

Financial Statements of

**CORNWALL COMMUNITY  
HOSPITAL**

March 31, 2026

# CORNWALL COMMUNITY HOSPITAL

## Table of Contents

For the year ended March 31, 2026

---

Page

### Independent Auditors' Report

### Financial Statements

Statement of Financial Position .....	1
Statement of Operations .....	2
Statement of Changes in Net Assets (Liabilities) .....	3
Statement of Cash Flows .....	4
Statement of Remeasurement Gains and Losses .....	5
<b>Notes to Financial Statements .....</b>	<b>6</b>

# Independent Auditor's Report

---

To the members of the  
Cornwall Community Hospital

## Opinion

We have audited the financial statements of Cornwall Community Hospital (the "Hospital"), which comprise the statement of financial position as at March 31, 2026, and the statements of operations, changes in net assets (liabilities), cash flows and remeasurement gains and losses for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively 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, 2026, and the results of its operations, changes in its net assets (liabilities) and its cash flows for the year then ended, in accordance with Canadian public sector accounting standards ("PSAS").

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Hospital in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS 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.

### MNP s.r.l./LLP

300, rue McGill, Hawkesbury ON, K6A 1P8  
300 McGill Street, Hawkesbury ON, K6A 1P8

Tél. : 613.632.4178 Téléc. : 613.632.7703  
T: 613.632.4178 F: 613.632.7703

As part of an audit in accordance with Canadian GAAS, 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.

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.

Hawkesbury ON  
June 4, 2026

*MNP LLP*

Chartered Professional Accountants  
Licensed Public Accountants

# CORNWALL COMMUNITY HOSPITAL

## Statement of Financial Position

March 31, 2026, with comparative information for 2025

	2026	2025
	\$	\$
<b>Assets</b>		
Current assets:		
Cash	34,493,767	31,301,259
Accounts receivable (note 6)	7,158,881	7,848,689
Inventories	1,309,743	1,301,926
Prepaid expenses	2,134,862	1,067,342
	<b>45,097,253</b>	<b>41,519,216</b>
Restricted cash (note 5)	1,946,007	864,990
Capital assets (note 7)	93,682,254	94,574,856
Interest rate swaps (note 10)	304,719	212,263
	<b>141,030,233</b>	<b>137,171,325</b>
<b>Liabilities, deferred contributions and net assets (liabilities)</b>		
Current liabilities:		
Accounts payable and accrued liabilities (note 8)	42,622,547	37,697,128
Deferred revenue	1,973,034	2,384,840
Employee future benefits (note 9)	625,474	478,303
Current portion of long-term debt (note 10)	593,000	566,000
	<b>45,814,055</b>	<b>41,126,271</b>
Employee future benefits (note 9)	5,888,026	6,055,437
Long-term debt (note 10)	3,552,000	4,145,000
Asset retirement obligation liability (note 20)	4,334,493	4,006,242
Deferred capital contributions (note 11)	80,666,493	82,534,689
	<b>140,255,067</b>	<b>137,867,639</b>
Net assets (liabilities):		
Invested in capital assets (note 12)	8,870,761	7,329,167
Unrestricted	(8,400,314)	(8,237,744)
	<b>470,447</b>	<b>(908,577)</b>
Accumulated remeasurement gains	304,719	212,263
	<b>775,166</b>	<b>(696,314)</b>
	<b>141,030,233</b>	<b>137,171,325</b>

Contingencies and commitments (note 13)

