

Financial Statements of

ST. JOSEPH'S HEALTH CARE LONDON

Year Ended March 31, 2026



MANAGEMENT'S REPORT

The accompanying financial statements of St. Joseph's Health Care London have been prepared by Management, and approved by the Board of Directors at their meeting on May 25, 2026.

Management works with the Board of Directors to carry out its responsibility for the financial statements principally through the Resource Planning and Audit Committee. Voting membership of this Committee solely comprises independent volunteers possessing a high degree of financial literacy. The Resource Planning and Audit Committee meets with Management and the internal and external auditors to review audit plans, and any significant accounting and auditing matters and discuss the results of audit examinations. The Resource Planning and Audit Committee also reviews the financial statements and the external auditor's report and submits its findings to the Board of Directors for their approval.

St. Joseph's Health Care London maintains a system of internal controls over financial reporting that is continually reviewed and improved to provide assurance that financial information is relevant and reliable, and that assets are properly accounted for and safe-guarded.

The financial statements have been prepared in accordance with Canadian public sector accounting standards. Where alternative accounting methods exist, Management has chosen those it deems most appropriate in the circumstances.

original signed

Roy Butler
President and Chief Executive Officer

original signed

Lori Higgs, FCPA, FCA
Vice President Clinical Support and Chief
Financial Officer

May 25, 2026

Independent auditor's report

To St. Joseph's Health Care Society
St. Joseph's Health Care London

Opinion

We have audited the financial statements of **St. Joseph's Health Care London** [the "Hospital"], which comprise the statement of financial position as at March 31, 2026, statement of changes in net assets, statement of operations, statement of remeasurement gains, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Hospital as at March 31, 2026, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Hospital in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our 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 these financial statements.



As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Hospital's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Hospital to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

As required by the *Corporations Act* (Ontario), we report that, in our opinion, Canadian public sector accounting standards have been applied on a basis consistent with the preceding year.

Ernst & Young LLP

London, Canada
May 25, 2026

Chartered Professional Accountants
Licensed Public Accountants



ST. JOSEPH'S HEALTH CARE LONDON

Statement of Financial Position

As at March 31, 2026, with comparative information as at March 31, 2025
(In thousands of dollars)

	2026	2025
Assets		
Current:		
Cash and cash equivalents (note 3)	\$ 158,139	\$ 131,790
Accounts receivable (note 4 and note 14a and note 15)	35,352	38,464
Ministry of Health capital receivable (note 10(a))	5,859	5,509
Prepaid expenses and other assets	5,733	5,898
	205,083	181,661
Restricted cash and cash equivalents and investments (note 3 and note 9)	376,388	362,919
Ministry of Health capital receivable (note 10(a))	159,873	165,732
Investments in joint ventures (note 15(c) and note 15(d))	2,248	2,089
Capital assets and intangible assets, net (note 5)	657,689	663,247
	\$ 1,401,281	\$ 1,375,648
Liabilities, Deferred Capital Contributions and Net Assets		
Current:		
Accounts payable and accrued liabilities (note 11(b) and note 15)	\$ 117,894	\$ 92,330
Current portion of long-term debt (note 10(a))	5,859	5,509
Current portion of obligations under capital lease (note 12)	2,188	2,903
	125,941	100,742
Long-term debt (note 10(a))	159,873	165,732
Asset retirement obligations (note 8)	7,624	6,778
Employee future benefits (note 13)	15,426	15,539
Obligations under capital lease (note 12)	4,176	5,535
	187,099	193,584
Deferred capital contributions:		
Unamortized capital contributions used to purchase capital assets (note 6(a))	520,069	528,500
Unspent capital contributions (note 6(b))	48,981	53,063
	569,050	581,563
	882,090	875,889
Net assets:		
Invested in capital assets (note 9)	131,256	126,309
Internally restricted (note 9)	327,407	309,856
Unrestricted	(9,341)	17,824
	449,322	453,989
Accumulated remeasurement gains	69,869	45,770
	519,191	499,759
	\$ 1,401,281	\$ 1,375,648

See accompanying notes to financial statements.

ST. JOSEPH'S HEALTH CARE LONDON

Statement of Changes in Net Assets

Year ended March 31, 2026, with comparative information for March 31, 2025
(In thousands of dollars)

	Invested in capital assets	Internally restricted	Unrestricted	2026 Total	2025 Total
Balance, beginning of year	\$ 126,309	\$ 309,856	\$ 17,824	\$ 453,989	\$ 434,086
Excess (deficiency) of revenues over expenses	(18,535)	-	13,868	(4,667)	19,903
Transfers from internally restricted funds for the purchase of capital assets	23,482	(23,482)	-	-	-
Transfers to internally restricted	-	41,033	(41,033)	-	-
Balance, end of year	\$ 131,256	\$ 327,407	\$ (9,341)	\$ 449,322	\$ 453,989

See accompanying notes to financial statements.

ST. JOSEPH'S HEALTH CARE LONDON

Statement of Operations

Year ended March 31, 2026, with comparative information for March 31, 2025
(In thousands of dollars)

	2026	2025
Revenues		
Ministry of Health, Ministry of Long-Term Care and Ontario Health:		
Operating funding	\$ 449,406	\$ 436,989
Mental Health redevelopment funding (note 10(b))	19,029	18,599
Veterans Affairs Canada	33,348	33,736
Patient services	34,415	34,553
Non-patient goods and services (note 15)	43,048	49,974
Amortization of deferred capital contributions (note 6(a))	23,777	23,690
	<u>603,023</u>	<u>597,541</u>
Expenses		
Salaries and benefits (note 13)	436,296	413,536
Supplies and other (note 5 and note 15)	114,004	108,371
Drugs	24,834	31,544
Mental Health redevelopment contract expenses (note 10(b))	24,261	23,664
Amortization of capital assets (note 5)	42,312	41,492
	<u>641,707</u>	<u>618,607</u>
Deficiency of revenues over expenses before undernoted:	(38,684)	(21,066)
Realized investment income	34,017	40,969
Excess (deficiency) of revenues over expenses	\$ (4,667)	\$ 19,903

See accompanying notes to financial statements.

