Financial Statements of

ST. THOMAS ELGIN GENERAL HOSPITAL

And Independent Auditor's Report thereon

Year ended March 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of St. Thomas Elgin General Hospital

Opinion

We have audited the financial statements of St. Thomas Elgin General 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 unrestricted net assets 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 changes in net assets 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 auditor's 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.

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 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 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

June 4, 2025

ST. THOMAS ELGIN GENERAL HOSPITAL

Statement of Financial Position

March 31, 2025, with comparative information for 2024

	2025	2024
Assets		
Current assets:		
Cash	$ 9,599,014	$ 9,369,016
Accounts receivable (note 2)	4,918,464	6,016,890
Prepaid expenses	2,017,069	2,204,492
Inventories	1,436,646	1,449,671
Due from Hospital Foundation (note 12)	108,435	596,965
	18,079,628	19,637,034
Equipment under capital lease (note 9)	869,009	-
Capital assets (note 4)	130,904,108	125,321,301
	$ 149,852,745	$ 144,958,335
Liabilities and Unrestricted Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 13,604,453	$ 14,706,544
Vacation liability	4,428,021	4,230,115
Current portion of long-term debt	-	134,011
Current portion of capital lease obligation (note 6)	174,273	-
	18,206,747	19,070,670
Deferred capital contributions (note 8)	108,094,418	104,389,321
Employee future benefits (note 7)	4,514,400	4,371,300
Asset retirement obligation (note 3)	631,331	603,961
Capital lease obligation (note 6)	563,985	-
Sick leave liability	21,385	20,688
	132,032,266	128,455,940
Unrestricted net assets	17,820,479	16,502,395
Contingencies (note 13)		
Commitments (note 14)		
	$ 149,852,745	$ 144,958,335

See accompanying notes to financial statements.

On behalf of the Board:

_______________ Director _______________ Director

ST. THOMAS ELGIN GENERAL HOSPITAL
Statement of Operations

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

	2025	2024
Revenue:		
Ministry of Health funding	$ 123,479,487	$ 120,260,009
Patient revenue from other payers	21,396,377	19,064,456
Recoveries and miscellaneous revenue	15,358,138	13,914,156
Amortization of deferred capital contributions related to equipment (note 8)	2,212,683	1,933,374
Differential and co-payment revenues	187,470	481,656
	162,634,155	155,653,651
Expenses:		
Salaries and wages	70,694,624	68,872,045
Employee benefits	23,549,868	23,152,136
	94,244,492	92,024,181
Supplies and equipment	24,279,135	23,303,102
Medical staff remuneration	24,105,637	22,066,519
Drugs	8,714,303	8,328,173
Medical and surgical supplies	5,705,345	5,980,624
Amortization of equipment	3,217,237	3,098,622
	66,021,657	62,777,040
	160,266,149	154,801,221
Surplus before the undernoted items	2,368,006	852,430
Other revenue (expenses):		
Amortization of deferred capital contributions related to buildings (note 8)	4,227,655	3,855,919
Amortization of building	(5,262,136)	(4,992,947)
Interest, capital lease	(15,441)	-
Loss on disposal of capital assets	-	(51,118)
Interest, long-term debt	-	(26,998)
	(1,049,922)	(1,215,144)
Surplus (deficit)	$ 1,318,084	$ (362,714)

See accompanying notes to financial statements.

ST. THOMAS ELGIN GENERAL HOSPITAL

Statement of Changes in Unrestricted Net Assets

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

	2025	2024
Unrestricted net assets, beginning of year	$ 16,502,395	$ 16,865,109
Surplus (deficit)	1,318,084	(362,714)
Unrestricted net assets, end of year	$ 17,820,479	$ 16,502,395

See accompanying notes to financial statements.

ST. THOMAS ELGIN GENERAL HOSPITAL
Statement of Cash Flows

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

	2025	2024
Cash provided by (used in):		
Operating activities:		
Surplus (deficit)	$ 1,318,084	$ (362,714)
Items not involving cash:		
Amortization of capital assets	8,479,373	8,091,569
Amortization of deferred contributions	(6,440,338)	(5,789,293)
Asset retirement obligation	27,370	14,907
Loss on disposal of capital assets	-	51,118
Vacation liability	197,906	609,996
Sick leave liability	697	625
Employee future benefits	143,100	127,500
Changes in non-cash operating working capital (note 10)	685,313	(4,786,821)
	4,411,505	(2,043,113)
Financing activities:		
Contributions received related to capital assets	10,145,436	11,740,438
Repayment of capital lease obligation	(184,583)	-
Repayment of long-term debt	(134,011)	(531,827)
	9,826,842	11,208,611
Investing activities:		
Purchase of capital assets	(14,008,349)	(13,702,725)
Increase (decrease) in cash	229,998	(4,537,227)
Cash, beginning of year	9,369,016	13,906,243
Cash, end of year	$ 9,599,014	$ 9,369,016

See accompanying notes to financial statements.

