

Financial Statements of

**GROVES MEMORIAL  
COMMUNITY HOSPITAL**

And Independent Auditor's Report thereon

Year ended March 31, 2025

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Groves Memorial Community Hospital

### ***Opinion***

We have audited the financial statements of Groves Memorial Community Hospital (the Hospital), which comprise:

- the statement of financial position as at March 31, 2025
- the statement of operations for the year then ended
- the statement of changes in net assets (deficit) for the year then ended
- the statement of remeasurement gains and losses for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Hospital as at March 31, 2025, and its results of operations, its remeasurement gains and losses, its changes in net assets (deficit) 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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' 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 Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

***Auditors' 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 auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 auditors' 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 auditors' report. However, future events or conditions may cause the Hospital to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada



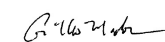
# Groves Memorial Community Hospital

## Statement of Financial Position

As at March 31, 2025, with comparative information for 2024

	2025	2024
<b>Assets</b>		
<b>Current</b>		
Cash (Note 2)	\$ 1,570	\$ 44,864
Investments (Note 3)	2,188,278	2,806,413
Accounts receivable, net	2,901,011	2,936,994
Due from Ministry of Health and other funding agencies - operating	981,916	788,354
Due from Foundation (Note 11)	671,485	230,787
Inventory	424,348	536,857
Prepaid expenses	534,275	914,724
Land held for sale (Note 4)	1,119,733	458,493
<b>Total Current Assets</b>	<b>8,822,616</b>	<b>8,717,486</b>
Due from Ministry of Health - capital	3,698,106	7,184,646
Capital assets (Note 5)	146,037,348	148,228,460
<b>Total Assets</b>	<b>\$ 158,558,070</b>	<b>\$ 164,130,592</b>
<b>Liabilities and Deficit</b>		
<b>Current</b>		
Bank indebtedness (Note 2)	\$ 1,690,914	\$ -
Accounts payable and accrued liabilities	9,540,493	7,449,209
Due to Ministry of Health and other funding agencies	1,407,912	1,561,940
Deferred revenue	336,663	226,410
<b>Total Current Liabilities</b>	<b>12,975,982</b>	<b>9,237,559</b>
Deferred capital contributions (Note 6)	145,491,564	151,169,828
Post-employment benefits (Note 7)	1,326,721	1,349,119
<b>Total Liabilities</b>	<b>159,794,267</b>	<b>161,756,506</b>
<b>Net Assets (Deficit)</b>		
Investment in capital assets (Note 10)	5,488,579	3,994,987
Internally restricted for capital asset replacement (Note 9)	450,981	450,981
Unrestricted (deficit)	(7,114,035)	(1,878,295)
Accumulated remeasurement losses	(61,722)	(193,587)
<b>Total Net Assets</b>	<b>(1,236,197)</b>	<b>2,374,086</b>
Contingent liabilities (Note 12)		
Commitments (Note 13)		
<b>Total Liabilities and Net Assets</b>	<b>\$ 158,558,070</b>	<b>\$ 164,130,592</b>

On behalf of the Board:



Director

  
David Reichart (Jun 20, 2025 09:45 EDT)