ST. JOSEPH'S HEALTH CARE LONDON

Statement of Remeasurement Gains

Year ended March 31, 2026, with comparative information for March 31, 2025
(In thousands of dollars)

	2026	2025
Accumulated remeasurement gains, beginning of year	\$ 45,770	\$ 44,549
Unrealized gains (losses) attributable to portfolio investments	6,129	(22,022)
Realized gains attributable to portfolio investments, reclassified to the Statement of Operations	17,970	23,243
Net remeasurement gains for the year	24,099	1,221
Accumulated remeasurement gains, end of year	\$ 69,869	\$ 45,770

See accompanying notes to financial statements.

ST. JOSEPH'S HEALTH CARE LONDON

Statement of Cash Flows

Year ended March 31, 2026, with comparative information for March 31, 2025
(In thousands of dollars)

	2026	2025
Cash flows provided by (used in):		
Operating activities:		
Excess (deficiency) of revenues over expenses	\$ (4,667)	\$ 19,903
Items not involving cash:		
Amortization of capital assets	42,312	41,492
Amortization of deferred capital contributions	(23,777)	(23,690)
Accretion of asset retirement obligations	846	285
Net change in internally restricted cash and cash equivalents and investments	6,548	378
Net change in non-cash operating working capital (note 16)	28,841	(10,975)
Net change in employee future benefits	(113)	(385)
	49,990	27,008
Capital activities:		
Purchases of capital assets	(36,754)	(32,068)
Loss on sale of capital assets	-	-
	(36,754)	(32,068)
Investing activities:		
Net change in externally restricted cash and cash equivalents and investments	4,082	(1,486)
Net change in investments in joint ventures	(159)	(130)
	3,923	(1,616)
Financing activities:		
Repayment of long-term debt	(5,509)	(5,190)
Net change in Ministry of Health capital receivable	5,509	5,190
Net change in obligations under capital lease	(2,074)	3,572
Deferred capital contributions related to capital assets	11,264	8,351
	9,190	11,923
Net increase in cash and cash equivalents	26,349	5,247
Cash and cash equivalents, beginning of year	131,790	126,543
Cash and cash equivalents, end of year	\$ 158,139	\$ 131,790
Reconciliation of cash and cash equivalents		
Cash	\$ 158,139	\$ 131,790
Cash equivalents	-	-
Cash and cash equivalents, end of year	\$ 158,139	\$ 131,790

See accompanying notes to financial statements.

ST. JOSEPH'S HEALTH CARE LONDON

Notes to Financial Statements

Year ended March 31, 2026

(In thousands of dollars)

1. Purpose of the organization:

The financial statements of St. Joseph's Health Care London (the "Hospital") include St. Joseph's Hospital; Mount Hope Centre for Long-Term Care; Parkwood Institute; Western Counties Wing; the Southwest Centre for Forensic Mental Health Care; and various joint ventures as described in the notes to the financial statements.

St. Joseph's Health Care London is incorporated without share capital under the *Corporations Act* (Ontario). The Hospital is a registered charity under the *Income Tax Act* (Canada) and, as such, is exempt from income taxes.

St. Joseph's Health Care London is funded primarily by the Province of Ontario in accordance with funding policies established by the Ontario Ministry of Health ("MOH") and the Ontario Ministry of Long-Term Care ("MOLTC"), collectively referred to as the (the "Ministries"), as well as Ontario Health ("OH"). Any excess of revenues over expenses earned during a fiscal year may be retained by the Hospital. The Ministries' stated policy is that deficits incurred by the Hospital will not be funded, and this policy has been consistently followed. Therefore, to the extent that deficits are incurred and not funded, future operations may be affected. OH provides operating 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 with OH. This agreement sets out the rights and obligations of the two parties, including funding provided to the Hospital, and the performance standards and obligations that establish acceptable performance results for the Hospital.

2. Significant accounting policies:

The financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards ("PSAS") including PS 4200, *Standards for Government Not-for-Profit Organizations*.

(a) Basis of presentation:

These financial statements include the assets, liabilities and activities of the Hospital. They do not include the activities of St. Joseph's Health Care Foundation (the "Foundation"), which is not controlled by the Hospital. Entities that the Hospital does not control or have significant influence over, but does have an economic interest in, are not consolidated, which includes the Foundation (note 15(a)).

The Hospital has chosen the accounting policy option to provide note disclosure of the required information for controlled or significantly influenced not-for-profit entities, which include the Lawson Research Institute ("LRI") (note 15(b)).

ST. JOSEPH'S HEALTH CARE LONDON

Notes to Financial Statements

Year ended March 31, 2026

(In thousands of dollars)

2. Significant accounting policies (continued):

(a) Basis of presentation (continued):

The Hospital has chosen the accounting policy option to account for jointly controlled entities by the modified equity method, which include Healthcare Materials Management Services ("HMMS") (note 15(c)), Pathology and Laboratory Medicine ("PaLM") (note 15(d)), and Information Technology Purchased Services ("ITPS") (note 15(e)). The modified equity method is a basis of accounting for the Hospital's partnerships, whereby the accounting principles of the partnerships are not modified to conform with that of the Hospital and interorganization transactions and balances are not eliminated, except for gains and losses on assets remaining within the Hospital at the reporting date.

(b) Revenue recognition:

The Hospital follows the deferral method of accounting for contributions, which include grants.

Unrestricted contributions are recorded as revenue if the amount to be received can be estimated and collection is reasonably assured. Externally restricted contributions are initially deferred when recorded in the accounts and recognized as revenue in the year in which the related expenses are incurred.

Capital contributions for the purposes of acquiring depreciable capital assets are recorded as deferred capital contributions and amortized on the same basis and over the same periods as the related capital assets.

Patient services revenues are recognized as services are delivered and consist of basic and preferred accommodation fees and procedure fees.

Non-patient goods and services are recognized as services are provided or goods are delivered and consist of drug sales, products and services provided to third parties and other revenues.

Realized investment income gains and losses, which consist of interest, dividends, income distributions from pooled funds, and realized gains and losses, are recorded in the Statement of Operations, unless it is externally restricted, in which case it is deferred. Unrealized gains and losses attributable to portfolio investments are recorded in the Statement of Remeasurement Gains.

(c) Restricted and unrestricted cash and cash equivalents and investments:

Restricted cash and cash equivalents and investments represent unspent deferred capital contributions for expenses of future periods and the future purchase of capital assets, as well as internally restricted net assets representing amounts designated by the Board of Directors for future capital projects, which are outlined in note 9.

