Doane Grant Thornton

Financial Statements

St. Joseph's Care Group

March 31, 2026

Contents

Doane Grant Thornton

Independent Auditor's Report

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To the Board of Directors of
St. Joseph's Care Group

Opinion

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

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Care Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of these 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 Care Group's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Care Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

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

Doane Grant Thornton LLP

Thunder Bay, Canada
June 17, 2026

Chartered Professional Accountants
Licensed Public Accountant

St. Joseph's Care Group
Statement of Financial Position

Statement 1

Year ended March 31, 2026

	2026 $	2025 $
	[Thousands of Dollars]	
ASSETS		
Current		
Cash	**43,395**	52,807
Accounts receivable, net *[note 2]*	**4,603**	6,573
Mortgage receivable due within one year *[note 3]*	**87**	84
Inventory	**1,153**	1,192
Prepaid expenses	**1,199**	1,370
Total current assets	**50,437**	62,026
Restricted assets *[note 4]*		
Restricted Benefits Fund	**2,087**	2,283
Capital Expenditure Reserve Fund	**21,244**	20,254
Total restricted assets	**23,331**	22,537
Non-current		
Intangible asset *[note 6]*	**6,794**	2,041
Mortgage receivable *[note 3]*	**1,440**	1,526
Total non-current assets	**8,234**	3,567
Property, plant and equipment *[note 5]*	**199,240**	201,402
	281,242	289,532

Commitments and contingencies *[Note 15 and 16]*

See accompanying notes to the financial statements.

On behalf of the Board:

Susan Fraser
Director

Garth Postans
Director

St. Joseph’s Care Group
Statement of Financial Position

Statement 1 (cont’d)

Year ended March 31, 2026

	2026	2025
	$	$
	[Thousands of Dollars]	
LIABILITIES AND NET ASSETS		
Current		
Ontario Health and Ministry of Long Term Care	**14,589**	17,725
Accounts payable and accrued liabilities	**34,996**	31,892
Deferred revenue	**2,709**	4,152
Long-term debt principal due within one year *[note 7]*	**8,397**	8,317
Employee future benefits *[note 10]*	**363**	389
Total current liabilities	**61,054**	62,475
Non-current		
Long-term debt - non-current amount *[note 7]*	**32,020**	36,419
Asset retirement obligations *[note 8]*	**1,921**	1,540
Deferred capital contributions *[note 9]*	**113,115**	115,581
Employee future benefits - non-current *[note 10]*	**6,242**	6,232
Total liabilities	**214,352**	222,247
NET ASSETS		
Investment in property, plant and equipment *[note 11a]*	**52,021**	50,527
Unrestricted	**(9,807)**	(5,808)
Restricted Capital Expenditure Reserve Fund	**21,666**	20,676
Restricted Benefits Reserve Fund	**2,087**	2,283
Accumulated remeasurement gain (loss) *[statement 5]*	**923**	(393)
Total net assets	**66,890**	67,285
	281,242	289,532

St. Joseph's Care Group — Statement 2
Statement of Operations

Year ended March 31, 2026	**2026** $	2025 $
	[Thousands of Dollars]	
REVENUE *[schedule 1]*		
Ontario Health and Ministry of Long Term Care	**217,636**	209,796
Alternate Level of Care Co-Payment	**662**	665
Long-Term Care – resident's portion	**15,229**	14,833
Indigenous Services Canada	**110**	194
The District of Thunder Bay Social Services Administration Board	**334**	347
Program fees and rentals	**5,869**	5,720
Amortization of deferred contributions related to equipment	**1,116**	1,055
Corporation of the City of Thunder Bay	**101**	403
Other recoveries	**19,225**	20,005
	260,282	253,018
EXPENSES *[schedule 1]*		
Amortization of equipment	**3,001**	2,859
Drugs	**1,409**	1,640
Interest on long-term debt	**1,137**	1,193
Medical and surgical supplies	**2,073**	2,120
Medical staff remuneration	**7,367**	7,904
Municipal taxes	**971**	970
Salaries and benefits	**202,822**	188,931
Supplies and other	**39,017**	38,651
	257,797	244,268
Excess of revenue over expenses before the following *[schedule 1]*	**2,485**	8,750
Amortization of buildings/leaseholds	**(7,862)**	(7,577)
Amortization of deferred capital contributions related to building	**4,047**	3,890
Employee future benefits *[note 10]*	**(374)**	(354)
(Loss) gain on disposal of equipment	**(7)**	40
Excess (shortfall) of revenue over expenses for year	**(1,711)**	4,749

See accompanying notes to the financial statements.

