

Geraldton District Hospital

Financial Statements

Year ended March 31, 2025

MANAGEMENT RESPONSIBILITY STATEMENT

The accompanying financial statements of the Geraldton District Hospital (“the Hospital”) are the responsibility of the Hospital’s management and have been prepared in compliance with legislation, and 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 2 to these financial statements. The preparation of the financial statements necessarily involves the use of estimates based on management’s judgement, 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.



Chair, Board of Directors
June 17, 2025



Chief Executive Officer



INDEPENDENT AUDITOR'S REPORT

To: The Board of Directors of
Geraldton District Hospital

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Geraldton District Hospital**, which comprise the statement of financial position as at **March 31, 2025**, and the statements of operations, remeasurement gains and losses, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Hospital as at **March 31, 2025**, and its 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 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements, which indicates that the hospital incurred a deficiency of revenues over expenditures of \$933,183 during the year ended March 31, 2025 and, as of that date, the hospital had a working capital deficit in the amount of \$889,130 and an unrestricted net deficit of \$4,163,308. As stated in Note 2, these events or conditions, along with other matters as set forth in the note, indicate that a material uncertainty exists that may cast significant doubt on the hospital'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.

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

INDEPENDENT AUDITOR'S REPORT, continued

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. 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 financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT, continued

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

Espanola, Ontario
June 17, 2025

Geraldton District Hospital**Statement of Financial Position****March 31, 2025 with comparative figures for 2024**

	2025	2024
	\$	\$
Assets		
Current assets		
Cash	565,881	478,291
Accounts receivable (note 4)	625,720	684,055
Inventories	516,128	507,081
Prepaid expenses	142,283	202,745
Restricted fund benefit	(11,500)	(11,500)
	1,838,512	1,860,672
Capital expenditure reserve fund investments (note 5)	1,042,364	1,757,344
Capital assets (note 6)	25,998,488	26,839,710
	28,879,364	30,457,726
Liabilities and Net Assets (Deficiency)		
Current liabilities		
Accounts payable and accrued liabilities (note 8)	2,727,642	2,799,219
Deferred contributions for capital assets (note 9)	18,091,196	18,694,929
Post-employment benefits (note 10)	1,424,300	1,410,467
	22,243,138	22,904,615
Net Assets (Deficiency)		
Invested in capital assets (note 11)	7,907,292	8,144,781
Unrestricted operations	(4,163,308)	(2,337,514)
Restricted benefits fund	(11,500)	(11,500)
Capital expenditure reserve fund	2,859,368	1,729,268
	6,591,852	7,525,035
Accumulated remeasurement gains	44,374	28,076
Total net assets	6,636,226	7,553,111
	28,879,364	30,457,726

Going concern (note 2)

Contingent liability (note 14)

Geraldton District Hospital

Statement of Operations

Year ended March 31, 2025 with comparative figures for 2024

	2025 \$	2024 \$
Revenues		
Ontario Ministry of Health:		
Ontario Health North	14,276,820	14,024,628
Sources other than Ontario Ministry of Health:		
Other patient and miscellaneous revenue	1,575,186	415,973
Co-payments	704,333	588,191
Other programs (note 12)	421,957	1,152,291
Out-patient services	286,218	390,980
Interest and other investment income	121,768	(37,045)
Amortization of deferred contributions for allowable capital assets	28,868	20,940
In-patient services	25,471	35,833
Ambulance	24,705	29,495
	17,465,326	16,621,286
Expenses		
Salaries and wages	8,609,643	7,841,912
Supplies and other expenses	3,897,626	3,411,786
Employee benefits	2,315,260	2,144,727
Purchased services	1,386,722	2,113,899
Medical staff remuneration	534,764	541,670
Amortization of allowable capital assets	433,029	444,939
Other programs (note 12)	422,833	1,174,398
Medical and surgical supplies	179,027	177,593
Drugs and medical gas	90,055	108,564
Bad debts	6,472	41,081
	17,875,431	18,000,569
Deficiency of revenues over expenses before undernoted items	(410,105)	(1,379,283)
Other Revenues (Expenses)		
Amortization of deferred contributions for non-allowable capital assets	859,151	788,437
Amortization of non-allowable capital assets	(1,382,230)	(1,403,061)
	(523,079)	(614,624)
Deficiency of revenues over expenses	(933,183)	(1,993,907)

Geraldton District Hospital**Statement of Remeasurement Gains and Losses****Year ended March 31, 2025 with comparative figures for 2024**

