

**Services De Santé De Chapleau Health Services**

**Financial Statements**

**Year ended March 31, 2025**

## MANAGEMENT RESPONSIBILITY STATEMENT

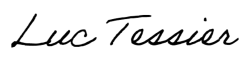
The accompanying financial statements of the Services De Santé De Chapleau Health Services (“the Hospital”) are the responsibility of the Hospital’s management and have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 3 to these financial statements. The preparation of the financial statements necessarily involves the use of estimates based on management’s judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Hospital’s management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The Board of Directors meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by Freelandt Caldwell Reilly LLP, independent external auditors appointed by the Hospital. The accompanying Independent Auditor’s Report outlines their responsibilities, the scope of their examination and their opinion on the Hospital’s financial statements.

  
Chief Executive Officer  
May 11, 2025

  
Chair



## INDEPENDENT AUDITOR'S REPORT

To: The Board of Directors of  
**Services De Santé De Chapleau Health Services**

### *Opinion*

We have audited the financial statements of **Services De Santé De Chapleau Health Services**, which comprise the statement of financial position as at **March 31, 2025**, and the statements of operations, changes in net assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at **March 31, 2025**, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the 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.

### *Material Uncertainty Related to Going Concern*

We draw attention to Note 2 in the financial statements, which indicates that the organization incurred a deficiency of revenues over expenditures of \$1,218,105 during the year ended March 31, 2025 and, as of that date, the organization had a working capital deficit in the amount of \$2,809,029 and an unrestricted net deficit of \$3,611,021. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the organization's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

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

## INDEPENDENT AUDITOR'S REPORT, continued

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 Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- ♦ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ♦ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization'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 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.

## INDEPENDENT AUDITOR'S REPORT, continued

- ♦ 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.

*Freelandt Caldwell Reilly LLP*

**FREELANDT CALDWELL REILLY LLP**

Chartered Professional Accountants  
Licensed Public Accountants

Sudbury, Ontario  
May 11, 2025

# Services De Santé De Chapleau Health Services

## Statement of Financial Position

March 31, 2025 with comparative figures for 2024

	2025	2024
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents (note 4)	\$ 1,276,775	\$ 1,346,256
Investments (note 5)	103,154	97,803
Accounts receivable (note 6)	990,028	772,870
Inventory	348,278	323,949
Prepaid expenses	37,258	52,557
	2,755,493	2,593,435
Receivable from Chapleau General Hospital Foundation (note 7)	138,474	47,122
Capital assets (note 8)	6,464,777	6,873,473
	\$ 9,358,744	\$ 9,514,030
<b>Liabilities and net assets (deficit)</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (note 9)	\$ 5,159,580	\$ 3,797,045
Deferred contributions	307,841	307,841
Current portion of long-term debt	26,908	55,444
Current portion of capital lease obligation	70,192	-
	5,564,521	4,160,330
Long-term debt (note 10)	202,985	229,469
Capital lease obligation (note 11)	68,974	-
Liability for post-retirement benefits (note 12)	898,400	882,800
Deferred capital contributions (note 13)	4,747,225	5,157,316
Asset retirement obligation (note 14)	277,641	268,372
	11,759,746	10,698,287
<b>Net assets (deficit)</b>		
Unrestricted net assets (deficit)	(3,611,020)	(2,347,129)
Equity in capital assets (note 15)	1,210,018	1,162,872
	(2,401,002)	(1,184,257)
	\$ 9,358,744	\$ 9,514,030

Going concern (note 2)

Contingent liabilities (note 16)

Approved on behalf of the Board of Directors:

Director



Director



See accompanying notes to financial statements

**Services De Santé De Chapleau Health Services**  
**Statement of Operations**  
**Year ended March 31, 2025 with comparative figures for 2024**

	2025	2024
<b>Revenues</b>		
Chapleau General Hospital (Schedule 1 - Schedule of Operations)	\$ 14,144,172	\$ 13,429,349
Other Votes (Schedule 2)	2,073,575	1,964,584
Cedar Grove (Schedule 3)	344,197	365,991
	16,561,944	15,759,924
<b>Expenditures</b>		
Chapleau General Hospital (Schedule 1 - Schedule of Operations)	15,403,472	14,405,240
Other Votes (Schedule 2)	2,083,934	1,996,415
Cedar Grove (Schedule 3)	332,063	399,256
	17,819,469	16,800,911
<b>Deficiency of revenues over expenditures before undernoted items</b>	(1,257,525)	(1,040,987)
Interest and other investment income	35,429	51,782
Unrealized gain in market value of investments	5,351	8,918
<b>Deficiency of revenues over expenditures</b>	\$ (1,216,745)	\$ (980,287)