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

On behalf of the Board

 Director

 Director

# CORNWALL COMMUNITY HOSPITAL

## Statement of Operations

For the year ended March 31, 2026, with comparative information for 2025

	2026	2025
	\$	\$
<b>Revenue:</b>		
Patient care:		
Ministry of Health	145,874,338	143,258,110
Other	20,776,082	19,638,508
Recovery:		
Preferred accommodations	159,000	84,440
Other	6,136,838	5,883,019
Investment income	956,840	1,090,833
Amortization of deferred contributions related to equipment	1,787,640	1,755,850
Other programs:		
Ministry of Health	13,152,508	11,709,158
Ministry of Community and Social Services	3,507,741	3,454,608
	<b>192,350,987</b>	<b>186,874,526</b>
<b>Expenses:</b>		
Salaries and wages	81,754,873	79,438,278
Employee benefits	25,155,201	24,271,106
Medical staff remuneration	16,545,468	16,516,575
Medical and surgical supplies	8,540,739	8,917,103
Drugs and medical gases	9,670,173	9,907,301
Other supplies and expenses	26,522,871	26,184,150
Buildings and grounds	1,319,166	898,799
Amortization of capital assets - equipment	3,485,415	3,387,157
Other programs:		
Ministry of Health	13,542,815	12,168,385
Ministry of Community and Social Services	3,507,741	3,454,608
	<b>190,044,462</b>	<b>185,143,462</b>
Excess of revenue over expenses before undernoted items	<b>2,306,525</b>	<b>1,731,064</b>
Interest on long-term debt	(143,230)	(151,362)
Amortization of deferred contributions related to building	4,748,340	4,746,445
Accretion expense (ARO)	(148,113)	(198,063)
Amortization of capital assets - building	(5,384,498)	(5,276,273)
	<b>(927,501)</b>	<b>(879,253)</b>
Excess of revenue over expenses	<b>1,379,024</b>	<b>851,811</b>

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

# CORNWALL COMMUNITY HOSPITAL

## Statement of Changes in Net Assets (Liabilities)

For the year ended March 31, 2026, with comparative information for 2025

	Invested in capital assets \$	Unrestricted \$	2026 Total \$	2025 Total \$
<b>Balance, beginning of year</b>	7,329,167	(8,237,744)	(908,577)	(1,760,388)
Excess of revenue over expenses (note 12 (b))	(2,333,933)	3,712,957	1,379,024	851,811
Net change in investment in capital assets (note 12 (b))	3,875,527	(3,875,527)	-	-
<b>Balance, end of year</b>	<b>8,870,761</b>	<b>(8,400,314)</b>	<b>470,447</b>	<b>(908,577)</b>

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

# CORNWALL COMMUNITY HOSPITAL

## Statement of Cash Flows

For the year ended March 31, 2026, with comparative information for 2025

	2026	2025
	\$	\$
<b>Cash provided by (used for):</b>		
<b>Operating activities:</b>		
Excess of revenue over expenses	1,379,024	851,811
Items not involving cash:		
Amortization of capital assets	8,869,913	8,663,430
Accretion expense	148,113	198,063
Amortization of deferred contributions related to capital assets	(6,535,980)	(6,502,295)
Decrease in employee future benefits	(20,240)	(32,773)
Net change in non-cash working capital components (note 15)	4,128,084	6,790,343
	<u>7,968,914</u>	<u>9,968,579</u>
<b>Capital activities:</b>		
Purchase of capital assets	(7,999,511)	(3,644,361)
Remeasurement of ARO	180,138	(7,660)
Increase in deferred contributions related to capital assets	4,689,984	2,272,535
	<u>(3,129,389)</u>	<u>(1,379,486)</u>
<b>Financing activities:</b>		
Repayment of long-term debt	(566,000)	(544,000)
Increase in cash	4,273,525	8,045,093
Cash, beginning of year	32,166,249	24,121,156
<b>Cash, end of year</b>	<u>36,439,774</u>	<u>32,166,249</u>
Cash is comprised of the following:		
Cash	34,493,767	31,301,259
Restricted cash (capital)	1,946,007	864,990
	<u>36,439,774</u>	<u>32,166,249</u>