St. Joseph's Care Group — Statement 3
Statement of Changes in Net Assets

Year ended March 31, 2026

	Investment in property, plant and equipment $	Unrestricted $	Restricted Benefit Reserve Fund $	Capital Expenditure Reserve Fund $	Accumulated remeasurement gains (losses) $	**2026** Total $	2025 Total $
						[Thousands of Dollars]	
Balance, beginning of year	**50,527**	**(5,808)**	**2,283**	**20,676**	**(393)**	**67,285**	64,803
Excess (shortfall) of revenue over expenses for year *[note 11[b]]*	**(5,700)**	**3,989**	**—**	**—**	**—**	**(1,711)**	4,749
Net remeasurement gain (loss) for the year *[statement 5]*	**—**	**—**	**—**	**—**	**1,316**	**1,316**	(2,267)
Net change in investment in property, plant and equipment *[note 11[c]]*	**7,194**	**(7,194)**	**—**	**—**	**—**	**—**	—
Increase (decrease) in Restricted Benefits Fund *[note 4]*	**—**	**196**	**(196)**	**—**	**—**	**—**	—
Change in Capital Expenditure Reserve Fund *[note 4]*	**—**	**(990)**	**—**	**990**	**—**	**—**	—
Balance, end of year	**52,021**	**(9,807)**	**2,087**	**21,666**	**923**	**66,890**	67,285

See accompanying notes to the financial statements.

St. Joseph's Care Group — Statement 4
General Fund
Statement of Cash Flows

Year ended March 31, 2026

	2026	2025
	$	$
	[Thousands of Dollars]	
OPERATING ACTIVITIES		
(Shortfall) excess of revenue over expenses for year	**(1,711)**	4,749
Items not involving cash:		
Amortization of equipment	**3,001**	2,859
Amortization of deferred capital contributions	**(5,163)**	(4,945)
Amortization of buildings/leaseholds	**7,862**	7,577
Employee future benefits	**(16)**	(53)
Net gain (loss) on portfolio investment	**378**	(155)
Gain (loss) on disposal of equipment	**7**	(40)
	4,358	9,992
Net change in non-cash working capital accounts related to operations *[note 13]*	**705**	4,281
Cash provided by operating activities	**5,063**	14,273
INVESTMENT ACTIVITIES		
Decrease in Endowment Fund asset	**-**	318
Increase in Capital Expenditure Reserve Fund asset	**(990)**	(7,936)
Decrease in Restricted Replacement Reserve Fund asset	**-**	4,037
Decrease in Restricted Benefits Fund asset	**196**	544
Increase in intangible asset	**(4,000)**	-
Decrease in mortgage receivable	**83**	81
Cash used in investment activities	**(4,711)**	(2,956)
CAPITAL ACTIVITIES		
Purchase of property, plant, and equipment	**(8,362)**	(8,778)
Proceeds from sale of equipment	**34**	53
Deferred capital contributions received *[note 9]*	**2,697**	9,087
Cash provided by (used) in capital activities	**(5,631)**	362
FINANCING ACTIVITIES		
Repayment of long-term debt	**(4,133)**	(2,001)
Cash used in financing activities	**(4,133)**	(2,001)
(Decrease) increase in cash during year	**(9,412)**	9,678
Cash position, beginning of year	**52,807**	43,129
Cash position, end of year	**43,395**	52,807

See accompanying notes to the financial statements.

St. Joseph's Care Group **Statement 5**
General Fund
Statement of Remeasurement Gains and Losses

Year ended March 31, 2026

	2026	2025
	$	$
	[Thousands of Dollars]	
Accumulated remeasurement (loss) gain, beginning of year	**(393)**	1,874
Unrealized gain (loss) attributable to:		
Derivatives	**938**	(2,112)
Investment	**378**	(155)
Change in net remeasurement gain (loss) for year	**1,316**	(2,267)
Accumulated remeasurement gain (loss), end of year	**923**	(393)

See accompanying notes to the financial statements.

GENERAL

St. Joseph's Care Group (“SJCG”) was incorporated under the laws of Ontario as a corporation without share capital. Its principal activity is delivering programs in senior’s care, rehabilitative care, and mental health and addictions services. SJCG is a registered charity under the Income Tax Act, and operates under the sponsorship of the Catholic Health Sponsors of Ontario.

SJCG is funded primarily by the Province of Ontario in accordance with funding policies established by Ontario Health (“OH”) and the Ministry of Long Term Care (“MOLTC”). Generally, any excess of revenue over expenses earned during a fiscal year may be retained by SJCG. OH and MOLTC policies are that deficits incurred will not be funded. Therefore, to the extent that deficits are incurred and not funded, future operations may be affected. OH and MOLTC provide operating funding including base funding, which is expected to be received on an annual basis, and special funding, which is non-recurring in nature.

If SJCG does not meet certain performance standards or obligations, OH and MOLTC have the right to adjust funding. Given that OH and MOLTC are not required to communicate funding adjustments until after the submission of year-end data, revenues recognized in these financial statements represents management’s best estimate of amounts earned during the year.

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian public sector accounting standards (“PSAS”) for government not-for-profit organizations, including the 4200 series of standards, as issued by the Public Sector Accounting Board. The financial statements have been prepared within the framework of the accounting policies as summarized below:

Fund accounting

The accounts of SJCG are maintained in accordance with the principles of fund accounting whereby separate accounts are maintained for each fund, as explained below, to ensure observance of the limitations and restrictions placed on the use of particular assets.

Unrestricted Fund

This fund is used to account for operational and administrative revenue and expenses.