ST. JOSEPH'S HEALTH CARE LONDON

Notes to Financial Statements

Year ended March 31, 2026

(In thousands of dollars)

2. Significant accounting policies (continued):

- (c) Restricted and unrestricted cash and cash equivalents and investments (continued):

Restricted cash and cash equivalents and investments consist of cash and cash equivalents and investments in marketable securities, debentures, equities, and infrastructure-related investments, which are recorded at market value and are outlined in note 3.

Cash and cash equivalents not subject to restrictions are presented in current assets in the Statement of Financial Position.

- (d) Cash and cash equivalents

Cash and cash equivalents include cash on deposit and short-term investments that have a term to maturity of approximately three months or less from the date of purchase, unless they are held for investment rather than liquidity purposes, in which case they are classified as restricted cash and cash equivalents and investments.

- (e) In-trust funds:

The Hospital holds funds in trust for certain patients and custodial fund accounts for various programs within the Hospital. These funds are not included in the Hospital's financial statements as the Hospital does not have legal rights to these funds.

- (f) Capital assets:

Capital assets are recorded at cost. Amortization of original cost is calculated on a straight-line basis using the following estimated useful lives of the assets:

Asset	Useful life
Land improvements	5–25 years
Buildings and building service equipment	4–71 years
Leasehold improvements	4 years
Equipment	2–15 years
Software and hardware	3–5 years

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

ST. JOSEPH'S HEALTH CARE LONDON

Notes to Financial Statements

Year ended March 31, 2026

(In thousands of dollars)

2. Significant accounting policies (continued):

(g) Asset retirement obligations:

Asset retirement obligations are recorded in the period during which a legal obligation associated with the retirement of a capital asset is incurred and when a reasonable estimate of this amount can be made. The asset retirement obligation is initially measured at the best estimate of the amount required to retire a capital asset at the financial statement date. A corresponding amount is added to the carrying amount of the related capital asset and is then amortized over its remaining useful life. Changes in the liability due to the passage of time are recognized as an accretion expense in the Statement of Operations, with a corresponding increase in the liability.

The estimated amounts of future costs to retire the assets are reviewed annually and adjusted to reflect the then current best estimate of the liability. Adjustments may result from changes in the assumptions used to estimate the undiscounted cash flows required to settle the obligation, including changes in estimated probabilities, amounts and timing of settlement as well as changes in the legal requirements of the obligation, and in the discount rate. These changes are recognized as an increase or decrease in the carrying amount of the asset retirement obligation, with a corresponding adjustment to the carrying amount of the related asset. If the related capital asset is no longer in productive use, all subsequent changes in the estimate of the liability for asset retirement obligations are recognized as an expense in the period incurred.

A liability continues to be recognized until it is settled or otherwise extinguished.

When a capital asset no longer has any long-term service potential to the Hospital, the excess of its net carrying amount over any residual value is recognized as an expense in the Statement of Operations.

(h) 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 as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the useful life of capital assets, asset retirement obligations, obligations related to employee future benefits and revenue recognized from the Ministries, OH, and Veterans Affairs Canada.

ST. JOSEPH'S HEALTH CARE LONDON

Notes to Financial Statements

Year ended March 31, 2026

(In thousands of dollars)

2. Significant accounting policies (continued):

(i) Employee future benefits:

The Hospital provides defined retirement and other future benefits for some groups of its retirees and employees. These future benefits include life insurance and health care benefits, retirement gratuity, sick leave and workers' compensation, as well as vested non-accumulating sick benefits for certain groups.

The Hospital accrues its obligations under the defined benefit plans as the employees render the services necessary to earn the retirement and other future benefits. The actuarial determination of the accrued benefit obligations for retirement and other future benefits uses the projected benefit method prorated on service, which incorporates Management's best estimate of future salary levels, other cost escalation, retirement ages of employees, and other actuarial factors.

The discount rate applied in the actuarial determination is based on the Hospital's long-term rate of borrowing. The most recent actuarial valuations of the benefit plans for funding purposes were as of March 31, 2026.

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. These actuarial gains (losses) are amortized over the average remaining service period of active employees. The average remaining service period of the active employees is 10 years (2025 – 11 years). Past service costs arising from plan amendments are recognized immediately in the period the plan amendments occur.

For those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for workers' compensation, life insurance, and health care benefits for those on disability leave, the cost is recognized immediately in the period the events occur. Any actuarial gains and losses that are related to these benefits are recognized immediately in the period they arise.

The costs of multi-employer defined benefit pension plan benefits, such as the Healthcare of Ontario Pension Plan ("HOOPP") pensions, are the employer's contributions due to the plan in the period. As this plan is a multi-employer plan, no liability has been recorded in the Hospital's financial statements and contributions are expensed as contributions are due.

ST. JOSEPH'S HEALTH CARE LONDON

Notes to Financial Statements

Year ended March 31, 2026

(In thousands of dollars)

2. Significant accounting policies (continued):

(j) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Transactions are recorded on a trade date basis. Derivative instruments and equity instruments that are quoted in an active market are subsequently measured at fair value.

Management subsequently measures all cash and cash equivalents and all investments at fair value as they are managed and evaluated on a fair value basis.

All other financial instruments, including accounts receivable, prepaid expenses and other assets, Ministry of Health capital receivable, accounts payable and accrued liabilities, obligations under capital lease, and long-term debt, are subsequently recorded at cost or amortized cost.

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. The fair value of a financial instrument on initial recognition is the transaction price on the date of the transaction, which is the fair value of the consideration given or received.

Subsequent to initial recognition, the fair values of financial instruments that are quoted in active markets are based on bid prices for financial assets held and offer prices for financial liabilities. When independent prices are not available, fair values are determined using valuation techniques that refer to observable market data. These include comparisons with similar instruments where market observable prices exist, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

The infrastructure investment consists of private externally managed pooled funds with underlying investments in equities and infrastructure assets. The investment managers of these interests perform and provide valuations of the underlying investments on a periodic basis. Annual financial statements of the private investment interests are audited and are also provided by the investment managers. The value of the investments in these interests is based on the latest valuations provided (typically December 31), adjusted for subsequent cash receipts and distributions from the fund, and cash disbursements to the fund through March 31. The Hospital believes that the carrying amount of these financial instruments is a reasonable estimate of fair value. Because private investments are not readily traded, their estimated values are subject to uncertainty and therefore may differ from the value that would have been used had a ready market for such investments existed.

Unrealized changes in fair value are recognized in the Statement of Remeasurement Gains until they are realized upon derecognition of the financial instrument, when they are transferred to the Statement of Operations.