Director



# Groves Memorial Community Hospital Statement of Operations

Year ended March 31, 2025, with comparative information for 2024

	2025	2024
<b>Revenue</b>		
Ministry of Health:		
Global funding	\$ 28,181,900	\$ 25,849,443
One-time and program funding	8,065,026	6,589,835
Physician emergency & on-call	2,939,564	2,643,103
Ontario Health Insurance Plan fees	2,698,422	2,533,614
Municipal tax funding	3,375	3,375
Patient revenue from other sources	1,419,652	723,843
Other sundry recoveries	1,936,134	1,966,880
Amortization of deferred capital contributions – equipment	1,664,997	1,902,746
	<b>46,909,070</b>	<b>42,212,839</b>
<b>Expenses</b>		
Salaries & benefits	30,516,791	28,201,773
Physician emergency & on-call	2,567,131	2,758,032
Medical staff fees & remuneration	3,047,376	2,409,602
Medical & surgical supplies	1,608,378	1,322,299
Drug & medical gases	1,797,338	1,905,059
Operating supplies & expenses	9,351,543	6,011,544
Amortization – equipment	1,762,628	2,231,949
	<b>50,651,185</b>	<b>44,840,258</b>
<b>Deficiency of Revenue over Expenses Before Building Amortization</b>	<b>(3,742,115)</b>	<b>(2,627,419)</b>
<b>Building Amortization</b>		
Amortization of deferred capital contributions – building	3,836,386	3,835,539
Gain on sale of land	-	994,198
Amortization of building	(3,836,419)	(3,836,423)
	<b>(33)</b>	<b>993,314</b>
<b>Deficiency of Revenue over Expenses</b>	<b>\$ (3,742,148)</b>	<b>\$ (1,634,105)</b>

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



**Groves Memorial Community Hospital**  
**Statement of Changes in Net Assets**  
 As at March 31, 2025, with comparative information for 2024

	Internally Restricted for Capital Assets Replacement	Invested in Capital Assets	Unrestricted	2025 Total	2024 Total
Balance, Beginning of Year	\$ 450,981	\$ 3,994,987	\$ (1,878,295)	\$ 2,567,673	\$ 4,201,778
Deficiency of revenue over expenses	-	(97,664)	(3,644,484)	(3,742,148)	(1,634,105)
Investment in capital assets (Note 10)	-	1,591,256	(1,591,256)	-	-
Balance, End of Year	\$ 450,981	\$ 5,488,579	\$ (7,114,035)	\$ (1,174,475)	\$ 2,567,673

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



## Groves Memorial Community Hospital Statement of Remeasurement Gains and Losses

Year ended March 31, 2025, with comparative information for 2024

	2025	2024
Accumulated remeasurement losses, beginning of the year	\$ (193,587)	\$ (249,850)
Unrealized gains on investments	131,865	56,263
Accumulated remeasurement losses, end of year	\$ (61,722)	\$ (193,587)

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





## Groves Memorial Community Hospital Statement of Cash Flows

Year ended March 31, 2025, with comparative information for 2024

	2025	2024
Cash Provided by (used in)		
<b>Operating Activities</b>		
Excess of revenue over expenses	\$ (3,742,148)	\$ (1,634,105)
Post-employment benefits paid	(118,898)	(124,084)
Items not involving cash:		
Amortization of capital assets	5,599,047	6,068,372
Amortization of deferred capital contributions	(5,501,383)	(5,738,285)
Gain on sale of land	-	(994,198)
Post-employment benefits	96,500	181,200
	(3,666,882)	(2,241,100)
Changes in non-cash working capital balances:		
Accounts receivable – operating	(167,117)	1,290,166
Inventory	112,509	(100,826)
Prepaid expenses	380,449	(187,794)
Accounts payable and accrued liabilities – operating	2,337,836	(2,527,206)
Deferred revenue	110,253	200,685
	(892,952)	(3,566,075)
<b>Investing Activities</b>		
Sale of investments	750,000	-
<b>Financing Activities</b>		
Advance of operating line	1,690,914	-
<b>Capital Activities</b>		
Additions to capital assets	(3,407,935)	(1,366,187)
Additions to deferred donations and grants	3,309,660	712,012
Additions to land held for sale	(661,240)	(390,519)
Proceeds from sale of land	-	1,295,746
Change in accounts receivable – capital	(431,161)	145,820
Change in accounts payable and accrued liabilities – capital	(400,580)	279,941
Asset retirement obligations settled	-	(125,000)
	(1,591,256)	551,813
<b>Decrease in cash</b>	(43,294)	(3,014,262)
<b>Cash, beginning of year</b>	44,864	3,059,126
<b>Cash, end of year</b>	\$ 1,570	\$ 44,864
<b>Non-cash</b>		
Capital assets transferred to land held for sale	-	67,974
Final capital development report resulting in reduction of due from MOH – capital and deferred capital contributions	3,486,541	-

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

The Groves Memorial Community Hospital (the "Hospital") was incorporated under the Ontario Not-for-Profit Corporations Act, 2010 and under the *Groves Memorial Community Hospital Act*, 2002. The Hospital is principally involved in providing health services to Centre Wellington and surrounding area. The Hospital is a registered charity under the Income Tax Act (Canada) and accordingly is exempt from income taxes.

