

Financial Statements of

**DEEP RIVER AND
DISTRICT HEALTH**

And Independent Auditor's Report thereon

Year ended March 31, 2025



KPMG LLP
Times Square
1760 Regent Street, Unit 4
Sudbury, ON P3E 3Z8
Canada
Telephone 705 675 8500
Fax 705 675 7586

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Deep River and District Health

Opinion

We have audited the accompanying financial statements of Deep River and District Health (the Organization), which comprise:

- the statement of financial position as at March 31, 2025
- the statement of operations for the year then ended
- the statement of changes in net assets 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 Organization 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 Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Page 2

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 Organization's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility 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 Organization's internal control.



Page 3

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents 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

Sudbury, Canada

June 24, 2025

DEEP RIVER AND DISTRICT HEALTH

Statement of Financial Position

March 31, 2025, with comparative information for 2024

	2025	2024
Assets		
Current assets:		
Cash and cash equivalents	\$ 7,894,190	\$ 7,528,569
Accounts receivable (note 2)	3,030,113	1,606,149
Inventory	46,595	47,768
Prepaid expenses	99,216	95,981
	11,070,114	9,278,467
Other receivables (note 3)	489,162	191,959
Capital assets (note 4)	30,244,678	14,148,396
	\$ 41,803,954	\$ 23,618,822

Liabilities, Deferred Contributions and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 6,242,104	\$ 4,115,366
Deferred revenue	275,544	362,769
	6,517,648	4,478,135
Long-term debt (note 7)	6,530,000	-
Asset retirement obligation (note 9)	305,170	297,408
Deferred capital contributions (note 6)	26,237,570	16,830,503
	39,590,388	21,606,046
Net assets	2,213,566	2,012,776
Commitments and contingencies (note 10)		
	\$ 41,803,954	\$ 23,618,822

See accompanying notes to financial statements

On behalf of the Board:


Member of the Board


Member of the Board

DEEP RIVER AND DISTRICT HEALTH

Statement of Operations

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

	2025	2024
Revenue:		
Ministry of Health / Ministry of Long-Term Care	\$ 16,175,946	\$ 15,916,709
Patient services	931,841	960,595
Resident revenue	298,708	297,718
Differential and co-payment revenue	164,589	87,431
Other income and recoveries	933,415	834,672
Amortization of deferred capital contributions	461,137	460,791
	18,965,636	18,557,916
Expenses:		
Salaries, wages and benefits	10,877,289	10,314,545
Medical staff remuneration	3,133,620	2,759,068
Medical and surgical supplies	255,102	219,754
Drugs and medical gases	225,417	188,145
Other supplies and expenses	3,634,944	4,050,380
Amortization - equipment	491,717	492,897
	18,618,089	18,024,789
Excess of revenue over expenses before undernoted items	347,547	533,127
Ministry of Health / Ministry of Long-Term Care pandemic funding	-	127,200
Excess of revenue over expenses from operations	347,547	660,327
Amortization - buildings	(561,684)	(482,928)
Amortization - deferred capital contributions for buildings	414,927	339,177
Insurance recovery (note 15)	212,949	106,661
Fire expenses (note 15)	(212,949)	(109,161)
Excess of revenue over expenses	\$ 200,790	\$ 514,076

See accompanying notes to financial statements

DEEP RIVER AND DISTRICT HEALTH

Statement of Changes in Net Assets

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

	2025	2024
Net assets, beginning of year	\$ 2,012,776	\$ 1,498,700
Excess of revenue over expenses	200,790	514,076
Net assets, end of year	\$ 2,213,566	\$ 2,012,776

See accompanying notes to financial statements

DEEP RIVER AND DISTRICT HEALTH

Statement of Cash Flows

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

	2025	2024
Cash flows from operating activities:		
Excess of revenue over expenses	\$ 200,790	\$ 514,076
Adjustments for:		
Amortization of capital assets	1,053,401	975,825
Amortization of deferred capital contributions	(876,064)	(799,968)
Loss on disposal of capital assets	-	3,671
Increase in asset retirement obligation	7,762	40,845
	385,889	734,449
Change in non-cash working capital (note 8)	316,284	(91,585)
	702,173	642,864
Cash flows from investing activities:		
Purchase of capital assets	(17,149,683)	(4,529,071)
Donations and grants received for purchases of capital assets	10,283,131	6,257,229
	(6,866,552)	1,728,158
Cash flows from financing activities:		
Proceeds of long-term debt	6,530,000	-
	6,530,000	-
Net increase in cash	365,621	2,371,022
Cash and cash equivalents, beginning of year	7,528,569	5,157,547
Cash and cash equivalents, end of year	\$ 7,894,190	\$ 7,528,569