Nature of operations:

St. Thomas Elgin General Hospital (the "Hospital") is incorporated without share capital under the Companies Act of Ontario. 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.

The Hospital is a 179-bed facility providing 24-hour coverage in medicine, surgery, obstetrics, pediatrics, anaesthesia, mental health, emergency and family medicine. The Hospital serves the residents of St. Thomas and Elgin County.

The Hospital is primarily funded by the Province of Ontario in accordance with funding policies established by the Ministry of Health ("MOH"). Any excess of revenues over expenses earned during a fiscal year may be retained by the Hospital. There is currently no commitment by the MOH to fund operating deficits. Therefore, to the extent that deficits are incurred and not funded, future operations may be affected. The MOH provides operating funding including base funding which is expected to be received on an annual basis, and special funding, which is non-recurring in nature, and consequently is unconfirmed for future years.

The Hospital operates under a Hospital Service Accountability Agreement ("H-SAA") with Ontario Health under the direction of the MOH. This agreement sets out the rights and obligations of the two parties in respect of funding provided to the Hospital together with performance standards and obligations of the Hospital that establish acceptable results for the Hospital's performance.

If the Hospital does not meet certain performance standards or obligations, the MOH/Ontario Health has the right to adjust certain funding streams received by the Hospital. Given that the MOH/Ontario Health is not required to communicate funding adjustments until after the submission of year-end data, the amount of revenue recognized in these financial statements represents management's best estimates of amounts earned during the year.

1. Significant accounting policies:

The financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards including the Section 4200 standards for government not-for-profit organizations. Significant accounting policies of the Hospital are summarized as follows:

(a) Revenue recognition:

The deferral method of accounting for contributions which includes donations and government grants is as follows:

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.

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 recorded as deferred capital contributions and amortized into revenue on a straight line basis, at a rate corresponding with the amortization rate for the related capital assets.

Revenues from sources other than the MOH are recognized as services are rendered and collection is reasonably assured.

(b) Inventories:

Inventories, consisting of hospital supplies, are valued at the lower of cost on a weighted average basis and replacement cost.

1. Significant accounting policies (continued):

(c) Capital assets:

Capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Assets acquired under capital leases are amortized over the estimated life of the assets or over the lease term, as appropriate. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Hospital's operating activities, its carrying amount is written down to its residual value.

Amortization of original cost and any corresponding deferred contributions are calculated on a straight-line basis using the following annual rates over the estimated useful lives of the assets:

Asset	Useful lives
Building and building equipment	10-50 years
Equipment (not including software)	5-20 years
Equipment (software)	3 years

Construction in progress comprises construction and development costs. No amortization is recorded until construction is substantially complete and the assets are ready for productive use.

(d) 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. Management has elected to record all investments at fair value as they are managed and evaluated on a fair value basis.

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 (or effective interest rate method). Long-term debt is recorded at cost.

1. Significant accounting policies (continued):

(d) Financial instruments (continued):

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. There are no items to be reported on the statement of remeasurement gains and losses, and as a result, the statement has not been prepared.

The Hospital classifies 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.

(e) Employee future benefits:

The Hospital provides non-pension post-retirement benefit including health, dental and life insurance benefits. The Hospital accrues its obligations under the non-pension post-retirement benefit as the employees render the services necessary to earn the post-employment benefits. The actuarial determination of the accrued benefit obligations uses the projected benefit method pro-rated on service using best estimates of salary escalation, retirement ages of employees, and expected health care and dental costs. The most recent actuarial valuation of the benefit plan for funding purposes was as of March 31, 2023.

Actuarial gains (losses) on plan assets arise from the difference between the actual return on plan assets for a period and the expected return on plan assets for that period. 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.

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

(e) Employee future benefits (continued):

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 post-employment benefits plan is 15.7 years (2024 - 15.7 years).

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

Substantially all full time employees of the Hospital are members of the Healthcare of Ontario Pension Plan (the "Plan"). This Plan is a multi-employer, defined benefit pension plan, As this is a multi-employer plan, no liability has been recorded in the Hospital's financial statements.