**1. Significant accounting policies:**

The financial statements have been prepared by management in accordance with the Chartered Professional Accountants of Canada Handbook - Public Sector Accounting Standards, including the 4200 standards for government not-for-profit organizations.

a) Basis of presentation:

These financial statements do not include the activities of the following non-controlled affiliated entities:

(i) Groves Memorial Community Hospital Foundation (Foundation):

The Foundation raises funds to support capital projects and equipment needs of the Hospital.

(ii) Groves Memorial Community Hospital Volunteer Association (Association):

The Association supports the volunteer programs directed by the Association of the Hospital and raises funds for the support of the Hospital.

The financial information of these entities is reported separately from the Hospital.

b) 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" or the "Ministry") and Ontario Health West ("OHW"). The Hospital has entered into a Hospital Service Accountability Agreement ("H-SAA").

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

b) Revenue recognition (continued):

The Hospital has entered into a Hospital Service Accountability Agreement (the "H-SAA") for fiscal 2025 with the Ministry and OHW that sets out the rights and obligations of the parties to the H-SAA in respect of funding provided to the Hospital by the MOH/OHW. 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, it is required to follow a remediation process negotiated with the MOH/OHW. Should the Hospital fail to honour the terms of the remediation process the MOH/OHW has the right to adjust funding received by the Hospital.

The MOH/OHW 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 MOH/OHW funding received by the Hospital during the year may be increased or decreased subsequent to year-end.

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 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.

Externally restricted investment income is accounted for as a liability until the restrictions imposed on the income have been met by the Hospital.

Revenue from MOH/OHW, preferred accommodations, as well as income from other ancillary operations, are recognized as the performance obligations are provided and when the service is provided.

c) Inventory:

Inventory is valued at the lower of average cost and replacement value. Provisions are made for any obsolete or unusable inventory on hand.

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## Groves Memorial Community Hospital Notes to Financial Statements For the year ended March 31, 2025

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

#### d) 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. When a capital asset no longer contributes to the Hospital's ability to provide services or the value of future economic benefits associated with the capital asset is less than its net book value, the carrying value of the capital asset is reduced to reflect the decline in the asset's value. 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:

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Land improvements	5 to 25 years
Buildings which includes service equipment	10 to 40 years
Equipment	3 to 15 years
Software	3 to 10 years

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#### e) Employee future benefits:

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

##### (i) Defined benefit plan:

The costs of post-employment benefits are actuarially determined using management's best estimate of health care costs and discount rates. Adjustment 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. The average remaining service period of the active employees covered by the plan is 15 years (2024 - 15 years). Plan amendments, including past service costs are recognized as an expense in the period of the plan amendment.

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

e) Employee future benefits (continued):

(ii) Multi-employer plan:

Defined contribution plan accounting is applied to the multi-employer defined benefit Healthcare of Ontario Pension Plan ("HOOPP") for which the Hospital does not have the necessary information to apply defined benefit plan accounting. The costs of the multi-employer defined contribution pension plan benefits are the employer's contributions due to the plan in the period.

f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value.

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

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

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

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

Long-term payables are recorded at cost.



## Groves Memorial Community Hospital Notes to Financial Statements For the year ended March 31, 2025

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

#### f) Financial instruments (continued):

The Standards require an organization to classify fair value measurements using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

As at March 31, 2025, all financial assets of the Hospital are held as cash and investments are categorized as level 1.

