



Financial statements

**London Health Sciences Centre**

March 31, 2026

# Independent auditor's report

To the Supervisor of  
**London Health Sciences Centre**

## Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Centre 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 Centre 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 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 Centre'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 Centre or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Centre'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 Centre'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 Centre'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 Centre to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

#### **Report on other legal and regulatory requirements**

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

*Ernst & Young LLP*

Chartered Professional Accountants  
Licensed Public Accountants

London, Canada  
June 5, 2026



## STATEMENT OF FINANCIAL POSITION

As at March 31  
[in thousands of dollars]

	2026	2025
	\$	\$
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	192,016	102,690
Restricted cash and portfolio investments [notes 4 and 9]	5,654	5,327
Accounts receivable – Ministry of Health ["MOH"] and Ontario Health ["OH"]	49,473	43,220
Accounts receivable – patient and other [notes 9[c] and 17]	59,763	65,110
Due from related entities [note 16]	18,144	11,304
Inventory	14,933	14,747
Prepaid expenses	7,244	11,938
	<b>347,227</b>	<b>254,336</b>
Restricted cash and portfolio investments [note 4]	641	1,113
Investments in joint ventures [note 17]	17,935	16,288
Capital assets, net [note 5]	925,759	962,524
	<b>1,291,562</b>	<b>1,234,261</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current</b>		
Accounts payable and accrued charges [note 17]	267,276	232,130
Accounts payable – MOH and OH	111,205	102,689
Current portion of long-term liabilities [note 7]	8,433	17,029
Current portion of employee future benefits [note 15]	2,083	1,935
Current portion of capital lease obligations [note 10]	5,287	5,241
Current portion of deferred contributions [note 12]	10,052	11,332
	<b>404,336</b>	<b>370,356</b>
Long-term liabilities [note 7]	94,028	89,810
Asset retirement obligation [note 8]	39,475	36,298
Employee future benefits [note 15]	28,784	29,504
Interest rate swaps [note 7]	487	4,068
Capital lease obligations [note 10]	7,074	8,365
Deferred contributions [note 12]	1,273	1,279
Deferred capital contributions [note 11]	595,048	613,235
	<b>1,170,505</b>	<b>1,152,915</b>
Commitments and contingencies [notes 14 and 17]		
<b>NET ASSETS</b>		
Internally restricted net assets [note 4]	30,128	19,683
Unrestricted net assets	91,416	65,731
Accumulated remeasurement losses	(487)	(4,068)
	<b>1,291,562</b>	<b>1,234,261</b>

See accompanying notes to financial statements

On behalf of the Board of Directors:



David Musyj  
Supervisor

## STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31  
[in thousands of dollars]

	Internally restricted \$	Unrestricted \$	2026 Total \$	2025 Total \$
<b>Net assets, beginning of year</b>	<b>19,683</b>	<b>65,731</b>	<b>85,414</b>	140,003
Surplus (Deficit)	—	<b>36,130</b>	<b>36,130</b>	(54,589)
Interfund transfers	<b>10,445</b>	<b>(10,445)</b>	—	—
<b>Net assets, end of year</b>	<b>30,128</b>	<b>91,416</b>	<b>121,544</b>	85,414

See accompanying notes to financial statements

## STATEMENT OF REMEASUREMENT GAINS AND LOSSES

Year ended March 31  
*[in thousands of dollars]*

	2026	2025
	\$	\$
<b>Accumulated remeasurement (losses) gains, beginning of year</b>	<b>(4,068)</b>	2,718
Unrealized gain (loss) on interest rate swaps <i>[note 7]</i>	<b>3,412</b>	(7,320)
Realized loss on interest rate swaps reclassified to statement of operations <i>[note 7]</i>	<b>169</b>	534
<b>Accumulated remeasurement losses, end of year</b>	<b>(487)</b>	(4,068)

See accompanying notes to financial statements

## STATEMENT OF OPERATIONS

Year ended March 31  
[in thousands of dollars]

	2026	2025
	\$	\$
<b>REVENUE</b>		
MOH and OH	1,540,661	1,456,516
Non-patient	149,994	132,149
Patient	87,559	89,769
Amortization of deferred capital contributions [note 11]	35,580	35,172
Preferred accommodation	7,733	6,586
Interest	3,528	3,742
	<b>1,825,055</b>	<b>1,723,934</b>
<b>EXPENSES</b>		
Salaries and wages	1,006,039	989,880
Employee benefits [note 15]	209,547	203,220
Supplies and other	274,841	261,681
Drugs	199,797	194,005
Medical and surgical supplies	154,554	139,447
Amortization of capital assets	81,350	78,830
Interest and other [note 7]	11,394	9,813
	<b>1,937,522</b>	<b>1,876,876</b>
<b>Deficit before undernoted items</b>	<b>(112,467)</b>	<b>(152,942)</b>
MOH and OH one-time revenue [note 19]	150,000	100,000
Loss on investments in joint ventures [note 17]	(1,403)	(1,647)
<b>Surplus (Deficit)</b>	<b>36,130</b>	<b>(54,589)</b>

See accompanying notes to financial statements

## STATEMENT OF CASH FLOWS

Year ended March 31  
[in thousands of dollars]

	2026	2025
	\$	\$
<b>CASH PROVIDED BY (USED IN):</b>		
<b>OPERATING ACTIVITIES</b>		
Surplus (deficit)	36,130	(54,589)
Add (deduct) non-cash items:		
Amortization of capital assets	81,350	78,830
Amortization of deferred capital contributions	(35,580)	(35,172)
Decrease in deferred contributions related to future operating expenses	(1,286)	(1,227)
Decrease in deferred capital contributions reallocated	(517)	(134)
Gain on disposal of capital assets	(3,163)	—
Accretion expense on asset retirement obligation	1,819	1,515
Gain on estimated asset retirement obligation	(1,598)	—
Decrease in employee future benefits	(572)	(427)
Increase in due from related entities	(6,840)	(1,488)
	<b>69,743</b>	<b>(12,692)</b>
Net change in non-cash working capital items <i>[note 13]</i>	47,264	(1,378)
<b>Cash provided by (used in) operating activities</b>	<b>117,007</b>	<b>(14,070)</b>
<b>FINANCING ACTIVITIES</b>		
Contributions received related to capital assets	17,673	25,759
Increase in short-term liabilities	—	8,500
Increase (decrease) in other long-term liabilities	41	(47)
Proceeds from long-term debt	13,000	17,000
Repayment of long-term debt	(17,419)	(8,029)
Decrease in asset retirement obligation	(106)	(41)
Payment of capital lease obligations	(5,134)	(4,722)
<b>Cash provided by financing activities</b>	<b>8,055</b>	<b>38,420</b>
<b>INVESTING ACTIVITIES</b>		
Decrease in restricted cash and portfolio investments, net	146	1,852
Increase in investments in joint ventures	(1,647)	(1,068)
<b>Cash provided by (used in) investing activities</b>	<b>(1,501)</b>	<b>784</b>
<b>CAPITAL ACTIVITIES</b>		
Proceeds on sale of capital assets	3,224	—
Purchase of capital assets	(37,459)	(80,034)
<b>Cash used in capital activities</b>	<b>(34,235)</b>	<b>(80,034)</b>
<b>Net increase (decrease) in cash and cash equivalents during the year</b>	<b>89,326</b>	<b>(54,900)</b>
Cash and cash equivalents, beginning of year	102,690	157,590
<b>Cash and cash equivalents, end of year</b>	<b>192,016</b>	<b>102,690</b>