Restricted Benefits Reserve Fund

SJCG participates in an administered service only funding arrangement with a group insurance plan provider. Under the arrangement, SJCG manages its benefit premiums as a form of self-insurance. This fund is internally restricted and consists of reserve and deposit balances which have been contributed proportionately by SJCG and its employees. Interfund transfers may be made between this fund and the Unrestricted Fund to cover deficits or allocate surpluses arising from the self-funded insurance plan.

Capital Expenditure Reserve Fund

This Fund is internally restricted and is to be used to finance replacements or additions to buildings, furniture and equipment for SJCG.

Residents’ Trust Fund

Residents’ Trust Fund are funds held in trust for clients of St. Joseph’s Hospital, Bethammi Nursing Home and Hogarth Riverview Manor. These funds are not reflected in these financial statements *[note 17]*.

Property, plant and equipment

Property, plant and equipment are initially recorded at cost. Cost includes financing incurred during the period of construction, as well as any asset retirement obligation related to the asset.

Normal maintenance and repairs are expensed as incurred. Amortization is provided on a straight-line basis at a rate of 2.5% to 20% for buildings, 5% to 50% for furniture and equipment, 20% for site improvements and 2.5% to 10% for leasehold improvements. It is expected that these procedures will charge operations with the cost of the property, plant and equipment over their estimated useful lives.

Intangible assets

Intangible assets represent identifiable non-financial assets without physical substance, including contractual rights to access and use shared information technology platforms. Intangible assets are recorded at cost and amortized on a straight-line basis over their estimate useful lives.

Intangible assets are reviewed for impairment when events or circumstances indicate that the asset no longer contributes to SJCG’s ability to provide services or that the value of future economic benefits associated with the asset is less than its net book value. When impairment is identified, the asset is written down to reflect the decline in value.

Asset retirement obligation

SJCG 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.

The liability is recorded at the best estimate of the expenditure required to retire the tangible capital asset and is reviewed at each reporting date and adjusted for revisions to the timing or amount of the estimated future cash flows.

Upon the initial measurement of an ARO, a corresponding asset retirement cost is added to the carrying value of the related tangible capital and amortized over its estimated useful life.

Revenue recognition

SJCG follows the deferral method of accounting for contributions including government grants.

SJCG is funded primarily by the Province of Ontario in accordance with budget arrangements established by Ontario Health and Ministry of Long Term Care.

Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period. These financial statements reflect agreed arrangements approved by Ontario Health and Ministry of Long Term Care.

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

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

Program fees, rental, co-payment, long-term care resident's portion, and recovery revenue is recognized when services are rendered.

Contributed services

A substantial number of volunteers contribute of their time each year to SJCG. Due to the difficulty in determining fair value, contributed services are not recognized in the financial statements.

Inventory

Inventory of general, medical and surgical supplies is valued at the lower of average cost and replacement value, whereas drugs are carried at cost on a first-in, first-out basis.

Employee future benefits

(a) Post-employment benefits and compensated absences:

SJCG provides post-employment benefits and compensated absences to certain employee groups. These benefits include health, dental, life insurance, and non-vesting sick leave.

(b) Multi-employer plan:

Employees of SJCG are eligible to be members of the Healthcare of Ontario Pension Plan ("HOOPP") or OP Trust which are multi-employer, defined benefit pension plans. In accordance with PSAS, the plan is accounted for as a defined contribution plan as there is insufficient information to apply defined benefit plan accounting.

Compensated absences

Compensation expense is accrued for all employees as entitlement of these payments are earned, in accordance with SJCG's benefit plans for vacation, statutory and retirement allowances.

Management's estimates

The preparation of financial statements, in conformity with PSAS for Government Not-for-Profit Organizations, requires management to make estimates that affect the amounts reported in the financial statements and accompanying notes. These estimates are determined using a consistent approach year over year. Management believes that the estimates utilized in preparing its financial statements are reasonable and prudent; however, actual results could differ from those estimates.

The most significant estimates in these financial statements include allowance for doubtful accounts receivable, amortization of capital assets, asset retirement obligation, accounts payable, actuarial estimate of employee future benefits, and fair value of derivatives.

Year ended March 31, 2026 [Thousands of Dollars]

Financial instruments

Financial instruments are recorded at cost or amortized cost except for portfolio investments in equity instruments quoted in an active market and derivatives recorded at their fair value with unrealized remeasurement gains and losses recorded in the statement of remeasurement gains and losses. Once realized, remeasurement gains and losses are recorded in the statement of operations. Changes in fair value of restricted assets are recognized as a liability until the criterion attached to the restrictions has been met, upon which the gain or loss is recognized in the statement of operations. Transaction costs related to financial instruments measured at cost or amortized cost are added to the carrying value of financial instruments. Transaction costs related to financial instruments recorded at their fair values are expensed as incurred. Financial liabilities are removed from the statement of financial position when they are discharged, cancelled or expire.

There are three levels of fair value measurement to classify and 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.