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**Services De Santé De Chapleau Health Services****Statement of Changes in Net Assets****Year ended March 31, 2025 with comparative figures for 2024**

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	<b>Unrestricted net assets (deficit)</b>	<b>Equity in capital assets (note 15)</b>	<b>Total 2025</b>	<b>Total 2024</b>
<b>Balance, beginning of year</b>	\$ (2,347,129) \$	1,162,872 \$	(1,184,257) \$	(203,970)
Deficiency of revenues over expenditures	(919,187)	(297,558)	(1,216,745)	(980,287)
Invested in capital assets	(344,704)	344,704	-	-
<b>Balance, end of year</b>	\$ (3,611,020) \$	1,210,018 \$	(2,401,002) \$	(1,184,257)

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**Services De Santé De Chapleau Health Services**  
**Cash Flows Statement**  
**Year ended March 31, 2025 with comparative figures for 2024**

	2025	2024
<b>Cash flows from operating activities</b>		
Deficiency of revenues over expenditures	\$ (1,216,745)	\$ (980,287)
Adjustments for non-cash items		
Amortization of capital assets	870,177	768,821
Amortization of deferred capital contributions (note 13)	(581,888)	(548,655)
Increase in post-retirement benefits liability	15,600	12,400
Unrealized gain on market value of investments	(5,351)	(8,918)
Accretion of asset retirement obligation (note 14)	9,269	10,191
	(908,938)	(746,448)
Change in non-cash working capital items		
Accounts receivable	(217,158)	12,246
Inventory	(24,329)	(22,782)
Prepaid expenses	15,299	28,372
Accounts payable and accrued liabilities	1,362,532	655,320
	227,406	(73,292)
<b>Cash flows from financing activities</b>		
Recovery of advances to (advances to) Chapleau General Hospital Foundation	(91,352)	35,154
Principal payments on long-term debt	(55,020)	(56,253)
Repayment of capital lease obligation	(9,280)	-
	(155,652)	(21,099)
<b>Cash flows from capital activities</b>		
Deferred capital contributions received	171,798	223,861
Purchase of capital assets	(313,033)	(637,894)
	(141,235)	(414,033)
<b>Decrease in cash and cash equivalents</b>	(69,481)	(508,424)
<b>Cash and cash equivalents, beginning of year</b>	1,346,256	1,854,680
<b>Cash and cash equivalents, end of year</b>	\$ 1,276,775	\$ 1,346,256

**Other information**

Cash is comprised of cash and cash equivalents. Refer to notes 3(b) and 4 for additional information.

Refer to note 8 for details of capital assets acquired during the year by way of capital lease, with a value of \$148,446 (2024 - \$Nil).

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## Services De Santé De Chapleau Health Services

### Notes to the Financial Statements

Year ended March 31, 2025 with comparative figures for 2024

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#### 1. Nature of operations

Services De Santé De Chapleau Health Services ("the Hospital") is principally involved in providing health care services to the residents of the Chapleau area. The Hospital is incorporated without share capital under the Corporations Act (Ontario) and is a charitable organization within the meaning of the Income Tax Act (Canada) and accordingly is exempt from income tax.

#### 2. Going concern

These financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of operations. Should the organization be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

The Hospital incurred a deficiency of revenues over expenditures during the year in the amount of \$1,218,105 (2024 - deficiency of revenues over expenditures \$980,287) and had a working capital deficit in the amount of \$2,809,029 (2024 - \$1,566,895). The total operating deficiency over the two years 2024 and 2025 is \$2,198,392 resulting in an unrestricted net deficit at March 31, 2025 of \$3,611,021. Without the assistance of Ontario Health, it is likely that the hospital will not be able to meet its obligations to pay its liabilities as they become due in the near future.

Management has determined that a significant portion of the deficit incurred in fiscal 2024 and 2025 is due to the acquisition of capital assets financed using internal resources as well as the cost for the Hospital to hire an appropriate level of staff, which resulted in the need for significant amounts of overtime and high agency staffing costs incurred to maintain the level of service as dictated by Ontario Health.

