

Submitted to: PSFDH Board of Directors
Submitted by: R. Dyke, Chair Audit/Finance Committee
Date: February 24th, 2026
RE: Committee Report to Board of Directors

Date of meeting: February 19th, 2026

Date of next meeting: March 19th, 2026

Finance Committee Key Messages

Financial Update:

- The Q3 financial package was reviewed.
- The current ratio improved to 0.70 with a working capital deficit of \$8.2M. The improvement is due to the transition of the OFA loan to long term from short term debt.
- There was \$5.6M in cash available as at December 31st. Cash failure is expected in May/June and the hospital will be submitting a cash advance request this week.
- The hospital is anticipating achieving total QBP revenues of \$9.6M for the year.
- Overall, the hospital is anticipating approx. \$12M deficit for the fiscal year.

Operating Budget 2026/27:

- E. Farrell presented the 2026/27 operating budget which the committee approved for recommendation to the board for approval.
- The hospital is forecasting an operating deficit of \$22.4M for 2026/27.
- The hospital went through a budget reset process this year by reviewing and adjusting budgets line by line with each budget manager.
- The main budget assumptions are as follows:

Ministry Revenues	<ul style="list-style-type: none"> • 2% base adjustment increase
Salaries	<ul style="list-style-type: none"> • 2.25% cost of living adjustment (aligned with ONA & CUPE)
Agency	<ul style="list-style-type: none"> • 2025/26 run rate with 3% increase
Non-Salary Expenses	<ul style="list-style-type: none"> • 2% inflation
Interest	<ul style="list-style-type: none"> • Based on loan agreements and assumption of full use of LOC
Amortization	<ul style="list-style-type: none"> • Based on detailed calculations and Lumeo project amortized over 15 years
Services	<ul style="list-style-type: none"> • Maintaining all services & programs as currently mandated by the government

- A presentation of the budget will be delivered at the February board meeting.
- E. Farrell also presented a high level 5-year forecast for illustrative purposes that will also be presented at the February board meeting.

Other:

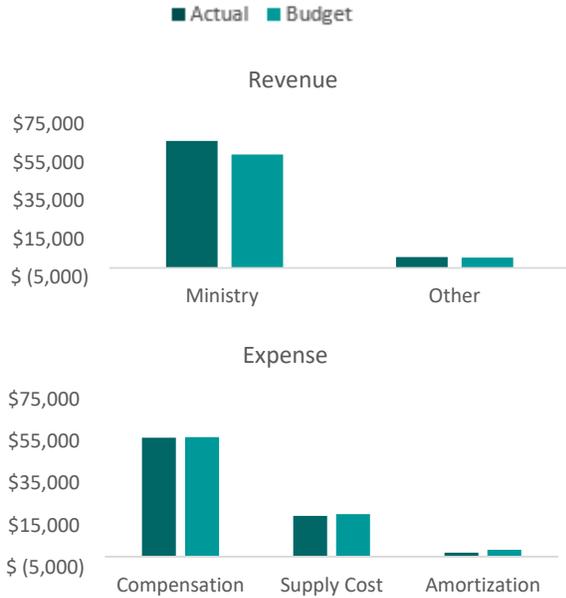
- Katie Mahon from KPMG presented the 2025/26 Audit Planning Report. KPMG mentioned that there are no new accounting standards affecting the hospital this year.
- Katie mentioned that there are ongoing discussions between the large accounting firms and the Ministry of Health with respect to going concern assumptions and whether some hospital's may need to include a going concern note in their financial statements and audit report. Various implications were discussed.
- KPMG will keep the hospital apprised of discussions.
- Katie mentioned that the interim audit was successfully completed in January and there were no items of concern.

DECEMBER FINANCIAL DASHBOARD

(in thousands of dollars)