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

2. ACCOUNTS RECEIVABLE

	2026	2025
	$	$
Accounts receivable	**3,844**	4,461
Accrued receivable	**1,064**	1,608
Harmonized Sales Tax	**769**	976
	5,677	7,045
Less: Allowance for doubtful accounts	**(1,074)**	(472)
	4,603	6,573

3. MORTGAGE RECEIVABLE

St. Joseph's Foundation of Thunder Bay entered into a mortgage agreement with SJCG to support the acquisition of the Lodge on Dawson. St Joseph's Foundation of Thunder Bay will pay a fixed monthly payment of $11,430 to SJCG with a fixed interest rate of 3.4% until March 1, 2040. SJCG borrowed funds to advance to St. Joseph's Foundation of Thunder Bay [see note 7]. As at March 31, 2026, properties with a carrying amount of $1,532 [2025 - $1,606] were subject to a registered debenture that forms security for the mortgage receivable.

Year ended March 31, 2026 [Thousands of Dollars]

4. RESTRICTED ASSETS

	2026		2025	
	Cost $	**Market value** $	Cost $	Market value $
BENEFITS FUND				
Restricted cash	**2,087**	**2,087**	2,283	2,283
CAPITAL EXPENDITURE RESERVE FUND				
Restricted cash	**17,883**	**17,883**	17,335	17,335
Equity Investments	**2,889**	**3,361**	2,666	2,919
	20,772	**21,244**	20,001	20,254

Equity investments consist of marketable securities of publicly traded companies. Fair value measurement for equity investments is derived from quoted prices in active markets.

Interfund Transfers

A transfer of $196 [2025 – $544] was made from the Benefits Fund to the Unrestricted Fund to fund a deficit in the self-funded benefits program. This transfer was made to cover shortfalls and to support the ongoing financial sustainability of the program.

A transfer of $990 [2025 – $3,624] was made from the Unrestricted Fund to the Capital Expenditure Reserve Fund. Transfers to this reserve may include interest earned on reserve assets and allocations from the Unrestricted Fund to support anticipated capital expenditures.

Year ended March 31, 2026 [Thousands of Dollars]

5. PROPERTY, PLANT AND EQUIPMENT

Details of year-end property, plant and equipment balances are as follows:

	2026		2025	
	Cost	**Accumulated amortization**	Cost	Accumulated amortization
	$	$	$	$
Buildings				
P. R. Cook Apartments	**8,591**	**6,118**	8,591	5,830
St. Joseph's Heritage	**18,879**	**11,283**	16,535	10,785
Hogarth Riverview Manor	**109,673**	**31,377**	109,062	28,560
St. Joseph's Health Centre	**6,161**	**2,258**	5,890	2,047
Sister Margaret Smith Centre	**15,370**	**6,292**	15,305	5,892
Sister Leila Greco Apartments	**22,490**	**7,586**	22,460	7,021
East Wing	**49,957**	**9,666**	49,957	8,416
Amethyst House	**1,805**	**302**	1,444	252
Furniture and equipment	**61,130**	**48,126**	58,351	45,438
Leasehold improvements	**46,738**	**21,573**	44,893	19,889
Site improvements	**571**	**373**	554	339
	341,365	**144,954**	333,042	134,469
Land	**2,829**	**-**	2,829	-
	344,194	**144,954**	335,871	134,469
Net book value	**199,240**		201,402	

6. INTANGIBLE ASSET

SJCG is party to a regional project to upgrade its primary electronic health records. As of March 31, 2026 SJCG's total share of the project costs are $6,794 [2025 – $2,041].

The Care Group has committed to fund 16.55% of the unfunded costs of the project, which are estimated to total approximately $17.7M. Upon completion of the project, SJCG will have the right to utilize the system for the foreseeable future. Once the system is operational, SJCG will amortize the intangible asset in alignment with its estimated useful life.

Year ended March 31, 2026 [Thousands of Dollars]

7. LONG-TERM DEBT

	2026 $	2025 $
Royal Bank of Canada		
Loan covering the Sister Leila Greco Apartments. Interest rate swap that establishes the underlying fixed rate applicable to the loan at 3.22% per annum, repayable in monthly instalments of approximately $30,000, due August 31, 2034.	**2,708**	2,972
Loan covering Hogarth Riverview Manor Expansion. Interest rate swap that establishes the fixed rate applicable to the loan at 3.74% per annum, repayable in monthly instalments of approximately $169,000, due November 30, 2040.	**23,145**	24,273
Loan covering Hogarth Riverview Manor addition. Interest rate swap that establishes the fixed rate applicable to the loan at 3.75% per annum, repayable in monthly instalments of approximately $49,000, due June 30, 2036.	**4,816**	5,210
Loan covering St. Joseph's Foundation of Thunder Bay's purchase of a building, which is covered by a mortgage receivable [note 3]. Interest rate swap that establishes the fixed rate applicable to the loan at 3.20% per annum, repayable in quarterly instalments of approximately $27,000, due February 4, 2039.	**1,152**	1,222
Loan covering P. R. Cook Apartments premises. Interest rate swap that establishes the fixed rate applicable to the loan at 2.20% per annum, repayable in monthly instalments of approximately $24,000, due October 4, 2033.	**1,966**	2,202
Sisters of St. Joseph of Sault Ste. Marie		
Interest-free promissory note payable 90 days following written demand. It is not expected that repayment will be requested in the next twelve months	**6,225**	6,225
Carried forward	**40,012**	42,104

Year ended March 31, 2026 [Thousands of Dollars]