Management's plan for 2026 is to:

1. work with Ontario Health to review funding levels to provide the required level of care;
2. continue to operate as efficiently as possible while still providing a high level of service;
3. continue their recruitment plan to hire more RNs and RPNs to reduce agency costs further; and
4. secure cash flow advances through Ontario Health.

The accompanying financial statements do not include any adjustments relating to the recoverability of assets and to the reclassification of asset and liability amounts that might be necessary should the organization be unable to continue its operations.

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## Services De Santé De Chapleau Health Services

### Notes to the Financial Statements

Year ended March 31, 2025 with comparative figures for 2024

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#### 3. Significant accounting policies

These financial statements are prepared using Canadian public sector accounting standards for government not-for-profit organizations including PS 4200 series of standards as issued by the Public Sector Accounting Board. The significant accounting policies are detailed as follows:

##### (a) Revenue recognition

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

Under the Health Insurance Act and Regulations thereto, the Hospital is funded primarily by the Province of Ontario in accordance with budget arrangements established by the Ministry of Health ("MOH") and Ontario Health ("OH"). 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.

Restricted investment income is recognized as revenue in the year in which the related expenses are recognized. Unrestricted investment income is recognized as revenue when earned.

Revenue from the Provincial insurance plan, preferred accommodation, and marketed services are recognized in the period in which the goods are sold or the service is provided.

##### (b) Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments with maturities of 1 year or less from their date of acquisition, which are readily convertible into a known amount of cash, and are subject to an insignificant risk to changes in their fair value.

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**Services De Santé De Chapleau Health Services**  
**Notes to the Financial Statements**  
**Year ended March 31, 2025 with comparative figures for 2024**

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**3. Significant accounting policies, continued**

**(c) Investments**

The organization records its investments at fair value. Changes in fair values during the year are included in the statement of operations.

**(d) Inventory**

Inventory held for consumption is recorded at the lower of cost and replacement cost. Cost is determined using the purchase cost method.

**(e) Other entities**

The notes to the accompanying financial statements include information about the following entities:

One Health Information Technology Services  
Chapleau General Hospital Foundation

The ONE Health Information Technology Services is accounted for using the modified equity method.

**(f) 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 Hospital's ability to provide services, its carrying amount is written down to its estimated realizable value.

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

Assets under capital leases	5 to 6 years
Land improvements	5 to 15 years
Buildings	20 to 30 years
Equipment	5 to 15 years

**(g) Capital lease obligations**

Assets financed by capital lease obligation are recorded at their value at the inception of the lease with the principal portion of the rental obligation recorded as a long-term liability. Amortization is recorded as outlined in note 3 (f) and the interest portion of the lease payments is expensed as incurred.

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**Services De Santé De Chapleau Health Services**  
**Notes to the Financial Statements**  
**Year ended March 31, 2025 with comparative figures for 2024**

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**3. Significant accounting policies, continued**

**(h) Pension plans and other retirement benefit plans**

The Hospital accrues its obligations for employee benefit plans. The cost of non-pension post-retirement and post-employment benefits earned by employees is actuarially determined using the projected benefit method pro-rated on service and management's best estimate of retirement ages of employees and expected health care costs.

Actuarial gains (losses) on the accrued benefit obligation arise from changes in 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 employee benefit plan is 11 years.

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

The Hospital is an employer member of the Healthcare of Ontario Pension Plan (The "Plan"), which is a multi-employer, defined benefit pension plan. The Hospital has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The Hospital records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the Plan for the past employee service.

**(i) Funding Adjustments**

The Hospital receives grants from Ontario Health ("OH") and the Ministry of Health ("MOH") for specific services. Pursuant to the related agreements, if the Hospital does not meet specified levels of activity, OH or MOH are entitled to seek recoveries. Should any amounts become recoverable, the recoveries would be charged to operations in the period in which the recovery is determined payable. Should programs and activities incur a deficit, the Hospital records any recoveries thereon when additional funding is received or receivable if the amounts can be reasonably estimated and collection is reasonably assured.

**(j) Contributed services**

The Hospital is dependent on the voluntary services of many individuals. Since these services are not normally purchased by the Hospital and because of the difficulty in estimating their fair market value, these services are not recorded in these financial statements.

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**Services De Santé De Chapleau Health Services**  
**Notes to the Financial Statements**  
**Year ended March 31, 2025 with comparative figures for 2024**

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**3. Significant accounting policies, continued**

**(k) Financial instruments**

**(i) Measurement of financial instruments**

The organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Hospital subsequently measures its financial assets and financial liabilities at amortized cost using the effective interest rate method, except for investments which are subsequently measured at fair value. Changes in fair value are recognized in the statement of operations in the period they occur.

