry of Health whereby the square footage was multiplied by a rate provided by the MOH to remove the asbestos from the building. The obligation related to the building at 101 Pine Street was estimated by a professional engineering firm.

The estimated future value is $417,253 at March 31, 2037 using a discount rate of 4.14% over the estimated remaining useful life of the building of 11 years as estimated by management. The asset relating to the obligation is amortized over the remaining life of the building. There was amortization of $15,185 expensed in fiscal 2026.

	2026	2025
Asset retirement obligation, beginning of year	$ 277,641	$ 268,372
Accretion expense	10,617	9,269
Asset retirement obligation, end of year	$ 288,258	$ 277,641

15. **Equity in capital assets**

		2026		2025
Capital assets, net book value	$	6,220,141	$	6,464,777
Amounts financed by long-term debt		(283,095)		(229,893)
Unamortized deferred capital contributions		(4,582,410)		(4,747,225)
Asset retirement obligation		(288,257)		(277,641)
Capital lease obligation		(68,974)		(139,166)
Ending equity in capital assets	$	997,405	$	1,070,852

The change in equity in capital assets is calculated as follows:

		2026		2025
Purchase of capital assets	$	553,023	$	461,479
Amounts of capital contributions received		(373,494)		(171,795)
Amounts funded by long-term debt/capital lease		(98,806)		(148,446)
Principal payments on long-term debt/capital lease		115,796		64,111
Amortization of deferred capital contributions		538,309		581,888
Amortization of capital assets		(782,813)		(870,177)
Amortization of capital leases		(14,845)		-
Accretion of asset retirement obligation		(10,617)		(9,269)
	$	(73,447)	$	(92,209)

16. **Contingent liabilities**

The nature of the Hospital’s activities is such that there may be litigation pending or in prospect at any time. With respect to claims at March 31, 2026, management believes the Hospital has valid defences and appropriate insurance in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Hospital’s financial position.

The Hospital is a member of the Healthcare Insurance Reciprocal of Canada (HIROC) which was established by hospitals and other healthcare organizations to self-insure by pooling the public liability insurance risks of its members. All members pay annual premiums to HIROC which are actuarially determined. If the aggregate premiums paid by members are not sufficient to cover claims, the Hospital will be required to provide an additional premium payment on a proportional basis with all other members.

17. **Credit facilities**

The Hospital has available to it, an RBC demand loan to a maximum of $200,000 with interest payable at prime plus 0.4% per annum. As at March 31, 2026 there is a balance of $Nil owing on this loan (2025 - $Nil).

18. **Pension plan**

Substantially all of the employees of the Hospital are members of the Healthcare of Ontario Pension Plan (the Plan), which is a multi-employer defined benefit pension plan available to all eligible employees of the participating members of the Ontario Hospital Association. Plan members will receive benefits based on the length of service and on the average of annualized earnings during the five consecutive years prior to retirement, termination or death that provide the highest earnings.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by the Plan by placing plan assets in trust and through the Plan investment policy.

Pension expense is based on Plan management's best estimates of the amount, together with the amounts contributed by employees, 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 most recent actuarial valuation of the plan indicates the plan is fully funded. Contributions to the plan made during the year by the Hospital on behalf of its employees amounted to $557,582 (2025 - $593,220) and are included in the statement of operations.

At December 31, 2025, the HOOPP had total assets of $272.8 billion (2024 - $240.5 billion) and an accumulated surplus of $11.1 billion (2024 - $10.4 billion).

19. Chapleau General Hospital Foundation

The Chapleau General Hospital Foundation was created without share capital under the Corporations Act (Ontario) and is a registered charity under the Income Tax Act (Canada). The Foundation was created to serve as the fundraising agency for the Hospital. The Foundations by-laws mandate that one trustee of the Foundation Board of Trustees be the Chair of the Board of Directors of the Hospital and that one trustee be the Chair of the Finance Committee of the Hospital. The other trustees consist of one representative of the Active Medical Staff of the Hospital (non-voting), two trustees be representatives of the community and one trustee be the CEO of the Hospital (non-voting).