See accompanying notes to financial statements

# London Health Sciences Centre

## Notes to financial statements

[in thousands of dollars]

March 31, 2026

### 1. Purpose of the organization

London Health Sciences Centre [the "Centre"] was incorporated without share capital under the *Corporations Act* (Ontario). The Centre is a registered charity under the *Income Tax Act* (Canada) and, as such, is exempt from income taxes. The Centre is dedicated to excellence in patient care, teaching and research and is one of Canada's largest acute-care teaching hospitals.

On September 24, 2024 and on the recommendation of the Minister of Health [the "Minister"], the Lieutenant Governor in Council ["LGIC"] appointed David Musyj as the supervisor for the Centre [the "Supervisor"] under section 9 of the Public Hospitals Act ["PHA"]. This appointment shall remain in effect until it is terminated by order of the LGIC. The Supervisor shall have the exclusive right to exercise all of the powers of the Centre's Board of Directors, the corporation and corporate members. This includes, without limitation, providing direction to the Centre's officers, employees and agents. Pursuant to subsection 9(8) of the PHA, the Supervisor has the same rights as the Board of Directors and Chief Executive Officer of the Centre in respect of the documents, records and information of the Board of Directors and the Centre. Throughout the term of the appointment, the Minister may issue directions to the Supervisor with regard to any matter within the jurisdiction of the Supervisor, and the Supervisor shall carry out any such directions.

The Centre receives the majority of its operating funding from the Province of Ontario in accordance with budget policies established by the Ontario Ministry of Health ["MOH"] and Ontario Health ["OH"]. Capital redevelopment expenditures are primarily funded by the MOH and philanthropic contributions.

The Centre operates under a Hospital Service Accountability Agreement ["H-SAA"] and a Multi-Sector Service Accountability Agreement ["M-SAA"] with OH. These agreements set out the rights and obligations of the two parties in respect of funding provided to the Centre. The H-SAA and M-SAA set out the funding provided to the Centre together with performance standards and obligations that establish acceptable results for the Centre's performance. The Centre retains any excess or deficiency of revenue over expenses during the year in accordance with the H-SAA.

### 2. Summary of significant accounting policies

The financial statements have been prepared in accordance with the *CPA Canada Public Sector* ["PS"] *Accounting Handbook*, which sets out Canadian generally accepted accounting principles for government not-for-profit organizations ["GNPOs"] in Canada. The Centre has chosen to use the standards specified for GNPOs set out in PS 4200 to PS 4270. The significant accounting policies are summarized as follows:

#### [a] Revenue recognition

The Centre follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be estimated and collection is reasonably assured. Externally restricted contributions are initially deferred when recorded in the accounts and recognized as revenue in the period in which the related expenses are incurred.

Contributions externally restricted for capital assets are initially recorded as deferred capital contributions and are amortized to operations on the same basis as the related asset is amortized.

Revenue from patient services, non-patient services and preferred accommodation is recognized when the services have been provided or when the goods have been sold.

Investment income (loss) is recognized as revenue when earned, except to the extent it relates to deferred contributions and amounts held for others, in which case it is added to the deferred contributions and amounts held for other balances, respectively. Investment income (loss) consists of interest, dividends and realized gains and losses, net of related fees. Unrealized gains and losses are recorded in the statement of remeasurement gains and losses.

## London Health Sciences Centre

### Notes to financial statements

[in thousands of dollars]

March 31, 2026

#### **[b] Inventory**

Inventory is valued at the lower of cost and net realizable value, which is considered to be current replacement cost on a first-in, first-out basis. Reviews for obsolete, damaged and expired items are done on a regular basis, and any items that are found to be obsolete, damaged or expired are written off when such determination is made.

#### **[c] Cash, restricted cash and cash equivalents**

Cash, restricted cash and cash equivalents consist of cash on deposit and guaranteed investment certificates.

#### **[d] Investments**

The Centre has interests in economic activities where there is shared ownership of these activities by the venturers. The accounts of these joint venture activities are included in the accompanying financial statements following the modified equity method. The modified equity method is a basis of accounting for the Centre's business partnerships, whereby the equity method of accounting is only modified to the extent the venturer's accounting policies are not adjusted to conform with those of the Centre.

When the Centre has significant influence or control of an organization, it is disclosed in the notes to the financial statements.

#### **[e] Capital assets**

Capital assets are recorded at original cost. Amortization of cost and any corresponding deferred contribution is calculated on a straight-line basis over the estimated useful life of the asset. The amortization periods are as follows:

Land improvements	5–20 years
Buildings and building service equipment	5–50 years
Parking lot pavement	8 years
Equipment and furniture	3–20 years

Donated capital assets are recorded at fair market value at the date of contribution. Construction and projects in progress include construction and development costs and capitalized interest.

No amortization is recorded until construction is substantially complete and the assets are ready for productive use.

External labour and incremental internally reassigned personnel costs associated with specific projects are included in their cost, and are capitalized and amortized over the life of the project.

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

#### **[f] 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.

## London Health Sciences Centre

### Notes to financial statements

[in thousands of dollars]

March 31, 2026

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

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

#### **[g] Capital leases**

A lease contract is accounted for as a capital lease if the Centre intends to obtain legal title to the asset at the end of the lease term, the lease term covers a significant portion of the asset's useful life, or the Centre has determined that the vendor will recover the investment cost of the asset as well as earn a return on that investment. The capital cost of the leased asset is amortized on a straight-line basis over the useful life of the asset.

#### **[h] Use of estimates**

The preparation of the Centre's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The most significant estimation processes relate to employee future benefits, asset retirement obligations, and revenue recognized from the MOH and OH. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected, such as funding adjustments from the MOH and OH. Although some variability is inherent in these estimates, management believes that the amounts recorded are appropriate. Actual results could differ from those estimates.