See accompanying notes to financial statements

DEEP RIVER AND DISTRICT HEALTH

Notes to Financial Statements

Year ended March 31, 2025

Deep River and District Health (the "Organization") is incorporated without share capital under the laws of the Province of Ontario and is a registered charity under the Income Tax Act. The Organization provides health care for residents of the Town of Deep River and the surrounding communities. These financial statements include the operational activities of the Deep River and District Hospital, the North Renfrew Family Health Team, and the Four Seasons Lodge Long-Term Care Home.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards including the 4200 standards for government not-for-profit organizations.

(a) Revenue recognition:

The Organization follows the deferral method of accounting for contributions which include donations and government grants.

Under the Health Insurance Act and Regulations thereto, the Organization is funded primarily by the Province of Ontario in accordance with budget arrangements established by the Ministry of Health/Ministry of Long-Term Care ("MOH" and "MOLTC") and Ontario Health East ("OHE"). Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

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

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

Revenue from provincial insurance plans and preferred accommodations, including patient services, differential and co-payment revenue, specifically funded programs, and other income and recoveries, are recognized when the goods are sold or the service is provided.

(b) Inventories:

Inventories consisting of drugs and various radiology and medical supplies are valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method.

(c) Cash and cash equivalents:

Cash and cash equivalents consist of cash deposits with chartered banks and cashable guaranteed investment certificates.

DEEP RIVER AND DISTRICT HEALTH

Notes to Financial Statements (continued)

Year ended March 31, 2025

1. Significant accounting policies (continued):

(d) Capital assets and amortization:

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

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

Land improvements	20 years
Buildings	20 to 70 years
Equipment	2.5 to 20 years

Capital expenditures for construction projects in progress are not amortized until construction is complete and the asset is put into service. Land is not amortized.

Long-lived assets, including capital assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. When quoted market prices are not available, the Organization uses the expected future cash flows discounted at a rate commensurate with the risks associated with the recovery of the asset as an estimate of fair value.

Assets to be disposed of would be separately presented in the statement of financial position and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer amortized. The asset and liabilities of a disposed group classified as held for sale would be presented separately in the appropriate asset and liability sections of the statement of financial position.

(e) Funding adjustments:

The Organization receives grants from OHE, the MOH and MOLTC for specific services. Should any amounts be repayable, the funding adjustment would be charged to operations in the period in which it is determined to be payable. Should programs and activities incur a deficit, the Organization records any recoveries thereon in the period in which collection is received.

DEEP RIVER AND DISTRICT HEALTH

Notes to Financial Statements (continued)

Year ended March 31, 2025

1. Significant accounting policies (continued):

(f) Financial instruments:

All financial instruments are initially recorded on the statement of financial position at fair value.

All investments held in equity instruments that trade in an active market are recorded at fair value. Management has elected to record investments at fair value as they are managed and evaluated on a fair value basis. Freestanding derivative instruments that are not equity instruments that are quoted in an active market 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, 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.

Where a decline in fair value is determined to be other than temporary, the amount of the loss is removed from accumulated remeasurement gains and losses and recognized in the statement of operation. On sale, the amount held in accumulated remeasurement gains and losses associated with that instrument is removed from accumulated remeasurement gains and recognized in the statement of operations.

Financial instruments are classified into fair value hierarchy Levels 1, 2 or 3 for the purposes of describing the basis of the inputs used to determine the fair market value of those amounts recorded a fair value, as described below:

Level 1 Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 Fair value measurements are those derived from market-based inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly

Level 3 Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data

(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 periods specified. Significant items subject to such estimates and assumptions include the carrying amount of capital assets; valuation allowances for receivables, valuation of financial instruments; and assets and obligations related to employee future benefits and asset retirement obligations. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

DEEP RIVER AND DISTRICT HEALTH

Notes to Financial Statements (continued)

Year ended March 31, 2025

1. Significant accounting policies (continued):

(h) Asset retirement obligations:

The Organization recognizes the fair value of an Asset Retirement Obligation ("ARO") when all of the following criteria have been 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-containing materials in certain facilities has been recognized based on estimated future expenses. 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 recorded within the financial statements is recognized in the Statement of Operations at the time of remediation occurs.