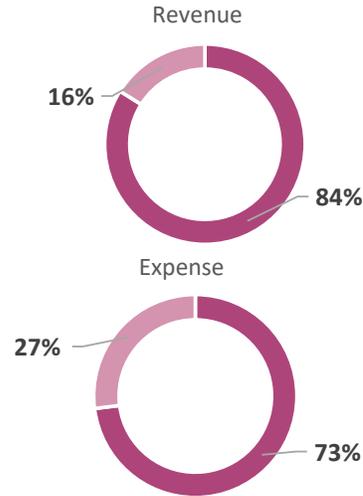


YTD PERFORMANCE

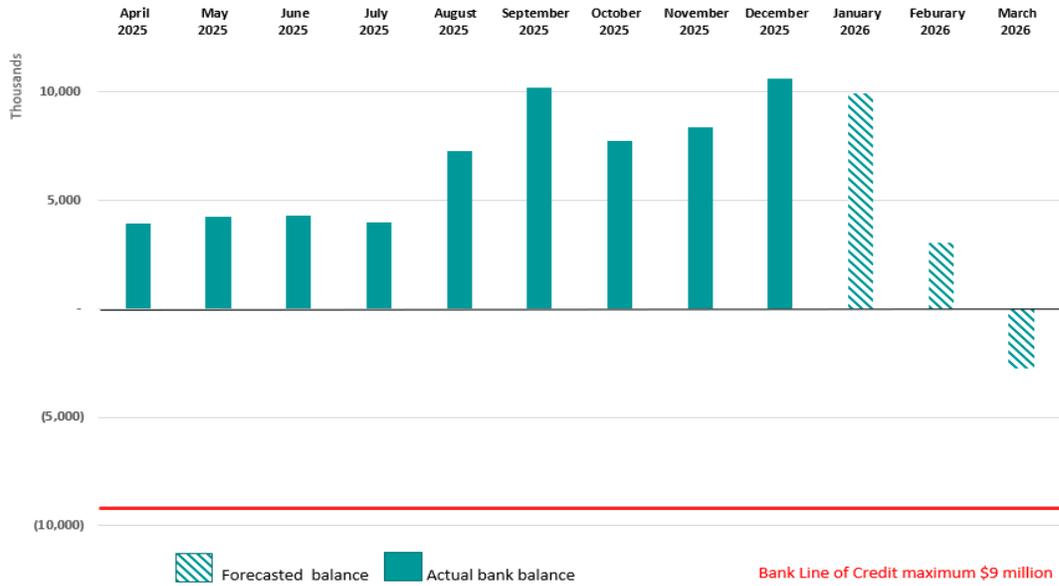


BUDGET REMAINING

■ % Annual Budget Utilized ■ % Budget Remaining
 Target Utilization 9 Months YTD = 75%



CASHFLOW FORECAST



CURRENT RATIO

0.70

CASH AVAILABLE

\$5,571

OPERATIONS MARGIN

-8%

DEBT

Short-Term \$ 1,056
 Long-Term \$ 15,433

WORKING CAPITAL

(\$8,201)