	2025	2024
	\$	\$
Accumulated remeasurement gains (losses), beginning of year	28,076	(57,369)
Unrealized gains attributable to capital expenditure reserve fund investments	1,508	431
Amounts reclassified to the statement of operations attributable to capital expenditure reserve fund investments	14,790	85,014
Net remeasurement gains for the year	16,298	85,445
Accumulated remeasurement gains, end of year	44,374	28,076

Geraldton District Hospital**Statement of Changes in Net Assets****Year ended March 31, 2025 with comparative figures for 2024**

	Invested in Capital Assets	Capital Expenditure Reserve Fund	Restricted Benefits Fund	Unrestricted Operations	2025	2024
	\$	\$	\$	\$	\$	\$
	(note 11)					
Net assets, beginning of year	8,144,781	1,729,268	(11,500)	(2,337,514)	7,525,035	9,518,942
Excess (deficiency) of revenues over expenses	(978,840)	68,722	-	(23,065)	(933,183)	(1,993,907)
Transfers for net assets invested in capital assets	741,351	-	-	(741,351)	-	-
Other transfers	-	1,061,378	-	(1,061,378)	-	-
Net assets (deficiency), end of year	7,907,292	2,859,368	(11,500)	(4,163,308)	6,591,852	7,525,035

Geraldton District Hospital

Statement of Cash Flows

Year ended March 31, 2025 with comparative figures for 2024

	2025 \$	2024 \$
Operating transactions		
Cash provided by (used for):		
Deficiency of revenues over expenses	(933,183)	(1,993,907)
Items not involving cash:		
Amortization of capital assets	1,822,402	1,852,522
Amortization of deferred contributions for capital assets	(889,974)	(811,007)
Loss (gain) on sale of capital expenditure reserve fund investments	(14,790)	85,014
Loss on disposal of capital assets	46,412	-
Post employment benefits	13,833	27,667
	44,700	(839,711)
Net change in operational working capital:		
Accounts receivable	58,335	1,467,440
Inventories	(9,047)	49,615
Prepaid expenses	60,462	(38,910)
Accounts payable and accrued liabilities	(71,577)	656,546
	82,873	1,294,980
Investing transactions		
Purchase of capital expenditure reserve fund investments	(1,088,061)	(1,159,411)
Proceeds on sale of capital expenditure reserve fund investments	1,834,129	1,130,351
	746,068	(29,060)
Capital transactions		
Purchase of capital assets	(1,027,592)	(1,189,099)
	(1,027,592)	(1,189,099)
Financing transactions		
Demand operating loan	-	(560,000)
Deferred contributions for capital assets received	286,241	970,478
	286,241	410,478
Net decrease in cash	87,590	487,299
Cash, beginning of year	466,791	(20,508)
Cash, end of year	554,381	466,791
Cash balance consists of:		
Cash	565,881	478,291
Restricted benefit fund cash	(11,500)	(11,500)
	554,381	466,791

Geraldton District Hospital

Notes to the Financial Statements

Year ended March 31, 2025 with comparative figures for 2024

1. **Nature of operations**

Geraldton District Hospital ("the Hospital") is principally involved in providing health care services to the residents of the Greenstone 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 Hospital 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 \$933,183 (2024 - deficiency of revenues over expenditures \$1,993,907) resulting in a total operating deficiency over the 2023 through 2025 fiscal years of \$4,571,290 and an accumulated unrestricted net deficit of \$4,163,308 and a working capital deficiency of \$889,130 at March 31, 2025.

The Hospital's ability to continue as a going concern is dependent upon management's plan to:

1. Work with Ontario Health to review funding levels to provide the required level of service;
2. Continue to operate as efficiently as possible while still providing a high level of service;
3. Continue recruitment efforts to hire more RNs and RPNs to further reduce agency staffing costs; and,
4. Secure cash flow advances through Ontario Health.

These financial statements do not reflect any adjustments to the carrying value of assets and liabilities that would be necessary should the Hospital be unable to continue as a going concern.

Geraldton District Hospital

Notes to the Financial Statements

Year ended March 31, 2025 with comparative figures for 2024

3. Significant accounting policies

The financial statements of the Hospital are prepared using Canadian public sector accounting standards, including the PS 4200 series of standard applicable to government not-for-profit organizations, 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"). 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. These financial statements reflect agreed arrangements approved by the Ministry with respect to the year ended March 31, 2025.

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.

Revenue from co-payments, other patient revenue, out-patient and in-patient services and ambulance are recognized in the period in which the goods are sold, or the service is provided.

(b) 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.

(c) Restricted benefits fund

The Hospital has adopted an administrative services only funding arrangement for a group insurance plan provider. Under the arrangement, the Hospital manages its benefit premium changes as a form of self-insurance. This fund consists of reserve and deposit account balances which have been contributed proportionately by the Hospital and its employees.