2. Accounts receivable:

	2025	2024
Deep River District Health Foundation	\$ 82,782	\$ 71,324
Deep River and District Physiotherapy Centre	220,336	220,336
MOH and MOLTC	264,652	297,805
Insurers, patients and other	2,757,679	1,237,020
	3,325,449	1,826,485
Less allowance for doubtful accounts	(295,336)	(220,336)
	\$ 3,030,113	\$ 1,606,149

3. Other receivables:

Amounts included within other receivables are advances to three physicians for recruitment purposes. The advances are non-interest bearing with no specified terms of repayment.

DEEP RIVER AND DISTRICT HEALTH

Notes to Financial Statements (continued)

Year ended March 31, 2025

4. Capital assets:

2025	Cost	Accumulated Amortization	Net Book Value
Land	\$ 26,066	\$ —	\$ 26,066
Land improvements	283,948	210,896	73,052
Buildings	10,560,128	6,208,780	4,351,348
Equipment	14,284,444	7,330,015	6,954,429
Construction in progress	18,839,783	—	18,839,783
	<u>\$ 43,994,369</u>	<u>\$ 13,749,691</u>	<u>\$ 30,244,678</u>

2024	Cost	Accumulated Amortization	Net Book Value
Land	\$ 26,066	\$ —	\$ 26,066
Land improvements	283,948	203,148	80,800
Buildings	10,552,366	5,652,667	4,899,699
Equipment	11,264,260	6,840,461	4,423,799
Construction in progress	4,718,032	—	4,718,032
	<u>\$ 26,844,672</u>	<u>\$ 12,696,276</u>	<u>\$ 14,148,396</u>

Land was purchased for a nominal value of \$1 from the Town of Deep River in 1974. The Organization purchased additional land for \$26,065 in 2024.

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities, are government remittances payable of \$140,982 (2024 - \$136,478), which include amounts for payroll related matters.

DEEP RIVER AND DISTRICT HEALTH

Notes to Financial Statements (continued)

Year ended March 31, 2025

6. Deferred capital contributions:

	2025	2024
Balance, beginning of year	\$ 16,830,503	\$ 11,373,242
Contributions received	10,283,131	6,257,229
	27,113,634	17,630,471
Less: amounts amortized to revenue	(876,064)	(799,968)
Balance, end of year	\$ 26,237,570	\$ 16,830,503

The balance of unamortized and unspent funds consists of the following:

	2025	2024
Unamortized deferred contributions	\$ 25,177,802	\$ 8,412,176
Unspent contributions	1,059,768	8,418,327
	\$ 26,237,570	\$ 16,830,503

7. Long-term debt:

The Ontario Finance Authority ("OFA") was established on November 15, 1993 as an agency of the Province of Ontario and as such is considered a related party to the Organization. The Organization has certain financing arrangements entered into the OFA as disclosed below:

	2025	2024
Debenture from Ontario Financing Authority, a related party, including interest an annual interest rate equal to the three month Ontario Treasury Bill Rate plus 0.036%, repayable in full on February 19, 2027 or upon substantial completion of the project	\$ 6,530,000	\$ —
Less amounts due within one year	—	—
	\$ 6,530,000	\$ —

DEEP RIVER AND DISTRICT HEALTH

Notes to Financial Statements (continued)

Year ended March 31, 2025

7. Long-term debt (continued):

The Ontario Financing Authority has made financing available to the Organization up to a maximum principal amount of \$42,000,000 for the construction of the expansion and redevelopment of the Four Seasons Lodge long-term care facility. The Organization is required to make interest only payments at a rate equal to the three month Ontario Treasury Bill rate plus 0.036% until the earlier of: i) the date that the construction is deemed to be substantially complete or ii) February 19, 2027 ("repayment date"). At March 31, 2025 there was \$6,530,000 owing on the construction loan (2024 - \$Nil). Any balance owing when as of the repayment date will be converted to 25 year term loan, the terms of repayment and interest rate will be determined by the OFA upon issuance of the debentures.

