Vitalité Health Network
(Regional Health Authority A)
Financial Statements
March 31, 2026

Contents

Raymond Chabot
Grant Thornton

Independent auditor's report

Raymond Chabot
Grant Thornton LLP
507 Victoria Street
Edmundston, New Brunswick
E3V 2K9

T 506-739-1144

To the Directors of Vitality Health Network
(Regional Health Authority A)
To the Minister of Health
Province of New Brunswick

Qualified opinion

We have audited the consolidated financial statements of Vitality Health Network (hereafter "the Network") included in the audited section of the annual financial report, which comprise the statement of financial position as at March 31, 2026, and the statement of operations, accumulated surplus, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matters described in the "Basis for qualified opinion" section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Network as at March 31, 2026, and the results of its operations, revaluation gains and losses and changes in net debt, and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for qualified opinion

The Network recognized a liability for asset retirement obligations in the statement of financial position as at March 31, 2026 and 2025. We were unable to obtain sufficient appropriate audit evidence about the amounts recognized and the disclosures made in respect of asset retirement obligations. Therefore, we were unable to determine whether adjustments might be necessary to the amounts recognized as a liability for asset retirement obligations as at March 31, 2026 and 2025, and to the accumulated surplus as at April 1, 2025 and 2024 and March 31, 2026 and 2025. This situation has led us to express a qualified opinion on the financial statements for the year ended March 31, 2026, as we did for the financial statements for the year ended March 31, 2025, due to the possible effects of this limitation in the scope of our audit.

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 Network in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 qualified 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 Network'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 Network or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing the Network'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 consolidated 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 Network'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 Network'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 Network 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.

[redacted]

Chartered Professional Accountants

Edmundston
June 23, 2026

Vitalité Health Network
Financial Position

	March 31, 2026	March 31, 2025
Financial assets		
Cash	$ **13,988,065**	$ 24,589,577
Cash - patients trust funds	**105,736**	45,123
Accounts receivable (Note 3)	**151,796,875**	162,726,000
Estimated year end adjustment from the Province (Note 4)	**3,951,593**	3,874,922
Temporary investments (Note 5)	**4,657,214**	8,396,091
	174,499,483	199,631,713
Liabilities		
Patients trust funds	**105,736**	45,123
Accounts payable and accrued liabilities (Note 6)	**136,764,605**	168,373,202
Deferred revenues (Note 7)	**2,857,479**	3,869,770
Deferred capital revenues (Note 9)	**30,515,232**	164,544,466
Accrued employee benefits (Note 8)	**111,367,652**	101,235,998
Capital lease obligation (Note 12)	**68,884,893**	71,178,051
Asset retirement obligation (Note 24)	**24,002,936**	24,229,406
	374,498,533	533,476,016
Net financial debt	**(199,999,050)**	(333,844,303)
Non-financial assets		
Tangible capital assets (Note 10)	**602,001,640**	593,571,389
Prepaid expenses and supplies (Note 11)	**17,908,301**	17,278,415
	619,909,941	610,849,804
Accumulated surplus	$ **419,910,891**	$ 277,005,501

Contingencies (Note 14)
Commitments (Note 15)

On behalf of the Board

[redacted] Director

[redacted] Director

See accompanying notes to the financial statements.

Vitalité Health Network
Operations

For the year ended	Budget	March 31, 2026	March 31, 2025
Revenues			
Department of Health	$ 968,812,016	$ 1,048,187,884	$ 998,504,991
Federal Programs	6,533,092	8,821,253	7,580,450
Patients recoveries	33,084,374	29,125,679	29,169,626
Recoveries and sales	7,099,629	32,659,037	42,563,988
	1,015,529,111	1,118,793,853	1,077,819,055
Expenses (Note 18)			
Nursing inpatient services	218,656,529	312,128,519	323,316,911
Ambulatory care services	118,325,729	158,188,946	163,219,228
Diagnostic and therapeutic services	238,614,258	254,926,659	240,292,258
Community services	89,011,683	99,181,060	89,194,491
Education and Research	17,921,332	19,504,366	18,563,682
Medicare	100,771,319	113,009,085	99,617,817
Support services	194,363,391	202,620,308	204,163,822
Administrative services	36,671,929	35,972,080	52,377,623
Auxiliary services	1,192,941	2,674,665	1,950,044
	1,015,529,111	1,198,205,688	1,192,695,876
Annual operations deficit	-	(79,411,835)	(114,876,821)
Financing of the deficit relating to the Ministry of Health operations (Note 23)		79,411,835	114,876,821
Annual opeating deficit before adjustments below	-	-	-
Adjustment of prior year end settlements	-	(186,870)	(9,778)
Capital revenues	15,210,640	178,182,726	9,112,579
Amortization of tangible capital assets	(36,000,000)	(33,759,266)	(35,175,076)
Provision for sick pay obligation	(800,000)	(1,331,200)	(913,700)
Annual surplus (deficit)	$ (21,589,360)	$ 142,905,390	$ (26,985,975)

See accompanying notes to the financial statements.

