WINDSOR REGIONAL HOSPITAL

OUTSTANDING CARE – NO EXCEPTIONS!

FINANCIAL STATEMENTS

MARCH 31, 2026

***Our Vision*: Outstanding Care - No Exceptions!**

***Our Mission*: Provide quality person-centered health care services to our community.**

We respectfully acknowledge that the Windsor Regional Hospital occupies the traditional, ancestral, and contemporary lands of the Niswi Ishkodewan Anishinaabeg: The Three Fires Confederacy (Ojibwe, Odawa, and Potawatomi). We acknowledge the land and the surrounding waters for sustaining us and we are committed to protecting and restoring these lands and waters from environmental degradation.

Financial Statements of

WINDSOR REGIONAL HOSPITAL

And Independent Auditor's Report thereon

Year ended March 31, 2026

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Windsor Regional Hospital

Opinion

We have audited the financial statements of Windsor Regional Hospital (the Hospital), which comprise:

- the statement of financial position as at March 31, 2026
- the statement of changes in net assets for the year then ended
- the statement of accumulated remeasurement gains (losses) for the year then ended
- the statement of revenue and expense for the year then ended
- the statement of cash flows for the year then ended
- and the notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Hospital as at March 31, 2026, and its results of operations, its remeasurement losses, 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 responsibility under those standards are further described in the ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's report.

We are independent of the Hospital in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.

Responsibility of Management and Those Charged with Governance for the Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risk 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, internal 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 purposes 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 the 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's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Windsor, Canada

June 22, 2026

WINDSOR REGIONAL HOSPITAL

STATEMENT OF FINANCIAL POSITION

Year ended March 31, 2026, with comparative information for 2025.

	2026	2025
	$ (000)	$ (000)
ASSETS		
Current assets:		
Cash	30,830	31,176
Cash restricted for special purposes (Notes 2 & 4)	22,101	53,553
Cash, restricted for ministry capital projects (Notes 2 & 4)	24,637	-
Accounts receivable, net (Note 3)	49,644	36,480
Inventories	7,166	7,385
Prepaid and deferred charges	6,148	7,358
Due from related parties (Note 19)	6,300	3,463
	146,826	139,415
Cash, restricted Ministry Capital Projects (Note 4)	-	12,927
Long term investments (Note 5)	37,718	34,222
Capital assets: (Note 6)		
Cost	699,015	632,026
Less: Accumulated amortization	373,311	342,579
	325,704	289,447
	510,248	476,011
LIABILITIES, DEFERRED CONTRIBUTIONS AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued liabilities (Note 8)	149,750	140,452
Current portion of accrued benefit liabilities (Note 9)	1,639	1,428
Current portion of capital lease (Note 13)	8,072	5,779
Current portion of loans payable (Note 10)	2,894	2,705
	162,355	150,364
Long-Term liabilities:		
Loans payable (Note 10)	23,820	26,764
Debentures (Note 11)	200,000	200,000
Asset Retirement Obligation (Note 12)	2,097	2,012
Accrued sick leave entitlements	6,265	6,065
Capital lease (Note 13)	7,676	5,359
Accrued benefit liabilities (Note 9)	26,828	24,987
Deferred capital grants net of amortization (Note 14)	183,090	145,233
Interest rate swaps	166	295
	449,942	410,715
Net assets - unrestricted	(107,519)	(89,197)
Accumulated remeasurement gains/losses	5,470	4,129
Commitments and contingent liabilities (Note 17 & Note 18)		
	510,248	476,011

See accompanying notes to financial statements

On behalf of the Board:

Ian McLeod
Chairperson

Chris Lanoue
Treasurer

WINDSOR REGIONAL HOSPITAL

STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31, 2026, with comparative information for 2025.

	2026 $ (000)	2025 $ (000)
Balance, beginning of year	(89,197)	(50,726)
Deficiency of revenue over expense	(18,322)	(38,471)
Balance, end of year	(107,519)	(89,197)

See accompanying notes to financial statements

WINDSOR REGIONAL HOSPITAL

STATEMENT OF ACCUMULATED REMEASUREMENT GAINS/(LOSSES)

Year ended March 31, 2026, with comparative information for 2025.

	2026 $ (000)	2025 $ (000)
Balance, beginning of year	4,129	3,479
Unrealized (loss)/gain attributable to interest rate swap	129	(157)
Unrealized gain attributable to long term investment	1,212	807
Balance, end of year	5,470	4,129

See accompanying notes to financial statements

WINDSOR REGIONAL HOSPITAL

STATEMENT OF REVENUE AND EXPENSE

Year ended March 31, 2026, with comparative information for 2025.