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

# CORNWALL COMMUNITY HOSPITAL

## Statement of Remeasurement Gains and Losses

For the year ended March 31, 2026, with comparative information for 2025

	2026	2025
	\$	\$
<b>Accumulated remeasurement gains, beginning of year</b>	<b>212,263</b>	344,702
Unrealized gain (loss) attributable to:		
Interest rate swaps	<b>92,456</b>	(132,439)
<b>Accumulated remeasurement gains, end of year</b>	<b>304,719</b>	212,263

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

# CORNWALL COMMUNITY HOSPITAL

## Notes to Financial Statements

March 31, 2026

---

### 1. Description of the business

Cornwall Community Hospital (the “Hospital”) is incorporated under the *Ontario Corporations Act*. The Hospital is principally involved in providing health care services to Cornwall and area. The Hospital is a registered charity under the Income Tax Act and accordingly, is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

### 2. Future accounting standards

*Effective on April 1, 2026*

#### Conceptual Framework for Financial Reporting in the Public Sector

In December 2022, the Public Sector Accounting Board (PSAB) issued The Conceptual Framework for Financial Reporting in the Public Sector (the Conceptual Framework), which replaces the conceptual aspects of Section PS 1000, Financial Statement Concepts, and Section PS 1100, Financial Statement Objectives. The Conceptual Framework establishes the fundamental concepts that underpin financial reporting in the public sector, including the characteristics of public sector entities, the objectives of financial reporting, the primary users of financial statements, qualitative characteristics of financial information, and general concepts related to recognition, measurement, and presentation.

The Conceptual Framework is effective for fiscal years beginning on or after April 1, 2026. Early adoption is permitted. Adoption of the Conceptual Framework is expected to primarily affect the basis for developing accounting policies and financial statement presentation rather than recognition or measurement amounts.

#### GAAP Designation of Application Guidance – PSA Handbook Appendices

In February 2025, PSAB issued amendments to clarify the generally accepted accounting principles (GAAP) designation of certain application guidance appendices in the Public Sector Accounting Handbook. These amendments elevate the GAAP status of selected appendices related to revenue, government transfers, financial instruments, and disclosure of allocated expenses, and clarify that application guidance appendices form an integral part of the standards they support rather than being merely illustrative. Related amendments were also made to Section PS 1150, Generally Accepted Accounting Principles.

These amendments are effective for fiscal years beginning on or after April 1, 2026. The amendments are primarily clarifying in nature and are not expected to result in material changes to the Hospital’s financial statements.

#### Financial Statement Presentation (Section PS 1202)

In October 2023, PSAB issued Section PS 1202, Financial Statement Presentation, which replaces Section PS 1201 and introduces a new financial reporting model based on the Conceptual Framework for Financial Reporting in the Public Sector. Section PS 1202 introduces changes to the presentation of the statement of financial position, including new categories of liabilities, the introduction of a statement of net financial assets or net financial liabilities, revisions to the statement of cash flows, and new requirements for presenting changes in net assets or net liabilities.

# CORNWALL COMMUNITY HOSPITAL

## Notes to Financial Statements

March 31, 2026

---

### 2. Future accounting standards (continued)

*Effective on April 1, 2026 (continued)*

Section PS 1202 is effective for fiscal years beginning on or after April 1, 2026. Early adoption is permitted only if the Conceptual Framework is adopted at the same time, and comparative information will be restated upon adoption. Adoption of Section PS 1202 is expected to result in changes to the presentation of the Hospital's financial statements; however, no changes to recognition or measurement amounts are expected.

*Effective on April 1, 2030*

#### Tangible Capital Assets (Amendments to Section PS 3150)

In May 2025, PSAB issued amendments to Section PS 3150, Tangible Capital Assets. The amendments clarify definitions and guidance related to tangible capital assets, introduce new disclosure requirements for works of art, historical treasures and collections, and provide guidance for assets acquired at substantially below fair value.

These amendments are effective for fiscal years beginning on or after April 1, 2030, with earlier adoption permitted. The amendments are expected to be applied retroactively, with certain exceptions applied prospectively. Management does not expect these amendments to have a material impact on the Hospital's financial statements at this time but will continue to assess their impact prior to adoption.