Vitalité Health Network
Accumulated surplus

For the year ended	March 31, 2026	March 31, 2025
Accumulated surplus, beginning of year	**$ 277,005,501**	$ 303,991,476
Annual surplus (deficit)	**142,905,390**	(26,985,975)
Accumulated surplus, end of year	**$ 419,910,891**	$ 277,005,501

See accompanying notes to the financial statements.

Vitalité Health Network
Changes in Net Financial Debt

For the year ended	March 31, 2026	March 31, 2025
Annual surplus (deficit)	**$ 142,905,390**	$ (26,985,975)
Acquisition of tangible capital assets	**(42,189,517)**	(19,198,463)
Amortization of tangible capital assets	**33,759,266**	35,175,076
	(8,430,251)	15,976,613
Increase in prepaid expenses and supplies	**(629,886)**	(3,932,020)
Net financial debt decrease (increase)	**133,845,253**	(14,941,382)
Net financial debt at beginning of year	**(333,844,303)**	(318,902,921)
Net financial debt at end of year	**$ (199,999,050)**	$ (333,844,303)

See accompanying notes to the financial statements.

Vitalité Health Network
Cash Flows

For the year ended	March 31, 2026	March 31, 2025
OPERATIONS		
Annual surplus (deficit)	**$ 142,905,390**	$ (26,985,975)
Non-cash items		
Deferred capital revenues transferred to revenues	**(158,379,867)**	(2,355,887)
Amortization of tangible capital assets	**33,759,266**	35,175,076
Change in working capital items (Note 13)	**(15,203,913)**	24,692,895
	3,080,876	30,526,109
Capital investment		
Deferred capital revenues received during the year	**24,350,633**	14,299,634
Tangible capital assets additions	**(39,252,270)**	(19,198,463)
	(14,901,637)	(4,898,829)
Investing		
Decrease (increase) in temporary investments	**$ 3,738,877**	$ (392,338)
Financing		
Repayment of capital lease obligation	**$ (2,293,158)**	$ (2,169,308)
Asset retirement obligation	**$ (226,470)**	$ (64,595)
	$ (2,519,628)	$ (2,233,903)
Net (decrease) increase in cash	**(10 601 512)**	23 001 039
Cash , beginning of year	**24,589,577**	1,588,538
Cash, end of year	**$ 13,988,065**	$ 24,589,577

See accompanying notes to the financial statements.

1 - STATUTES AND NATURE OF OPERATIONS

The Regional Health Authority A, was incorporated under the laws of the Province of New Brunswick on September 1, 2008. It operates as Vitalité Health Network (the "Network"). The Network included the previous Regional Health Authorities as follows: Regional Health Authority 1 (Beauséjour), Regional Health Authority 4, Regional Health Authority 5 and Regional Health Authority 6.

The principal activity of the Network is providing for the delivery and administering of health services to the people of New Brunswick. Through a network of hospitals, health centers and specialty centers the Network provides programs and services ranging from primary care to specialized and tertiary services. Community based services, such as Addiction Services, Community Mental Health and Public Health are located in several communities.

The Vitalité Health Network is funded primarily by the Province of New Brunswick in accordance with budget arrangements established by the Department of Health.

2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements are prepared in accordance with Canadian public sector accounting standards established by the Canadian Public Sector Accounting Board.

Accounting estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to the financial statements. These estimates are based on management's best knowledge of current events and actions that the organization may undertake in the future. Areas of significant estimate include allowance for doubtful accounts, the estimated year end adjustment, the sick pay accrual, the tangible asset retirement obligation and the estimated useful lives of the tangible capital assets. Actual results may differ from these estimates.

Revenue recognition

Revenues are recognized on the accrual basis and measurable as they are earned. Revenue received prior to being earned is recorded as deferred revenue until such time as the revenue is earned.