	2026 $	2025 $
Brought forward	**40,012**	42,104
Thunder Bay Regional Health Sciences Centre Financing agreement to support costs of upgrading electronic health records as part of a joint project led by Thunder Bay Regional Health Sciences Centre (TBRHSC). The balance owing represents SJCG’s share of project costs incurred less payments made to date. SJCG agreed to repay funds to TBRHSC at their cost of borrowing (3.36% at March 31, 2026). Funds will be repayable at the same rate as TBRHSC’s repayment of the project term loan.	**752**	2,041
	40,764	44,145
Less principal due within one year	**(8,397)**	(8,317)
Add (less) fair value adjustment of derivatives	**(347)**	591
Non-current amount	**32,020**	36,419

Principal instalments required in each of the next five years are as follows:

	$
2027	8,397
2028	2,253
2029	2,336
2030	2,424
2031	2,514
Thereafter	22,840
	40,764

SJCG has entered into five interest rate swap agreements with the Royal Bank of Canada (“RBC”). The RBC borrowings are secured under a general security agreement over SJCG’s assets. All other long-term debt obligations are unsecured.

The fair value of the interest rate swap agreements is estimated based on amounts determined by RBC using prevailing rates. As at March 31, 2026, the interest rate swap agreements were in a net favourable position, representing an asset of $347 [2025 - a liability of $591] which is recognized in the statement of financial position and the statement of remeasurement gains and losses.

Available line of credit

SJCG has an available line of credit of $5,000 [2025 - $5,000], of which $nil [2025 - $nil] was borrowed at year-end. Interest on the line of credit is calculated at prime less 0.25% [4.20% at year-end].

Year ended March 31, 2026 [Thousands of Dollars]

8. ASSET RETIREMENT OBLIGATION

An asset retirement obligation is a legal financial obligation associated with the retirement of a tangible capital asset in which a duty or responsibility exists to properly remove or dispose of the tangible capital asset at a future date. Management has determined an asset retirement obligation relating to the legal requirement for the removal or remediation of asbestos containing materials for buildings owned by SJCG at St. Joseph's Heritage and St. Joseph's Health Centre with an estimated useful life of 20 years and 26 years. The obligation is determined based on the estimated undiscounted cash flows of $2,157 [2025 - $2,179] that will be required at the end of the useful life to remove or remediate the asbestos containing material in accordance with current legislation using the present value discount rate of 4.77% and 4.79%. The liability is accreted over time. The related tangible capital asset is amortized on a straight-line basis over its remaining useful life.

	2026 $	2025 $
Asset retirement obligations, beginning of year	**1,540**	1,758
Revisions of estimate	**315**	(298)
Accretion expense	**66**	80
Balance, end of year	**1,921**	1,540

9. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions related to property, plant and equipment represent the unamortized balance and unspent balance of donations and grants received for the purchase of property, plant and equipment. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2026 $	2025 $
Balance, beginning of year	**115,581**	111,439
Additional contributions received	**2,697**	9,087
Amounts amortized to revenue	**(5,163)**	(4,945)
Balance, end of year	**113,115**	115,581
Unamortized capital contributions	**110,399**	112,414
Unspent contributions	**2,716**	3,167
Balance, end of year	**113,115**	115,581

Year ended March 31, 2026 [Thousands of Dollars]

10. POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES LIABILITY

The following tables outline SJCG's post-employment benefits and compensated absences liabilities and the related expenses.

	2026 $	2025 $
Accrued employee future benefit obligations	**6,621**	6,674
Employee future benefits, net	**(16)**	(53)
	6,605	6,621
Less current portion	**363**	389
Non-current portion	**6,242**	6,232
Current year benefit cost	**441**	421
Amortization of actuarial gains	**(270)**	(262)
Interest on accrued obligation	**203**	195
	374	354

	2026 $	2025 $
Accrued employee future benefit obligations represented by:		
Post-employment benefits	**5,424**	5,535
Compensated absences	**1,181**	1,086
	6,605	6,621

Post-employment benefits

SJCG provides extended health care, dental and life insurance benefits to substantially all full-time employees. Some employee groups are entitled to continue to receive these benefits upon early retirement until they reach age 65.

The significant actuarial assumptions adopted in estimating SJCG's accrued benefit obligation are as follows:

The present value as at March 31, 2026 of the future benefits was determined using a discount rate of 3.88% [2025 – 3.89%].

Dental costs were assumed to increase to 4.0% per annum following the full valuation date.

Extended health care trend rates were assumed to be 5.5% in fiscal 2026, decreasing on a linear basis over 15 years to an ultimate rate of 4.0% per annum.

Year ended March 31, 2026 [Thousands of Dollars]

Non-vesting sick days

SJCG has multiple employee groups that earn a specified number of sick days per month for use as paid absences in the event of illness or injury. Each group has specific agreements detailing annual sick day allotment and treatment of unutilized sick time. These days do not vest and are available immediately. Sick days are paid out at the salary in effect at the time of use.

The significant actuarial assumptions adopted in estimating the SJCG accrued non-vesting sick days obligation are as follows:

The present value as at March 31, 2026 of the future obligation was determined using a discount rate of 3.88% [2025 – 3.89%].