(f) Contributed services:

A substantial number of volunteers contribute a significant amount of their time each year. However, because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements. During the year, volunteers contributed 14,463 hours of services (2024 - 14,577).

(g) Use of estimates:

The preparation of the 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 year. Significant items subject to such estimates and assumptions include the carrying amount of property, plant and equipment, contingent liabilities, asset retirement obligations, and obligations related to employee future benefits. Actual results could differ from those estimates.

2. Accounts receivable:

		2025		2024
Ministry of Health	$	367,423	$	1,997,065
Provincial other		308,417		174,873
Patient and other		4,463,933		3,922,288
		5,139,773		6,094,226
Provision for doubtful accounts		(221,309)		(77,336)
	$	4,918,464	$	6,016,890

3. Asset retirement obligation:

The Hospital has accrued for asset retirement obligations related to the legal requirement for the removal or remediation of asbestos-containing materials in certain facilities. The obligation is determined based on the estimated undiscounted cash flows that will be required in the future to remove or remediate the asbestos containing material in accordance with current legislation.

The change in the estimated obligation during the year consists of the following:

	2025	2024
Balance, beginning of year	$ 603,961	$ 589,054
Net changes during the year	27,370	14,907
	$ 631,331	$ 603,961

4. Capital assets:

	Cost	Accumulated amortization	2025 Net book value	2024 Net book value
Building and building equipment	$ 180,807,101	$ 68,081,749	$ 112,725,352	$ 102,685,904
Equipment	50,267,526	36,604,957	13,662,569	11,661,909
Construction in progress	4,492,604	-	4,492,604	10,949,905
Land	23,583	-	23,583	23,583
	$ 235,590,814	$ 104,686,706	$ 130,904,108	$ 125,321,301

5. Credit facility:

An unsecured credit facility has been established for the Hospital by a Canadian chartered bank with an operating line of credit of $6,000,000 at Canadian Bank prime rate minus 0.80%. At March 31, 2025, $nil (2024 - $nil) was drawn against this facility.

6. Capital lease obligation:

The Hospital is committed to payments under capital lease as follows:

		2025		2024
2026	$	199,753	$	-
2027		199,753		-
2028		199,753		-
2029		199,753		-
Total minimum lease payments		799,012		-
Less amount representing interest at 3.84%		60,754		-
Present value of net minimum capital lease payments		738,258		-
Less current portion of obligations under capital lease		174,273		-
	$	563,985	$	-

7. Employee future benefits:

(a) Pension plan:

Substantially all full time employees of the Hospital are members of the Healthcare of Ontario Pension Plan (the "Plan"). This Plan is a multi-employer, defined benefit pension plan.

Employer contributions to the Plan on behalf of employees amounted to $6,505,243 (2024 - $6,023,551).

The audited financial statements of the Healthcare of Ontario Pension Plan at December 31, 2024, disclosed a net assets value of $123 billion with accrued going concern liabilities relating to pension obligations of $113 billion, resulting in a going concern surplus of $10 billion (2024 - $10 billion).

7. Employee future benefits (continued):

(b) Other employee future benefits:

The non-pension post-retirement benefit plan is a defined benefit plan funded on a cash basis by contributions from the Hospital.

The current benefit costs for the Hospital's benefit plan, which is included in salaries and wages in the statement of operations, is as follows:

	2025	2024
Current benefit cost	$ 281,000	$ 268,000
Interest costs	156,000	152,000
Amortization of net actuarial gain	2,100	500
Current benefit cost	$ 439,100	$ 420,500

The unamortized actuarial gain is amortized over the expected average remaining service life.

Information about the Hospital's accrued non-pension benefits liability as at March 31, 2025 is as follows:

	2025	2024
Accrued benefit obligation	$ 4,293,265	$ 4,101,175
Unamortized net actuarial gain	221,135	270,125
Net benefit liability	$ 4,514,400	$ 4,371,300

The significant actuarial assumptions adopted in measuring the Hospital's accrued non-pension benefit obligations as at March 31, 2025 are as follows:

	2025	2024
Discount rate for accrued benefit obligations	3.85 %	3.95 %
Discount rate for net benefit expense	3.95 %	4.00 %
Initial rate	5.70 %	5.70 %
Ultimate rate (rate reached in 2043)	4.00 %	4.00 %

7. Employee future benefits (continued):

(b) Other employee future benefits (continued):

Other information about the Hospital's non-pension defined benefit plans as at March 31, 2025 is as follows:

	2025	2024
Employer contributions	$ 296,000	$ 293,000
Benefits paid	296,000	293,000

8. Deferred capital contributions:

Deferred capital contributions related to capital assets represent the unamortized amount of contributions received for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations.