### 3. Significant accounting policies

#### (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. 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 to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions, other than endowment contributions, are recognized as revenue in the year in which the related expenses are incurred. 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 the Ontario Health Insurance Plan (OHIP), preferred accommodations, and other revenue is recognized when the goods are sold or the service is provided.

Endowment contributions are recognized as direct increases in endowment net assets.

# CORNWALL COMMUNITY HOSPITAL

## Notes to Financial Statements

March 31, 2026

---

### 3. Significant accounting policies (continued)

(b) Contributed services:

A substantial number of volunteers contribute a significant amount of their time each year to assist the Hospital in carrying out its service activities. Due to the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

(c) Inventories:

Inventories are valued at the lower of average cost and replacement cost.

(d) Capital assets:

Purchased capital assets, other than minor equipment, are recorded at cost. Assets acquired under capital lease are initially recorded at the present value of future minimum lease payments and amortized over the estimated life of the assets. When a capital asset no longer contributes to the Hospital's ability to provide services, its carrying amount is written down to its residual value. Contributed capital assets are recorded at fair value at the date of contribution.

Amortization of cost and any corresponding deferred contribution is calculated on a straight-line basis using the following annual rates per Ministry of Health guidelines:

---

Land improvements	5% to 12.5%
Buildings	2% to 5%
Building service equipment	4% to 10%
Furniture and equipment	5% to 33.33%
Information system software and equipment	20% to 33.33%

---

Minor equipment replacements are expensed in the year of replacement. Construction in progress is not amortized until the project is complete and the facilities come into use.

The cost of renovations to the Hospital buildings which significantly increase its useful life and capacity are included as part of the cost of the related capital assets. Renovation costs to adapt the Hospital buildings to changed operating conditions or to maintain normal operating efficiency are expensed as incurred.

Equipment leased on terms which transfer substantially all of the benefits and risks of ownership to the Hospital are accounted for as "capital leases" and are therefore accounted for as though an asset has been purchased and a liability incurred. All other items of equipment held on lease are accounted for as operating leases.

# CORNWALL COMMUNITY HOSPITAL

## Notes to Financial Statements

March 31, 2026

---

### 3. Significant accounting policies (continued)

(e) Asset retirement obligation:

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 tangible capital asset;
- 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.

A liability for the removal of asbestos in Hospital buildings has been recognized based on estimated future expenses on renovation/demolition of the buildings. The liability is discounted using a present value calculation and adjusted yearly for accretion expense. The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the capital assets is being amortized in accordance with the depreciation accounting policies outlined in note 3 (d). Actual remediation costs incurred are charged against the ARO to the extent of the liability recorded. Differences between the actual remediation costs incurred and the associated liability are recognized in the Statement of Operations at the time of remediation.

(f) Employee future benefits:

The Hospital participates in a defined benefit multi-employer pension plan. The plan is accounted for on a defined contribution plan basis as contributions to the benefit plan are determined by the plan administrator and are expensed when due. The most recent regulatory funding valuation of this multi-employer pension plan conducted as at December 31, 2025, disclosed actuarial assets of \$131.9 billion (2024 - \$123 billion) with accrued pension liabilities of \$120.8 billion (2024 - \$112.6 billion), resulting in a surplus of \$10.8 billion (2024 - \$12.4 billion). This filing valuation also confirmed that the plan was fully funded on a solvency basis as at December 31, 2025, based on the assumptions and methods adopted for the valuation.

The Hospital accrues its obligations under the defined benefit plans as the employees render the services necessary to earn the compensated absences and other retirement benefits. The actuarial determination of the accrued benefit obligations for retirement benefits uses the projected benefit method prorated on service (which incorporates management's best estimate of future salary levels, other cost escalation, retirement ages of employees and other actuarial factors). The most recent actuarial valuation of the benefit plans was as of March 31, 2026, and the next required valuation will be as of March 31, 2027.