	2026 $ (000)	2025 $ (000)
Revenue:		
Provincial programs	638,920	611,098
Patient services	43,289	40,384
Other fees and revenue	88,846	79,396
	771,055	730,878
Expenses:		
Salaries and wages	334,250	329,939
Employee benefits	87,453	84,285
Employee future benefits (Note 9)	3,479	1,666
Medical staff remuneration	65,238	62,218
Medical and surgical supplies	53,096	52,645
Drugs and medicines	111,857	111,583
Other supplies and expense	100,497	96,700
Equipment rental	2,775	3,580
Amortization of capital assets	30,732	26,733
	789,377	769,349
Deficiency of revenue over expense for the year	(18,322)	(38,471)

See accompanying notes to financial statements

WINDSOR REGIONAL HOSPITAL

STATEMENT OF CASH FLOWS

Year ended March 31, 2026, with comparative information for 2025.

	2026 $ (000)	2025 $ (000)
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:		
Deficiency of revenue over expenses for the year	(18,322)	(38,471)
Add items not involving cash:		
Amortization of capital assets (Note 6)	30,732	26,733
Deferred grant amortization (Note 14)	(9,128)	(7,927)
	3,282	(19,665)
Cash flows from/(used in) changes in operating balances (Note 15)	25,677	(21,763)
Cash flows from/(used in) operating activities	28,959	(41,428)
CASH FLOWS USED IN CAPITAL ACTIVITIES:		
Additions to capital assets	(66,989)	(35,967)
Capital grants and donations received (Note 14)	46,985	22,023
Cash flow used in capital activities	(20,004)	(13,944)
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Long term investments	(2,284)	(2,197)
Investments held for capital purposes (Note 4)	(11,710)	(5,274)
Cash flow used in investing activities	(13,994)	(7,471)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:		
Capital lease	4,610	(9,799)
Loans payable	(2,755)	(3,382)
Accounts payable, capital (Note 8)	2,838	(286)
Cash flows from (used in) financing activities	4,693	(13,467)
NET CHANGE IN CASH FOR THE YEAR	(346)	(76,310)
CASH, BEGINNING OF YEAR	31,176	107,486
CASH, END OF YEAR	30,830	31,176

See accompanying notes to financial statements

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2026

1. Nature of business and significant accounting policies:

Windsor Regional Hospital (the "Hospital") is incorporated without share capital under the laws of Ontario. The Hospital is a registered charity and as such, is exempt from income tax.

The Hospital follows Canadian Public Sector Accounting Standards ("PSAS") including Section 4200 standards for government not-for-profit organizations.

A summary of the significant policies arising from these standards is presented below.

a) Operation of the Hospital:

The financial statements include all the operations of Windsor Regional Hospital including the Windsor Regional Cancer Centre. The Hospital operates under various regulations of the Ministry of Health and other regulatory bodies. The Windsor Regional Cancer Centre operates and is funded under the guidelines of Ontario Health.

Operating grants are received from the above Ministries and Ontario Health West. In addition, revenue is generated from the provision of various patient services and treatments, as well as from ancillary and investment activities.

b) Revenue recognition:

Operating grants are recorded as revenue in the period to which they relate. Grants approved, but not received at the end of the accounting period, are accrued. Where a portion of the grant relates to a future period, it is deferred and recognized in that subsequent period.

Capital grants received for the purpose of funding acquisitions of depreciable assets are deferred and amortized to income on a straight-line basis over the estimated useful service life of the related asset using the Hospital's amortization rates. Grants received for the purpose of funding land acquisition costs are recorded in equity and not deferred and amortized.

c) Inventories:

Inventories are valued at the lower of cost and net realizable value, with cost being determined substantially on a first-in, first-out basis.

1. Nature of business and significant accounting policies: (Cont'd)

d) Capital assets:

Capital assets are recorded at acquisition cost. The amortization rates are determined through Ministry Guidelines. Amortization is provided on a straight-line basis over the estimated useful life of the asset using rates of 2 percent to 5 percent per annum for buildings, 4 percent to 10 percent per annum for land improvements, 33 percent for computer software and licenses and varying rates from 5 percent to 20 percent per annum for equipment commencing in the month of acquisition. Land acquisition costs are not amortized. No amortization is taken on construction in progress assets until they are placed in use.

Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. Long-lived assets, including land and buildings subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable.

e) Managed Equipment Services Capital Lease:

The Hospital entered into an agreement with GE Healthcare Canada for long-term managed equipment services (“MES”) that includes new equipment procurement, equipment replacement at specified intervals and maintenance on this equipment. The agreement is being treated as a capital lease as substantially all of the benefits and risks associated with ownership of the assets are transferred to the Hospital.

Assets under capital lease are recorded with an offsetting obligation in the period in which new equipment is delivered to the Hospital. The equipment is amortized in a manner consistent with capital assets owned by the Hospital and the obligation including interest thereon is expensed over the term of the lease.

The maintenance component of the lease is expensed over the term of the lease.

1. Nature of business and significant accounting policies: (Cont'd)

f) Employee future benefits:

The Hospital accrues its obligation of future benefits as the employees render the services necessary to earn these benefits. The actuarial determination of accrued benefit obligations for future benefits uses the projected benefit method prorated on service and incorporates management's best estimate of termination rates, retirement age and expected inflation rate with respect to employee benefit costs. Actuarial gains (losses) related to the Post Employment Plan are amortized over the average remaining service lifetime of the active employees. Any actuarial gains (losses) in the Employees on Long-Term Disability Plan are recognized as income (expense) immediately. The average remaining service period of the active employees is 14 years (13.22 years in previous valuation – 2025).

Plan amendments are immediately recognized in the year of the effective change. Under PSAS, if there exists an actuarial gain at the time of introduction of a plan amendment that results in a past service loss, the gain is to be offset against the past service loss before any recognition of the amendment takes place. Similar requirements apply if the amendment decreases liabilities and an actuarial loss exists under the plan at the time of the amendment. Curtailment gains or losses are immediately recognized as either a reduction or an increase to employee future benefits expense.

g) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Derivative instruments are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. The Hospital has elected to record all investments at fair value as they are managed and evaluated on a fair value basis.

Unrealized changes in fair value are recognized in the Statement of Accumulated Remeasurement Losses until they are realized, when they are transferred to the Statement of Revenue and Expense.

Any transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. The cost base of all other financial instruments are adjusted by any transaction costs incurred on acquisition; any financing costs are amortized using a straight-line method.

1. Nature of business and significant accounting policies: (Cont'd)

g) Financial instruments: (Cont'd)

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 Revenue and Expense and any unrealized gain or loss is adjusted through the Statement of Accumulated Remeasurement Losses.

When the asset is sold, the unrealized gains and losses previously recognized in the Statement of Accumulated Remeasurement Losses are reversed and recognized in the Statement of Revenue and Expense.

Long-Term debt is recorded at cost. The related interest rate swaps are recorded at fair value.

The Standards require 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 active 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.

h) Vacation pay and sick leave:

The Hospital accrues vacation pay and sick leave entitlements for amounts vested and owing to its employees at the year end. Non-vested sick leave benefits available to its employees under Long-Term disability plans are recorded when paid.

i) Contributed services:

Volunteers contribute numerous hours to assist the Hospital in carrying out certain charitable aspects of its service delivery activities. The fair value of these contributed services is not readily determinable and, as such, is not reflected in these financial statements. Contributed materials are also not recognized in these financial statements.

1. Nature of business and significant accounting policies: (Cont'd)

j) Use of estimates:

The preparation of the financial statements, in conformity with Canadian PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Significant items subject to such estimates include the allowance for doubtful accounts receivable, the net realizable value of inventory, the carrying value of capital assets and related deferred capital grants, the valuation of fair market value of investments, the estimated impact of unsettled labour contracts, pay equity agreements and certain accrued liabilities, including amounts recoverable by the Ministry, as well as accrued benefit liabilities.

k) 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 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.

1. Nature of business and significant accounting policies: (Cont'd)

k) Asset Retirement Obligations: (Cont'd)

i) Accounting Policy

The Hospital recognizes the fair value of an asset retirement obligation ("ARO") when all of the following criteria have been met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

A liability for the removal of asbestos-containing materials in certain Hospital facilities and underground fuel tanks owned by the Hospital has been recognized based on estimated future expenses. Actual remediation costs incurred are charged against the ARO to the extent of the liability recorded. Differences between the actual remediation costs incurred and the associated liability recorded within the financial statements are recognized in the Statement of Operations at the time of remediation occurs.

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2026

2. Cash restricted for special purposes:

Certain funds are internally restricted to fund the interest payments on the debenture. The account will be funded throughout the year with cash generated from operations. These investments are classified as Level 1.

Externally restricted funds include ministry funding for capital projects including the Linear Accelerator (LINAC), the Cardiac Catheterization Laboratory and the New Windsor Essex Acute Care Hospital.