TOTAL DEBT TO ASSETS

1.11

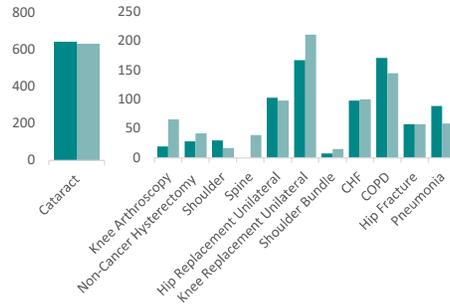
PERTH & SMITHS FALLS DISTRICT HOSPITAL

QBP Performance as at December 31, 2025



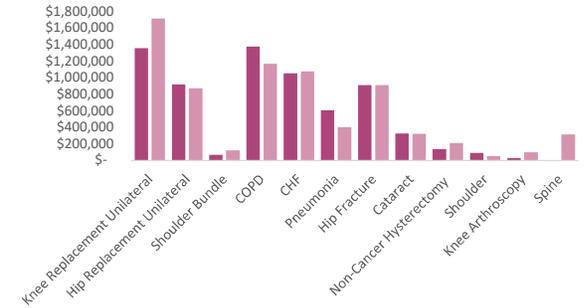
YTD Case Performance

Actual Cases YTD
Budget Cases YTD



YTD Revenue

Recognized Revenue YTD
Budget Revenue YTD



Total OH QBP Cases

1,411

Budgeted YTD

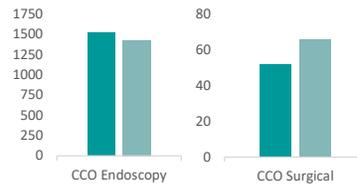
1,480

Total CCO QBP Cases

1,570

Budgeted YTD

1,493



Total OH QBP Revenue Recognized

\$ 6,870,512

Budgeted YTD

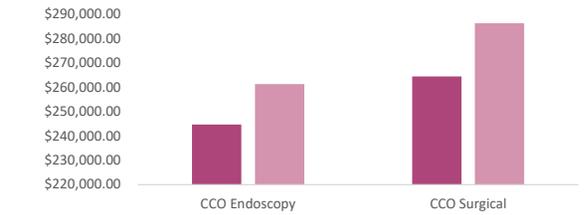
\$ 7,264,887

Total CCO QBP Revenue Recognized

\$ 509,111

Budgeted YTD

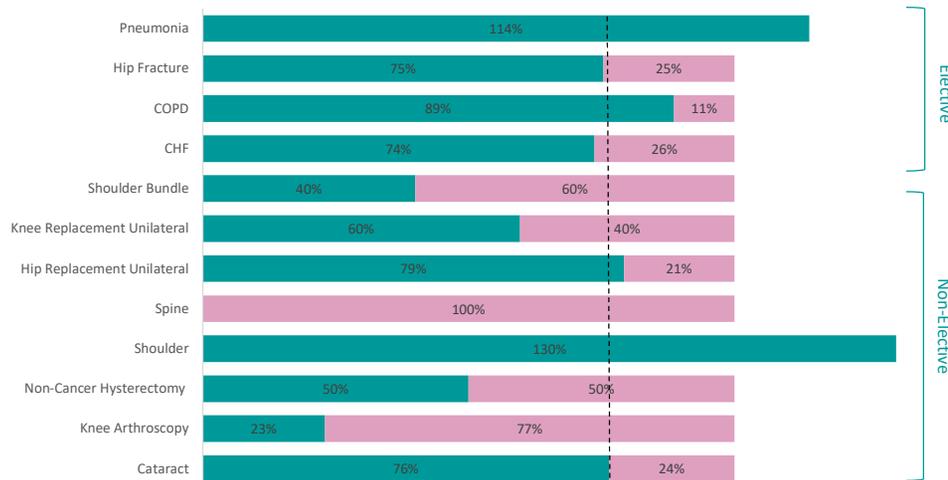
\$ 547,512



Annual Progress Achieved

Target % Completion
December YTD: **75%**

% Cases Complete
% Cases Remaining



Year-End Forecast*

Forecast Total Revenue Recognized

\$9,642,409

Total 2025/26 QBP Allocation

\$10,369,184

Total Variance

(\$726,775)

*Forecast calculated based on YTD trend, straightline to March 2026 & forecast surgical cases per OR Manager. Includes confirmed one-time bundled shoulder volumes.

**The Perth and Smiths Falls District Hospital
Consolidated Statement of Operations**

Fiscal 2025/26 - Period ended December 31, 2025

(in thousands of dollars)

	9 MONTHS YTD			Variance Analysis
	Actual	Budget	Var Fav/(Unfav)	
Revenues				
Ministry revenue	66,347	59,221	7,127	<i>Favourable due to one-time pressure funding \$4.1M, increased hospital allocation vs.budget (\$0.7M), Increased ERAFA + HOCC base \$2.5M offset by unfavourable QBP revenues (\$268k)</i>
Other patient services	1,676	1,696	(20)	<i>Unfavourable due to lower usage of preferred accommodations.</i>
Recoveries and other	2,200	1,892	309	<i>Favourable parking, and marketed services such as rentals, and rebates. Additional favourability due to unbudgeted LCMH grants (Bridgehouse)</i>
Amortization of equipment grants & donations	1,790	1,859	(69)	
Total Revenue	72,013	64,668	7,346	
Expenditures				
Salaries, wages and benefits	48,120	50,386	2,265	<i>Favourable salaries & benefits due to vacancies and shifts filled with purchased service, along with favourable overtime. Some offset due to unfavourable sick time. Increased unbudgeted staffing due to opening of surge beds to meet hospital occupancy pressures.</i>
Medical staff remunerations	8,608	6,540	(2,068)	<i>Unfavourable due to increased base ERAFA + HOCC, offset by revenues.</i>
Medical/surgical supplies	4,303	4,369	66	<i>Favourable general supplies, unused contingencies.</i>
Drugs	1,383	960	(424)	<i>Unfavourable due to current period reconciliations attributed to Lumeo pharmacy reporting.</i>
Other supplies and services	13,449	14,073	624	<i>Favourable plant supplies, timing of execution of annually budgeted contracts, unused Lumeo contingencies.</i>
Interest	257	864	607	<i>Favourable interest, lower usage of operating line of credit, timing of capitalization of Lumeo project.</i>
Amortization of equipment	1,917	3,318	1,400	<i>Favourable due to timing of Lumeo project capitalization.</i>
Total Expenditures	78,037	80,510	2,470	
Operations Surplus/(Deficit)	(6,025)	(15,842)	9,815	
Prior year arbitration award	0	0	0	
Net Operations Surplus/(Deficit)	(6,025)	(15,842)	9,815	
Non-shareable building grant/depreciation	343	418	75	
Net Consolidated Margin Surplus/(Deficit)	(6,368)	(16,260)	9,890	
Hospital Operations Margin %	-8%	-24%		