# CORNWALL COMMUNITY HOSPITAL

## Notes to Financial Statements

March 31, 2026

---

### 3. Significant accounting policies (continued)

(f) Employee future benefits (continued):

Actuarial gains (losses) on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the 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 other retirement benefits plan is 9.71 years (2025 - 9.98 years).

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

(g) 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 recorded at fair value. All other has elected to carry the instruments at fair value. Management has not elected to subsequently record financial 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 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 debt is recorded at amortized cost. Interest rate swaps are recorded at fair value.

The Public Sector Accounting Standards require an organization to clarify 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; and

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.

# CORNWALL COMMUNITY HOSPITAL

## Notes to Financial Statements

March 31, 2026

---

### 3. Significant accounting policies (continued)

(h) Use of estimates:

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 date of the financial statements and the reported amounts of revenue and expenses during the period. Amounts subject to estimates include employee future benefit obligations, asset retirement obligations, and the carrying value of capital assets. Actual results could differ from those estimates.

### 4. Short-term loan

The Hospital has an available non-revolving term facility of \$6,000,000 with its lenders, of which \$Nil was drawn against as at March 31, 2026 (2025 - \$Nil). This line of credit is unsecured and bears interest at the lender's prime rate.

The Hospital also maintains an ongoing \$2,000,000 revolving lease line of credit, whose main purpose is the financing of major equipment, of which \$Nil (2025 - \$Nil) was drawn against at year end.

### 5. Restricted cash

Restricted cash is comprised of the following items:

	2026	2025
	\$	\$
Cash related to capital	1,946,007	864,990

### 6. Accounts receivable

Accounts receivable are comprised of the following items:

	2026	2025
	\$	\$
Ministry of Health (Ontario Health)	1,354,194	2,061,656
Ontario Health Insurance Plan (OHIP)	1,463,293	1,489,810
Other	5,200,316	4,880,401
	8,017,803	8,431,867
Less allowance for doubtful accounts receivable	858,922	583,178
	7,158,881	7,848,689

# CORNWALL COMMUNITY HOSPITAL

## Notes to Financial Statements

March 31, 2026

### 7. Capital assets

Capital assets are comprised of the following items:

	Cost \$	Accumulated amortization \$	2026 Net book value \$	2025 Net book value \$
Land	2,586,644	-	2,586,644	2,586,644
Land improvements	849,832	663,629	186,203	210,758
Buildings	108,657,355	48,671,216	59,986,139	61,780,285
Building service equipment	47,298,451	29,085,96	18,212,482	20,213,373
Furniture and equipment	47,013,722	42,942,561	4,071,161	1,817,297
Information system software and equipment	27,401,127	18,761,50	28,639,625	7,966,499
	<b>233,807,13</b>	<b>140,124,877</b>	<b>93,682,254</b>	<b>94,574,856</b>

Cost and accumulated amortization of capital assets as at March 31, 2025, amounted to \$231,062,883 and \$136,488,027, respectively.

### 8. Accounts payable and accrued liabilities

Accounts payable are comprised of the following items:

	2026 \$	2025 \$
Salaries and wages	14,241,488	11,241,565
Vacation and banked time	2,103,985	2,200,528
Pay equity liability	288,628	288,628
Accounts payable and accrued liabilities	25,988,446	23,966,407
	<b>42,622,547</b>	<b>37,697,128</b>

# CORNWALL COMMUNITY HOSPITAL

## Notes to Financial Statements

March 31, 2026

### 9. Employee future benefits

The Hospital provides extended health care, dental and life insurance to certain employees. An independent actuarial study of the post-retirement and post-employment benefits has been undertaken. The most recent valuation of employee future benefits was completed as at March 31, 2026. The next valuation of the plan is effective March 31, 2027.