3. Accounts receivable:

Accounts receivable consist of:

	2026 $ (000)	2025 $ (000)
Ministry of Health – operating	20,048	8,654
Ministry of Health – capital	299	299
Insurers and patients	10,596	10,513
Sales tax recoveries	3,670	3,848
Ontario Health – drug funding	4,447	3,678
Other	11,228	10,491
	50,288	37,483
Allowance for doubtful accounts	(644)	(1,003)
	49,644	36,480

4. Investments held for capital purposes:

The Hospital is holding funds for capital projects. These funds have a carrying value that approximates market value.

The changes in the investments are summarized below:

	2026 $ (000)	2025 $ (000)
Balance, beginning of year	12,927	7,653
New Windsor Essex Acute Care Hospital grant	29,348	13,525
Interest earned in the year	379	210
Used for capital purposes	(18,017)	(8,461)
	24,637	12,927

These investments are classified as Level 1 in the fair value hierarchy.

WINDSOR REGIONAL HOSPITAL

Notes to Financial Statements

YEAR ENDED MARCH 31, 2026

5. Long term investments:

The Hospital established a sinking fund in March 2021 with an initial investment of $25 million and has engaged two investment managers to invest these funds. The purpose of the sinking fund is to be used to retire the debenture on its maturity on November 18, 2060. The Hospital may from time to time make additional capital contributions as approved by the Hospital's Board of Directors. These externally managed funds are comprised of the following:

Amounts in 000's

	March 31, 2026				March 31, 2025		
Fund 1	Market Value	Cost	Allocation at Market Value	Permissible Range	Market Value	Cost	Allocation at Market Value
Cash equivalents	$ 1,799	$ 1,799	10.1%	2-20%	$1,755	$1,755	10.2%
Domestic equities	9,386	7,844	52.8%	35-60%	7,719	6,708	44.9%
Global equities	6,598	6,022	37.1%	35-60%	7,709	5,866	44.9%
Total Fund 1	17,783	15,665	100.0%		17,183	14,329	100.0%
Fund 2							
Cash equivalents	$ 3,550	$ 3,540	17.8%	2-20%	$2,578	$2,553	15.1%
Domestic equities	8,359	5,700	41.9%	35-60%	7,295	5,897	42.8%
Global equities	8,026	7,177	40.3%	35-60%	7,166	7,019	42.1%
Total Fund 2	19,935	16,417	100.0%		17,039	15,469	100.0%
Total							
Cash equivalents	$ 5,349	$ 5,339	14.2%	2-20%	$ 4,333	$ 4,308	12.6%
Domestic equities	17,745	13,544	47.0%	35-60%	15,014	12,605	43.9%
Global equities	14,624	13,199	38.8%	35-60%	14,875	12,885	43.5%
Total	37,718	32,082	100.0%		34,222	29,798	100.0%

These funds are classified as Level 1 in the fair value hierarchy.

6. Capital assets:

Capital assets consist of:

March 31, 2026

	$ (000)		
	Cost	Accumulated Amortization	Net Book Value
Land	12,354	-	12,354
Land improvements	3,266	3,235	31
Buildings	252,332	132,935	119,397
Equipment	249,607	200,440	49,167
Equipment under capital lease	43,493	8,528	34,965
Computer software and licenses	61,445	28,173	33,272
Construction in progress	76,518	-	76,518
	699,015	373,311	325,704

March 31, 2025

	$ (000)		
	Cost	Accumulated Amortization	Net Book Value
Land	12,354	-	12,354
Land improvements	3,266	3,227	39
Buildings	231,505	125,316	106,189
Equipment	230,797	184,935	45,862
Equipment under capital lease	30,597	4,358	26,239
Computer software and licenses	60,572	24,743	35,829
Construction in progress	62,935	-	62,935
	632,026	342,579	289,447

The amount of amortization included in the statement of revenue and expense is $30,732,000 ($26,733,000 in 2025).

7. Bank indebtedness:

The Hospital has available for its use a demand operating credit facility in the amount of $30 million ($30 million – March 31, 2025) at an interest rate of Prime Rate minus 0.40% per annum. As at March 31, 2026, the Hospital did not utilize this facility ($nil – March 31, 2025).