(d) Capital expenditure reserve fund

The capital expenditure reserve fund is internally restricted and is to be used to finance replacements or additions to buildings, furniture and equipment for the Hospital expansion.

Geraldton District Hospital

Notes to the Financial Statements

Year ended March 31, 2025 with comparative figures for 2024

3. Significant accounting policies, continued

(e) Resident trust funds

Resident trust funds consist of amounts held in trust for residents of the Hospital. These funds are not reflected in these financial statements.

(f) Inventory

Inventories are valued at the lower of cost and current replacement cost. Cost of supplies is determined on a first in, first out basis. Cost of pharmaceuticals is determined on a weighted average cost basis.

(g) Capital assets

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:

Land improvements	10 years
Building and building service equipment	20 to 40 years
Equipment, furnishings and computer systems	2 to 20 years

Capital expenditures for construction in progress are not recorded as a capital asset or amortized until construction is complete and the asset is put into service.

Capital expenditures for projects in progress are not recorded as a capital asset or amortized until construction is complete and the asset is put into service.

Geraldton District Hospital

Notes to the Financial Statements

Year ended March 31, 2025 with comparative figures for 2024

3. Significant accounting policies, continued

(h) Retirement and post-employment benefits

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

- (i) The costs of post-employment benefits are determined using an actuarially determined estimate using the project benefit method pro-rated based on service. Adjustments to these costs arising from plan amendments are accounted for in the period of the amendment or change. Actuarial gains and losses are amortized over the expected average remaining service life of active employees.
- (ii) The expense related to the multi-employer defined benefit pension plan are the employer's contributions to the plan in the year.
- (iii) The discount rate used in the determination of post-employment benefits is equal to the Hospital's internal rate of borrowing.

(i) Compensated absences

Compensation expense is accrued for all employees as entitlement to these payments is earned, in accordance with the Hospital's policies for vacation, sick leave and retiring allowances.

(j) Financial instruments

The Hospital 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 in equity securities that are quoted in an active market or financial assets designated to the fair value category, which are subsequently measured at fair value. Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, at which point they are transferred to the statement of operations.

Financial assets and liabilities measured at amortized cost include cash, accounts receivable, bank indebtedness, demand operating loan, and accounts payable and accrued liabilities.

Financial assets measured at fair value include capital expenditure reserve fund investments.

Geraldton District Hospital

Notes to the Financial Statements

Year ended March 31, 2025 with comparative figures for 2024

3. Significant accounting policies, continued

(k) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. Accounts specifically affected by estimates in these financial statements include allowance for uncollectible accounts receivable, estimated useful lives of capital assets and post-employment benefits liability.

4. Accounts receivable

	2025	2024
Accounts receivable	\$ 444,089	\$ 428,099
HST receivable	188,836	263,161
Allowance for doubtful accounts	(7,205)	(7,205)
	<u>\$ 625,720</u>	<u>\$ 684,055</u>

Geraldton District Hospital

Notes to the Financial Statements

Year ended March 31, 2025 with comparative figures for 2024

5. Capital expenditure reserve fund investments

	2025	2024
Investments at cost		
Cash	\$ 208,333	\$ 39,277
Fixed income	745,946	1,526,439
Canadian equities	16,271	60,247
U.S. equities	27,440	103,305
	997,990	1,729,268
Investments at fair market value		
Cash	208,333	39,277
Fixed income	781,593	1,514,947
Canadian equities	18,643	68,881
U.S. equities	33,795	134,239
	1,042,364	1,757,344
Accumulated remeasurement gains	\$ 44,374	\$ 28,076

The Hospital's fixed income investments bear interest at varying rates between 1.75% and 5.85% per annum with maturity dates between October 2025 and December 2055.

Maturity profile of cash and bonds held is as follows:

	Within 1 year	2 to 5 years	6 to 10 years	Over 10 years	Total
Fair market value	\$ 300,000	\$ 320,254	\$ 31,687	\$ 94,005	\$ 745,946

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 data (unobservable inputs).

Fair value of the Hospital's capital reserve fund investments have been determined using Level 1 measures in the fair value hierarchy.