Financial assets measured at amortized cost include cash and cash equivalents and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, long-term debt and capital lease obligation.

Financial assets measured at fair value include investments.

Financial assets measured at cost includes receivable from Chapleau General Hospital Foundation.

**(ii) Impairment**

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in the statement of operations. The write down reflects the difference between the carrying amount and the higher of:

- ♦ the present value of the cash flows expected to be generated by the asset or group of assets;
- ♦ the amount that could be realized by selling the assets or group of assets;
- ♦ the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in the statement of operations, in the period it is identified and measurable, to the amount of the previously recognized impairment.

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**Services De Santé De Chapleau Health Services**  
**Notes to the Financial Statements**  
**Year ended March 31, 2025 with comparative figures for 2024**

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**3. Significant accounting policies, continued**

**(l) Use of estimates**

The preparation of financial statements in accordance with Canadian public sector accounting standards for government not-for-profit organizations requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Estimates used in the preparation of the accompanying financial statements include estimated allowances for uncollectible accounts receivable, realizable value of inventory, estimated useful lives of capital assets, certain accrued liabilities, deferred revenue, asset retirement obligation and post-employment benefits liability.

**(m) Asset retirement obligation ("ARO")**

The organization recognizes an estimate of the liability associated with an ARO in the financial statements at the time the liability is incurred. The estimated net present value of the ARO is recorded as a liability, with a corresponding increase in the carrying amount of the related assets. The capitalized amount is amortized over the estimated life of the assets. The liability amount is increased each reporting period due to the passage of time and the amount of accretion is recognized in profit or loss for the period. The ARO can also increase or decrease due to changes in the original estimated undiscounted costs, or changes in the timing of these expenditures. Actual costs incurred upon settlement of the ARO are charged against the ARO to the extent of the liability recorded.

**Services De Santé De Chapleau Health Services**  
**Notes to the Financial Statements**  
**Year ended March 31, 2025 with comparative figures for 2024**

**4. Cash and cash equivalents**

Included in cash and cash equivalents is cash and guaranteed investment certificates as follows:

	2025	2024
Cash	\$ 1,236,258	\$ 1,307,298
Guaranteed investment certificates with an interest rate of 2.83% per annum, and mature in March 2026	40,517	-
Guaranteed investment certificate with an interest rate of 4.00% per annum, matured in March 2025	-	38,958
	<b>\$ 1,276,775</b>	<b>\$ 1,346,256</b>

**5. Investments**

	2025 Market Value	2025 Cost	2024 Market value	2024 Cost
Cash	\$ 3,155	\$ 3,155	\$ 226	226
Fixed income	21,616	23,807	25,872	29,745
Money Market funds	13,265	13,265	12,793	12,793
Equities	65,118	46,485	58,912	42,004
	<b>\$ 103,154</b>	<b>\$ 86,712</b>	<b>\$ 97,803</b>	<b>\$ 84,768</b>

Financial instruments that are measured subsequent to initial recognition at fair value are grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities using the last bid price;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

Fair value of the Health Centre's portfolio investments have been determined using Level 1 measures in the fair value hierarchy.



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**Services De Santé De Chapleau Health Services****Notes to the Financial Statements****Year ended March 31, 2025 with comparative figures for 2024**

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**6. Accounts receivable**

	2025	2024
Patients, tenants and service recipients	\$ 556,485	\$ 200,544
Grants and other	227,171	434,654
HST rebates	206,372	137,672
	\$ 990,028	\$ 772,870

**7. Receivable from Chapleau General Hospital Foundation**

The advances to Chapleau General Hospital Foundation, (see additional information in notes 3(e) and 19), are unsecured, non-interest bearing and without fixed terms of repayment.

**8. Capital assets**

	2025		2024	
	Cost	Accumulated amortization	Net	Net
Land	\$ 82,133	\$ -	\$ 82,133	\$ 82,133
Land improvements	278,804	278,804	-	7,139
Buildings	18,264,577	13,500,367	4,764,210	5,197,021
Equipment	8,749,331	7,279,343	1,469,988	1,587,180
	27,374,845	21,058,514	6,316,331	6,873,473
Assets under capital leases	148,446	-	148,446	-
	\$ 27,523,291	\$ 21,058,514	\$ 6,464,777	\$ 6,873,473

Cost and accumulated amortization at March 31, 2024 amounted to \$27,063,554 and \$20,190,081 respectively.