Subsidies from the government of New Brunswick or any other government, or from organizations included in their accounting scope, received or receivable, are recognized as revenue in the fiscal year during which the transferor duly authorized them and when the beneficiary Network has met all eligibility criteria, if any.

In the presence of precise stipulations imposed by the transferor regarding the use of resources or the actions that the beneficiary Network must take to preserve them, or in the presence of general stipulations and actions or communications from the Network, government subsidies are first recognized as deferred revenue, then passed to earnings as stipulations are met.

Amounts without allocation determined by the donor or under the express condition of providing the establishment with capital to be preserved for an indefinite period are recognized as income for the financial year of the donation.

The sums received for the constitution of an endowment of a fixed duration or encumbered by an external allocation are first recorded as deferred revenue, then recognized as revenue in the financial year during which they are used for the prescribed purposes in the agreement. When the sums received exceed the costs of carrying out the project or activity, according to the purposes prescribed in the agreement, this excess must be recorded as income in the fiscal year during which the project or activity is completed, unless the agreement provides for the use of the balance, where applicable, for other purposes. Likewise, if a new written agreement is concluded between the parties, it is possible to recognize deferred revenue, if this agreement provides for the purposes for which the balance must be used.

2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Donations of capital assets or donations of cash to purchase them are recognized as revenue in the fiscal year in which they occur.

Patient revenues includes amounts payable according to the rates established by the Ministry of Health. These revenues are recognized at the time of provision of services and are reduced by deductions, exemptions and exemptions granted to some of them.

Recoveries and sales represent revenue earned other than revenue from providing services to patients and are recognized in revenue as services are rendered.

Capital revenues are the revenues received from the Ministry of Health for assets added during the current year and is recognized in the same financial year as the asset is added.

Expenses recognition

Expenses are recorded on the accrual basis as they are incurred and measurable based on receipt of goods or services and obligation to pay.

Cash and cash equivalents

The Network's policy is to present cash (bank overdraft) and investments having a term of three months or less with cash and cash equivalents.

Tangible capital assets

Tangible capital assets are physical assets used to provide Network services and Network administration, and will be used on a regular basis for a period greater than one year and are not surplus properties held for resale or disposal.

Tangible capital assets are recorded at cost, which includes all amounts directly attributable to acquisition, construction, development or betterment of the asset, and are amortized on a straight-line basis over their estimated useful lives. Amortization begins in the year after the asset has been put to use. Assets under construction are not amortized until they are put into use. Descriptions and useful lives are as follows:

	Rates
Land: all land owned by the Network, including land under buildings.	*n/a*
Land improvements: includes major landscaping projects, parking lots, and similar assets.	5 - 20%
Buildings: all Network owned or lease capital buildings, as single assets or broken into components: structural, interior, exterior, mechanical, electrical, specialty items and equipment, and site works.	2 - 10%
Equipment: includes information technology assets, medical equipment, motorized fleet equipment.	4 - 50%
Vehicles: all Network vehicles including cars, trucks and similar assets.	6 - 20%
Leasehold improvements: includes major improvements to leased buildings.	5 - 10%

Tangible capital assets are depreciated when conditions indicate that they no longer contribute to the Network's ability to provide services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net depreciations are accounted for as expenses in the statement of operations.

2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Prepaid expenses and inventory

Prepaid expenses and supplies consist of consumables including drugs, food, fuel, medical, surgical and general supplies, and prepayment of service contracts which are charges to expense over the period of expected benefit or usage.

Inventory is valued at the lower of average cost and net realizable value with cost determined on the average cost basis. Net realizable value is determined to be replacement cost.

Asset retirement obligations

Asset retirement obligations are accounted for once all the following conditions are met:

- There is a legal obligation requiring the entity to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event that gave rise to the liability is overcome;
- It is expected that economic benefits will be given up;
- It is possible to make a reasonable estimate of the amount involved.

The liability includes costs directly attributable to asset retirement activities, including operations, maintenance and monitoring activities after retirement.

Upon initial recognition of a liability for an asset retirement obligation, the Network recognizes a retirement cost as an increase in the cost of the tangible asset (or component) of the same amount as the liability. The retirement cost is thus recognized as an expense over the useful life of the tangible asset (or component), in accordance with the amortization method of said asset.