The significant actuarial assumptions adopted in estimating the Hospital's accrued benefit obligation are as follows:

	2026	2025
Discount rate	3.88%	3.89%
Salary increases	2.50%	2.50%
Inflation	2.00%	2.00%
Dental benefits escalation	2.50%	2.50%
Health benefits escalation	4.00%	4.00%

The continuity of the Hospital's accrued benefit obligation is as follows:

	2026	2025
	\$	\$
Accrued benefit obligation, opening balance	6,709,324	5,979,047
Current service costs	346,628	299,038
Interest on accrued benefit obligation	255,722	231,087
Benefits paid	(623,637)	(507,396)
Actuarial (gain) loss	(160,407)	707,548
Accrued benefit obligation, closing balance	6,527,630	6,709,324

Reconciliation of the accrued benefit obligation to the accrued benefit liability is as follows:

	2026	2025
	\$	\$
Accrued benefit obligation	6,527,630	6,709,324
Unamortized actuarial gain	(47,246)	(230,778)
Accrued benefit liability	6,480,384	6,478,546
Less: current portion of benefit liability	625,474	478,303
Long-term portion of employee future benefits	5,854,910	6,000,243
Add: EORLA vested employees	33,116	55,194
	5,888,026	6,055,437

# CORNWALL COMMUNITY HOSPITAL

## Notes to Financial Statements

March 31, 2026

### 10. Long-term debt

	2026	2025
	\$	\$
Fixed rate term loan bearing interest at 5.00%, payable in blended monthly payments between \$34,000 and \$38,000, due February 28, 2028	826,000	1,226,000
Fixed rate term loan bearing interest at 2.66%, payable in blended monthly payments between \$14,000 and \$22,000, due December 18, 2041	3,319,000	3,485,000
	<b>4,145,000</b>	<b>4,711,000</b>
Less current portion	593,000	566,000
	<b>3,552,000</b>	<b>4,145,000</b>

The Hospital has entered into interest rate swap agreements to manage the volatility of interest rates. The maturity date of the interest rate swaps are the same as the maturity dates of the associated loans.

The fair value of the interest rate swaps as at March 31, 2026, is in a net favourable position of \$304,719, which is recorded in the Statement of Financial Position (2025 - \$212,263). The current year impact of the change in fair value of the interest rate swaps is an unrealized gain in the Statement of Remeasurement Gains and Losses of \$92,456 (2025 - unrealized loss of \$132,439).

The fair value of the interest rate swaps has been determined using Level 3 of the fair value hierarchy. The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

Future principal payments required on all long-term debt for the next five years and thereafter are as follows:

	\$
2027	593,000
2028	580,000
2029	181,000
2030	186,000
2031	191,000
Thereafter	2,414,000
	<b>4,145,000</b>

# CORNWALL COMMUNITY HOSPITAL

## Notes to Financial Statements

March 31, 2026

### 11. Deferred capital contributions

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

	2026	2025
	\$	\$
Balance, beginning of year	82,534,689	86,764,449
Additional donations and grants received	4,689,984	2,272,535
Adjustments	(22,200)	-
Less amounts amortized to revenue for the current year	(6,535,980)	(6,502,295)
Balance, end of year	80,666,493	82,534,689

The balance of deferred capital contributions related to capital assets consists of the following:

	2026	2025
	\$	\$
Unamortized capital contributions used to purchase assets	80,666,493	82,534,689

### 12. Investment in capital assets

(a) Investment in capital assets is calculated as follows:

	2026	2025
	\$	\$
Capital assets	93,682,254	94,574,856
Amounts financed by:		
Deferred contributions on capital assets	(80,666,493)	(82,534,689)
Long-term debt	(4,145,000)	(4,711,000)
	8,870,761	7,329,167

(b) Change in net assets for investment in capital assets is calculated as follows:

	2026	2025
	\$	\$
Deficiency of revenue over expenses:		
Amortization of deferred contributions	6,535,980	6,502,295
Amortization of capital assets	(8,869,913)	(8,663,430)
	(2,333,933)	(2,161,135)