#### g) Asset retirement obligations:

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a capital assets;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The asset retirement obligation is based on management's best estimate of the expenditures to settle the obligation.

A liability is recognized based on estimated future expenses on retirement of the capital assets.

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

h) Measurement uncertainty:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the years. Significant items subject to such estimates and assumptions include the carrying amount of accrued benefit liability, capital assets and accounts payable and accrued liabilities and valuation allowances for receivables. Actual results could differ from those estimates.

The amount of revenue recognized from the MOH and the OHW requires some estimation. The Hospital has entered into accountability agreements that set out rights and obligations of the parties in respect of funding provided to the Hospital by the OHW for the year ended March 31, 2025. The accountability agreements set out certain performance standards and obligations 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 MOH and the OHW have the right to adjust funding received. Neither the Ministry nor the OHW are required to communicate certain funding adjustments until after submission of year end data.

Since this data is not submitted until after the completion of the financial statements, the amount of the MOH/OHW funding received during a year may be increased or decreased subsequent to year end. The amount of revenue recognized in these financial statements represents management's best estimates of amounts that have been earned during the year.

**2. Cash and operating line of credit:**

The Hospital has access to a unsecured operating line of \$6,000,000 until September 30, 2025 and then reverts back to \$3,000,000 (2024 - \$3,000,000) with interest at prime minus 0.50% per annum. At March 31, 2025, \$4,309,086 (2024 - \$3,000,000) is available under this facility.



## Groves Memorial Community Hospital Notes to Financial Statements For the year ended March 31, 2025

### 3. Investments:

	2025	2024
Principal Protected Growth Note		
Matures February 9, 2027	\$ 487,785	\$ 452,195
Principal Protected Growth Note – Annual Coupon		
Payment <i>(Based on performance, range is 0.5%-6.5%)</i>	927,760	858,590
Matures February 9, 2028		
Extendable Senior Note – cashed in November 2024	-	745,350
Collard Senior Notes		
Matures November 22, 2027	772,733	750,278
	<b>\$ 2,188,278</b>	<b>\$ 2,806,413</b>

### 4. Land held for sale:

Land held for sale comprises of the following:

	2025	2024
Balance, beginning of year	\$ 458,493	\$ -
Land, transfer from capital assets	-	58,265
Construction in progress, transfer from capital assets	-	9,709
Demolition costs incurred during the year	661,240	265,519
Transferred from asset retirement obligations	-	125,000
Balance, end of year	<b>\$ 1,119,733</b>	<b>\$ 458,493</b>

The buildings, equipment and land improvements at 235 Union Street East, Fergus were fully written off in fiscal 2021.





## Groves Memorial Community Hospital Notes to Financial Statements For the year ended March 31, 2025

### 5. Capital assets:

	2025		2024	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Lands	\$ 1,507,743	\$ -	\$ 1,507,743	\$ -
Building – Hospital	153,312,442	17,574,919	153,312,442	13,739,781
Equipment	21,450,742	14,368,109	18,605,676	13,054,876
Software	6,705,154	5,238,487	6,175,470	4,787,811
	<b>182,976,081</b>	<b>37,181,515</b>	<b>179,601,331</b>	<b>31,582,468</b>
Construction in progress	242,782	-	209,597	-
	<b>\$183,218,863</b>	<b>\$ 37,181,515</b>	<b>\$ 179,810,928</b>	<b>\$ 31,582,468</b>
Net Book Value	<b>\$ 146,037,348</b>		<b>\$ 148,228,460</b>	

### 6. Deferred capital contributions:

Deferred capital contributions represent the unamortized amount and the unspent amount of externally restricted 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	\$ 151,169,828	\$ 156,196,101
Capital contributions for the year	3,309,660	712,012
Final capital development report resulting in reduction in deferred capital contributions	(3,486,541)	-
Amortization	(5,501,383)	(5,738,285)
Balance, end of year	<b>\$ 145,491,564</b>	<b>\$ 151,169,828</b>

As at March 31, 2025, there was \$952,028 (2024 - \$865,893) of deferred capital contributions received which was not spent.