During the year, assets with a cost of \$148,446 were acquired by way of capital lease.

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## Services De Santé De Chapleau Health Services

### Notes to the Financial Statements

Year ended March 31, 2025 with comparative figures for 2024

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#### 9. Accounts payable and accrued liabilities

	2025	2024
General accounts payable and other	\$ 2,832,894	\$ 1,981,104
Ontario Health/Ministry of Health	1,299,091	919,239
Payroll related	1,027,595	896,702
	<b>\$ 5,159,580</b>	<b>\$ 3,797,045</b>

Included in accounts payable and accrued liabilities are government remittances payable of \$231,213 (2024 - \$154,013).

#### 10. Long-term debt

	2025	2024
4.98% RBC mortgage, payable \$3,165 monthly including interest, secured by the Cedar Grove apartments located at 101 Pine Street, maturing June 2032.	\$ 229,893	\$ 255,317
3.58% RBC mortgage, payable \$2,242 monthly including interest, secured by the Cedar Grove apartments located at 101 Pine Street, repaid November 2024.	-	22,044
1.99% Ford Credit vehicle loan, payable \$698 monthly including interest, repaid February 2025.	-	7,552
	229,893	284,913
Less current portion	26,908	55,444
	<b>\$ 202,985</b>	<b>\$ 229,469</b>

Estimated principal repayments are as follows:

2026	\$ 26,908
2027	28,432
2028	30,042
2029	31,743
2030	33,540
Subsequent years	79,228
	<b>\$ 229,893</b>

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## Services De Santé De Chapleau Health Services

### Notes to the Financial Statements

Year ended March 31, 2025 with comparative figures for 2024

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#### 11. Capital lease obligation

	2025	2024
Capital lease contract with Canon Medical, payable \$1,532 plus HST monthly with bulge payments of \$10,000 on inception and \$60,000 in June 2025, payments include interest at 7.35% per annum, secured by specific equipment, maturing August 2030 with a buyout option of \$1.	\$ 139,166	\$ -
Less current portion	70,192	-
	\$ 68,974	\$ -

Capital leases are recorded at an amount equal to the present value of the lease payments using the interest rate implicit in the lease. The implicit interest rate in this obligation is 7.35% with an expiry date of August 2030. The following is a schedule of future minimum lease payments under capital leases.

2026	\$ 76,852
2027	18,384
2028	18,384
2029	18,384
2030	26,044
Total future minimum lease payments	158,048
Less amount representing interest	18,882
Present value of minimum net lease payments	139,166
Less current portion	70,192
	\$ 68,974

Interest charges to the accounts of the organization on the above lease during the year amounts to \$909.

**Services De Santé De Chapleau Health Services**  
**Notes to the Financial Statements**  
**Year ended March 31, 2025 with comparative figures for 2024**

**12. Liability for post-retirement benefits**

The Hospital provides for the reimbursement of dental and extended health care expenses to retired employees provided that certain specified conditions are met. An actuarial calculation of the future liabilities thereof has been made and forms the basis for the liability reported in these financial statements.

The most recent valuation of the employee future benefits was completed as at March 31, 2025.

	2025	2024
Balance, beginning of year	\$ 882,800	\$ 870,400
Add: Benefit costs	84,200	83,500
Less: Benefit contributions	(68,600)	(71,100)
	<b>\$ 898,400</b>	<b>\$ 882,800</b>

The Hospital's plan is not pre-funded, resulting in a plan deficit equal to the accrued benefit obligation.

The main assumptions employed for the valuations are as follows:

Interest (discount) rate:

The obligation as at March 31, 2025 of the present value of future liabilities and the expense for the period ended March 31, 2025 was determined using an annual discount rate of 3.95% (2024 - 4.04%). This corresponds to the provincial cost of borrowing rate recommended by the Ministry of Health.

Dental cost trend rates: 5.00% per annum (2024 - 5.00%).

Extended Health Care trend rates: 5.60% per annum (2024 - 5.60%).