8. Accounts payable and accrued liabilities:

Accounts payable and accrued liabilities consist of:

	2026 $ (000)	2025 $ (000)
Accounts payable - trade	36,113	40,653
Accounts payable - capital	4,705	1,867
Vacation pay entitlement	28,654	26,947
Accrued salaries and benefits	53,405	48,928
Payroll withholdings	10,176	9,739
Ministry of Health/Ontario Health	5,963	8,544
Deferred revenue – Ministry of Health/Ontario Health	267	267
Deferred revenue – Ontario Health/Cancer Care Ontario	2,101	1,545
Deferred revenue – Other	7.249	455
Other	1,117	1,507
	149,750	140,452

Included in accounts payable and accrued liabilities are government remittances payable of $5,479,000 ($5,335,000 - March 31, 2025), for payroll related matters.

9. Accrued benefit liabilities/obligations:

The Hospital provides certain post employment benefits to qualifying employees. The Hospital's obligation is currently unfunded and requires contributions from both the Hospital and its former employees depending on the nature of the benefits. The Hospital has two types of obligations as follows:

- Unfunded benefit program relating to employees receiving certain benefits from the long-term disability benefit program sponsored by the Hospital.

- Unfunded post employment life, health and dental benefits offered to qualifying active employees and retirees.

9. Accrued benefit liabilities/obligations: (cont'd)

For post employment benefits, the most recent actuarial valuation is as of March 31, 2025. The next required valuation will be as of March 31, 2028. The year end disclosure of the benefits related to Long-Term disability is based on the March 31, 2026 valuation.

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

		Employees on Long-Term Disability	Post Employment
♦ Medical trend rate	- Initial	5.30%	5.05%
	- Ultimate	4.05%	3.86%
	- Year of Ultimate level	2040	2040
♦ Dental care cost trend rate – first 10 years		5.17%	5.17%
♦ Dental care cost trend rate – to 2040		4.32%	4.32%
♦ Discount rate – beginning of year		3.89%	3.89%
♦ Discount rate – end of year		3.88%	3.88%

9. Accrued benefit liabilities/obligations: (cont'd)

Information about the Hospital's obligations and plan assets is as follows:

	2026 $ (000)			2025 $ (000)		
	Employees on Long-Term Disability	Post Employment	Total	Employees on Long-Term Disability	Post Employment	Total
Accrued benefit obligations:						
Balance at beginning of year	3,213	23,027	26,240	3,179	19,364	22,543
Current service cost	-	1,134	1,134	-	734	734
Interest costs	120	918	1,038	120	769	889
Expected termination from Long-Term disability payments	-	-	-	(321)	-	(321)
Actuarial (gain) loss	765	(1,669)	(904)	(447)	1,473	1,026
Benefits paid	(282)	(1,145)	(1,427)	(268)	(1,238)	(1,506)
Plan amendments	-	380	380	-	1,925	1,925
Expected reserve for new claims	419	-	419	950	-	950
Balance at end of year	4,235	22,645	26,880	3,213	23,027	26,240
Plan assets:						
Balance at beginning of year	-	-	-	-	-	-
Employer contributions	282	1 145	1,427	268	1,238	1,506
Benefits paid	(282)	(1,145)	(1,427)	(268)	(1,238)	(1,506)
Balance at end of year	-	-	-	-	-	-
Funded status – (deficit)	(4,235)	(22,645)	(26,880)	(3,213)	(23,027)	(26,240)
Unamortized net actuarial losses	-	(1,587)	(1,587)	-	(175)	(175)
	(4,235)	(24,232)	(28,467)	(3,213)	(23,202)	(26,415)
Current portion	380	1,259	1,639	283	1,145	1,428
Long-Term portion	3,855	22,973	26,828	2,930	22,057	24,987

9. Accrued benefit liabilities/obligations: (cont'd)

The Hospital's net employee future benefit expense is as follows:

	2026 $ (000)			2025 $ (000)		
	Employees on Long-Term Disability	Post Employment	Total	Employees on Long-Term Disability	Post Employment	Total
Current service cost	-	1,134	1,134	-	734	734
Interest cost	120	918	1,038	120	769	889
Expected terminations from Long-Term disability benefits	-	-	-	(320)	-	(320)
Amortization of prior service costs	-	-	-	-	11	11
Amortization of actuarial (gain)/ loss	765	123	888	(447)	(151)	(598)
Expected reserve for new claims	419	-	419	950	-	950
Total expense	1,304	2,175	3,479	303	1,363	1,666

10. Loans payable

The Hospital has the following loans payable as at March 31:

	2026 $ (000s)	2025 $ (000)
Committed non-revolving instalment loan funded through unsecured bankers' acceptances with a minimum stamping fee of 0.35% per annum, and subject to an interest rate-swap agreement which effectively fixes the underlying bankers' acceptance rate applicable to this loan at 5.035% until November 30, 2030. The principal and interest payments are made each month.	4,326	5,130
Committed non-revolving instalment loan funded through unsecured bankers' acceptances with a minimum stamping fee of 0.80% per annum. The principal and interest payments are made each month until maturity At October 15, 2040. The interest rate is the bankers' acceptance rate plus the stamping fee.	4,375	4,675
The Hospital has a $6.8 million equipment facility with $172,000 utilized as at March 31, 2025 ($984,000 as at March 31, 2024) at the following interest rates and repayment terms:		
Committed non-revolving instalment loan funded through unsecured bankers' acceptances with a minimum stamping fee of 0.80% per annum. The principal and interest payments are made each month until maturity At July 18, 2027. The interest rate is the bankers' acceptance rate plus the stamping fee.	98	172
Bank loan due February 2030, comprised of four tranches with each tranche bearing its own interest rate. The loan is unsecured and is being amortized over a 25 year period. The terms are as follows:		
4.43% interest rate renewable on February 12, 2035 with blended monthly payments of principal and interest of $25,385	2,241	2,433
4.23% interest rate renewable on February 12, 2031 with blended monthly payments of principal and interest of $46,122	4,106	4,458
2.84% interest rate renewable on February 15, 2030 with blended monthly payments of principal and interest of $50,514	4,771	5,235
5.60% interest rate maturing on February 15, 2030 with blended monthly payments of principal and interest of $80,580	6,797	7,366
Total loans payable	26,714	29,469
Less: current portion	2,894	2,705
	23,820	26,764

Interest rate swap is considered a Level 2 financial instrument on the fair value hierarchy.

10. Loans payable: (cont'd)

The annual scheduled principal payments for these loans are as follows:

2027	2,894,000
2028	2,960,000
2029	3,060,000
2030	3,144,000
2031	2,401,000
Thereafter	12,254,000
Total	$26,714,000

11. Debentures:

On November 18, 2020, the Hospital issued $200 million of Series A Senior Unsecured Debentures to fund capital projects and provide working capital. The debentures bear interest at 2.711% which is payable semi-annually on May 18 and November 18, with the principal to be repaid on November 18, 2060. Interest paid during the year amounted to $5,422,000 ($5,422,000 in 2025) and is included in other supplies and expenses.

12. Asset Retirement Obligations:

The Hospital has accrued for asset retirement obligations related to the legal requirement for the removal or remediation of asbestos-containing materials in certain facilities as well as underground fuel tanks on properties owned by the Hospital. The obligation is determined based on the estimated undiscounted cash flows that will be required in the future to remove or remediate the asbestos containing material and any soil contaminants in accordance with current legislation.

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

	2026 $ (000)	2025 $ (000)
Balance, beginning of year	2,012	1,958
Accretion expense	85	54
Asset retirement obligation, end of year	2,097	2,012

13. Lease Obligations:

a) MES Lease:

In fiscal 2023, the Hospital entered into a lease agreement for certain equipment under managed equipment services with GE Healthcare Canada. This is a 15 year agreement effective April 1, 2023 until March 31, 2038. This agreement requires monthly payment of principal plus interest and maintenance costs. The lease has an interest rate of 6.18%, expiring on March 31, 2038, at which time the Hospital has the option to purchase the equipment.

The capital lease is recorded as follows:

	2026 $ (000)	2025 $ (000)
MES lease obligation	14,933	11,138
Less: current portion	7,086	5,779
	7,847	5,359

Included in the payments above is a total of $4,128,000 ($3,135,000 in 2025) in interest and maintenance costs.

b) Capital Leases:

The Company has financed certain equipment by entering into capital leasing arrangements. Capital lease repayments are due as follows:

	2026 $ (000's)
2027	225
2028 - 2030	676
Total minimum lease payments	901
Less: amount representing interest at 5%	(86)
Present value of net minimum capital lease payments	815
Less: current portion of obligations under capital lease	(225)
	$ 590

Interest of $46,000 relating to capital lease obligations has been included in interest expense on the statement of revenue and expense.

14. Deferred capital grants:

Deferred capital grants consist of:

March 31, 2026

	$ (000)		
	Grant	Accumulated Amortization	Net
Land improvements	434	434	-
Buildings	171,863	78,848	93,015
Equipment	96,359	81,442	14,917
Construction in progress	75,158	-	75,158
	343,814	160,724	183,090

March 31, 2025

	$ (000)		
	Grant	Accumulated Amortization	Net
Land improvements	434	434	-
Buildings	159,249	73,103	86,146
Equipment	90,134	78,059	12,075
Construction in progress	47,012	-	47,012
	296,829	151,596	145,233

The amount of amortization included in the statement of revenue and expense is $9,128,000 ($7,927,000 in 2025).