#### **[i] Employee future benefits**

##### **[i] Multi-employer pension plan**

Defined contribution accounting is applied for the Healthcare of Ontario Pension Plan ["HOOPP"], a multi-employer plan, whereby contributions are expensed on an accrual basis, as the Centre has insufficient information to apply defined benefit plan accounting.

##### **[ii] Other employee future benefits**

The Centre accrues its obligations for other employee future benefits. The cost of other employee future benefits earned by employees is actuarially determined using the projected benefit method pro-rated on service using management's best estimates of salary escalation, retirement ages of employees and expected health care costs. The discount rate used to determine the accrued benefit obligation was determined by reference to the Centre's cost of borrowing. Differences arising from past service costs are expensed in the period of plan amendment. Actuarial gains and losses are amortized on a straight-line basis in the statement of operations over the expected average remaining service life of employees, which ranges from 3.1 to 17 years.

## London Health Sciences Centre

### Notes to financial statements

[in thousands of dollars]

March 31, 2026

#### **[j] Financial instruments**

Financial instruments are classified in one of the following categories: [i] fair value; [ii] cost or [iii] amortized cost. The Centre determines the classification of its financial instruments at initial recognition. The financial instruments are measured as follows:

- [i] Portfolio investments are measured at fair value, with changes in fair value recognized in the statement of remeasurement gains and losses;
- [ii] Accounts receivable, due from related entities, accounts payable and accrued charges and long-term debt are measured at amortized cost, net of any provision for impairment; and
- [iii] Derivatives are measured at fair value on the statement of financial position, with changes in value recognized in the statement of remeasurement gains and losses. The Centre does not engage in derivative trading or speculative activities.

Transaction costs related to financial assets and financial liabilities measured at fair value are expensed to interest and other expenses, net as incurred.

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. The fair value of a financial instrument on initial recognition is the transaction price at the trade date, which is the fair value of the consideration given or received. Subsequent to initial recognition, the fair values of financial instruments that are quoted in active markets are based on bid prices for financial assets held and offer prices for financial liabilities. When independent prices are not available, fair values are determined by using valuation techniques that refer to observable market data. These include comparisons with similar instruments where market observable prices exist, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

A change in the fair value of a financial instrument in the fair value category is recognized in the statement of remeasurement gains and losses as a remeasurement gain or loss until the financial instrument is derecognized. In the reporting period that a financial instrument in the fair value category is derecognized, the accumulated remeasurement gain or loss associated with the derecognized item is reversed and reclassified to the statement of operations.

As at each financial statement date, the Centre assesses financial assets or groups of financial assets to determine whether there is any objective evidence of impairment. When there has been a loss in value of a portfolio investment that is other than a temporary decline, the investment is written down to recognize the loss. A loss in value of a portfolio investment that is other than a temporary decline occurs when the actual value of the investment to the Centre becomes lower than its cost or amortized cost, adjusted for any write-downs recorded in previous reporting periods, and the impairment is expected to remain for a prolonged period. The write-down is included in the statement of operations. A write-down of a portfolio investment to reflect a loss in value is not to be reversed if there is a subsequent increase in value.

#### **[k] Contributed services and materials**

Volunteers contribute a significant amount of time each year. Due to the difficulty of determining the fair value, these contributed services are not recognized or disclosed in the financial statements and related financial statement notes. Contributed materials are also not recognized in the financial statements.

#### **[l] Internally restricted net assets**

Internally restricted net assets represent amounts set aside for future capital and other special projects.

### **3. Funds held in trust**

The Centre holds funds in trust for the Academic Medical Organization of Southwestern Ontario, an unincorporated association with which the Centre has a service level agreement. The funds are not available for the use or benefit of the Centre and are disbursed according to the terms of the agreement. Funds held in trust are not included in the Centre's statement of financial position. The amount of funds held in trust as at March 31, 2026 was \$11,288 [2025 – \$9,693].

## London Health Sciences Centre

### Notes to financial statements

[in thousands of dollars]

March 31, 2026

#### 4. Restricted cash and portfolio investments

	2026 \$	2025 \$
<b>Externally restricted</b>		
Short-term restricted portfolio investments – fixed income	5,483	5,327
<b>Internally restricted</b>		
Long-term restricted cash	515	498
Short-term restricted portfolio investments – fixed income	170	—
Long-term restricted portfolio investments – fixed income	127	615
	<b>6,295</b>	6,440
Less current portion of restricted cash and portfolio investments	<b>5,654</b>	5,327
<b>Total long-term restricted cash and portfolio investments</b>	<b>641</b>	1,113

Internally restricted funds are funds to be spent on specific internal initiatives as approved by the Board of Directors. Externally restricted funds include MOH funds received for large building and demolition projects and funds received from other external parties for specific purposes. All restricted funds are maintained in restricted accounts until they are spent. The funds are recorded on the statement of financial position as either short-term or long-term based on when the funds are anticipated to be spent. Fixed income portfolio investments consist of guaranteed investment certificates [note 9[b]].

#### 5. Capital assets

	2026		2025	
	Cost \$	Accumulated amortization \$	Cost \$	Accumulated amortization \$
Land	3,997	—	3,997	—
Construction and projects in progress	17,213	—	37,236	—
Buildings, building service equipment and land improvements	1,157,159	492,940	1,153,582	469,692
Parking lot pavement	6,673	5,154	6,673	4,647
Equipment and furniture [a]	907,617	668,806	856,301	620,926
	<b>2,092,659</b>	<b>1,166,900</b>	2,057,789	1,095,265
Less accumulated amortization	<b>1,166,900</b>		1,095,265	
<b>Net book value</b>	<b>925,759</b>		962,524	

[a] During the year, the Centre recorded \$237 [2025 – \$1,460] in contributed assets and the related deferred capital contributions.

The above capital assets include assets under capital lease of \$21,086 [2025 – \$21,050] at cost with accumulated amortization of \$8,724 [2025 – \$7,444].

## London Health Sciences Centre

### Notes to financial statements

[in thousands of dollars]

March 31, 2026

#### 6. Credit facilities

The credit facilities as at March 31, 2026, established with the Centre's bankers, consist of a line of credit of \$75,000 [2025 – \$75,000] to be used for general operating purposes and to bridge capital expenditures. This facility bears interest at the prime rate minus 0.90% [2025 – 0.75%] per annum. No amount was drawn on this facility as at March 31, 2026 or March 31, 2025.