**13. Deferred capital contributions**

Deferred capital contributions represent the unamortized and unspent balances of donations and grants received for capital asset acquisitions. Details of the continuity of these funds are as follows:

	2025	2024
Balance, beginning of year	\$ 5,157,315	\$ 5,482,110
Additional capital contributions received in the year	171,798	223,861
Less amounts amortized to revenue	(581,888)	(548,655)
Balance, end of year	<b>\$ 4,747,225</b>	<b>\$ 5,157,316</b>

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## Services De Santé De Chapleau Health Services

### Notes to the Financial Statements

Year ended March 31, 2025 with comparative figures for 2024

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#### 14. Asset retirement obligation

The Hospital's asset retirement obligation represents management's best estimate of the present value of costs that are expected to be incurred for asbestos removal from the buildings located at 6 Broomhead Road, Chapleau and at 101 Pine Street, Chapleau. At March 31, 2025 the estimated discounted asset retirement obligation is \$257,801 at 6 Broomhead Road and \$21,199 at 101 Pine Street for a total asset retirement obligation obligation of \$279,000. There was accretion of \$10,628 for 6 Broomhead Road in fiscal 2025.

The asset retirement obligation for the building located at 6 Broomhead Road was calculated using a model provided by the Ministry of Health whereby the square footage was multiplied by a rate provided by the MOH to remove the asbestos from the building. The obligation related to the building at 101 Pine Street was estimated by a professional engineering firm.

The estimated future value is \$414,657 at March 31, 2037 using a discount rate of 4.30% over the estimated remaining useful life of the building of 12 years as estimated by management. The asset relating to the obligation is amortized over the remaining life of the building. There was amortization of \$15,185 expensed in fiscal 2025.

		2025		2024
Asset retirement obligation, beginning of year	\$	268,372	\$	258,181
Accretion expense		9,269		10,191
Asset retirement obligation, end of year	\$	277,641	\$	268,372

**Services De Santé De Chapleau Health Services**  
**Notes to the Financial Statements**  
**Year ended March 31, 2025 with comparative figures for 2024**

**15. Equity in capital assets**

	2025	2024
Capital assets, net book value	\$ 6,464,777	\$ 6,873,473
Amounts financed by long-term debt	(229,893)	(284,913)
Unamortized deferred capital contributions	(4,747,225)	(5,157,316)
Asset retirement obligation	(277,641)	(268,372)
Ending equity in capital assets	\$ 1,210,018	\$ 1,162,872

The change in equity in capital assets is calculated as follows:

	2025	2024
Purchase of capital assets	\$ 461,479	\$ 637,894
Amounts of capital contributions received	(171,795)	(223,861)
Amounts funded by long-term debt	-	-
Principal payments on long-term debt	55,020	56,253
Amortization of deferred capital contributions	581,888	548,655
Amortization of capital assets	(870,177)	(768,821)
Accretion of asset retirement obligation	(9,269)	(10,191)
	\$ 47,146	\$ 239,929

**16. Contingent liabilities**

The nature of the Hospital's activities is such that there may be litigation pending or in prospect at any time. With respect to claims at March 31, 2025, management believes the Hospital has valid defences and appropriate insurance in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Hospital's financial position.

**17. Credit facilities**

The Hospital has available to it, an RBC demand loan to a maximum of \$200,000 with interest payable at prime plus 0.4% per annum. As at March 31, 2025 there is a balance of \$Nil owing on this loan (2024 - \$Nil).

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## Services De Santé De Chapleau Health Services

### Notes to the Financial Statements

Year ended March 31, 2025 with comparative figures for 2024

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#### 18. Pension plan

Substantially all of the employees of the Hospital are members of the Healthcare of Ontario Pension Plan (the Plan), which is a multi-employer defined benefit pension plan available to all eligible employees of the participating members of the Ontario Hospital Association. Plan members will receive benefits based on the length of service and on the average of annualized earnings during the five consecutive years prior to retirement, termination or death that provide the highest earnings.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by the Plan by placing plan assets in trust and through the Plan investment policy.

Pension expense is based on Plan management's best estimates of the amount, together with the amounts contributed by employees, required to provide a high level of assurance that benefits will be fully represented by fund assets at retirement, as provided by the Plan. The funding objective is for employer contributions to the Plan to remain a constant percentage of employees' contributions.

Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members. The most recent actuarial valuation of the plan indicates the plan is fully funded. Contributions to the plan made during the year by the Hospital on behalf of its employees amounted to \$593,220 (2024 - \$557,672) and are included in the statement of operations.