Geraldton District Hospital

Notes to the Financial Statements

Year ended March 31, 2025 with comparative figures for 2024

6. Capital assets

	2025		2024	
	Cost	Accumulated amortization	Net	Net
Land	\$ 128,489	\$ -	\$ 128,489	\$ 128,489
Land improvements	668,954	460,068	208,886	102,331
Building and building service equipment	41,743,007	18,586,921	23,156,086	23,829,864
Equipment, furnishings and computer systems	11,731,932	9,362,548	2,369,384	2,045,695
Construction in progress	135,644	-	135,644	733,332
	\$ 54,408,026	\$ 28,409,537	\$ 25,998,489	\$ 26,839,711

Amortization of capital assets totals \$1,822,402 (2024 - \$1,852,522). Of this amount, \$1,815,259 (2024 - \$1,848,000) is included in the statement of operations as amortization of capital assets expense. The remaining balance of \$7,143 (2024 - \$4,522) is included in other programs expense applicable to the Nakina Clinic.

7. Demand operating loan

RBC Royal Bank has authorized a revolving demand credit facility to a maximum of \$1,000,000 which is unsecured and bears interest at the bank's prime rate of interest per annum.

At March 31, 2024, \$NIL (2024 - \$NIL) has been drawn on this credit facility.

8. Accounts payable and accrued liabilities

	2025	2024
Payroll related accruals:	\$ -	\$ -
Wages and payroll remittances	488,347	461,603
Vacation pay accrual	538,815	508,723
Total payroll related accruals	1,027,162	970,326
General payables and other accrued liabilities	1,464,225	1,828,893
Thunder Bay Regional Health Sciences Centre - Meditech Expense (note 13)	236,255	-
	\$ 2,727,642	\$ 2,799,219

Geraldton District Hospital

Notes to the Financial Statements

Year ended March 31, 2025 with comparative figures for 2024

9. Deferred contributions for capital assets

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

	2025	2024
Balance, beginning of year	\$ 18,694,929	\$ 18,535,458
Additional contributions received	286,241	970,478
Amounts amortized to revenue	(889,974)	(811,007)
Balance, end of year	\$ 18,091,196	\$ 18,694,929

The balance of deferred contributions for capital assets consists of:

	2025	2024
Deferred contributions for capital assets being amortized	\$ 18,091,196	\$ 18,694,929

Amortization of deferred contributions for capital assets totals \$889,974 (2024 - \$811,007). Of this amount, \$888,019 (2024 - \$809,377) is included in the statement of operations as amortization of deferred contributions revenue. The remaining balance of \$1,955 (2024 - \$1,630) is included in other programs revenue applicable to the Nakina Clinic.

Geraldton District Hospital

Notes to the Financial Statements

Year ended March 31, 2025 with comparative figures for 2024

10. Post employment benefits

Geraldton District Hospital pays certain benefits for health care, dental and life insurance on behalf of its retired employees. The Hospital recognizes these post-retirement costs in the period in which the employees rendered their services to the Hospital. The accrued benefit obligation of \$1,424,300 (2024 - \$1,410,467) and the expense for the period ended March 31, 2025, in the amount of \$13,833 (2024 - \$27,667) were determined using a discount rate of 3.95% (2024 – 3.95%).

Information about Geraldton District Hospital's post-employment benefit plan is as follows:

	2025	2024
Accrued benefit obligation, beginning of year	\$ 1,410,467	\$ 1,382,800
Expense for the period	78,500	139,200
Benefits paid for the period	(64,667)	(111,533)
Accrued benefit obligation, end of year	\$ 1,424,300	\$ 1,410,467

The significant actuarial assumptions employed for the valuations are as follows:

(a) Interest (discount) rate:

The obligation as at March 31, 2025 for the present value of future liabilities and the expense for the period ended March 31, 2025 were determined using an annual discount rate of 3.95% (2024 – 3.95%).

(b) Benefits costs:

Future general benefit costs were assumed to increase at 2% per annum, dental costs were assumed to increase at 4.0% per annum and extended health care costs were assumed to increase at 6.00% per annum decreasing to an ultimate rate of 5.0% over 15 years.

Geraldton District Hospital

Notes to the Financial Statements

Year ended March 31, 2025 with comparative figures for 2024

11. Net assets invested in capital assets

	2025	2024
Net assets invested in capital assets are calculated as follows:		
Capital assets	\$ 25,998,488	\$ 26,839,710
Deferred contributions for capital assets	18,091,196	18,694,929
Net assets invested in capital assets	\$ 7,907,292	\$ 8,144,781
Change in net assets invested in capital assets is calculated as follows:		
Amortization of deferred contributions for capital assets	\$ 889,974	\$ 811,007
Loss (gain) on disposal of capital assets	(46,412)	-
Amortization of capital assets	(1,822,402)	(1,852,522)
Excess of expenses over revenues:	(978,840)	(1,041,515)
Purchase of capital assets	1,027,592	1,189,099
Deferred capital contributions received	(286,241)	(970,478)
Net investment in capital assets	741,351	218,621
Change in net assets invested in capital assets	\$ (237,489)	\$ (822,894)