ST. JOSEPH'S HEALTH CARE LONDON

Notes to Financial Statements

Year ended March 31, 2026

(In thousands of dollars)

2. Significant accounting policies (continued):

(j) Financial instruments (continued):

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 effective interest method.

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 reversal in remeasurements is adjusted through the Statement of Remeasurement Gains until realized.

A loss in value of a portfolio investment that is other than a temporary decline occurs when the actual value of the investment to the Hospital becomes lower than its cost or amortized cost, adjusted for any write-downs recorded in previous reporting periods, and the impairment is expected to remain for a prolonged period.

PSAS requires the Hospital to classify 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.

The fair value hierarchy requires the use of observable data from the market each time such data exists. A financial instrument is classified at the lowest level of hierarchy for which significant inputs have been considered in measuring fair value.

(k) Foreign currency:

Foreign currency transactions are translated into Canadian dollars at the exchange rate at the time of the transaction. Assets and liabilities denominated in foreign currencies are recorded at fair value using the exchange rate as at the date of financial statements. Unrealized foreign exchange gains and losses are recognized in the Statement of Remeasurement Gains. In the period of settlement, the realized foreign exchange gains and losses are recognized in the Statement of Operations and the unrealized balances are reversed from the Statement of Remeasurement Gains.

ST. JOSEPH'S HEALTH CARE LONDON

Notes to Financial Statements

Year ended March 31, 2026

(In thousands of dollars)

2. Significant accounting policies (continued):

(l) Contributed materials and services:

Contributed materials and services are not recognized in the financial statements.

(m) Public private partnerships:

Public private partnerships ("P3s") are recognized in the Hospital's financial statements over the construction period for P3s:

- Between the Hospital and a private sector partner for infrastructure-project delivery;
- With risk allocation that provides for the Hospital control of the asset at any point during the arrangement; and
- In which the private sector partner
 - (1) designs, builds, acquires, or better new or existing infrastructure
 - (2) finances the transaction past the point where the infrastructure is ready for use, and
 - (3) operates and/or maintains the infrastructure.

For such P3s, the Hospital initially recognizes the constructed or acquired infrastructure asset at cost, which represents fair value at the date of recognition, and a corresponding liability at the same amount as the related infrastructure asset, reduced for any consideration previously provided to the private sector partner. The asset is subsequently measured in accordance with the policies for capital assets. Depending on the arrangement, consideration may be transferred from the Hospital to the private sector partner to settle the associated liability through a combination of the financial liability and the user-pay models.

Lifecycle payments under such P3s are determined to either be betterments or operating and maintenance expenses. Betterments are added to the carrying amount of the related infrastructure when the future economic benefits of the betterment are controlled by the Hospital. Operating and maintenance expenses are expensed in a rational and systematic manner that best corresponds to the benefit received from the services being provided over the term of the service contract.

(n) Interest costs

Interest costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of cost of the asset. All other interest costs are expensed in the period in which they occur. Interest costs consist of interest and other costs that the Hospital incurs in connection with the borrowing of funds.

ST. JOSEPH'S HEALTH CARE LONDON

Notes to Financial Statements

Year ended March 31, 2026

(In thousands of dollars)

3. Cash and cash equivalents and investments:

	Fair value hierarchy	2026	2025
Cash and cash equivalents	Level 1	\$ 107,477	\$ 123,653
Debentures and other fixed income securities	Level 2	98,013	78,001
Equities	Level 1	301,847	266,012
Infrastructure and private assets	Level 3	27,190	27,043
		\$ 534,527	\$ 494,709
Less: Restricted cash and cash equivalents and investments (note 9)		(376,388)	(362,919)
Cash and cash equivalents		\$ 158,139	\$ 131,790

During the year ended March 31, 2026, there were no transfers between fair value hierarchy levels for reported cash and cash equivalents and investments (2025 – nil).

Reconciliation of opening to ending valuation of Level 3 investments:

	2026	2025
Valuation of Level 3 investments, beginning of year	\$ 27,043	\$ 15,374
Purchases of new Level 3 investments	-	10,817
Net increase in valuation of Level 3 investments	147	852
Valuation of Level 3 investments, end of year	\$ 27,190	\$ 27,043

4. Accounts receivable:

	2026	2025
MOH, MOLTC, and Ontario Health	\$ 10,620	\$ 17,683
Veterans Affairs Canada	6,692	2,013
Patient and other (note 14 (a) and note 15)	18,040	18,768
	\$ 35,352	\$ 38,464

ST. JOSEPH'S HEALTH CARE LONDON

Notes to Financial Statements

Year ended March 31, 2026

(In thousands of dollars)

5. Capital assets:

			2026
	Cost	Accumulated Amortization	Net book Value
Capital assets:			
Land	\$ 10,983	\$ -	\$ 10,983
Land improvements	15,125	13,464	1,661
Buildings and building service equipment	1,067,064	490,913	576,151
Buildings - asset retirement obligations	3,743	1,299	2,444
Equipment	178,944	133,780	45,164
Software and hardware	28,393	7,107	21,286
Capital assets and intangible assets	\$ 1,304,252	\$ 646,563	\$ 657,689
<hr/>			
			2025
	Cost	Accumulated Amortization	Net book Value
Capital assets:			
Land	\$ 11,066	\$ -	\$ 11,066
Land improvements	15,338	13,278	2,060
Buildings and building service equipment	1,052,351	465,126	587,224
Buildings - asset retirement obligations	3,950	881	3,069
Equipment	180,598	137,199	43,399
Software and hardware	26,973	10,544	16,429
Capital assets and intangible assets	\$ 1,290,276	\$ 627,029	\$ 663,247

The above capital assets and intangible assets include assets under capital lease of \$12,979 (2025 – \$12,838) at cost with accumulated amortization of \$7,107 (2025 – \$5,551).

Included in buildings and building service equipment is construction in progress totalling \$20,984 (2025 – \$20,351).

ST. JOSEPH'S HEALTH CARE LONDON

Notes to Financial Statements

Year ended March 31, 2026

(In thousands of dollars)

6. Deferred capital contributions:

- (a) Unamortized capital contributions used to purchase capital assets:

Unamortized capital contributions used to purchase capital assets represent the unamortized amount of donations and grants received and applied towards the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the Statement of Operations.