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

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## Services De Santé De Chapleau Health Services

### Notes to the Financial Statements

Year ended March 31, 2025 with comparative figures for 2024

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#### 19. Chapleau General Hospital Foundation

The Chapleau General Hospital Foundation was created without share capital under the Corporations Act (Ontario) and is a registered charity under the Income Tax Act (Canada). The Foundation was created to serve as the fundraising agency for the Hospital. The Foundations by-laws mandate that one trustee of the Foundation Board of Trustees be the Chair of the Board of Directors of the Hospital and that one trustee be the Chair of the Finance Committee of the Hospital. The other trustees consist of one representative of the Active Medical Staff of the Hospital (non-voting), two trustees be representatives of the community and one trustee be the CEO of the Hospital (non-voting).

The financial statements of the Foundation have not been consolidated in the Hospital's financial statements. Financial statements of the Foundation are available upon request. Pertinent financial information of the Foundation is as follows:

	2025	2024
Assets	\$ 1,536,453	\$ 1,274,116
Liabilities	\$ 198,475	\$ 47,123
Fund balance	1,337,978	1,226,993
	\$ 1,536,453	\$ 1,274,116
Results of Operations:		
	2025	2024
Revenues:		
Donations	\$ 262,909	\$ 71,778
Investment income	39,579	39,467
Fundraising	4,155	36,054
Total revenue	\$ 306,643	\$ 147,299
Expenses:		
Other expenses	\$ 159,081	\$ 43,647
Charitable contributions	101,843	66,983
Total expenses	\$ 260,924	\$ 110,630
Other income (expense):		
Unrealized gain (loss) on market value of investments	\$ 65,266	\$ 61,238
Excess (deficiency) of revenues over expenses	\$ 110,985	\$ 97,907



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## Services De Santé De Chapleau Health Services

### Notes to the Financial Statements

Year ended March 31, 2025 with comparative figures for 2024

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19. **Chapleau General Hospital Foundation, continued**

All charitable contributions were directed to the Hospital, of which the Chapleau General Hospital Foundation approved contributions of \$101,843 (2024 - \$66,983) to be used for capital acquisitions.

20. **ONE Health Information Technology Services**

ONE Health Information Technology Services (ONE HITS) is a shared service organization established for the purposes of providing technology, information systems and related capital implementation and support services to participating member hospitals (the members) in Northeastern Ontario on a cost recovery basis through a Master Services Agreement and a Membership Agreement. The Hospital is a member of ONE HITS and is responsible for a 0.8% proportionate share of its financing requirements. In turn, ONE HITS provides the Hospital with access to shared software platforms and information technology solutions for an initial term of ten years to December 31, 2031, and will automatically renew for additional five year renewal terms unless terminated by the members. The Hospital accounts for its interest in ONE HITS using the modified equity method.

Financial summaries of ONE HITS at March 31 are as follows:

	2025	2024
Assets:		
Current assets	\$ 19,884,611	\$ 19,641,329
Capital assets	30,617,479	26,951,105
	50,502,090	46,592,434
Liabilities		
Current liabilities	13,498,497	17,636,234
Non-current liabilities	37,003,593	28,956,200
	50,502,090	46,592,434
Net assets	\$ -	\$ -

	2025	2024
Results of operations		
Total revenue	\$ 16,087,528	\$ 12,019,379
Total expenses	(16,087,528)	(12,019,379)
Excess of revenues over expenses	\$ -	\$ -

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## Services De Santé De Chapleau Health Services

### Notes to the Financial Statements

Year ended March 31, 2025 with comparative figures for 2024

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#### 20. ONE Health Information Technology Services, continued

Included in accounts payable and accrued liabilities at March 31, 2025 are amounts owing to ONE HITS of \$76,387 (2024 - \$nil).

Included in capital assets - equipment at March 31, 2025 are capital assets with a cost of \$754,648 and accumulated amortization of \$37,233 and a net carrying amount of \$717,415 representing the Hospital's capital contributions to ONE HITS.

#### 21. Financial instruments

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

##### (a) Credit risk

Credit risk is the risk that one party to a financial transaction will fail to discharge a financial obligation and cause another party to incur a financial loss. The organization is exposed to credit risk associated with its cash and cash equivalents, investments, accounts receivable, and receivable from Chapleau General Hospital Foundation.

The organization minimizes risk associated with cash and cash equivalents, and investments by holding these financial assets with large reputable financial institutions with high credit ratings.

The organization has credit risk associated with its accounts receivable balances of \$990,028 (2024 - \$772,870). The organization manages its exposure to this credit risk through managements on-going monitoring of accounts receivable balances and collections including performing credit valuations on a regular basis. An allowance for bad debts is recorded when applicable.