The liabilities are revised annually based on the best information available at the date of the financial statements. When the tangible asset in question is put to productive use, the annual variation is recorded in the results of the financial year when it results from the passing of time or as an adjustment to the cost of the tangible asset in question when this results from a revision of timing, the amount of the original estimate of undiscounted cash flows or discount rate. Any change made to the valuation of obligations related to the asset retirement obligation of a tangible capital asset no longer subject to productive use is recognized as an expense in the period in which it occurs.

Financial instruments

The financial instruments are recorded at cost at the moment of the initial recognition. Temporary investments that are listed on an active market are presented at fair value. All other financial instruments are subsequently recognized at cost or amortized cost unless management has chosen to record them at fair value

Changes in fair value are reflected in the statement of revaluation gains and losses, where applicable.

The costs related to the acquisition of financial instruments that were previously evaluated at fair value are recognized as an expense when they are incurred. All other financial instruments are adjusted according to the transaction costs at the moment of the acquisition as well as financing fees, which are amortized on a linear method.

Once a year, all financial assets are submitted to an amortization test. If it is judged that there is a durable reduction of value, the amount is recorded in the statement of operations.

The PSAB requires public organizations to classify its evaluations at fair value according to a hierarchy of fair values according to the following three levels:

Level 1 - Prices not adjusted on active markets for similar assets or liabilities;

Level 2 - Observable entries on the market, other than those at level 1, such as similar assets and liabilities on markets that are not actives;

Level 3 - Observables entries that are not available because there is little to no activity on markets and that are important for the evaluation of fair value.

All financial instruments evaluated at fair value are at Level 1.

3 - ACCOUNTS RECEIVABLE

		2026		2025
Province of New Brunswick:				
Medicare	$	**20,189,525**	$	10,264,366
Equipment contributions		**7,333,324**		11,050,355
Provincial plan		**87,809,132**		106,142,230
		115,331,981		127,456,951
Patients, less allowance for doubtful accounts		**9,003,099**		9,942,698
Harmonized sales tax		**4,633,767**		5,319,353
Other		**22,828,028**		20,006,998
	$	**151,796,875**	$	162,726,000

The allowance for doubtful accounts included in the accounts receivable from patients is $3,727,858 ($2,844,446 in 2025).

4 - ESTIMATED YEAR END ADJUSTMENT FROM THE PROVINCE

		2026		2025
Year-end settlement receivable for the deficit in patient revenues	$	**3,951,593**	$	3,874,922

For 2026, the year-end settlement corresponds to the net deficit in patients recoveries of $3,951,593. For 2025, the year-end settlement corresponds to the net deficit in patients recoveries of $3,874,922.

5 - TEMPORARY INVESTMENTS

		2026		2025
Fixed revenue securities	$	**4,657,214**	$	6,148,491
Stock exchange listed securities	$	**-**	$	2,247,600
Fixed income securities and funds	$	**4,657,214**	$	8,396,091

6 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		2026		2025
Accounts payable	$	**89,961,605**	$	90,639,271
Salaries and benefits payables		**46,803,000**		77,733,931
	$	**136,764,605**	$	168,373,202

The amounts to be remitted to the government totals $2,482,210 as of March 31, 2026 ($3,639,404 as of March 31, 2025).

7 - DEFERRED REVENUES

March 31, 2026	**Balance beginning year**	**Receipts during year**	**Transferred to revenue**	**Balance at end of year**
Deferred revenues	**$ 3,869,770**	**$ 1,810,713**	**$ (2,823,004)**	**$ 2,857,479**

March 31, 2025	Balance beginning year	Receipts during year	Transferred to revenue	Balance at end of year
Deferred revenues	$ 3,839,123	$ 2,531,424	$ (2,500,777)	$ 3,869,770

8 - ACCRUED EMPLOYEE BENEFITS

	2026	2025
Accrued vacation pay	**$ 48,018,125**	$ 41,647,784
Overtime payable	**6,692,121**	5,309,162
Statutory holidays payable	**6,575,006**	5,527,852
Sick pay obligation	**50,082,400**	48,751,200
	$ 111,367,652	$ 101,235,998

9 - DEFERRED CAPITAL REVENUES

March 31, 2026	**Balance beginning year**	**Receipts during year**	**Transferred to revenue**	**Balance at end of year**
Deferred capital revenues	**$ 164,544,466**	**$ 24,350,633**	**$ (158,379,867)**	**$ 30,515,232**