A probability assessment is completed by reviewing expected employees usage of their current year’s allotment of sick leave credits and the number of excess days expected in a year. Probability is further broken down into age and work division categories.

An average rate of pay is applied in calculating a future obligation.

11. INVESTMENT IN PROPERTY, PLANT AND EQUIPMENT

(a) Investment in property, plant and equipment is calculated as follows:

	2026 $	2025 $
Property, plant and equipment at net book value	**199,240**	201,402
Amounts financed by		
Deferred capital contributions	**(110,399)**	(112,414)
Long-term debt	**(34,899)**	(36,921)
Asset retirement obligation	**(1,921)**	(1,540)
	52,021	50,527

(b) Change in net assets investment in property, plant and equipment is calculated as follows:

	2026 **$**	2025 $
Loss for year		
Amortization of equipment	**(3,001)**	(2,859)
Amortization of buildings/leaseholds	**(7,862)**	(7,577)
Amortization of deferred capital contributions	**5,163**	4,945
	(5,700)	(5,491)

(c) Net change in investment in property, plant and equipment:

	2026 $	2025 $
Purchase of property, plant and equipment	**8,362**	8,778
Amounts funded by		
Ontario Health and Ministry of Long-Term Care	**(2,580)**	(5,483)
St. Joseph's Foundation of Thunder Bay	**(568)**	(437)
Other	**(42)**	(13)
Repayment of long-term debt	**2,022**	1,933
	7,194	4,778

Year ended March 31, 2026 [Thousands of Dollars]

12. RESTRICTED REPLACEMENT RESERVE FUNDS

This accumulated fund balance is comprised of the following:

	2026	2025
	$	$
Sister Leila Greco Apartments		
Provision for year	**-**	400
Interest earned	**-**	174
Transfer to Capital Expenditure Reserve	**-**	(5,291)
Increase (decrease) in accumulated fund balance for year	**-**	(4,717)
Accumulated fund balance, beginning of year	**-**	4,717
Accumulated fund balance, end of year	**-**	-
Total accumulated fund balance, end of year	**-**	-

At March 31, 2025, SJCG consolidated its Restricted Replacement Reserve with the Capital Expenditure Reserve, resulting in a reserve transfer of $5,291. The consolidation was undertaken to align with capital planning practices. Both reserves were internally restricted and under the control of SJCG.

13. STATEMENT OF CASH FLOWS

The net change in the non-cash working capital accounts related to operations is represented by the following:

	2026	2025
	$	$
Decrease (increase) in current assets		
Accounts receivable	**1,970**	(3,176)
Inventory	**39**	(54)
Prepaid expenses	**171**	(150)
	2,180	(3,380)
Increase (decrease) in current liabilities		
Accounts payable – Ontario Health and Ministry of Long Term Care	**(3,136)**	5,325
Accounts payable and accrued liabilities	**3,104**	2,799
Deferred revenue	**(1,443)**	(463)
	(1,475)	7,661
Total net change	**705**	4,281

Year ended March 31, 2026 [Thousands of Dollars]

14. ECONOMIC INTEREST

SJCG has economic interest in St. Joseph's Foundation of Thunder Bay. The Foundation's primary purpose is to raise funds from the community to provide funds to SJCG. During the year, the Foundation granted $609 [2025 - $529] to SJCG, of which $568 [2025 - $437] was used for the purchase of property, plant and equipment [see note 11(c)], and the remaining $41 [2025 - $92] related to operating expenses associated with direct client care.

15. CONTINGENT LIABILITIES

(a) In 2013, SJCG received $6,600 grant from the Ministry of Municipal Affairs and Housing which supported the construction of Sister Leila Greco Apartments. This grant is included in deferred capital contributions for a period of 20 years, expiring in 2029. SJCG must operate Sister Leila Greco Apartments in accordance with the terms and conditions of the agreement. Failure to comply with the agreement could result in any unamortized portion of the capital contribution to be repayable.

(b) The nature of SJCG’s activities is such that there is usually litigation pending or in prospect at any time. With respect to claims at March 31, 2026, management believe SJCG has valid defenses and appropriate insurance coverage in place. In the unlikely event any claims are successful, management believes that such claims are not expected to have a material effect on SJCG’s financial position.

16. COMMITMENTS

(a) St. Joseph’s Hospital site land and buildings are owned by The Avila Foundation and are leased to the SJCG for a nominal payment annually. SJCG is responsible for all occupancy costs which include leasehold improvements.

(b) SJCG has entered into lease agreements for building space. The leases are for varying terms expiring between 2027 and 2037. The following minimum payments are required over the terms of the leases:

	$
2027	644
2028	450
2029	461
2030	461
2031	461
Thereafter	2,689

17. RESIDENTS’ TRUST FUND

The balance held in trust at year-end was $220 [2025 - $222].

18. PENSION PLAN

Most employees of SJCG are members of the Healthcare of Ontario Pension Plan (“HOOPP”), which is a multi-employer defined benefit pension plan available to all eligible employees. The OPSEU Pension Plan (“OP Trust”) is defined as a contributory defined benefit pension plan. Membership within the Plan consists of members represented by OPSEU. Both plans will provide members with benefits based on the length of service and on the average of annualized earnings during the five consecutive years prior to retirement, termination or death, that provide the highest average earnings.