The financial statements of the Foundation have not been consolidated in the Hospital's financial statements. Financial statements of the Foundation are available upon request. Pertinent financial information of the Foundation is as follows:

	2026	2025
Assets	$ 1,739,162	$ 1,536,445
Liabilities	$ 115,216	$ 138,475
Fund balance	1,623,946	1,397,970
	$ 1,739,162	$ 1,536,445

Results of Operations:

	2026	2025
Fundraising	$ 238,120	$ 213,630
Donations	104,923	53,434
Investment income	3,165	39,571
Grant	-	16,154
Total revenue	$ 346,208	$ 322,789
Expenses:		
Other expenses	$ 199,632	$ 175,235
Charitable contributions	80,816	41,843
Total expenses	$ 280,448	$ 217,078
Other income (expense):		
Unrealized gain on market value of investments	$ 160,216	$ 65,266
Excess of revenues over expenses	$ 225,976	$ 170,977

19. **Chapleau General Hospital Foundation, continued**

All charitable contributions were directed to the Hospital, of which the Chapleau General Hospital Foundation approved contributions of $80,816 (2025 - $41,843) to be used for capital acquisitions.

20. **ONE Health Information Technology Services**

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 member hospitals (the members) in Northeastern Ontario on a cost recovery basis through a Master Services Agreement and a Membership Agreement. The Hospital is a member of ONE HITS and is responsible for a 0.51% (2025 - 0.8%) proportionate share of its financing requirements. In turn, ONE HITS provides the Hospital with access to shared software platforms and information technology solutions for an initial term of ten years to December 31, 2031, and will automatically renew for additional five year renewal terms unless terminated by the members. The Hospital accounts for its interest in ONE HITS using the modified equity method.

Financial summaries of ONE HITS at March 31 are as follows:

	2026	2025
Assets:		
Current assets	$ 10,946,404	$ 19,884,611
Capital assets	28,652,169	30,617,479
	39,598,573	50,502,090
Liabilities		
Current liabilities	5,053,087	13,498,497
Non-current liabilities	34,545,486	37,003,593
	39,598,573	50,502,090
Net assets	$ -	$ -

	2026	2025
Results of operations		
Total revenue	$ 19,737,503	$ 16,087,528
Total expenses	(19,737,503)	(16,087,528)
Excess of revenues over expenses	$ -	$ -

20. **ONE Health Information Technology Services, continued**

Included in accounts payable and accrued liabilities at March 31, 2026 are amounts owing to ONE HITS of $2,884 (2025 - $76,387).

Included in capital assets - equipment at March 31, 2026 are capital assets with a cost of $829,304 (2025 - $754,648) and accumulated amortization of $88,343 (2025 - $37,233) and a net carrying amount of $740,961 (2025 - $717,415) representing the Hospital's capital contributions to ONE HITS.

21. **Financial instruments**

Transactions in financial instruments may result in an entity assuming or transferring financial risks to or from another party. The organization is exposed to the following risks associated with financial instruments and transactions it is a party to:

(a) Credit risk

Credit risk is the risk that one party to a financial transaction will fail to discharge a financial obligation and cause another party to incur a financial loss. The organization is exposed to credit risk associated with its cash and cash equivalents, investments, accounts receivable, and receivable from Chapleau General Hospital Foundation.

The organization minimizes risk associated with cash and cash equivalents, and investments by holding these financial assets with large reputable financial institutions with high credit ratings.

The organization has credit risk associated with its accounts receivable balances of $880,088 (2025 - $990,028). The organization manages its exposure to this credit risk through managements on-going monitoring of accounts receivable balances and collections including performing credit valuations on a regular basis. An allowance for bad debts is recorded when applicable.

Refer to note 3(k)(ii) regarding the organizations policies for assessing impairment of financial assets measured at other than fair value, which includes its receivable from Chapleau General Hospital Foundation.