The Perth and Smiths Falls District Hospital

Consolidated Statement of Financial Position

As at December 31, 2025

(in thousands of dollars)

	December 2025		March 2025	
	\$		\$	
Current Assets				
Cash	\$	8,052	\$	5,813
Accounts receivable ministry		52		1,468
Accounts receivable other		6,984		6,319
Prepaid expenses		1,180		1,310
Inventories		397		812
Total current assets		16,664		15,722
Funds held in trust		32		31
Restricted cash		2,480		1,082
		19,177		16,835
Non Current Assets				
Building and equipment net of depreciation		69,963		72,651
Total Assets	\$	89,141	\$	89,486
Current Liabilities				
Accrued liabilities ministry	\$	3,774	\$	3,799
Accounts payable		8,642		8,002
Compensation liabilities		7,593		7,118
Deferred revenue		6,096		773
Current portion of long-term debt		1,056		493
Current portion of post employment benefits		217		217
Total current liabilities		27,377		20,402
Loan facility		-		9,411
		27,378		29,813
Long-Term Liabilities				
Long-term debt		15,433		4,982
Deferred capital contributions		53,958		55,952
Post employment benefits		1,994		1,994
Asset retirement obligations		349		349
Total long-term liabilities		71,734		63,278
Net Assets		(9,972)		(3,604)
Total Liabilities & Net Assets	\$	89,141	\$	89,486
Current Ratio		0.70		0.56
Working Capital		(8,201)		(12,977)

PERTH AND SMITHS FALLS DISTRICT HOSPITAL
Consolidated Statement of Operations
Period: December 31, 2025

(in thousands of dollars)

	DECEMBER 2025		
	Period Actual	Period Budget	Var Fav/(Unfav)
Revenues			
Ministry revenue	\$ 7,869	\$ 6,675	\$ 1,194
Other patient services	\$ 157	\$ 140	\$ 18
Recoveries and other	\$ 201	\$ 265	\$ (64)
Amortization of equipment grants & donations	\$ 215	\$ 210	\$ 6
Total Revenue	\$ 8,442	\$ 7,290	\$ 1,153
Expenditures			
Salaries, wages and benefits	\$ 5,473	\$ 5,680	\$ 207
Medical staff remunerations	\$ 974	\$ 737	\$ (237)
Medical/surgical supplies	\$ 397	\$ 492	\$ 96
Drugs	\$ 203	\$ 108	\$ (95)
Other supplies and services	\$ 1,277	\$ 1,586	\$ 309
Interest	\$ 28	\$ 97	\$ 69
Amortization of equipment	\$ 314	\$ 374	\$ 60
Total Expenditures	\$ 8,666	\$ 9,074	\$ 409
Operations Surplus/(Deficit)	\$ (224)	\$ (1,784)	\$ 1,562
Non-shareable building grant/depreciation	\$ 41	\$ 47	\$ 6
Net Consolidated Margin Surplus/(Deficit)	\$ (265)	\$ (1,831)	\$ 1,568

PERTH AND SMITHS FALLS DISTRICT HOSPITAL

Fiscal 2025/26 Year-End Forecast

Prepared as of December 31, 2025

(in thousands of dollars)

	12 MONTHS		
	Approved Budget	Q3 2025/26 YE Forecast	Variance Fav/(Unfav)
Revenues			
Ministry revenue	78,602	88,534	9,932
Other patient services	1,643	1,576	(67)
Recoveries and other	3,119	3,079	(40)
Amortization of equipment grants & donations	2,468	2,530	62
Total Revenue	85,832	95,719	9,887
Expenditures			
Salaries, wages and benefits	66,876	67,014	(138)
Medical staff remunerations	8,680	11,248	(2,568)
Medical/surgical supplies	5,798	5,798	0
Drugs	1,271	1,274	(3)
Other supplies and services	18,610	18,550	60
Interest	1,218	116	1,102
Amortization of equipment	4,403	3,161	1,242
Total Expenditures	106,857	107,161	304
Operations Surplus/(Deficit)	(21,025)	(11,442)	9,583
Non-shareable building grant/depreciation	555	443 -	112
Net Consolidated Margin Surplus/(Deficit)	(21,580)	(11,885)	9,695
Operations Margin %	-24%	-12.0%	