#### 7. Long-term liabilities and interest rate swaps

	2026 \$	2025 \$
<b>Long-term debt</b>		
Term instalment loan [a]	2,374	3,646
Term instalment loan [a]	632	2,124
Term instalment loan [b]	15,812	16,884
Term instalment loans [c]	18,499	19,840
Term instalment loan [d]	5,030	5,420
Term instalment loan [e]	714	1,239
Term instalment loan [f]	25,441	26,776
Term instalment loan [g]	3,690	3,907
Term instalment loan [h]	1,361	1,567
Term instalment loan [i]	15,867	16,546
Term instalment loan [j]	12,610	8,500
	<b>102,030</b>	<b>106,449</b>
Less current portion	<b>8,433</b>	<b>17,029</b>
	<b>93,597</b>	<b>89,420</b>
<b>Other long-term liabilities</b>		
Accumulating and non-vesting sick pay benefits [k]	431	390
	<b>94,028</b>	<b>89,810</b>
<b>Interest rate swaps</b>		
Interest rate swap on term instalment loan [a]	28	76
Interest rate swap on term instalment loan [a]	(1)	(14)
Interest rate swap on term instalment loan [b]	1,550	2,291
Interest rate swap on term instalment loan [c]	845	1,436
Interest rate swap on term instalment loan [d]	(269)	(192)
Interest rate swap on term instalment loan [e]	(7)	(19)
Interest rate swap on term instalment loan [f]	(2,125)	(1,546)
Interest rate swap on term instalment loan [g]	(281)	(208)
Interest rate swap on term instalment loan [h]	(23)	(10)
Interest rate swap on term instalment loan [i]	455	1,288
Interest rate swap on term instalment loan [j]	315	966
	<b>487</b>	<b>4,068</b>

The fair value of the interest rate swap ["IRS"] amounts disclosed above reflects the estimated amount that the Centre, if required to settle the outstanding contract, would be required to pay as at year-end and represents the difference between the net present value of the cash flows based on the swap rate at inception and the net present value of the cash flows based on the projected swap rate for the remaining term of the swaps.

## London Health Sciences Centre

### Notes to financial statements

[in thousands of dollars]

March 31, 2026

- [a] The Centre has a non-revolving term instalment loan on the first Victoria Hospital parking structure bearing interest at a floating rate Canadian Overnight Repo Rate Average ["CORRA"] rate plus 0.97% and due on December 30, 2027. Quarterly equal blended payments of principal and interest commenced September 30, 2003. As at March 31, 2026, the agreement represented a notional principal amount of \$2,374 [2025 – \$3,646].

The Centre is exposed to interest rate cash flow risk with respect to its floating rate debt and has addressed this risk by entering into an IRS agreement that fixes the interest rate over the term of the debt. The IRS agreement causes the Centre to swap its floating rate of the CORRA rate plus 0.97% annually for a targeted fixed rate of 4.73%.

As at March 31, 2026, the fair value of this IRS agreement represented a liability of \$28 [2025 – \$76].

The Centre has a non-revolving term instalment loan on its University Hospital parking structure bearing interest at a floating rate of the CORRA rate plus 0.85% and due on July 31, 2026. Monthly equal blended payments of principal and interest commenced December 1, 2023. As at March 31, 2026, the agreement represented a notional principal amount of \$632 [2025 – \$2,124].

The Centre is exposed to interest rate cash flow risk with respect to its floating rate debt and has addressed this risk by entering into an IRS agreement that fixes the interest rate over the term of the debt. The IRS agreement causes the Centre to swap its floating rate of the CORRA rate plus 0.85% for a fixed rate of 2.43%.

As at March 31, 2026, the fair value of this IRS agreement represented an asset of \$1 [2025 – \$14].

The Centre has provided surplus cash flows from the parking structures as collateral for all amounts drawn on the corresponding parking facilities.

- [b] The Centre has a non-revolving floating rate term instalment loan at the CORRA rate plus 1.05% on a second parking facility that has been constructed at Victoria Hospital and the purchase of other long-term assets. Monthly equal blended payments of principal and interest commenced March 31, 2012. The maturity date of this agreement is September 30, 2036.

The Centre is exposed to interest rate cash flow risk with respect to its committed floating rate debt and has addressed this risk by entering into an IRS agreement that fixes the interest rate over the term of the debt. The IRS agreement causes the Centre to swap its floating rate obligation at the CORRA rate plus 1.05% annually for a targeted fixed rate of 5.68%.

As at March 31, 2026, the fair value of this IRS agreement represented a liability of \$1,550 [2025 – \$2,291].

As noted in [a], the Centre has provided surplus cash flows from the parking structures as collateral for all amounts drawn on the corresponding parking facilities.

- [c] The Centre has two non-revolving floating rate term instalment loans at the CORRA rate plus 0.95% to finance expenditures related to the Phase 5 Co-Generation project at Victoria Hospital and the Emergency Backup Generator project at University Hospital. Monthly blended payments of principal and interest commenced October 1, 2011. The maturity date of this agreement is September 30, 2036.

The Centre is exposed to interest rate cash flow risk with respect to its floating rate debt and has addressed this risk by entering into IRS agreements that fix the interest rate over the term of the debt. The IRS agreements cause the Centre to swap its floating rate obligation at the CORRA rate plus 0.95% for a targeted fixed rate of 4.17%.

As at March 31, 2026, the fair value of these IRS agreements represented a liability of \$845 [2025 – \$1,436].

## London Health Sciences Centre

### Notes to financial statements

[in thousands of dollars]

March 31, 2026

- [d] The Centre has a non-revolving floating rate term instalment loan at the CORRA rate plus 0.60% on the purchase of long-term assets. Monthly equal blended payments of principal and interest commenced April 28, 2017. The maturity date of this agreement is March 30, 2037.

The Centre is exposed to interest rate cash flow risk with respect to its committed floating rate debt and has addressed this risk by entering into an IRS agreement that fixes the interest rate over the term of the debt. The IRS agreement causes the Centre to swap its floating rate obligation at the CORRA rate plus 0.60% annually for a targeted fixed rate of 2.60%.

As at March 31, 2026, the fair value of this IRS agreement represented an asset of \$269 [2025 – \$192].

- [e] The Centre has a non-revolving floating rate term instalment loan at the CORRA rate plus 0.60% related to the replacement of chiller systems. Monthly equal blended payments of principal and interest commenced August 31, 2017. The maturity date of this agreement is July 31, 2027.

The Centre is exposed to interest rate cash flow risk with respect to its committed floating rate debt and has addressed this risk by entering into an IRS agreement that fixes the interest rate over the term of the debt. The IRS agreement causes the Centre to swap its floating rate obligation at the CORRA rate plus 0.60% annually for a targeted fixed rate of 1.36%.

As at March 31, 2026, the fair value of this IRS agreement represented an asset of \$7 [2025 – \$19].

- [f] The Centre has a non-revolving floating rate term instalment loan at the CORRA rate plus 0.95% to finance the replacement of the emergency generator at Victoria Hospital. Monthly equal blended payments of principal and interest commenced October 29, 2021. The maturity date of this agreement is September 30, 2041.