March 31, 2025	Balance beginning year	Receipts during year	Transferred to revenue	Balance at end of year
Deferred capital revenues	$ 152,600,719	$ 14,299,634	$ (2,355,887)	$ 164,544,466

10 - TANGIBLE CAPITAL ASSETS

	Land	Land improvements	Buildings	Materials and equipment	Vehicles	Leasehold improvement	Work in process	Capital lease equipment	Capital lease building	2026 Total
Cost										
Opening balance	$ 3,652,772	$ 8,659,406	$ 713,577,186	$ 238,324,525	$ 791,172	$ 5,286,068	$ 164,544,466	$ 5,583,690	$ 144,000,000	$ 1,284,419,285
Additions	-	-	9,198,572	8,640,312	-	-	24,350,633	-	-	42,189,517
Transfers of work in progress	-	-	143,243,927	15,135,940	-	-	(158 379 867)	-	-	-
Write-downs/disposals	-	-	-	(6,123,412)	-	-	-	-	-	(6,123,412)
Closing balance	3,652,772	8,659,406	866,019,685	255,977,365	791,172	5,286,068	30,515,232	5,583,690	144,000,000	1,320,485,390
Accumulated amortization										
Opening balance	-	4,081,904	457,734,314	185,411,799	591,588	4,134,046	-	2,894,245	36,000,000	690,847,896
Amortization	-	247,190	16,967,455	12,550,475	19,958	150,068	-	224,120	3,600,000	33,759,266
Write-downs/disposals	-	-	-	(6,123,412)	-	-	-	-	-	(6,123,412)
Closing balance	-	4,329,094	474,701,769	191,838,862	611,546	4,284,114	-	3,118,365	39,600,000	718,483,750
Net book value	$ 3,652,772	$ 4,330,312	$ 391,317,916	$ 64,138,503	$ 179,626	$ 1,001,954	$ 30,515,232	$ 2,465,325	$ 104,400,000	$ 602,001,640

10 - TANGIBLE CAPITAL ASSETS

	Land	Land improvements	Buildings	Materials and equipment	Vehicles	Leasehold improvement	Work in process	Capital lease equipment	Capital lease building	2025 Total
Cost										
Opening balance	$ 3,652,772	$ 8,659,406	$ 713,577,186	$ 239,367,222	$ 591,588	$ 5,286,068	$ 152,600,719	$ 5,583,690	$ 144,000,000	$ 1,273,318,651
Additions	-	-	-	4,699,245	199,584	-	14,299,634	-	-	19,198,463
Transfers of work in progress	-	-	-	2,355,887	-	-	(2 355 887)	-	-	-
Write-downs/disposals	-	-	-	(8,097,829)	-	-	-	-	-	(8,097,829)
Closing balance	3,652,772	8,659,406	713,577,186	238,324,525	791,172	5,286,068	164,544,466	5,583,690	144,000,000	1,284,419,285
Accumulated amortization										
Opening balance	-	3,834,714	440,531,717	179,781,098	591,588	3,961,407	-	2,670,125	32,400,000	663,770,649
Amortization	-	247,190	17,202,597	13,728,530	-	172,639	-	224,120	3,600,000	35,175,076
Write-downs/disposals	-	-	-	(8,097,829)	-	-	-	-	-	(8,097,829)
Closing balance	-	4,081,904	457,734,314	185,411,799	591,588	4,134,046	-	2,894,245	36,000,000	690,847,896
Net book value	$ 3,652,772	$ 4,577,502	$ 255,842,872	$ 52,912,726	$ 199,584	$ 1,152,022	$ 164,544,466	$ 2,689,445	$ 108,000,000	$ 593,571,389

11 - PREPAID EXPENSES AND INVENTORY

		2026		2025
Drugs	$	**9,544,503**	$	8,889,854
Food		**70,829**		93,097
Medical, surgical and supplies		**3,807,030**		4,231,139
Services contracts and prepaid expenses		**4,485,939**		4,064,325
	$	**17,908,301**	$	17,278,415

12 - CAPITAL LEASE OBLIGATION

Minimum payments for the years to come in relation to the capital lease contract expiring July 2031 and October 2044 and balance of the capital lease obligation coming from these contracts:

		2026		2025
2026		**-**		6,293,704
2027		**6,293,704**		6,293,704
2028		**6,293,704**		6,293,704
2029		**6,293,704**		6,293,704
2030		**6,293,704**		6,293,704
2031		**6,293,704**		6,293,704
2032-2044		**79,618,379**		79,618,377
Total minimum lease payments under the lease		**111,086,897**		117,380,601
Amount representing the interest calculated at 4.5% and 5.743%		**(42,202,004)**		(46,202,550)
Capital lease obligation balance	$	**68,884,893**	$	71,178,051

The first capital lease obligation is a contract between the Network and Fondation de l'Hôpital Régional Chaleur Inc. for a period of 20 years. The Network has agreed to disburse minimum monthly payments of $35,325 and an additional amount for the savings that the lease equipment generates. During 2026, the Network paid $226,650 ($274,711 in 2025) to the foundation for the savings generated and this amount is recorded in the expenses of maintenance and operating.