	2025	2024
Balance, beginning of year	$ 104,389,321	$ 98,438,175
Additional contributions	10,145,435	11,740,439
Amounts amortized to the statement of operations	(6,440,338)	(5,789,293)
Balance, end of year	$ 108,094,418	$ 104,389,321

9. Equipment under capital lease:

			2025	2024
	Cost	Accumulated amortization	Net book value	Net book value
Assets under capital lease	$ 922,841	$ 53,832	$ 869,009	$ -

10. Changes in non-cash operating working capital:

	2025	2024
Accounts receivable	$ 1,098,426	$ 1,468,566
Prepaid expenses	187,423	(791,945)
Inventories	13,025	127,877
Accounts payable and accrued liabilities	(1,102,091)	(5,301,564)
Due to St. Thomas-Elgin General Hospital Auxiliary	-	(443,069)
Due from the Hospital Foundation	488,530	153,314
	$ 685,313	$ (4,786,821)

11. Capital management and available credit:

In managing capital, the Hospital focuses on liquid resources available for operations. The need for sufficient liquidity is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to the budget. The Hospital will, where appropriate, finance capital assets through long-term loans which have an amortization period matching that of the assets being financed.

As at March 31, 2025, the Hospital has authorized funds of $6,000,000 available through its operating line of credit, of which $nil (2024 - $nil) has been drawn against this facility. As at March 31, 2025, the Hospital has met its objective of having sufficient liquidity to meet its current obligations.

12. Related entities:

(a) St. Thomas Elgin General Hospital Foundation:

St. Thomas Elgin General Hospital Foundation (the "Foundation") is a related entity incorporated without share capital under the laws of Ontario. The Foundation is independent, but exists to support designated programs and services within the Hospital. During the year, the Foundation provided funds to the Hospital totaling $4,439,500 (2024 - $2,148,618) which have been recorded as deferred capital contributions.

The Hospital provides the Foundation with human resources and payroll services as well as rental space at no cost to the Foundation.

As the Hospital does not control the Foundation, its results are not included in these financial statements.

12. Related entities (continued):

(b) St. Thomas Elgin General Hospital Auxiliary:

The St. Thomas Elgin General Hospital Auxiliary (the "Auxiliary") operates the gift shop within the Hospital and undertakes other fundraising and volunteer activities for the benefit of the Hospital.

The Hospital provides the Auxiliary rental space at no cost to the Auxiliary.

As the Hospital does not control the Auxiliary, its results are not included in these financial statements.

13. Contingencies:

(a) The Hospital is subject to certain actual and potential legal claims, which arise in the normal course of operations. As at March 31, 2025, the Hospital has a number of outstanding claims or possible claims arising out of alleged damages caused by hospital and medical professional staff. A provision has been recorded in the financial statements after giving consideration to the Hospital's insurance coverage.

(b) Employment matters:

During the course of business, the Hospital is involved in certain employment related negotiations and has recorded accruals based on management's estimate of potential settlement amounts where these amounts are reasonably determinable.

14. Commitments:

The Hospital leases certain equipment, and has several service contract agreements. These leases and contracts expire at various dates and require aggregate future minimum payments of $9,259,009. Minimum payments required over the next five years and thereafter are as follows:

2026	$ 3,424,922
2027	2,256,105
2028	1,284,427
2029	784,483
2030	695,156
Thereafter	813,916
	$ 9,259,009

15. Financial risks and concentration of 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 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 $221,309 (2024 - $77,336).

As at March 31, 2025, $433,642 (2024 - $165,914) of trade accounts receivable were past due, but not impaired.

The impact of global economic conditions and the imposition of U.S. tariffs and reciprocal Canadian tariffs are dynamic, and the ultimate magnitude of the impact on the economy and the financial effect on the Hospital's customers are not fully known at this time. The Hospital has no significant concentration of credit risk with any one individual customer.

(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 45 days of receipt of an invoice.

The Hospital's liquidity risk has decreased in the year due to the effect of operating surpluses on its overall liquidity.

15. Financial risks and concentration of risk (continued):

(c) 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.

There has been no significant change to the interest rate risk exposure from 2024.

16. Comparative information:

Certain comparative information have been reclassified from those previously presented to conform to the presentation of the 2025 financial statements.