Pension expense is based on Plan management’s best estimates, in consultation with its actuaries, of the amount, together with contributions by employees, required to provide assurance that benefits will be fully represented by fund assets at retirement. The funding objective is for employer contributions to the Plan to remain a constant percentage of employees’ contributions.

Variances between actuarial funding estimates and actual experience may be material and any differences are to be funded proportionately by the employees and the employer. The most recent actuarial valuation of HOOPP as at December 31, 2025 indicates the plan has a 9% surplus in disclosed actuarial assets and is fully funded on a solvency basis. HOOPP contributions made during the year by SJCG and its employees amounted to $22,052 [2025 - $19,382].

The majority of employees in the OPSEU Union are members of the OP Trust. The most recent actuarial valuation of OP Trust as at December 31, 2025 indicates the Plan remains fully funded on a solvency basis. Contributions to the OP Trust made during the year by SJCG and its employees amounted to $469 [2025 - $654].

Because HOOPP & OP Trust are multi-employer plans, any pension plan surpluses or deficits are a joint responsibility of Ontario member organizations and their employees. As a result, SJCG does not recognize any share of the HOOPP or OP Trust surplus or deficit.

Year ended March 31, 2026 [Thousands of Dollars]

19. ONE HEALTH INFORMATION TECHNOLOGY SERVICES:

ONE Health Information Technology Services ("ONE HITS") is a shared service organization established to provide technology, information systems and related capital implementation and support services to participating hospitals in Northwestern Ontario on a cost recovery basis. SJCG has an economic interest in ONE HITS with an 8.16% share of voting rights and financing requirements.

The following table summarizes SJCG's proportionate share of the assets, liabilities, net assets, revenues, expenses and cash flows of ONE HITS as at and for the year ended March 31:

	2026 $	2025 $
Financial position:		
Total assets	**3,231**	4,121
Total liabilities	**3,231**	4,121
Net assets	**-**	-
	3,231	4,121
Results of operations:		
Total revenue	**1,611**	349
Total expenses	**1,611**	349
Excess of revenue over expenses for year	**-**	-
Cash flows:		
Cash from operations	**(156)**	(151)
Cash from financing and investing activities	**-**	408
Increase (decrease) in cash and cash equivalents	**(156)**	257

Year ended March 31, 2026 [Thousands of Dollars]

20. FINANCIAL INSTRUMENT CLASSIFICATION

The following table provides the carrying amount of SJCG's financial instruments by category. The maximum exposure to credit risk for the financial assets would be the carrying values shown below.

	2026		2025	
Financial Instrument	**Amortized cost / cost $**	**Fair value $**	Amortized cost / cost $	Fair value $
Cash	**43,395**		52,807	
Accounts receivable	**3,834**		5,597	
Mortgage receivable	**1,527**		1,610	
Investments	**19,970**	**3,361**	19,618	2,919
Accounts payable	**49,585**		49,617	
Debt	**40,417**		44,736	
Derivative		**347**		(591)

The following table provides an analysis of financial instruments that are subsequently measured at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

	2026			
Financial Instrument	Level 1	Level 2	Level 3	Total
Capital expenditure reserve funds equity investments	$3,361			$3,361
Derivatives		$347		$347

21. FINANCIAL INSTRUMENT RISK MANAGEMENT

Credit risk

Credit risk is the risk of financial loss to the Care Group if a debtor fails to make payments when due. SJCG is exposed to this risk with respect to accounts receivable.

Accounts receivables are due from clients and outside agencies. A bad debt allowance is set up based on SJCG's historical experience regarding collections.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

Liquidity risk

Liquidity risk is the risk that SJCG will not be able to meet all cash outflow obligations as they come due. SJCG mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

Market risk

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

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

Currency risk

SJCG does not have any material transactions or financial instruments denominated in foreign currencies.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

Interest rate risk

Interest rate risk is the risk that the fair value of the future cash flows of a financial instrument fluctuates because of changes in market interest rates. SJCG is exposed to interest rate risk on its investments and long-term debt. Of these risks, the Hospital's principal exposure is that increases in the floating interest rates on its debt, if unmitigated, could lead to decreases in cash flow and excess interest cost. SJCG has effectively fixed its interest rate on the majority of its floating rate long-term debt by entering into various interest rate swaps.

SJCG currently employs interest rate swaps to convert its variable interest rate on $33,787 [2025 - $35,879] of its floating rate loan facilities to a fixed interest rate (note 7). Interest rate swaps are employed in order to reduce variability in future interest cash flows. The swaps are measured at fair value until the swap is settled and the change in fair value is recorded in the statement of remeasurement gains and losses.

Other price risk

Other price risk refers to the risk the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from risks noted above). SJCG is exposed to other price risk through its portfolio investments in its capital reserve account. This risk is being managed by a portfolio manager.

22. CAPITAL MANAGEMENT

In managing capital, SJCG considers its capital to be its net assets, consisting of investment in property and equipment, unrestricted, and capital expenditure reserve funds. The amounts invested in property and equipment ensure that the physical facility is able to provide services. SJCG's objectives when managing its property and equipment are to safeguard its ability to continue as a going concern so it can continue to provide services and to allow for future expansion. Annual budgets are developed and monitored to ensure capital is maintained to meet these objectives.