The Centre is exposed to interest rate cash flow risk with respect to its committed floating rate debt and has addressed this risk by entering into an IRS agreement that fixes the interest rate over the term of the debt. The IRS agreement causes the Centre to swap its floating rate obligation at the CORRA rate plus 0.95% for a targeted fixed rate of 2.30%.

As at March 31, 2026, the fair value of this IRS agreement represented an asset of \$2,125 [2025 – \$1,546].

- [g] The Centre has a non-revolving floating rate term instalment loan at the CORRA rate plus 0.95% to finance the replacement of the boiler plant at University Hospital. Monthly equal blended payments of principal and interest commenced May 29, 2020. The maturity date of this agreement is April 30, 2040.

The Centre is exposed to interest rate cash flow risk with respect to its committed floating rate debt and has addressed this risk by entering into an IRS agreement that fixes the interest rate over the term of the debt. The IRS agreement causes the Centre to swap its floating rate obligation at the CORRA plus 0.95% for a targeted fixed rate of 2.26%.

As at March 31, 2026, the fair value of this IRS agreement represented an asset of \$281 [2025 – \$208].

- [h] The Centre has a non-revolving floating rate term instalment loan at the CORRA rate plus 0.23% to finance the purchase of long-term assets. Monthly equal blended payments of principal and interest commenced April 29, 2023. The maturity date of this agreement is March 31, 2032.

The Centre is exposed to interest rate cash flow risk with respect to its committed floating rate debt and has addressed this risk by entering into an IRS agreement that fixes the interest rate over the term of the debt. The IRS agreement causes the Centre to swap its floating rate obligation at the CORRA rate plus 0.23% for a targeted fixed rate of 2.53%.

As at March 31, 2026, the fair value of this IRS agreement represented an asset of \$23 [2025 – \$10].

## London Health Sciences Centre

### Notes to financial statements

[in thousands of dollars]

March 31, 2026

- [i] The Centre has a non-revolving floating rate term instalment loan at the CORRA rate plus 0.99% to finance the purchase of long-term assets. Monthly equal blended payments of principal and interest commenced July 31, 2024. The maturity date of this agreement is July 31, 2049.

The Centre is exposed to interest rate cash flow risk with respect to its committed floating rate debt and has addressed this risk by entering into an IRS agreement that fixes the interest rate over the term of the debt. The IRS agreement causes the Centre to swap its floating rate obligation at the CORRA rate plus 0.99% for a targeted fixed rate of 3.66%.

As at March 31, 2026, the fair value of this IRS agreement represented a liability of \$455 [2025 – \$1,288].

- [j] The Centre has a non-revolving floating rate term instalment loan at the CORRA rate plus 0.99% to finance the purchase of long-term assets. Monthly equal blended payments of principal and interest commenced June 30, 2025. The maturity date of this agreement is June 30, 2050.

The Centre is exposed to interest rate cash flow risk with respect to its committed floating rate debt and has addressed this risk by entering into an IRS agreement that fixes the interest rate over the term of the debt. The IRS agreement causes the Centre to swap its floating rate obligation at the CORRA rate plus 0.99% for a targeted fixed rate of 3.625%.

As at March 31, 2026, the fair value of this IRS agreement represented a liability of \$315 [2025 – \$966].

- [k] The Centre has an obligation for accumulating and non-vesting sick pay benefits for certain employee groups. These benefits are paid out upon an illness or injury-related absence. Sick pay benefits adjusted during the year were \$41 [2025 – \$33].

- [l] Principal payments due under the various debt agreements are as follows:

	\$
2027	8,439
2028	7,348
2029	6,325
2030	6,529
2031	6,740
Thereafter	66,649
	<u>102,030</u>

Interest expense incurred in the year amounted to \$4,358 [2025 – \$3,883].

#### 8. Asset retirement obligation

The asset retirement obligation relates to the Centre's buildings and underground fuel tanks and is based on internal expert assessments and/or third-party engineering reports that estimate the costs of remediation. The buildings and underground fuel tanks have no set retirement date; however, the remaining useful life is 7 to 22 years and the asset retirement obligation is amortized over the remaining period on a straight-line basis.

The estimated total undiscounted expenditures are \$101,915 [2025 – \$122,652] and they are expected to be incurred and settled at the end of the buildings and underground fuel tanks useful life. The liability is calculated using a discount rate of 4.77% [2025 – 4.26%]. The Centre does not anticipate that it will be able to recover any asset retirement costs from a third party. In addition, it has no legal requirement to fund this obligation and, as such, has not set aside any assets designated for payment of this liability.

## London Health Sciences Centre

### Notes to financial statements

[in thousands of dollars]

March 31, 2026

The changes in the asset retirement obligation are as follows:

	2026 \$	2025 \$
<b>Asset retirement obligation, beginning of year</b>	<b>36,298</b>	40,373
Revision in estimated cashflows for remediation	<b>1,464</b>	(5,549)
Accretion expense	<b>1,819</b>	1,515
Settlements during the year	<b>(106)</b>	(41)
<b>Asset retirement obligation, end of year</b>	<b>39,475</b>	36,298

### 9. Financial instruments

Financial instruments measured at fair value are classified according to a fair value hierarchy that reflects the reliability of the data used to determine fair value. The fair value hierarchy is made up of the following levels:

Level 1: valuation based on quoted prices [unadjusted] in active markets for identical assets or liabilities;

Level 2: valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: valuation techniques using inputs for the asset or liability that are not based on observable market data [unobservable inputs].

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

The following tables present the financial instruments measured at fair value classified according to the fair value hierarchy described above:

	Fair value as at March 31, 2026			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets and liabilities				
Cash and cash equivalents	192,000	16	—	192,016
Restricted cash and portfolio investments <i>[note 4]</i>	515	5,780	—	6,295
Interest rate swaps <i>[note 7]</i>	—	(487)	—	(487)
	<b>192,515</b>	<b>5,309</b>	<b>—</b>	<b>197,824</b>

	Fair value as at March 31, 2025			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets and liabilities				
Cash and cash equivalents	71,697	30,993	—	102,690
Restricted cash and portfolio investments <i>[note 4]</i>	498	5,942	—	6,440
Interest rate swaps <i>[note 7]</i>	—	(4,068)	—	(4,068)
	72,195	32,867	—	105,062

There have not been material transfers between Levels 1 and 2 for the years ended March 31, 2026 and March 31, 2025.

## London Health Sciences Centre

### Notes to financial statements

[in thousands of dollars]

March 31, 2026

#### Financial risks

The Centre's investment activities expose it to a range of financial risks. The Centre manages these financial risks in accordance with its internal policies.