Scheduled principal repayments in each of the next two years are as follows:

2026	\$	–
2027		6,530,000

8. Change in non-cash working capital items:

	2025	2024
Decrease (increase) in accounts receivable	\$ (1,423,964)	\$ 798,529
Decrease (increase) in inventory	1,173	(6,739)
Increase in prepaid expenses	(3,235)	(8,281)
Decrease (increase) in other receivables	(297,203)	39,617
Increase (decrease) in accounts payable and accrued liabilities	2,126,738	(1,021,097)
Increase (decrease) in deferred revenue	(87,225)	106,386
	\$ 316,284	\$ (91,585)

9. Asset retirement obligation:

The Organization has accrued for asset retirement obligations related to the legal requirement for the removal or remediation of asbestos-containing materials in the building owned by the Organization. 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.

DEEP RIVER AND DISTRICT HEALTH

Notes to Financial Statements (continued)

Year ended March 31, 2025

9. Asset retirement obligation (continued):

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

	2025	2024
Balance, beginning of year	\$ 297,408	\$ 256,563
Add: adjustment for inflation	7,762	46,756
Less: current portion reported in accounts payable and accrued liabilities	–	(5,911)
Balance, end of year	\$ 305,170	\$ 297,408

10. Commitments and contingencies:

(a) Legal matters and litigation:

The Organization is involved in certain legal matters and litigation, the outcomes of which are not presently determinable. The loss, if any, from these contingencies will be accounted for in the periods in which the matters are resolved. Management is of the opinion that these matters are mitigated by adequate insurance coverage.

(b) Employment matters:

During the normal course of operation, the Organization 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.

(c) HealthCare Insurance Reciprocal of Canada:

The Organization is a member of the HealthCare Insurance Reciprocal of Canada ("HIROC"). HIROC is a pooling of the liability insurance risk of its members. All members pay annual deposit premiums which are actuarially determined and are subject to further assessment for losses, if any, experienced by the pool for the years in which they are members. As at March 31, 2025, no assessments have been received by the Organization.

(d) Pay equity obligations:

The Organization is in the process of developing pay equity plans with certain employee groups. It is not possible at this time to make an estimate of the amount that may be payable to these labour groups and accordingly no provision has been made in these financial statements.

DEEP RIVER AND DISTRICT HEALTH

Notes to Financial Statements (continued)

Year ended March 31, 2025

10. Commitments and contingencies (continued):

(e) Commitments:

The Organization has signed a memorandum of understanding with The Ottawa Hospital with respect to the purchase of a Hospital Information System. As at March 31, 2025, an amount of \$1,744,323 (2025 – \$220,738) was paid to The Ottawa Hospital. Payment forecasts under the memorandum of understanding are as follows:

2026	\$	217,472
2027		216,888
2028		212,354
2029		216,421
2030		216,716

11. Pension plan:

All full-time and certain part-time employees of the Organization are members of the Healthcare of Ontario Pension 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 receive benefits based on the length of service and on the average 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 Healthcare of Ontario Pension Plan by placing assets in trust and through the plan investment policy.

Pension expense is based on Plan managements' best estimates, in consultation with its actuaries, of the amount, together with the percentage of salary 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 the employer contributions to the Plan to remain a constant percentage of employees' contributions.

The most recent actuarial valuation filed with pension regulators as at December 31, 2024 indicated an actuarial surplus of \$10.4 billion. The Organization made contributions to the Ontario Pension Plan for the year ending March 31, 2025 of \$725,941 (2024 - \$729,346) which are included as an expenditure in the statement of operations.

DEEP RIVER AND DISTRICT HEALTH

Notes to Financial Statements (continued)

Year ended March 31, 2025

12. Related entities:

- (a) The objective of the Deep River and District Health Auxiliary is to raise and receive funds to be distributed towards various programs and capital projects of the Organization. The Auxiliary is a non-profit organization created under the laws of Ontario and is a registered charity under the Income Tax Act.
- (b) The Deep River and District Health Foundation was established to raise, receive, maintain and manage funds to be distributed towards various programs and capital projects of the Organization. The Foundation is a non-profit organization incorporated under the Canada Corporations Act and is a registered charity under the Income Tax Act.