## Groves Memorial Community Hospital Notes to Financial Statements For the year ended March 31, 2025

### 7. Post-employment benefits:

#### i) Pension plan:

Substantially, all of the full-time employees and a portion of the part-time employees of the Hospital are eligible to be members of the Healthcare of Ontario Pension Plan, which is a multi-employer final average pay contributory pension plan. Contributions to the plan by the Hospital during the year amounted to \$1,875,899 (2024 - \$1,766,070) and are included in salaries, wages and benefits on the Statement of Operations. At December 31, 2024, the pension plan reported a surplus of \$10.44 billion (2023 - \$10.18 billion).

#### ii) Retirement benefits:

The Hospital provides post-employment health care, dental and life insurance benefits to eligible retired employees. The Hospital recognizes these benefits as they are earned during the employees' tenure of service. The related benefits liability was determined by an actuarial valuation study. An actuarial valuation of these benefits is completed on a triennial basis. The latest actuarial valuation was completed for March 31, 2024, and extrapolated to March 31, 2025.

The Hospital's liability at March 31st for this plan is as follows:

	<b>2025</b>	<b>2024</b>
Accrued benefit obligation	<b>\$ 1,203,400</b>	\$ 1,161,000
Unamortized net actuarial losses	<b>123,321</b>	188,119
Post-employment benefits liability	<b>\$ 1,326,721</b>	\$ 1,349,119



## Groves Memorial Community Hospital Notes to Financial Statements For the year ended March 31, 2025

### 7. Post-employment benefits (continued):

#### ii) Retirement benefits (continued):

The significant actuarial assumptions adopted in the measuring of the Hospital's accrued benefit obligations are as follows:

	2025	2024
Accrued benefit obligation (at end of year):		
Discount rate	4.40%	4.70%
Dental cost increases	5.00%	5.00%
Medical cost increases and decrease proportionately thereafter to an ultimate rate of 3.57%	5.97%	5.97%
Benefit costs (for fiscal year):		
Discount rate	4.70%	4.50%

Other information about the Hospital's plan is as follows:

	2025	2024
Current year benefit cost	\$ 75,800	\$ 121,900
Interest on accrued benefit obligation	55,300	68,800
Amortized actuarial losses	(34,600)	(9,500)
Expense for the year	\$ 96,500	\$ 181,200
Benefits paid during the year	\$ 118,898	\$ 124,084

### 8. Asset retirement obligations:

The Hospital owns a building that is known to have asbestos, which represents a health hazard upon demolition of the building and there is a legal obligation to remove it. The balance was transferred to land held for sale in 2024.

	2025	2024
Balance, beginning of year, as restated	\$ -	\$ 125,000
Changes in estimates	-	-
Less: obligations settled during the year	-	(125,000)
Balance, end of year	\$ -	\$ -



## Groves Memorial Community Hospital Notes to Financial Statements For the year ended March 31, 2025

### 9. Internally restricted net assets:

Internally restricted net assets represent amounts set aside for future capital and other special projects.

As of March 31, 2025, the Hospital's Board of Directors (Board) has internally restricted \$450,981 (2024 - \$450,981) of unrestricted net assets to be used for future capital and other special projects. The Board has also internally restricted net assets invested in capital assets of \$5,488,579 (2024 - \$3,994,987). These internally restricted amounts are not available for other purposes without approval of the Board.