#### [a] Market risk

Market risk is the risk that the fair value or future cash flows related to a financial instrument will fluctuate as a result of changes in market conditions. The Centre is not significantly impacted by market risk as the investment portfolio consists only of fixed income investments.

#### [b] Interest rate risk

Interest rate risk refers to the effect on the fair value or future cash flows of a financial instrument due to fluctuations in interest rates. The Centre is exposed to financial risk that arises from the interest rate differentials between the market interest rate and the rates on its cash and cash equivalents, investments and long-term debt. Changes in variable interest rates could cause unanticipated fluctuations in the Centre's operating results.

To manage the risks identified for its investments, the Centre has an investment policy setting out a target mix of investments designed to provide an optimal rate of return within reasonable risk tolerances. The investment policy is renewed annually.

Fixed income portfolio investments have an average term to maturity of 0.5 years [2025 – 0.1 years] and an average yield of 2.65% [2025 – 4.0%] as at March 31, 2026 based on market values. Due to the short-term nature of the Centre's portfolio investments, there would be no significant changes in net assets if interest rates were to change.

The Centre mitigates interest rate risk on its long-term debt through derivative financial instruments that exchange the variable rate inherent in the long-term debt for a fixed rate [note 7]. Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to the long-term debt.

#### [c] Credit risk

Credit risk arises from the possibility that the entities from which the Centre receives funding may experience difficulty and be unable to fulfil their obligations. The majority of the Centre's accounts receivable are owed by government agencies with good credit standing. As at March 31, 2026, patient and other accounts receivable totaled \$59,763 [2025 – \$65,110]. As a result, the requirement for credit risk-related reserves for accounts receivable is minimal. The Centre has no significant concentration of credit risk with any one individual customer. There are no significant past due or impaired balances as at March 31, 2026.

#### [d] Liquidity risk

Liquidity risk is the risk that the Centre will not be able to meet its obligations as they fall due. To manage liquidity risk, the Centre keeps sufficient resources readily available to meet its obligations, including its available line of credit [note 6] that may be used when sufficient cash flow is not available from operations to cover operating expenditures. During the year, the MOH and OH provided one-time funding in the amount of \$150,000 [2025 – \$100,000] to address in-year financial operating pressures affecting existing programs and services [note 19]. The Centre continues to work with the MOH and OH to ensure sufficient sources of liquidity to cover its known short-term and long-term cash obligations.

## London Health Sciences Centre

### Notes to financial statements

[in thousands of dollars]

March 31, 2026

#### 10. Capital lease obligations

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

	2026	2025
	\$	\$
Total minimum lease payments	11,835	13,288
Less amounts representing interest	1,324	1,632
Add residual values	1,850	1,950
<b>Present value of capital lease obligations</b>	<b>12,361</b>	<b>13,606</b>
Less current portion of capital lease obligations	5,287	5,241
	<b>7,074</b>	<b>8,365</b>

Principal payments due under capital lease obligations are as follows:

	\$
2027	4,798
2028	3,400
2029	1,634
2030	584
2031	95

#### 11. Deferred capital contributions

Deferred capital contributions represent the unamortized amount of externally restricted contributions received related to capital assets. Changes in the deferred capital contributions balance are as follows:

	2026	2025
	\$	\$
<b>Balance, beginning of year</b>	<b>613,235</b>	621,321
Contributions received during the year		
MOH and OH	13,294	17,232
Foundations	4,302	8,267
Other	314	1,720
Capital contributions reallocated	(15)	(33)
Capital contributions reclassified to accounts payable	(502)	(100)
Amortization	(35,580)	(35,172)
<b>Balance, end of year</b>	<b>595,048</b>	<b>613,235</b>

The above deferred capital contributions include funds received but not amortizing in the amount of \$27,274 [2025 – \$24,051].

## London Health Sciences Centre

### Notes to financial statements

[in thousands of dollars]

March 31, 2026

#### 12. Deferred contributions

Deferred contributions represent unspent grants for operating purposes that have been received and relate to a subsequent year. Changes in the deferred contributions balance are as follows:

	2026 \$	2025 \$
<b>Balance, beginning of year</b>	<b>12,611</b>	13,838
Contributions received during the year		
OH	<b>2,209</b>	2,203
Foundations	<b>819</b>	595
Other	<b>700</b>	1,815
Amounts recognized as revenue during the year	<b>(5,014)</b>	(5,840)
<b>Balance, end of year</b>	<b>11,325</b>	12,611
Less current portion	<b>10,052</b>	11,332
	<b>1,273</b>	1,279

#### 13. Statement of cash flows

The net change in non-cash working capital items related to operations consists of the following:

	2026 \$	2025 \$
<b>Cash provided by (used in)</b>		
Accounts receivable – MOH and OH	<b>(6,253)</b>	(6,067)
Accounts receivable – patient and other	<b>5,347</b>	(6,345)
Inventory	<b>(186)</b>	534
Prepaid expenses	<b>4,694</b>	(1,791)
Accounts payable and accrued charges	<b>35,146</b>	20,818
Accounts payable – MOH and OH	<b>8,516</b>	(8,527)
	<b>47,264</b>	(1,378)

Non-cash transactions during the year related to contributed capital assets and the related deferred capital contributions of \$237 [2025 – \$1,460] are excluded from the statement of cash flows.

#### 14. Commitments and contingencies

[a] The Centre has entered into operating leases for premises and equipment. Minimum rental payments over the next five years and thereafter are as follows:

	\$
2027	1,228
2028	1,234
2029	1,034
2030	955
2031	958
Thereafter	4,698

## London Health Sciences Centre

### Notes to financial statements

[in thousands of dollars]

March 31, 2026

- [b] The Centre is subject to certain actual and potential legal claims that have arisen in the normal course of operations. Where the potential liability is likely and able to be estimated, management records its best estimate of the potential liability. In other cases, the ultimate outcome of the claims cannot be determined at this time. Any additional losses related to claims will be recorded in the year during which the liability is able to be estimated or adjustments are determined to be required. With respect to claims as at March 31, 2026, it is management's position that the Centre has valid defences and appropriate insurance coverage to offset the cost of unfavourable settlements, if any, which may result from such claims.
- [c] The Centre routinely engages in collective bargaining and is subject to various human rights matters under provincial legislation when employees or groups within the bargaining units file grievances against the Centre or when the collective bargaining agreements are negotiated, which may result in retroactive payments.
- [d] The Centre participates in the Healthcare Insurance Reciprocal of Canada ["HIROC"]. HIROC is a pooling of the public liability insurance risks of its hospital members. All members of the HIROC pool pay annual premiums, which are actuarially determined. All members are subject to assessment for losses, if any, experienced by the pool for the year in which they were members. No assessments have been made for the year ended March 31, 2026 [2025 – nil].