The Organization entered into a space license agreement with the Foundation on January 27, 2025, for the period beginning on April 1, 2024. The agreement grants the Foundation a license to use and occupy space provided by the Organization. The expected recovery from the Foundation is estimated at \$6,000 annually. The Organization also entered into support service agreement with the Foundation on January 27, 2025, for the period of April 1, 2024 to March 31, 2029. The agreement outlines the support services provided to the Foundation by the Organization, which includes bookkeeping, financial reporting, administrative support and IT services. The expected recovery from the Foundation is estimated at \$35,430. Included in other income and recoveries are administrative fees charged to the Deep River and District Health Foundation in the amount of \$41,430 (2024 - \$25,000).

Included in accounts receivable is an amount of \$82,782 (2024 - \$71,324) relating to administrative fees and expense recoveries.

- (c) The Deep River and District Physiotherapy Centre was established to provide Physiotherapy services to the community. The Deep River and District Physiotherapy Centre is a nonprofit organization incorporated under the Ontario Corporations Act.

Included in accounts receivable is an amount from the Physiotherapy Centre of \$220,336 (2024 - \$220,336) relating to administrative fees and expense recoveries.

- (d) The Organization is a founding member of Eastern Ontario Regional Laboratory Association ("EORLA"). EORLA was established to provide laboratory services to member hospitals on a cost-of-service basis. EORLA is incorporated without share capital under the Ontario Business Corporations Act. EORLA is a not-for-profit organization under the Income Tax Act (Canada), and as such, is exempt from income taxes. The Hospital maintains an economic interest in EORLA.

EORLA charges member hospitals, including the Organization, on a cost-per-test basis. Included in supplies and other expenses are \$674,455 (2024 - \$695,534) in laboratory charges from EORLA.

Included in accounts payable at March 31, 2025 is a payable to EORLA of \$455 (2024 - \$Nil). Included in accounts receivable at March 31, 2025 is a payable to EORLA of \$Nil (2024 - \$34,886).

DEEP RIVER AND DISTRICT HEALTH

Notes to Financial Statements (continued)

Year ended March 31, 2025

13. Demand line of credit:

The Organization has an unutilized demand operating line of credit with the Bank of Nova Scotia authorized to a maximum of \$500,000, which bears interest at the bank's prime lending rate. The line of credit is secured by a general security agreement.

The Organization has an unutilized demand operating line of credit with the Bank of Montreal authorized to a maximum of \$1,500,000, which bears interest at the bank's prime lending rate. The line of credit is secured by a general security agreement.

As of March 31, 2025, there was \$Nil drawn on these lines of credit (2024 - \$Nil).

14. 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 Organization is exposed to credit risk with respect to accounts receivable.

The Organization 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 Organization at March 31, 2025 is the carrying value of these assets.

Management considers credit risk to be minimal as most of the accounts receivable balance is collected in a timely fashion.

There have been no significant changes to the credit risk exposure from 2024.

(b) Liquidity risk:

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Organization manages its liquidity risk by monitoring its operating requirements. The Organization 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 2024.

(c) Currency risk:

There have been no significant changes to the currency risk exposure from 2024.

(d) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: currency risk, interest rate risk and equity risk.

DEEP RIVER AND DISTRICT HEALTH

Notes to Financial Statements (continued)

Year ended March 31, 2025

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

(d) Market risk (continued):

(i) 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 Organization is exposed to this risk through its long-term debt. To mitigate the risk, upon completion of the construction the variable rate construction loan will be transition to a long-term fixed rate loan.

15. Fire:

During the prior fiscal year, the Organization experienced a fire. Insurance coverage was available for the costs associated with the fire damage. Total costs relating to the fire amounted to \$212,949 (2024 - \$109,161) and the reimbursement from insurance in relation to these expenses totaled \$212,949 (2024 - \$106,661).

16. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.

17. Segmented information:

The Organization provides a wide range of services to its patients, operating multiple facilities and programs in the course of its operations.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in note 1. Certain facilities and programs that have been separately disclosed in their segmented information, along with the service they provide, are as follows:

Hospital Operations

Hospital Operations consist of a 16-bed hospital providing care for the residents of the Town of Deep River and surrounding communities.