23. COMPARATIVE FIGURES

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

St. Joseph's Care Group

Schedule 1

Schedule of Operations by Sector

Year ended March 31

	Hospital Sector $	Community Sector $	Long-Term Care Sector $	Apartments and Leased Areas $	**2026** Total $	2025 Total $
					[Thousands of Dollars]	
REVENUE						
Ontario Health and Ministry of Long Term Care	**128,555**	**31,804**	**57,277**	**—**	**217,636**	209,796
Alternate Level of Care Co-Payment	**662**	**—**	**—**	**—**	**662**	665
Long-Term Care - resident's portion	**—**	**—**	**15,229**	**—**	**15,229**	14,833
Indigenous Services Canada	**110**	**—**	**—**	**—**	**110**	194
The District of Thunder Bay Social Services Administration Board	**—**	**—**	**—**	**334**	**334**	347
Program fees and rentals	**—**	**2,108**	**—**	**3,761**	**5,869**	5,720
Amortization of deferred contributions related to equipment	**646**	**66**	**404**	**—**	**1,116**	1,055
Corporation of the City of Thunder Bay	**—**	**—**	**—**	**101**	**101**	403
Other recoveries	**14,344**	**2,410**	**2,411**	**60**	**19,225**	20,005
	144,317	**36,388**	**75,321**	**4,256**	**260,282**	253,018
EXPENSES						
Amortization of equipment	**2,160**	**80**	**721**	**40**	**3,001**	2,859
Drugs	**1,409**	**—**	**—**	**—**	**1,409**	1,640
Interest on long-term debt	**30**	**—**	**1,022**	**85**	**1,137**	1,193
Medical and surgical supplies	**1,354**	**—**	**711**	**8**	**2,073**	2,120
Medical staff remuneration	**6,761**	**449**	**157**	**—**	**7,367**	7,904
Municipal taxes	**46**	**—**	**—**	**925**	**971**	970
Salaries and benefits	**112,142**	**28,984**	**61,516**	**180**	**202,822**	188,931
Supplies and other	**17,886**	**7,294**	**11,844**	**1,993**	**39,017**	38,651
	141,788	**36,807**	**75,971**	**3,231**	**257,797**	244,268
Excess (shortfall) of revenues over expenses before the following	**2,529**	**(419)**	**(650)**	**1,025**	**2,485**	8,750
Amortization of buildings/leaseholds	**(3,155)**	**(465)**	**(3,224)**	**(1,018)**	**(7,862)**	(7,577)
Amortization of deferred capital contributions related to building	**1,871**	**400**	**1,193**	**583**	**4,047**	3,890
Employee future benefits *[note 10]*	**(208)**	**—**	**(166)**	**—**	**(374)**	(354)
(Loss) gain on disposal of equipment	**(7)**	**—**	**—**	**—**	**(7)**	40
Excess (shortfall) of revenues over expenses for year	**1,030**	**(484)**	**(2,847)**	**590**	**(1,711)**	4,749

St. Joseph's Care Group

Schedule 1 (cont'd)

Schedule of Operations by Sector

Year ended March 31 2025

	Hospital Sector $	Community Sector $	Long-Term Care Sector $	Apartments and Leased Areas $	Total $
				[Thousands of Dollars]	
REVENUE					
Ontario Health and Ministry of Long Term Care	126,092	26,614	57,090	—	209,796
Alternate Level of Care Co-Payment	665	—	—	—	665
Long-Term Care - resident's portion	—	—	14,833	—	14,833
Indigenous Services Canada	194	—	—	—	194
The District of Thunder Bay Social Services Administration Board	—	—	—	347	347
Program fees and rentals	—	2,005	35	3,680	5,720
Amortization of deferred contributions related to equipment	615	57	383	—	1,055
Corporation of the City of Thunder Bay	—	—	—	403	403
Other recoveries	15,392	1,658	2,683	272	20,005
	142,958	30,334	75,024	4,702	253,018
EXPENSES					
Amortization of equipment	2,034	61	733	31	2,859
Drugs	1,640	—	—	—	1,640
Interest on long-term debt	—	—	1,094	99	1,193
Medical and surgical supplies	1,357	—	758	5	2,120
Medical staff remuneration	7,489	283	132	—	7,904
Municipal taxes	45	—	—	925	970
Salaries and benefits	106,216	23,589	58,861	265	188,931
Supplies and other	18,497	6,932	11,033	2,189	38,651
	137,278	30,865	72,611	3,514	244,268
Excess (shortfall) of revenues over expenses before the following	5,680	(531)	2,413	1,188	8,750
Amortization of buildings/leaseholds	(3,010)	(426)	(3,138)	(1,003)	(7,577)
Amortization of deferred capital contributions related to building	1,871	387	1,074	558	3,890
Employee future benefits *[note 10]*	(201)	—	(153)	—	(354)
Gain on disposal of equipment	23	—	17	—	40
Excess (shortfall) of revenues over expenses for year	4,363	(570)	213	743	4,749