Refer to note 3(j)(ii) regarding the organizations policies for assessing impairment of financial assets measured at other than fair value, which includes its receivable from Chapleau General Hospital Foundation.

##### (b) Liquidity risk

Liquidity risk is the risk that the organization cannot repay its obligations when they become due to its creditors. The organization has liquidity risk exposure associated with its accounts payable and accrued liabilities of \$5,159,580 (2024 - \$3,797,045). The organization reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due, and through extensive budgeting and monitoring cash requirements to ensure adequate cash resources or arrangements exist to repay creditors including long-term debt interest and principal payments as those liabilities become due.

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## **Services De Santé De Chapleau Health Services**

### **Notes to the Financial Statements**

**Year ended March 31, 2025 with comparative figures for 2024**

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#### **22. Comparative figures**

Certain 2024 comparative figures have been reclassified from those previously presented to conform to the presentation of the 2025 financial statements. The changes do not affect prior year excess of revenues over expenditures.

**Services De Santé De Chapleau Health Services**  
**Chapleau General Hospital Operations - Schedule Of Operations**  
**Year ended March 31, 2025 with comparative figures for 2024**

	2025	2024
<b>Revenues</b>		
Ministry of Health	\$ 10,811,987	\$ 10,381,553
Physician funding	934,553	920,352
Recoveries and miscellaneous	897,158	704,042
Patient accommodation	745,001	724,038
Amortization of deferred capital contributions	581,888	548,031
Patient services	173,585	151,333
	14,144,172	13,429,349
<b>Expenditures</b>		
Salaries and wages	7,924,738	7,155,374
Supplies and other (including amortization of \$13,855 (2024 - \$13,929))	3,324,686	3,259,909
Employee benefits	1,932,049	1,789,326
Physician remuneration	1,351,554	1,424,192
Amortization of capital assets	823,706	728,721
Employee future benefits	24,635	21,730
Interest and bank charges	12,835	15,798
Accretion of asset retirement obligation	9,269	10,190
	15,403,472	14,405,240
<b>Deficiency of revenues over expenditures</b>	<b>\$ (1,259,300)</b>	<b>\$ (975,891)</b>

**Services De Santé De Chapleau Health Services****Other Votes - Schedule Of Operations****Year ended March 31, 2025 with comparative figures for 2024**

	2025	2024
<b>Revenues</b>		
Family Health Team	\$ 619,811	\$ 499,673
Turning Point Mental Health	419,405	422,239
Home Support Program	347,468	316,477
Assisted Living	219,020	259,874
Nursing Station	173,104	179,118
Nurse Practitioner	171,388	187,287
Medical Clinic	55,313	52,520
Turning Point Addictions	37,315	37,315
Foundation salaries and benefits	33,001	7,831
Municipal taxes	(2,250)	2,250
	<b>2,073,575</b>	<b>1,964,584</b>
<b>Expenditures</b>		
Family Health Team	619,811	499,673
Turning Point Mental Health	419,404	422,239
Home Support Program	347,479	316,477
Assisted Living	219,020	259,874
Nursing Station (including amortization of \$2,861 (2024 - \$2,861))	173,104	179,118
Nurse Practitioner	171,287	187,287
Medical Clinic (including amortization of \$3,446 (2024 - \$3,446))	55,858	84,351
Turning Point Addictions	37,315	37,315
Foundation salaries and benefits	33,001	7,831
Municipal taxes	7,655	2,250
	<b>2,083,934</b>	<b>1,996,415</b>
<b>Deficiency of revenues over expenditures</b>	<b>\$ (10,359)</b>	<b>\$ (31,831)</b>

**Services De Santé De Chapleau Health Services**  
**Cedar Grove - Schedule Of Operations**  
**Year ended March 31, 2025 with comparative figures for 2024**

	2025	2024
<b>Revenues</b>		
Rent and accommodation charges	\$ 249,511	\$ 243,131
Elderly Person Centre	69,266	74,184
Other income	25,420	25,900
Provincial subsidy - Apartments	-	22,776
	344,197	365,991
<b>Expenditures</b>		
Building operations	135,392	143,535
General and administrative	101,096	161,673
Elderly Person Centre	69,266	74,184
Amortization - Buildings	26,309	19,864
	332,063	399,256
<b>Excess (deficiency) of revenues over expenditures</b>	<b>\$ 12,134</b>	<b>\$ (33,265)</b>