# CORNWALL COMMUNITY HOSPITAL

## Notes to Financial Statements

March 31, 2026

### 12. Investment in capital assets (continued)

	2026	2025
	\$	\$
Net change in investment in capital assets:		
Purchase of capital assets	7,999,511	3,644,361
Amounts funded by deferred contributions	(4,689,984)	(2,272,535)
Repayment of long-term debt	566,000	544,000
	<b>3,875,527</b>	<b>1,915,826</b>

### 13. Contingencies and commitments

- (a) The nature of the Hospital's activities is such that there is usually litigation pending or in prospect at any time. With respect to claims as at March 31, 2026, management believes the Hospital has valid defences 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.
- (b) On July 1, 1987, a group of health care organizations (the "subscribers"), formed Healthcare Insurance Reciprocal of Canada ("HIROC"). HIROC is registered as a Reciprocal pursuant to Provincial Insurance Acts, which permits persons to exchange with other persons reciprocal contracts of indemnity insurance. HIROC facilitates the provision of liability insurance coverage of health care organizations in the provinces of Ontario, Manitoba, Saskatchewan and Newfoundland. Subscribers pay annual premiums, which are actuarially determined, and are subject to assessment for losses in excess of such premiums, if any, experienced by the group of subscribers for the years in which they were a subscriber. No such assessments have been made as at March 31, 2026.

Since its inception in 1987, HIROC has accumulated an unappropriated surplus, which is the total of premiums paid by all subscribers plus investment income less the obligation for claims reserves and expenses and operating expenses. Each subscriber which has an excess of premium plus investment income over the obligation for their allocation of claims reserves and expenses and operating expenses may be entitled to receive distributions of their share of the unappropriated surplus at the time such distributions are declared by the Board of Directors of HIROC. There are no distributions receivable from HIROC as of March 31, 2026.

### 14. Pension costs

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. Contributions to the plan made during the year by the Hospital on behalf of its employees amounted to \$7,296,155 (2025 - \$7,038,901) and are included in the Statement of Operations.

# CORNWALL COMMUNITY HOSPITAL

## Notes to Financial Statements

March 31, 2026

### 14. Pension costs (continued)

Pension expense is based on Plan management's best estimates, in consultation with its actuaries, of the amount, 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.

Variations between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members. The Plan's 2025 Annual Report indicates the plan is fully funded at 109%.

### 15. Net change in non-cash working capital components relating to operations

	2026	2025
	\$	\$
Decrease (increase) in current assets:		
Accounts receivable	689,808	305,261
Inventories	(7,817)	260,497
Prepaid expenses	(1,067,520)	326,185
Increase (decrease) in current liabilities:		
Accounts payable and accrued liabilities	4,925,419	5,832,134
Deferred revenue	(411,806)	66,266
<b>Net change in non-cash working capital</b>	<b>4,128,084</b>	<b>6,790,343</b>

### 16. Related entities

#### (a) Cornwall Community Hospital Foundation:

The Hospital has an economic interest, but not control, in Cornwall Community Hospital Foundation (the "Foundation").

The Foundation is incorporated under the Canada Corporations Act and is a registered charity under the Income Tax Act. The Foundation's mandate is to raise funds for the Hospital's programs, medical equipment, expansion and renovation to enhance quality healthcare in the community.

The net assets and results of the operations of the Foundation are not included in the financial statements of the Hospital.

Related party transactions during the year not separately disclosed in the financial statements include an amount of \$2,350,635 (2025 - \$780,306) that has been received or receivable from the Foundation, of which \$2,215,052 has been recorded as deferred contributions to fund the purchase of capital equipment for the Hospital and the remainder has been recognized as revenue to offset minor equipment purchases.

# CORNWALL COMMUNITY HOSPITAL

## Notes to Financial Statements

March 31, 2026

---

### 16. Related entities (continued)

(b) Auxiliary to the Cornwall Community Hospital:

The net assets and results of the operations of the Auxiliary are not included in the financial statements of the Hospital.