During the year, capital grants and donations were received from:

	2026 $ (000)	2025 $ (000)
Windsor Cancer Centre Foundation	1,372	(386)
Windsor Regional Hospital Foundation	280	822
Ministry of Health – Capital	21,697	8,525
Ministry of Health – HIRF	2,006	2,025
Ministry of Health – Capital Planning Grant Stage 2	15,379	10,210
Ontario Health	6,251	675
Other	-	152
	46,985	22,023

15. Cash flow information:

Cash flows from (used in) changes in the following operating balances are as follows:

	2026 $ (000)	2025 $ (000)
Cash restricted for special purposes	31,452	(48,103)
Accounts receivable, non-capital	(13,164)	8,959
Inventories	219	(1,056)
Prepaid and deferred charges	1,210	(621)
Due from related parties	(2,837)	(865)
Accounts payable and accrued liabilities, non-capital	6,460	19,858
Accrued sick leave entitlements	200	(148)
Accrued benefit liabilities	2,052	159
Accretion on asset retirement obligation	85	54
	25,677	(21,763)

Interest paid during the year amounted to $7,131,000 ($7,076,000 in 2025).

16. Pension expense:

Substantially, all of the employees of the Hospital are eligible to be members of the Healthcare of Ontario Pension Plan (HOOPP), which is a multi-employer final average pay contributory pension plan. Employer contributions made to the Plan during the year by the Hospital amounted to $26,917,000 ($26,026,000 in 2025). These amounts are included in employee benefits expense in the statement of revenue and expense. These valuations indicate that the pension plan is fully funded.

17. Commitments:

a) Non-Capital Leases:

Under the terms of various non-capital equipment leases expiring through 2031, the Hospital is committed to lease payments aggregating approximately as follows:

▪ 2027	$2,122,000
▪ 2028	$2,128,000
▪ 2029	$2,135,000
▪ 2030	$2,142,000
▪ 2031	$2,149,000

b) MES Agreement:

The Hospital has entered into a long-term managed equipment services contract with GE Healthcare Canada over 15 years [Note 13].

The following is a schedule of commitments at a nominal dollar value:

	$
2027	14,457,000
2028	14,747,000
2029	15,042,000
2030	15,342,000
2031	15,649,000
2032 and thereafter	118,668,000
Total minimum commitments	$193,905,000

18. Contingent liabilities:

a) The Hospital is subject to various lawsuits, disputes, labour grievances and other items for which the Hospital may be liable. In the opinion of management, the ultimate resolution of any current lawsuits, disputes, and/or grievances which are not covered by insurance, would not have a material effect on the financial position or results of operations. Any difference between the provision recorded in the Hospital's accounts and the actual settlement would be recognized in the financial statements in the year of settlement.

The Hospital makes provisions for liabilities where the amount can be reasonably estimated and the event giving rise to the liability is likely to occur.

b) The Ontario Hospital Association and the Ontario Nurses' Association have been in pay equity negotiations since 2011. As a result of the duration of these negotiations and the expectation that there will be a settlement forthcoming in the future, the Hospital increased its accrual from $8,556,000 to $21,002,000 in the 2024-2025 fiscal year. An additional accrual for fiscal 2025-2026 in the amount of $2,132,000.

c) The Hospital is a member of the Healthcare Insurance Reciprocal of Canada (HIROC) which was established by hospitals and other organizations to self-insure. If the aggregate premiums paid after actuarial determination are not sufficient to cover claims, the Hospital will be required to provide additional premium payments on a proportional basis. Similarly, if HIROC has accumulated an unappropriated surplus, which are the total premiums paid by all subscribers plus investment income, less the obligation for claim reserves, expenses and operating expenses, these surpluses may be paid out to the members on a proportional basis. As at March 31, 2026, no assessments or refund of premiums has been made.

d) The Hospital along with Bluewater Health (BH), Chatham-Kent Health Alliance (CKHA), Hôtel-Dieu Grace Healthcare (HDGH) and Erie Shores Healthcare (ESH) operates a not-for-profit without share capital under the laws of the Province of Ontario shared service organization called TransForm Shared Service Organization (TransForm). TransForm is responsible for the Information Technology/Information System services for the five hospitals. TransForm has $1,300,000 in banking credit facilities of which none were used as at March 31, 2026 ($1,300,000 as at March 31, 2025). For every dollar used, the Hospital has provided a guarantee of 28.73% for the amount used.