#### 15. Employee future benefits

##### [a] Multi-employer pension plan

Substantially all of the employees of the Centre are members of the HOOPP, which is a multi-employer, defined benefit, final average earnings, contributory pension plan. The Centre's contributions to the HOOPP during the year amounted to \$68,183 [2025 – \$66,871]. This amount is included in employee benefits expense in the statement of operations.

The financial statements for the year ended December 31, 2025 for HOOPP disclosed net assets available for benefits of \$131,936,000 [2024 – \$123,017,000] with pension obligations of \$120,833,000 [2024 – \$112,579,000], resulting in a surplus of \$11,103,000 [2024 – \$10,438,000].

##### [b] Other employee future benefits

The Centre provides post-retirement benefits of extended health coverage, dental and semi-private insurance. The most recent actuarial valuation for financial reporting purposes was completed by the Centre's independent actuaries as of March 31, 2026.

The significant actuarial assumptions adopted in measuring the Centre's accrued benefit obligations for the other employee future benefits are as follows:

	2026	2025
	%	%
Discount rate	4.65	4.2
Executive supplementary pension increase	1.5	1.5
Health care inflation	5.0	5.0

The significant actuarial assumptions adopted in measuring the Centre's benefits expense are as follows:

	2026	2025
	%	%
Discount rate	4.2	4.7
Executive supplementary pension increase	1.5	1.5
Health care inflation	5.0	4.9

## London Health Sciences Centre

### Notes to financial statements

[in thousands of dollars]

March 31, 2026

The health care inflation is expected to decrease to an ultimate rate of 3.8% in 2040 and thereafter. Benefits paid during the year were \$1,492 [2025 – \$1,441]. These obligations are funded in the year they are paid out.

The following table presents information related to the Centre's post-retirement benefits as at March 31, including the amounts recorded on the statement of financial position, and components of net periodic benefit cost:

	2026 \$	2025 \$
<b>Accrued benefit obligation</b>		
Balance, beginning of year	24,585	22,357
Current service cost	1,659	1,463
Plan amendment in year	(224)	599
Interest cost	1,058	1,063
Benefits paid	(2,083)	(1,935)
Actuarial (gain) loss	(1,041)	1,038
Balance, end of year	23,954	24,585
Unamortized net actuarial gain	6,913	6,854
Employee future benefit liability	30,867	31,439
Less current portion	2,083	1,935
<b>Total long-term employee future benefits liability</b>	<b>28,784</b>	<b>29,504</b>

Unamortized actuarial losses are amortized over the expected average remaining service life of employees. The Centre's benefit plan expense was as follows:

	2026 \$	2025 \$
Current service cost	1,659	1,463
Interest cost	1,059	1,063
Amortization of actuarial loss	(983)	(1,018)
<b>Net benefit plan expense</b>	<b>1,735</b>	<b>1,508</b>

#### 16. Related entities

Amounts due from related entities in the Centre's financial statements are as follows:

	2026 \$	2025 \$
London Health Sciences Centre Research Inc. [a]	14,720	7,079
London Health Sciences Foundation [b]	873	1,333
Children's Health Foundation [c]	2,551	2,892
	<b>18,144</b>	<b>11,304</b>

All related party transactions are in the normal course of operations and are measured at the agreed-upon exchange amount. The Centre is also party to joint venture agreements that are described in note 17.

## London Health Sciences Centre

### Notes to financial statements

[in thousands of dollars]

March 31, 2026

#### [a] London Health Sciences Centre Research Inc. ["LHSCRI"]

The Centre has control of LHSCRI, which is incorporated without share capital under the laws of Ontario. The Centre entered into an agreement with St. Joseph's Health Care, London ["SJHC"], Lawson Research Institute ["LRI"] and LHSCRI to form a Board of Directors to conduct joint research activities as the Lawson Health Research Institute. The Lawson Health Research Institute is jointly controlled by LHSCRI and LRI. Each venturer continues to account for costs independently. The accounts of LHSCRI and Lawson Health Research Institute are not included in these financial statements.

The Centre provided approximately \$459 [2025 – \$459] in funding to LHSCRI to assist with the operations of LHSCRI. In addition, facilities and certain administrative functions are provided at no cost to LHSCRI.

LHSCRI relies on the Centre to provide payroll and other administrative support and reimburses the Centre for costs incurred on its behalf.

Included in the amounts due from LHSCRI is \$2,158 [2025 – \$2,174], the disbursement of which is at the discretion of the Centre.

LHSCRI prepares its financial statements in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the *CPA Canada Handbook – Accounting*. Any differences in the reporting framework are not material to the Centre's financial statements. The summarized assets, liabilities, and results from operations for LHSCRI as at and for the year ended March 31 are as follows:

	2026 \$	2025 \$
<b>Financial position</b>		
Total assets	128,629	127,006
Total liabilities	111,475	110,799
Net assets	17,154	16,207
	<b>128,629</b>	<b>127,006</b>
	2026 \$	2025 \$
<b>Results of operations</b>		
Total revenue	70,129	65,057
Total expenses	66,600	62,091
	<b>3,529</b>	<b>2,966</b>
	2026 \$	2025 \$
<b>Cash flows provided by (used in)</b>		
Operating activities	367	718
Investing activities	3,674	(2,830)
<b>Net (decrease) increase in cash during the year</b>	<b>4,041</b>	<b>(2,112)</b>

#### [b] London Health Sciences Foundation ["LHSF"]

LHSF is an independent corporation incorporated without share capital under the laws of Ontario with its own separate Board of Directors. LHSF's accounts are not included in these financial statements. LHSF relies on the Centre to provide payroll, facilities and other administrative support and reimburses the Centre for costs incurred on its behalf.

## London Health Sciences Centre

### Notes to financial statements

[in thousands of dollars]

March 31, 2026

During the year, LHSF contributed funds to the Centre for capital, patient care, education and research needs of the Centre as set out below:

	<b>2026</b>	<b>2025</b>
	\$	\$
Capital	<b>1,380</b>	2,882
Patient care	<b>893</b>	841
Education	<b>753</b>	1,184
Research	<b>112</b>	416
	<b>3,138</b>	5,323

#### [c] Children's Health Foundation ["CHF"]

CHF is an independent corporation incorporated without share capital under the laws of Ontario with its own separate Board of Directors. CHF's accounts are not included in these financial statements. CHF relies on the Centre to provide payroll, facilities and other administrative support and reimburses the Centre for costs incurred on its behalf.