Changes in unamortized capital contributions used to purchase capital assets consist of:

	2026	2025
Balance, beginning of year	\$ 528,500	\$ 545,325
Contributions used to purchase capital assets (note 15(a))	15,346	6,865
	543,846	552,190
Amortization of deferred capital contributions	(23,777)	(23,690)
Balance, end of year	\$ 520,069	\$ 528,500

- (b) Unspent capital contributions:

Unspent capital contributions represent restricted donations and grants received for the purchase of capital assets that have not yet been expended. Unspent capital contributions consist of:

	2026	2025
MOH restructuring grants	\$ 42,388	\$ 42,405
Other MOH grants	3,334	4,639
Foundation donations	2,760	4,209
Other donations and grants	499	1,810
	\$ 48,981	\$ 53,063

MOH restructuring grants represent unspent funds received for restructuring projects that have been completed, but have not yet been reviewed and reconciled by the MOH. Repayment of unspent MOH funds follows the completion of the review and reconciliation of the Hospital's completed project submissions.

7. Credit facilities:

The Hospital maintains credit facilities including an unsecured operating line of \$20,000 (2025 – \$20,000) with a stated rate of prime less 0.75% and an unsecured revolving capital expenditure credit line of \$10,000 (2025 – \$10,000) with a stated rate of prime less 0.50%. As at March 31, 2026 no amounts were drawn on these facilities (2025 – nil).

ST. JOSEPH'S HEALTH CARE LONDON

Notes to Financial Statements

Year ended March 31, 2026

(In thousands of dollars)

8. Asset retirement obligations:

The asset retirement obligations relate to the Hospital's buildings and Grosvenor Street parking garage and are based on third-party engineering reports that estimate the costs of remediating asbestos in the walls of the buildings and the demolition of the parking structure. The buildings have no set retirement date; however, the remaining useful lives are 15–70 years and the related asset retirement obligation is amortized over that remaining period, on a straight-line basis. The parking garage has a remaining useful life of 5 years, and the related asset retirement obligation is being amortized over that period, on a straight-line basis.

The liability is calculated using a discount rate of 4.78% for the buildings (2025 – 4.24%) and 3.45% for the parking garage (2025 – 2.97%). The estimated total undiscounted expenditures are \$24,590 (2025 – \$23,601) and they are expected to be incurred and settled at the end of the buildings' and parking garage's useful lives.

No amounts were paid during the year ended March 31, 2026 (2025 – nil) towards the liability. The Hospital does not anticipate that it will be able to recover any asset retirement costs from a third party. In addition, the Hospital has no legal requirement to fund this obligation and, as such, has not set aside any assets designated for payment of this liability.

The changes in the asset retirement obligations are as follows:

	2026	2025
Asset retirement obligations, beginning of year	\$ 6,778	\$ 2,993
Liability incurred in the current period	-	3,500
Accretion expense	846	285
Asset retirement obligations, end of year	\$ 7,624	\$ 6,778

9. Net assets:

Net assets invested in capital assets are calculated as follows:

	2026	2025
Capital assets	\$ 657,689	\$ 663,247
Amounts financed by:		
Deferred capital contributions	(520,069)	(528,500)
Obligation under capital lease	(6,364)	(8,438)
	\$ 131,256	\$ 126,309

ST. JOSEPH'S HEALTH CARE LONDON

Notes to Financial Statements

Year ended March 31, 2026

(In thousands of dollars)

9. Net Assets (continued)

Restricted cash and cash equivalents and investments consist of internally restricted net assets and unspent deferred capital contributions, as follows:

	2026	2025
Internally restricted net assets:		
Research	\$ 9,000	\$ 9,000
Accumulated sick leave entitlement (note 13)	75	99
Employee future benefits (note 13)	15,351	15,440
Equipment and capital redevelopment	302,981	285,317
	\$ 327,407	\$ 309,856
Deferred capital contributions:		
Unspent capital contributions (note 6(b))	48,981	53,063
Restricted cash and cash equivalents and investments (note 3)	\$ 376,388	\$ 362,919

10. Mental health redevelopment:

(a) Funding and financing arrangements:

In March 2011, the Hospital entered into a Project Agreement with a third-party company, Integrated Team Solution SJHC Partnership ("Project Co") to redevelop, construct, and operate the Southwest Centre for Forensic Mental Health Care and the Parkwood Institute, Mental Health Care Building. The Project Agreement includes a Design, Build, Finance, and Maintain Alternative Financing and Procurement Project under Infrastructure Ontario (the "Project"), with the Hospital and the MOH sharing in the total project cost. This arrangement is a Public Private Partnership. A portion of the cost was financed, and this amount is fully funded by the MOH. The financed amount has been recorded as long-term debt in the Statement of Financial Position, and the MOH-committed funding is being received over the Project term and is recorded as a Ministry of Health capital receivable in the Statement of Financial Position.

ST. JOSEPH'S HEALTH CARE LONDON

Notes to Financial Statements

Year ended March 31, 2026

(In thousands of dollars)

10. Mental health redevelopment (continued):

(a) Funding and financing arrangements (continued):

Estimated long-term debt principal repayments due to the Project Co and Ministry funding to be received over the remaining term of the Project, expiring on May 31, 2043, are as follows:

	Long-term debt repayment	Ministry capital receivable
2027	\$ 5,859	\$ 5,859
2028	6,245	6,245
2029	6,616	6,616
2030	6,948	6,948
2031	7,371	7,371
Thereafter	132,693	132,693
	165,732	165,732
Less: Current portion	5,859	5,859
	\$ 159,873	\$ 159,873

(b) Project operating and financing expenses and associated funding:

Mental health redevelopment contract expenses and funding are recorded in the Statement of Operations. The MOH provided funding of \$19,029 (2025 – \$18,599) and the Hospital has funded the remaining \$5,232 (2025 – \$5,065) representing facility maintenance fees.

	2026	2025
Ministry-funded expenses:		
Interest (post-construction), 7.59% per annum	\$ 14,155	\$ 14,388
Contract management fees	4,874	4,205
Minor equipment cost	-	6
	19,029	18,599
Hospital-funded expenses:		
Facility maintenance fees	5,232	5,065
Mental health redevelopment contract expenses	\$ 24,261	\$ 23,664

ST. JOSEPH'S HEALTH CARE LONDON

Notes to Financial Statements

Year ended March 31, 2026

(In thousands of dollars)

10. Mental health redevelopment (continued):

(c) Commitments:

The Hospital is committed to operating and financing expenses over the Project Agreement term, expiring May 31, 2043, as follows:

	MOH share	Hospital share	Total
Interest	\$ 156,902	\$ -	\$ 156,902
Long-term capital payable	165,732	-	165,732
Facilities maintenance	-	105,916	105,916
Lifecycle maintenance	86,203	1,375	87,578
Contract management	15,486	-	15,486
	\$ 424,323	\$ 107,291	\$ 531,614

The Project Agreement stipulates that operating and financing costs will increase annually based on the Canadian consumer price index. Estimates of inflation are included in the above operating and financing commitments as outlined in the Project Agreement.