### 10. Investments in capital assets:

Investment in capital assets is calculated as follows:

	2025	2024
Capital assets (Note 5)	\$ 146,037,348	\$ 148,228,460
Deferred capital contributions (Note 6)	(145,491,564)	(151,169,828)
Accounts receivable – capital	4,358,765	7,414,145
Accounts payable and accrued liabilities - capital	(535,703)	(936,283)
Land held for sale	1,119,733	458,493
	<u>\$ 5,488,579</u>	<u>\$ 3,994,987</u>

Changes in net assets invested in capital assets is calculated as follows:

	2025	2024
Deficiency of revenue or expenses:		
Amortization of deferred capital contributions	\$ 5,501,383	\$ 5,738,285
Amortization of capital assets	(5,599,047)	(6,068,372)
Gain on sale of land	-	994,198
	<u>\$ (97,664)</u>	<u>\$ 664,111</u>
Net Change in investment in capital assets:		
Purchases of capital assets	3,407,935	1,366,187
Proceeds on sale of land	-	(1,295,746)
Additions to land held for sale	661,240	390,519
Amounts funded by deferred capital contributions	(3,309,660)	(712,012)
Change in accounts payable and accrued liabilities - capital	400,580	(279,941)
Change in accounts receivable - capital	431,161	(145,820)
Asset retirement obligations	-	125,000
	<u>\$ 1,591,256</u>	<u>\$ (551,813)</u>
	<u>\$ 1,493,592</u>	<u>\$ 112,298</u>

**11. Related party transactions and economic interest:**

The Hospital receives support from the Foundation and the Association operating within the communities serviced by the Hospital. These Organizations operate independently of the Hospital, as such the relationship is not considered as a related party.

a) Groves Memorial Community Hospital Foundation ("Foundation"):

The Foundation was established to receive and maintain funds for charitable purposes, which it donates to the Hospital to be used for renovations, and equipment purchases of the Hospital. During the year, the Hospital received funds totaling \$3,338,134 (2024 - \$611,676) from the Foundation. At March 31, 2025, the Hospital has a receivable from the Foundation of \$671,485 (2024 - \$230,787) for capital and minor equipment purchases.

The accounts of the Foundation are not included in these financial statements.

b) Groves Memorial Community Hospital Volunteer Association ("Association"):

The Association is a volunteer organization affiliated with Groves Memorial Community Hospital and is engaged in a wide range of services for the betterment of the Hospital. The Association periodically transfers funds to the Foundation.

The accounts of the Association are not included in these financial statements.

c) Wellington Health Care Alliance:

Groves Memorial Community Hospital and North Wellington Health Care Corporation have entered into an alliance agreement (Wellington Health Care Alliance) to enable the parties to provide mutual support and cooperation in the delivery of Hospital services to the patients in their respective catchment areas. The agreement has resulted in a shared senior management team and other resources. The Hospital's share of alliance revenues, expenses, assets and liabilities have been recorded in the accounts of the Hospital. Included in accounts receivable is \$1,826,381 (2024 - \$1,361,944) due from North Wellington Health Care Corporation, and included in accounts payable is \$192,644 (2024 - \$65,840) owing to North Wellington Health Care Corporation.

**12. Contingent liabilities:**

a) Litigation and claims:

The nature of the Hospital's activities is such that there is usually litigation pending or in progress at any time.

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**12. Contingent liabilities (continued):**

a) Litigation and claims (continued):

With respect to claims at March 31, 2025, management believes the Hospital has valid defenses and appropriate insurance coverage 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 has entered into an agreement with Healthcare Insurance Reciprocal of Canada (HIROC), a reciprocal insurance company licensed under the Insurance Act, (Ontario). HIROC provides insurance coverage on a pooling basis to its subscribers. The Hospital is liable for its proportionate share of any assessment for losses experienced by the pool during each policy year that it is a subscriber. No assessments have been made up to March 31, 2025. The term of this agreement requires two years notice before withdrawing from the agreement.

b) Employee related:

The Hospital is in the process of developing pay equity plans with employee groups. Certain employee groups pay equity has been accrued based on management's estimate of potential settlement amounts where these amounts are reasonable determinable and deemed likely to occur. There is one employee group in which Management has determined that it is not possible at this time to make and estimate the amount that may be payable and accordingly no provision has been made in the financial statements.