12. Other programs

	2025 Revenue	2025 Expenses	2024 Revenue	2024 Expenses
Nakina clinic	\$ 277,830	\$ 277,830	\$ 214,636	\$ 214,198
Community support services	-	3,486	80,730	101,715
Municipal taxes	4,500	4,500	6,750	6,750
Hospital on-call coverage	119,048	116,438	100,730	100,730
ER/Locum program	20,579	20,579	749,445	751,005
	\$ 421,957	\$ 422,833	\$ 1,152,291	\$ 1,174,398

Geraldton District Hospital

Notes to the Financial Statements

Year ended March 31, 2025 with comparative figures for 2024

13. Commitments

Collaborating with 11 other participating organizations, the Hospital has initiated a project to upgrade the primary electronic medical record. This project, known as Meditech Expanse, is being led by Thunder Bay Regional Health Sciences Centre (TBRHSC). As the project lead, TBRHSC has legal ownership of the capital assets associated with the project. All participating organizations have entered into a contract with TBRHSC which obligates them to pay for their proportionate share of unfunded project costs incurred by TBRHSC. The Hospital's share of the project costs is 1.9% of the total unfunded project costs. As of March 31, 2025 the Hospital's share of the unfunded project costs incurred by TBRHSC, and included in accounts payable and accrued liabilities, is \$236,255. It is estimated that this project will take two years to complete with an estimated total unfunded project cost of \$107,197,243 the Hospital's share of which will be approximately \$2,036,748.

14. Contingent liabilities

The nature of the Hospital's activities is such that there is often litigation pending or in prospect at any time. With respect to claims at March 31, 2025, management believes the Hospital has valid defenses 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.

\$ -

15. Resident trust funds

The balance held in trust by the Hospital on behalf of residents is \$2,331 (2024 - \$2,715). These funds are not included within these financial statements.

Geraldton District Hospital

Notes to the Financial Statements

Year ended March 31, 2025 with comparative figures for 2024

16. 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, in consultation with its actuaries, 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 \$664,798 (2024 - \$617,341) and are included in the statement of operations.

At December 31, 2024, the HOOPP pension plan had total assets of \$240.5 billion (2023 - \$203.8 billion) and an accumulated surplus of \$10.4 billion (2023 - \$10.2 billion).

Geraldton District Hospital

Notes to the Financial Statements

Year ended March 31, 2025 with comparative figures for 2024

17. Financial instruments

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

(a) Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Hospital is exposed to this risk relating to its cash, capital reserve fund investments and accounts receivable.

The Hospital holds its cash accounts and capital reserve fund investments with large reputable financial institutions, from which management believes the risk of loss due to credit risk to be remote.

The Hospital is exposed to credit risk in accounts receivable which includes patient, insurance, government and other receivables. The Hospital measures and manages its exposure to credit risk with respect to accounts receivable based on how long the amounts have been outstanding and management's analysis of accounts including managements on-going monitoring of accounts receivable balances and collections.

(b) Liquidity risk

Liquidity risk is the risk that the Hospital cannot repay its obligations when they become due to its creditors. The Hospital is exposed to this risk relating to its accounts payable and accrued liabilities.

The Hospital reduces its exposure to liquidity risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining enough cash, operating credit facilities, and investments to repay creditors as payables become due.

(c) Interest rate risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates.

The Hospital is exposed to interest rate risk associated with its demand operating loan interest, which is variable based on prime lending rates and fluctuates over time due to a variety of financial market factors. Changes in the demand operating loan interest rate may cause future changes in interest expenses and associated cash flows and excess (deficiency) of revenue over expenses.

Geraldton District Hospital

Notes to the Financial Statements

Year ended March 31, 2025 with comparative figures for 2024

17. Financial instruments, continued

(d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Hospital is exposed to market risk in connection with its capital expenditure reserve fund investments. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Hospital has \$33,795 (2024 - \$134,293) of its capital expenditure reserve fund equity investments denominated in foreign currencies.

(ii) 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 cash and fixed income investments.

The Hospital does not use derivative instruments to reduce its exposure to interest rate risk.

(iii) Other price risk

Other price risk is the uncertainty associated with the valuation of financial assets arising from changes in equity markets. The Hospital has Canadian and United States equity investments within the investment portfolio.

(iv) There have not been significant changes from the previous year in the exposure to any of the above risks or policies, procedures and methods used to measure these risks.

18. Comparative figures

Certain 2024 amounts presented as comparative figures in the accompanying financial statements have been reclassified from what was previously presented to conform with the financial statement presentation adopted for the current year. The changes do not affect the previously reported deficiency of revenues over expenses.