During the year, CHF contributed funds to the Centre for capital and patient care needs of the Centre as set out below:

	<b>2026</b>	<b>2025</b>
	\$	\$
Capital	<b>3,184</b>	5,613
Patient care	<b>5,227</b>	4,642
	<b>8,411</b>	10,255

## London Health Sciences Centre

### Notes to financial statements

[in thousands of dollars]

March 31, 2026

#### 17. Investments in joint ventures

The Centre has entered into the following joint ventures, which are accounted for on the modified equity basis of accounting as follows:

	2026	2025
	\$	\$
Investment in Western ProResp Inc. [a]	6,439	6,107
Investment in HMMS [b]	2,503	2,419
Investment in PaLM [c]	8,993	7,762
Investment in Information Technology Purchased Services [d]	—	—
Investment in Episign Inc. [e]	—	—
	<b>17,935</b>	<b>16,288</b>

All transactions with the joint ventures are in the normal course of operations and are measured at the agreed-upon exchange amounts.

##### [a] Western ProResp Inc.

Western ProResp Inc. was incorporated as a joint venture ["JV"] between the Centre and a third party for the purpose of providing home care services to clients in Middlesex and Elgin Counties. The Centre has a 50% interest in Western ProResp Inc. As at March 31, 2026, Western ProResp Inc. owed \$383 [2025 – \$383] to the Centre. This amount is included in patient and other accounts receivable.

##### [b] Healthcare Materials Management Services ["HMMS"]

HMMS is an unincorporated JV between the Centre and SJHC, created to consolidate purchasing, warehousing, distribution and payment processing functions and to provide similar services to other healthcare institutions. Operating costs are allocated to the Centre and SJHC based on a predetermined cost-sharing formula and expensed to operations as a purchased service. As at March 31, 2026, the Centre owed \$34,963 to HMMS. This amount is included in accounts payable and accrued charges. As at March 31, 2025, HMMS owed \$6,367 to the Centre. This amount is included in patient and other accounts receivable.

HMMS has bank credit facilities consisting of a \$10,000 operating line of credit. The Joint Venture Agreement restricts each partner's maximum credit liability based upon the partner's utilization of the JV. As at March 31, 2026, the Centre had provided a guarantee for up to \$8,251 in support of the \$10,000 operating line of credit. In the event that HMMS is unable to fulfil its debt obligations, the Centre will be responsible for the guaranteed amount. As at March 31, 2026, HMMS had not drawn on its operating line of credit [2025 – nil].

##### [c] Pathology and Laboratory Medicine ["PaLM"]

The Centre and SJHC entered into an unincorporated JV to consolidate all laboratory services and provide all laboratory and pathology services to the Centre and SJHC in their delivery of patient care.

The services purchased from PaLM for the year ended March 31, 2026 were \$39,664 [2025 – \$41,123]. As at March 31, 2026, the Centre owed \$874 [2025 – \$2,362] to PaLM. This amount is included in accounts payable and accrued charges.

## London Health Sciences Centre

### Notes to financial statements

[in thousands of dollars]

March 31, 2026

#### [d] Information Technology Purchased Services

Information Technology Purchased Services is an unincorporated JV established to develop and operate a shared electronic health information management system across the region. Purchased services include information systems related to electronic patient records, picture archiving and communication, and general ledger applications.

Information Technology Purchased Services relies on the Centre to provide payroll, facilities and other administrative support, and reimburses the Centre for costs incurred on its behalf. During the year, the Centre incurred total operating costs of \$7,503 [2025 – \$5,709] on behalf of Information Technology Purchased Services. As at March 31, 2026, the Centre owed \$1,350 [2025 – \$2,726] to Information Technology Purchased Services with respect to these costs. The Centre paid \$16 [2025 – \$18] to Information Technology Purchased Services for the Centre's share of operating costs during the year.

#### [e] Episign Inc. ["Episign"]

Episign was incorporated as a joint venture ["JV"] between the Centre and a third party to engage in ongoing research and development to discover DNA methylation patterns for new conditions and rare disorders. The Centre has a 50% interest in Episign.

The services purchased from Episign for the year ended March 31, 2026 were \$973 [2025 – \$972]. As at March 31, 2026, the Centre owed \$216 [2025 – \$290] to Episign. This amount is included in accounts payable and accrued charges.

The Centre's share of the joint ventures' assets, liabilities, operations and cash flows are as follows:

	2026		
	PaLM	Other	Total
	\$	\$	\$
Centre's share of current year revenue	81,788	24,189	105,977
Centre's share of current year expenses	(83,290)	(24,090)	(107,380)
Centre's share of current year net gain (loss)	(1,502)	99	(1,403)
Centre's share of total assets	10,045	19,059	29,104
Centre's share of total liabilities	1,889	15,788	17,677
Centre's share of cash provided by (used in) operating activities	659	(3,840)	(3,181)
Centre's share of cash used in investing activities	(2,641)	(424)	(3,065)
Centre's share of cash used in financing activities	(562)	(181)	(743)
Centre's share of cash used in operating, investing and financing activities	(2,544)	(4,445)	(6,989)

## London Health Sciences Centre

### Notes to financial statements

[in thousands of dollars]

March 31, 2026

	<b>2025</b>		
	<b>PaLM</b>	<b>Other</b>	<b>Total</b>
	\$	\$	\$
Centre's share of current year revenue	76,641	22,715	99,356
Centre's share of current year expenses	(78,372)	(22,631)	(101,003)
Centre's share of current year net gain (loss)	(1,731)	84	(1,647)
Centre's share of total assets	10,113	16,818	26,931
Centre's share of total liabilities	2,483	13,398	15,881
Centre's share of cash provided by (used in) operating activities	151	(9,501)	(9,350)
Centre's share of cash used in investing activities	(2,220)	(706)	(2,926)
Centre's share of cash provided by (used in) financing activities	(308)	234	(74)
Centre's share of cash used in operating, investing and financing activities	(2,377)	(9,973)	(12,351)

Other includes Western ProResp Inc., Healthcare Materials Management Services, Information Technology Purchased Services and Episign Inc.

#### 18. Clinical education

The Centre provides education to medical students, residents and fellows, for which it receives funding from the MOH. Any unspent funds are returned to the MOH and any over-expenditure is the responsibility of the Centre. The total of revenue and expenses is included in the Centre's statement of operations.

During the year, the Clinical Education program incurred expenses and received funding from the MOH as follows:

	<b>2026</b>	<b>2025</b>
	\$	\$
Revenue	<b>90,014</b>	87,438
Expenses	<b>90,014</b>	87,439
<b>Excess of expenses over revenue</b>	—	(1)

#### 19. MOH and OH one-time revenue

During the year, the Centre received one-time funding from the MOH and OH in the amount of \$150,000 [2025 – \$100,000] to address in-year financial and operating pressures affecting existing programs and services.

#### 20. Comparative financial statements

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 2026 financial statements.