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## Groves Memorial Community Hospital Notes to Financial Statements For the year ended March 31, 2025

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### 13. Commitments:

#### a) Service agreements:

During the year, the Hospital has committed to capital purchases, service and rental agreements. Contractual agreements are signed commitments, and are based on the understanding the agreements will continue into the new Hospital.

The payments that are required under the terms of these agreements as follows:

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2026	\$	2,286,662
2027		829,441
2028		581,473
2029		283,928
2030		211,570
Total		\$ 4,193,074

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The Hospital signed an agreement with Mohawk Shared Services Inc. for procurement and logistics services relating to the purchase and delivery of medical and other supplies on April 1, 2015. The term of the agreement is three years renewing automatically every three years unless two years prior notice is given not to renew at the end of the current term.

#### a) Decommissioning:

The Hospital has completed decommissioning and demolishing the building at 235 Union Street East. Costs incurred in 2025 for demolition are \$661,240 (2024 - \$ 336,954) and are included in land held for sale on the statement of financial position.

### 14. Financial risks:

#### a) Market risk:

Market risk is the risk that changes in market prices, foreign exchange rates or interest rates will affect the Hospital's surplus or the value of its holdings of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing return on investment.

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**14. Financial risks (continued):**

b) Liquidity risk:

Liquidity risk is the risk that the Hospital will not be able to meet all cash outflow obligations as they come due. The Hospital mitigates this risk by monitoring cash activities and expected outflows.

Accounts payable and accrued liabilities are generally due within 60 days of receipt of an invoice.

The Hospital prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. As at March 31, 2025, The Hospital's current liabilities exceed its current assets by \$4,153,366 (2024 - \$520,073).

The Hospital has reported financial deficit for the last two years, including the current year, with the Hospital's budget for the year ending March 31, 2026 reflecting a forecasted financial loss. As a result of these losses, the Hospital has incurred a reduction in its working capital, operating cashflow loss and moved into an overall net asset deficit position. Management has identified a number of factors that have contributed to its recurring operating losses, including but not limited to the impact of recent wages settlements, inflationary cost increase and financial pressures from patient volumes/acuity and capital commitments.

The Hospital continues to identify and consider opportunities to address these financial challenges. In the short-term, the Hospital intends to rely on financing through its existing credit facilities and cost savings resulting from efficiency measures.

As a result of its ongoing financial deficits, the Hospital has an increased level of reliance on the Ministry of Health and Ontario Health to assist in meeting its operating and capital requirements at current levels.

c) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates.

Financial assets and financial liabilities with variable interest rates expose the Hospital to cash flow interest rate risk. The Hospital is exposed to this risk through to its interest-bearing operating line.

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## Groves Memorial Community Hospital Notes to Financial Statements For the year ended March 31, 2025

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### 14. Financial risks (continued):

#### c) Interest rate risk (continued):

The Hospital has financing available in the form of an operating line which is drawn at year end. The loan bears interest at the bank's prime lending rate minus 0.50% and is payable monthly.

#### d) Credit risk:

Credit risk is the risk that counterparties fail to perform as contracted, resulting in a financial loss. The Hospital is exposed to credit risk with respect to its accounts receivable and cash.

The Hospital assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the Hospital at March 31, 2025 is the carrying value of these assets.

The carrying amount of accounts receivable is valued with consideration for an allowance for doubtful accounts. The amount of any related impairment loss is recognized in the statement of operations. Subsequent recoveries of impairment losses related to accounts receivable are credited to the statement of operations. The balance of the allowance for doubtful accounts at March 31, 2025 is \$117,131 (2024 - \$227,116).

As at March 31, 2025, \$9,543 (2024 - \$123,402) of third-party accounts receivable were past due, but not impaired.

### 15. Comparative information:

Certain comparative information in the statement of financial position have been reclassified from those previously presented to conform to the presentation of the 2025 financial statements on the statement of financial position. There are no changes to deficiency of revenues over expenses reported in 2024.