11. Commitments and contingencies:

- (a) The Hospital is subject to certain actual and potential legal claims, which have arisen in the normal course of operations. In Management's opinion, where the cost of an unfavourable settlement is known or can be estimated, insurance coverage is sufficient to offset the costs, if any, which may result from such claims.
- (b) In the normal course of operations, the Hospital is subject to various human resource matters, including grievances filed by employees or groups of employees under provincial legislation.
- (c) The Hospital participates in the Healthcare Insurance Reciprocal of Canada ("HIROC"). HIROC is a pooling of the public liability insurance risks of its hospital members. All members of the HIROC pool pay annual premiums, which are actuarially determined. All members are subject to assessment for losses, if any, experienced by the pool for the years in which they were members. No assessments have been made for the year ended March 31, 2026 (2025 – nil).
- (d) The Hospital had letters of guarantee outstanding as at March 31, 2026 of \$10 (2025 – \$10).

ST. JOSEPH'S HEALTH CARE LONDON

Notes to Financial Statements

Year ended March 31, 2026

(In thousands of dollars)

12. Obligations under capital lease:

The Hospital has entered into the following capital lease obligations for equipment:

	2026
Year ended March 31:	
2027	\$ 2,188
2028	1,910
2029	1,151
2030	597
2031	564
Thereafter	138
Total minimum lease payment	\$ 6,548
Less: Amounts representing interest	183
Present value of capital lease obligations	6,365
Less: Current portion of obligations under capital lease	2,188
Long-term portion of obligations under capital lease	\$ 4,177

13. Employee future benefits:

Employee future benefits consist of the following:

	2026	2025
Accumulated sick leave entitlement (note 9 and note 13(a))	\$ 75	\$ 99
Non-pension defined benefit plans (note 9 and note 13(c)):		
Accrued benefit liability	15,351	15,440
Employee future benefit liability	\$ 15,426	\$ 15,539

(a) Accumulated sick leave entitlement:

The accumulated sick leave entitlement reflects the remaining liability from a former plan, with changes during the year representing changes in wage rates and payouts to employees upon retirement or departure.

ST. JOSEPH'S HEALTH CARE LONDON

Notes to Financial Statements

Year ended March 31, 2026

(In thousands of dollars)

13. Employee future benefits (continued):

(b) Pension benefits:

Substantially all full-time employees of the Hospital are members of HOOPP. As HOOPP is a multi-employer, defined benefit pension plan, no actuarial liability has been recorded on the Hospital's financial statements. Employer contributions to HOOPP are expensed as contributions are due.

Employer contributions to HOOPP on behalf of employees amounted to \$27,681 during the year ended March 31, 2026 (2025 – \$26,093). The financial statements for HOOPP for the year ended December 31, 2025, disclosed net assets available for benefits of \$131,936,000 (2024 – \$123,017,000), pension obligations of \$120,800,000 (2024 – \$112,579,000), and a resulting surplus of \$11,103,000 (2024 – \$10,438,000). The cost of pension benefits is determined by HOOPP at \$1.26 per every dollar of employee contributions. As at December 31, 2025, the HOOPP was 109% funded (2024 – 111%).

(c) Non-pension defined benefit plans:

The non-pension post-retirement and post-employment benefit plans are defined benefit plans funded on a cash basis by contributions from the Hospital. The Hospital has adopted a practice of triennial valuations, with extrapolation of results in the interim years. The most recent actuarial valuation was completed as at March 31, 2024, for accrual accounting benefits and March 31, 2026, for event-driven accounting benefits.

During the year ended March 31, 2026, the Hospital made employer contributions of \$1,942 (2025 – \$2,048).

The net benefit plan expense, which is included in salaries and benefits expenses in the Statement of Operations for the year ended March 31, is as follows:

	2026	2025
Current service costs	\$ 754	\$ 696
Interest costs	475	480
Amortization of net actuarial gain	623	484
Net benefit plan expense	\$ 1,852	\$ 1,660

The Hospital's accrued non-pension benefits liability as at March 31 is calculated as follows:

	2026	2025
Accrued benefit	\$ 11,736	\$ 11,525
Unamortized net actuarial gain	3,615	3,915
Accrued non-pension benefit liability	\$ 15,351	\$ 15,440

ST. JOSEPH'S HEALTH CARE LONDON

Notes to Financial Statements

Year ended March 31, 2026

(In thousands of dollars)

13. Employee future benefits (continued):

(c) Non-pension defined benefit plans (continued):

The significant actuarial assumptions adopted in measuring the Hospital's accrued non-pension benefit obligation and expense are as follows:

	2026	2025
Discount rate, accrued benefit obligations	3.8-4.6%	3.6-4.3%
Discount rate, net benefit plan expenses	3.6-4.6%	3.6-4.6%
Health cost trends:		
Initial Rate	6.8%	7.0%
Ultimate Rate	4.0%	4.0%
Year ultimate rate reached	2044	2044

(d) Employee benefit continuance:

During the year ended March 31, 2026, certain employees subject to lay-off have been granted future benefits for a pre-determined period and of a pre-determined nature, subject to the provisions of the relevant collective agreements. These benefits include salary plus benefits continuance and education support. The cost of salary continuance and education support is recorded in accounts payable and accrued liabilities and the cost of benefits continuance is included in the accrued, non-pension benefit liability in the Statement of Financial Position.

14. Financial risks and risk management:

(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 cash and cash equivalents, restricted cash and cash equivalents and investments, accounts receivable, Ministry of Health capital receivable, and investments in joint ventures. The maximum exposure to credit risk of the Hospital as at March 31, 2026 is the carrying value of these assets.

The carrying amount of accounts receivable is valued with consideration for an allowance for doubtful accounts. The Hospital assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the 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 recognized in the Statement of Operations.