(b) Liquidity risk

Liquidity risk is the risk that the organization cannot repay its obligations when they become due to its creditors. The organization has liquidity risk exposure associated with its accounts payable and accrued liabilities of $4,945,795 (2025 - $5,159,580). The organization reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due, and through extensive budgeting, payment arrangements and monitoring of cash requirements, to repay creditors including long-term debt interest and principal payments as those liabilities become due. The organization is encountering difficulties with repaying its obligations, as there is a working capital deficiency of $2,751,238 (2025 - $2,809,028). Refer to note 2 regarding going concern matters and the organization's management plan for 2027.

22. Comparative figures

Certain 2025 comparative figures have been reclassified from those previously presented to conform to the presentation of the 2026 financial statements. The changes do not affect prior year deficiency of revenues over expenditures.

Services De Santé De Chapleau Health Services

Chapleau General Hospital Operations - Schedule of Operations

Year ended March 31, 2026 with comparative figures for 2025

	2026	2025
Revenues		
Ministry of Health	$ 12,170,084	$ 10,811,987
Physician funding	1,528,447	934,553
Recoveries and miscellaneous	978,506	897,158
Patient accommodation	668,984	745,001
Amortization of deferred capital contributions	538,309	581,888
Patient services	174,832	173,585
	16,059,162	14,144,172
Expenditures		
Salaries and wages	8,383,656	7,929,919
Supplies and other (including amortization of $13,977 (2025 - $13,855))	3,394,903	3,323,461
Employee benefits	1,870,890	1,928,093
Physician remuneration	1,695,881	1,351,554
Amortization of capital assets	748,140	823,706
Employee future benefits	77,868	24,635
Interest and bank charges	17,963	12,835
Amortization on capital leases	14,845	-
Accretion of asset retirement obligation	10,617	9,269
	16,214,763	15,403,472
Deficiency of revenues over expenditures	$ (155,601)	$ (1,259,300)

Services De Santé De Chapleau Health Services

Other Votes - Schedule of Operations

Year ended March 31, 2026 with comparative figures for 2025

	2026	2025
Revenues		
Family Health Team	$ 724,974	$ 619,811
Turning Point Mental Health	487,244	419,405
Home Support Program	352,048	347,468
Assisted Living	253,729	219,020
Nurse Practitioner	194,672	171,388
Nursing Station	179,029	173,104
Medical Clinic	73,966	55,313
Turning Point Addictions	38,815	37,315
Foundation salaries and benefits	27,830	33,001
Municipal taxes	-	(2,250)
	2,332,307	2,073,575
Expenditures		
Family Health Team	730,558	619,811
Turning Point Mental Health	488,696	419,404
Home Support Program	352,338	347,479
Assisted Living	258,117	219,020
Nurse Practitioner	201,450	171,388
Nursing Station (including amortization of $2,658 (2025 - $2,861))	179,029	173,104
Medical Clinic (including amortization of $3,446 (2025 - $3,446))	67,287	55,757
Turning Point Addictions	38,815	37,315
Foundation salaries and benefits	27,830	33,001
Municipal taxes	(44,062)	7,655
	2,300,058	2,083,934
Excess (deficiency) of revenues over expenditures	$ 32,249	$ (10,359)

Services De Santé De Chapleau Health Services

Cedar Grove - Schedule of Operations
Year ended March 31, 2026 with comparative figures for 2025

	2026	2025
Revenues		
Rent and accommodation charges	$ 270,592	$ 249,511
Elderly Person Centre	94,006	69,266
Other income	12,513	25,420
Provincial subsidy - Apartments	12,288	-
	389,399	344,197
Expenditures		
Building operations	172,803	135,392
General and administrative	103,615	101,096
Elderly Person Centre	94,005	69,266
Amortization - Buildings	14,591	26,309
	385,014	332,063
Excess of revenues over expenditures	$ 4,385	$ 12,134

202603 Services De Sante De Chapleau Health Services - Financial Statements

Final Audit Report 2026-06-17

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