The five member hospitals of TransForm have also provided a guarantee with respect to equipment that has been leased for TransForm's regional data centre. The Hospital's exposure will not exceed the outstanding lease payments and is capped at the amount outstanding at the time of default. The guarantee limit is pro-rationally dispersed amongst the TransForm member hospitals based upon the funding formula outlined in their Regular Member Service Agreement. For the Hospital, this represents $ nil ($nil in 2025) as there are no guaranteed lease obligation outstanding as at March 31, 2026.

19. Related party transactions:

The Hospital administers the receipt and disbursement of funds on behalf of Windsor Regional Hospital Foundation.

The Hospital relies heavily on the Foundation to raise funds for its benefit. The Foundation is a registered charity and is classified as a public foundation under Section 149.1 (1)(g) of the Income Tax Act (Canada) and as such, is exempt from tax. At March 31, 2026, net resources of the Foundation amounted to $66,426,000 ($34,364,000 in 2025) of which $65,848,000 ($33,864,000 in 2025) is externally restricted for specific purposes. The balance is available, at the discretion of the Foundation's Board of Directors, to the Hospital for other purposes. For the year ended March 31, 2026, the Foundation had excess revenue over expense of $32,062,000 ($10,663,000 in 2025).

The amount owing from the Foundation as at March 31, 2026 is $6,300,000 ($3,463,000 as at March 31, 2025). These amounts are settled as mutually agreed upon in the next fiscal year.

20. TransForm:

TransForm provides Information Technology/Information Systems services and purchasing and payment services at rates designed to reflect the costs and expenses incurred by TransForm in the normal course of business. Effective April 1, 2024, the purchasing and payment services previously provided by TransForm were transitioned to Mohawk Medbuy Corporation. Annual operating expenses are allocated between the five participating organizations based on the provincial government funding provided to each hospital as of the most recent fiscal year. In addition, the Hospital contributes toward approved capital improvements and other costs incurred by TransForm for those projects identified as being solely for its benefit.

During the year, the Hospital paid $17,452,000 (2025 - $17,144,000) to TransForm for Information Technology/Information Systems services. The balance payable to TransForm at March 31, 2026 is $2,694,000 ($3,036,000 in 2025) and has been included in accounts payable.

21. Hospital Accountability Agreement – Year End Total Margin:

Under the terms of the annual Hospital Accountability Agreement between the Hospital and the Ministry of Health / Ontario Health, the Hospital is expected to achieve a year end total margin that must not be less than $ Nil or 0%. Year end total margin is defined as "The amount by which total revenues exceed total expenses, excluding the impact of facility amortization and interest on long-term liabilities, in a given year".

Calculation of year end total margin:

	Target %	2026 $ (000)	2026 %	2025 $ (000)	2025 %
Deficiency of revenue over expense for the year		(18,322)		(38,471)	
Add: net building amortization		1,883		1,133	
interest on long-term liabilities		6,708		6,871	
Year end total margin	0%	(9,731)	-1.26%	(30,467)	-4.17%

The Hospital did not meet this performance indicator in 2026 (2025 – indicator not met) as a result of the impacts of operating and inflationary pressures. The Hospital is undertaking a review of operational performance against peer benchmarking data to identify potential cost reduction strategies for 2026-27 and beyond. The Ontario Hospital Association (OHA) continues to advocate for funding increases to hospitals in light of these operating and inflationary pressures. These initiatives are undertaken to bring this indicator into compliance at the earliest possible date.

22. Financial risks:

a) Liquidity risk

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

b) Interest rate risk

The Hospital is exposed to interest rate risk on its investments and on its bank loan and loans payable. There has been no change to the risk exposures from 2025.

c) Ministry Health Sector Stabilization Plan

The Hospital has reported financial deficits in each of the last three years, including the current year, with the Hospital's budget for the year ending March 31, 2027 reflecting a forecasted financial loss. As a result of these losses, the Hospital has incurred a reduction in its working capital and net asset position, with the Hospital reporting negative working capital (excluding restricted cash and investments) and an unrestricted net debt position at March 31, 2026.

Management has identified a number of factors that have contributed to its recurring operating losses, including but not limited to the impact of recent wage settlements, inflationary pressures and financial pressures resulting from patient volumes and acuity, including the opening of unfunded surge beds to meet patient demands.

In connection with the Ministry's Health Sector Stabilization Plan initiative ("HSSP"), the Hospital has developed a three-year forecast that anticipates the Hospital achieving a balanced budget on or before March 31, 2028.

23. Comparative Information:

Certain comparative figures have been reclassified to conform with the current year's financial statement presentation.