Accounts receivable are recorded net of an allowance for doubtful accounts of \$424 (2025 – \$550). Patient accounts receivable that were past due, but not impaired, totalled \$1,052 (2025 – \$1,007).

ST. JOSEPH'S HEALTH CARE LONDON

Notes to Financial Statements

Year ended March 31, 2026

(In thousands of dollars)

14. Financial risks and risk management (continued):

(a) Credit risk (continued):

The maximum exposure to credit risk relating to investments is outlined in note 3. The Hospital's investment policy specifies that no investments rated below investment grade by any of the main ratings agencies will be held.

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

(b) Liquidity risk:

Liquidity risk is the risk that the Hospital will be unable to fulfill its obligations on a timely basis. 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. The Hospital also has available lines of credit of \$20,000 and \$10,000 for operating and capital expenditures, respectively (note 7).

Accounts payable and accrued liabilities are generally due within 60 days of receipt of an invoice. The maturities of other financial liabilities are provided in the notes to the financial statements related to those liabilities.

(c) Market risk:

Market risk is the risk that changes in market prices and market conditions, such as foreign exchange rates or interest rates, will affect the Hospital's excess of revenues over expenses or the value of its holdings of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing return on investment. The investments held by the Hospital are maintained in accordance with the Hospital's Board of Directors approved investment policy statement.

(i) Foreign exchange risk:

The Hospital is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates. In the normal course of business, the Hospital makes purchases denominated in U.S. dollars. The Hospital does not currently enter into forward contracts to mitigate this risk.

The Hospital is exposed to foreign exchange risk with respect to investments denominated in U.S dollars and other international currencies. As at March 31, 2026, the Hospital held \$151,651 CAD (2025 – \$147,313) of investments denominated in U.S. dollars and \$91,938 CAD (2025 – \$74,666) of investments denominated in other international currencies. The Hospital's investment policy statement outlines foreign exchange exposure of between 34% and 74% and a target of 56% of the investment portfolio. As at March 31, 2026, the Hospital was in compliance with the investment policy statement.

ST. JOSEPH'S HEALTH CARE LONDON

Notes to Financial Statements

Year ended March 31, 2026

(In thousands of dollars)

14. Financial risks and risk management (continued):

c) Market risk (continued)

(ii) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Financial assets with fixed interest rates expose the Hospital to fair value interest rate risk. The Hospital is not exposed to interest rate risk on financial liabilities. There has been no change to the interest risk exposure from 2025.

The Hospital's investments, including bonds and debentures, are disclosed in note 3.

15. Related entities:

(a) St. Joseph's Health Care Foundation:

The Foundation is incorporated under the laws of Ontario as a corporation without share capital with its own separate Board of Directors. The net assets and results of operations of the Foundation are not included in these financial statements.

The Foundation was established on April 1, 2005, as the result of the amalgamation of the former St. Joseph's Health Care Foundation of London and Parkwood Institute Foundation of London, Ontario. The Foundation uses its resources to support research and education initiatives, to pilot new and innovative programs, and for the purchase of specialized equipment at all sites of the Hospital. The Foundation also subsidizes the growth of community outreach programs.

During the year ended March 31, 2026, the Foundation provided the Hospital with donations totalling \$2,191 (2025 – \$2,531). The donations are recorded as deferred capital contributions in the Statement of Financial Position or non-patient goods and services revenue in the Statement of Operations based on the nature of the expenditure the donation is supporting.

The Hospital provides payroll and human resource administrative and support services to the Foundation where the Hospital makes payments on the Foundation's behalf and is reimbursed by the Foundation. During the year, the Hospital incurred total operating costs of \$3,017 (2025 – \$2,639) on behalf of the Foundation. Amounts receivable from the Foundation as at March 31, 2026 totalled \$246 (2025 – \$485).

Transactions are in the normal course of business and are recorded at their exchange amount, which is the amount agreed upon by both parties.

ST. JOSEPH'S HEALTH CARE LONDON

Notes to Financial Statements

Year ended March 31, 2026

(In thousands of dollars)

15. Related entities (continued):

(b) Lawson Research Institute:

The Hospital controls Lawson Research Institute ("LRI"), which is incorporated under the provisions of the *Canada Corporations Act* without share capital for the purpose of establishing and operating a medical and scientific research facility. LRI has been granted the status of "an approved association that undertakes scientific research and experimental development" for the purposes of clause 37(1)(a)(ii)(B) of the *Income Tax Act* (Canada). The activities undertaken by LRI are non-taxable. The Hospital exercises control of LRI through a governance structure.

On June 26, 2000, LRI entered into an agreement with St. Joseph's Health Care London, London Health Sciences Centre, and the London Health Sciences Centre Research Inc., to form an alliance to conduct all research activities as the Lawson Health Research Institute ("LHRI"). Amended and restated agreements were signed on September 18, 2006 and November 1, 2015. Each organization continues to account for its costs independently. The net assets and results of operations of LRI and LHRI are not included in these financial statements.

The Hospital made payments of \$1,367 (2025 – \$1,415) to LRI in support of operating and administrative expenses, which is recorded in supplies and other expenses in the Statement of Operations.

LRI operates in space owned and supported by the Hospital, and the Hospital is responsible for maintenance and utility costs. During the year, LRI made payments to the Hospital in the amount of \$116 (2025 – \$101) to partially support these infrastructure costs, which was recorded in non-patient goods and services revenue in the Statement of Operations.

The Hospital provides administrative and support services to LRI including payroll, human resource and accounts payable functions where the Hospital makes payments on LRI's behalf and is reimbursed by LRI. During the year, the Hospital incurred total operating costs of \$23,964 (2025 – \$23,447) on behalf of LRI. Amounts receivable from LRI as at March 31, 2026 totalled \$4,299 (2025 – \$2,411). Amounts payable to LRI as at March 31, 2026 totalled \$14,368 (2025 – nil).

Transactions are in the normal course of business and are recorded at their exchange amount, which is the amount agreed upon by both parties.

During the year, LRI adopted PSAS including PS 4200, *Standards for Government Not-for-Profit Organizations*, effective April 1, 2025. There was no impact on the previously reported financial position or results of operations.