Four Seasons Lodge

Four Seasons Lodge consists of a 14-bed long-term care facility providing care for the residents of the Town of Deep River and surrounding communities.

North Renfrew Family Health Team

The Organization operates a Family Health Team, funded by the Ministry of Health, which provides care to the residents of the Town of Deep River and surrounding communities.

DEEP RIVER AND DISTRICT HEALTH

Schedule to Note 17 - Segmented Information

Year ended March 31, 2025

	Hospital Operations	Four Seasons Lodge	Family Health Team	2025
Revenue:				
Ministry of Health / Ministry of Long-Term Care	\$ 12,914,530	\$ 1,409,023	\$ 1,852,393	\$ 16,175,946
Patient services	931,841	-	-	931,841
Resident revenue	-	298,708	-	298,708
Differential and co-payment revenue	164,589	-	-	164,589
Other income and recoveries	801,967	104,451	26,997	933,415
Amortization of deferred capital contributions	420,114	41,023	-	461,137
	15,233,041	1,853,205	1,879,390	18,965,636
Expenses				
Salaries, wages and benefits	8,243,937	1,578,287	1,055,065	10,877,289
Medical staff remuneration	2,551,745	17,490	564,385	3,133,620
Medical and surgical supplies	196,843	22,059	36,200	255,102
Drugs and medical gases	225,417	-	-	225,417
Other supplies and expenses	3,035,830	347,621	251,493	3,634,944
Amortization - equipment	462,155	29,562	-	491,717
	14,715,927	1,995,019	1,907,143	18,618,089
Excess (deficiency) of revenue over expenses before undernoted items	517,114	(141,814)	(27,753)	347,547
Excess (deficiency) of revenue over expenses from operations	517,114	(141,814)	(27,753)	347,547
Amortization - buildings	(521,292)	(40,392)	-	(561,684)
Amortization - deferred capital contributions for buildings	410,377	4,550	-	414,927
Insurance recovery (note 15)	212,949	-	-	212,949
Fire expenses (note 15)	(212,949)	-	-	(212,949)
Excess (deficiency) of revenue over expenses	\$ 406,199	\$ (177,656)	\$ (27,753)	\$ 200,790

DEEP RIVER AND DISTRICT HEALTH

Schedule to Note 17 - Segmented Information

Year ended March 31, 2025

	Hospital Operations	Four Seasons Lodge	Family Health Team	2024
Revenue:				
Ministry of Health / Ministry of Long-Term Care	\$ 12,718,609	\$ 1,354,402	\$ 1,843,698	\$ 15,916,709
Patient services	960,595	-	-	960,595
Resident revenue	-	297,718	-	297,718
Differential and co-payment revenue	87,431	-	-	87,431
Other income and recoveries	758,601	74,159	1,912	834,672
Amortization of deferred capital contributions	443,011	17,780	-	460,791
	14,968,247	1,744,059	1,845,610	18,557,916
Expenses:				
Salaries, wages and benefits	7,673,987	1,612,998	1,027,560	10,314,545
Medical staff remuneration	2,193,780	16,615	548,673	2,759,068
Medical and surgical supplies	163,871	25,075	30,808	219,754
Drugs and medical gases	188,145	-	-	188,145
Other supplies and expenses	3,384,580	353,118	312,682	4,050,380
Amortization - equipment	483,041	9,856	-	492,897
	14,087,404	2,017,662	1,919,723	18,024,789
Excess (deficiency) of revenue over expenses before undernoted items	880,843	(273,603)	(74,113)	533,127
Ministry of Health / Ministry of Long-Term Care pandemic funding	-	127,200	-	127,200
Excess (deficiency) of revenue over expenses from operations	880,843	(146,403)	(74,113)	660,327
Amortization - buildings	(443,097)	(39,831)	-	(482,928)
Amortization - deferred capital contributions for buildings	334,627	4,550	-	339,177
Insurance recovery (note 15)	106,661	-	-	106,661
Fire expenses (note 15)	(109,161)	-	-	(109,161)
Excess (deficiency) of revenue over expenses	\$ 769,873	\$ (181,684)	\$ (74,113)	\$ 514,076