The Hospital has an economic interest in the Auxiliary to the Cornwall Community Hospital by way of the Hospital holding resources that are used by the Auxiliary to produce revenue.

(c) Eastern Ontario Regional Laboratory Association:

The Hospital has economic interest, but no control, in Eastern Ontario Regional Laboratory Association ("EORLA"). The net assets and results of the operations of EORLA are not included in the financial statements of the Hospital. Services in the amount of \$7,312,742 (2025 - \$7,307,136) were purchased from EORLA and are included in other supplies and expenses in the Statement of Operations. Expenses incurred at the Hospital for items such as salaries and supplies in the amount of \$192,380 (2025 - \$174,154) associated with lab testing are fully recoverable from EORLA, of which \$19,094 (2025 - \$20,135) is included in accounts receivable and of which \$Nil (2025 - \$227,136) is included in accounts payable as at March 31, 2026.

### 17. Financial risks and concentration of credit risk

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Hospital is exposed to credit risk with respect to the 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 as at March 31, 2026, 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.

There have been no significant changes to the credit risk exposure from 2025.

(b) Liquidity risk:

Liquidity risk is the risk that the Hospital will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Hospital manages its liquidity risk by monitoring its operating requirements. The Hospital prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

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

There have been no significant changes to the liquidity risk exposure from 2025.

# CORNWALL COMMUNITY HOSPITAL

## Notes to Financial Statements

March 31, 2026

---

### 17. Financial risks and concentration of credit risk (continued)

(c) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates, will affect the Hospital's income 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.

(d) Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows or 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 its interest-bearing term loans payable and its interest rate swaps.

The Hospital mitigates interest rate risk on its term loans through derivative financial instruments (interest rate swaps) that exchange the variable rate inherent in the term loan for a fixed rate (see note 10). Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to the term debt.

There has been no change to the interest rate risk exposure from 2025.

### 18. Diabetes education program

Included in Patient Care Ministry of Health revenue is funding in the amount of \$372,838 (2025 - \$372,838) intended for the Diabetes Education Program. The expenses for this program totalled \$421,404 (2025 - \$483,140), which includes \$420,945 (2025 - \$479,237) for salaries and \$459 (2025 - \$3,903) for supplies and sundry expenses. The program deficit of \$48,566 (2025 - \$110,302) was covered with hospital base funding.

### 19. Ontario Health Team

The Hospital is the designated fund holder of the implementation funding for the Great River Ontario Health Team ("Great River OHT"). The Hospital received funding for the Great River OHT in the amount of \$1,268,162 during the 2026 fiscal year. As at March 31, 2026, \$1,155,105 is recorded as both a revenue and an expense in the Statement of Operations and \$113,057 is payable to the Ministry of Health.

# CORNWALL COMMUNITY HOSPITAL

## Notes to Financial Statements

March 31, 2026

---

### 20. Asset Retirement Obligation

On April 1, 2022, the Hospital adopted Public Accounting Standard PS 3280 – Asset Retirement Obligations. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in buildings owned by the Hospital. The standard was adopted on the modified retrospective basis at the date of adoption. Under the modified retrospective method of adoption, the assumptions used to estimate the Hospital's asset retirement obligations are applied as of the date of adoption of the standard.

On April 1, 2022, the Hospital recognized an asset retirement obligation relating to buildings owned by the Hospital that contain asbestos. The building was originally obtained as part of the amalgamation in December 2003 and the liability was measured as of the date of transfer when the liability was created. The building had an expected useful life of 25 years, and the estimate has not been changed since the transfer.

The liability has been estimated using a present value technique based on estimated future cash flows. These cash flows were discounted using a rate of 3.89% (2025 - 4.01%).

	2026	2025
	\$	\$
Opening balance	4,006,242	3,815,839
Remeasurement	180,138	(7,660)
Accretion expense	148,113	198,063
	<b>4,334,493</b>	4,006,242