ST. JOSEPH'S HEALTH CARE LONDON

Notes to Financial Statements

Year ended March 31, 2026

(In thousands of dollars)

15. Related entities (continued):

(b) Lawson Research Institute (continued):

The summarized assets, liabilities, and results from operations for LRI as at and for the year ended March 31 are as follows:

	2026	2025
Total assets	\$ 60,497	\$ 37,831
Total liabilities and deferred contributions	57,188	33,341
Net assets	\$ 3,309	\$ 4,490

	2026	2025
Cash provided by (used for):		
Operating activities	\$ 1,681	\$ 3,467
Capital activities	(80)	27
Financing activities	(1,081)	(1,342)
Net increase (decrease) in cash	\$ 520	\$ 2,152

	2026	2025
Revenues	\$ 25,394	\$ 25,846
Expenses	26,946	25,387
Excess (deficiency) of revenues over expenses	\$ (1,552)	\$ 459

(c) Healthcare Materials Management Services:

In February 1997, St. Joseph's Health Care London and London Health Sciences Centre entered into an unincorporated joint venture, HMMS, to consolidate purchasing, warehousing, distribution and payment processing functions and to provide similar services to other health care institutions. Amended and restated agreements were signed effective April 1, 2001, April 1, 2013, September 1, 2014, March 31, 2023, March 31, 2024, and February 3, 2025. The Hospital accounts for its interest in HMMS using the modified equity method of accounting.

The Hospital's share in HMMS is as follows:

	2026	2025
Total assets	\$ 3,684	\$ 3,404
Total liabilities and deferred contributions	3,197	2,856
Net assets	\$ 487	\$ 548

ST. JOSEPH'S HEALTH CARE LONDON

Notes to Financial Statements

Year ended March 31, 2026

(In thousands of dollars)

15. Related entities (continued):

(c) Healthcare Materials Management Services (continued):

	2026	2025
Cash provided by (used for):		
Operating activities	\$ (900)	\$ 2,340
Capital activities	33	214
Financing activities	(66)	(71)
Net increase (decrease) in cash	\$ (933)	\$ 2,483
	2026	2025
Revenues	\$ 4,702	\$ 4,664
Expenses	4,750	4,720
Deficiency of revenues over expenses	\$ (48)	\$ (56)

HMMS incurred a total loss during the year ended March 31, 2026 of \$282 (2025 – \$310). During the year ended March 31, 2026, the Hospital contributed \$33 (2025 – \$214) towards building and capital equipment investments of \$192 (2025 – \$395).

HMMS has bank credit facilities consisting of a \$10,000 operating line of credit. As at March 31, 2026, HMMS had not drawn on its operating facility. The Hospital has provided a guarantee of 17.14% (2025 – 18.09%) of all credit facilities outstanding.

The Hospital's net investment in HMMS as at March 31, 2026 is \$756 (2025 – \$787). Amounts payable to HMMS as at March 31, 2026 totalled \$6,217 (2025 receivable amount – \$718) and are included in accounts receivable in the Statement of Financial Position.

The Hospital provides payroll administrative and support services to HMMS where the Hospital makes payments to employees on HMMS' behalf and is reimbursed by HMMS. During the year, the Hospital incurred total operating costs of \$22,657 (2025 – \$20,624) on behalf of HMMS. Amounts receivable from HMMS as at March 31, 2026 totalled \$2,339 (2025 – \$1,853).

Transactions are in the normal course of business and are recorded at their exchange amount, which is the amount agreed upon by both parties.

ST. JOSEPH'S HEALTH CARE LONDON

Notes to Financial Statements

Year ended March 31, 2026

(In thousands of dollars)

15. Related entities (continued):

(d) Pathology and Laboratory Medicine:

On December 1, 2000, St. Joseph's Health Care London and London Health Sciences Centre entered into a joint venture to consolidate all laboratory services. In April 2014, the joint venture agreement was revised and amended under the name Pathology and Laboratory Medicine. Amended and restated agreements were signed effective January 1, 2017 and December 23, 2024. The Hospital accounts for its interest in the joint venture using the modified equity method of accounting.

The Hospital's share in PaLM is as follows:

	2026	2025
Total assets	\$ 1,911	\$ 1,794
Total liabilities and deferred contributions	359	440
Net assets	\$ 1,552	\$ 1,354

	2026	2025
Cash provided by (used for):		
Operating activities	\$ 152	\$ 28
Financing activities	(110)	(57)
Capital activities	(484)	(422)
Net decrease in cash	\$ (442)	\$ (451)

	2026	2025
Revenues	\$19,047	\$ 13,965
Expenses	19,395	14,458
Deficiency of revenues over expenses	\$ (348)	\$ (493)

PaLM incurred a total loss during the year ended March 31, 2026 of \$1,906 (2025 – \$2,050), which is equal to the net amortization of capital assets recorded during the year.

During the year, the Hospital contributed \$484 (2025 – \$422) towards a capital equipment investment of \$2,591 (2025 – \$3,074).

The Hospital's net investment in PaLM as at March 31, 2026 is \$1,492 (2025 – \$1,302). Amounts payable to PaLM as at March 31, 2026 totalled \$663 (2025 – \$190).

Transactions are in the normal course of business and are recorded at their exchange amount, which is the amount agreed upon by both parties.

ST. JOSEPH'S HEALTH CARE LONDON

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Year ended March 31, 2026

(In thousands of dollars)

15. Related entities (continued):**(e) Information Technology Purchased Services:**

ITPS is an unincorporated joint arrangement established to develop and operate a shared electronic health information management system across the region. Purchased services include information systems related to electronic patient records, picture archiving, and communication applications. The Hospital accounts for this joint arrangement using the modified equity basis of accounting.

ITPS relies on the Hospital to provide payroll, facilities, and other administrative support, and reimburses the Hospital for costs incurred on its behalf. During the year, the Hospital incurred total operating costs of \$22 (2025 – \$20) on behalf of ITPS. The Hospital paid \$21 (2025 – \$23) to ITPS for the Hospital's share of operating costs during the year.

The Hospital's net investment in ITPS as at March 31, 2026 is nil (2025 – nil). Amounts payable to Regional Shared Services, a division of ITPS, as at March 31, 2026 is \$1,041 (2025 – \$985).

Transactions are in the normal course of business and are recorded at their exchange amount, which is the amount agreed upon by both parties.

16. Net change in non-cash operating working capital:

The net change in non-cash operating working capital consists of the following:

	2026	2025
Accounts receivable	\$ 3,116	\$ (3,009)
Prepaid expenses and other assets	165	(119)
Accounts payable and accrued liabilities	25,560	(7,847)
	\$ 28,841	\$ (10,975)