The second capital lease obligation is a contract between the Minister of Transportation and Infrastructure and the Minister of Health of New Brunswick and Rainbow1 Partner Inc. for the Restigouche Hospitality Center for a period of 30 years. The Network has agreed to disburse minimum monthly payments of $489,150.

13 - INFORMATION INCLUDED IN CASH FLOWS

The changes in working capital items are detailed as follows:

		2026		2025
Decrease (increase) in accounts receivable	$	**10,929,125**	$	(55,169,556)
Decrease (increase) in estimated year end adjustment from the Province		**(76,671)**		63,777
Increase of prepaid expenses and supplies		**(629,886)**		(3,932,020)
Increase (decrease) in accounts payable and accrued liabilities		**(34,545,844)**		80,194,958
Increase (decrease) in deferred revenues		**(1,012,291)**		30,647
Increase in accrued employees benefits		**10,131,654**		3,505,089
	$	**(15,203,913)**	$	24,692,895

Transactions with no effect on cash flow are not presented in the flow and affect the following items: "Accounts payable and accrued liabilities" for an amount of $2,937,247 and "Tangible capital assets" for an amount of ($2,937,247).

14 - CONTINGENCIES

Contingent liabilities

Management believes that the Network has valid defenses and appropriate insurance coverages in place with respect to claims pending at the end of the year.

The Network is covered under the Health Services Liability Protection Plan which is underwritten by the Province of New Brunswick and administered by Health Care Insurance Reciprocal of Canada ("HIROC").

The Network is the subject of legal proceedings; a provision based on management's best estimates has been recorded in the financial statements in this regard.

Collective agreement

As of March 31, 2026, one collective agreement has expired.The collective agreements of the Canadian Union of Public Employees of New-Brunswick relating to the medical science professionals group has been expired since March 31, 2024. As of March 31, 2026 and 2025, a provision based on management's best estimates has been recognized in the financial statements in this respect.

15 - COMMITMENTS

The Network has lease commitments for equipment rental and purchase contracts for goods and services expiring at various dates. Minimum payments payable over the next five years are as follows:

2027	$	25,145,651
2028		13,355,543
2029		8,897,483
2030		4,605,959
2031		1,177,988

16 - DONATIONS FROM THE FOUNDATIONS

The Network holds a financial interest in many foundations and auxiliary services which are registered not-for-profit organizations established in various communities. They have a purpose of raising, investing and distributing funds to the Network for the enhancement of its services and facilities.

During the year, the Network received donations from the following foundations:

		2026		2025
Fondation Hôpital Dr.-Georges-L.-Dumont Inc. (Moncton)	**$**	**1,909,798**	$	1,313,732
Les ami.e.s de l'Hôpital Stella-Maris-de-Kent.		**-**		22,996
La Fondation de l'Hôpital régional d'Edmundston Inc.		**463,183**		190,228
La Fondation des Amis de l'Hôpital Général de Grand-Sault Inc.		**155,263**		3,500
Fondation Dr. Romaric Boulay Inc. (St-Quentin)		**22,515**		18,626
Fondation des Amis de la Santé (Campbellton)		**103,336**		113,763
Fondation de l'Hôpital régional Chaleur Inc. (Bathurst)		**868,778**		533,688
Fondation de l'Hôpital de l'Enfant-Jésus Inc. 1988 (Caraquet)		**38,064**		95,922
La Fondation de l'Hôpital de Lamèque Inc.		**17,167**		10,511
Fondation Les Amis de l'Hôpital de Tracadie Inc.		**206,621**		30,559
	$	**3,784,725**	$	2,333,525

17 - EMPLOYEE FUTURE BENEFITS

Pension plan

Network employees are members of a pension plan established by the Province of New Brunswick in accordance with the Pension Benefits Act. The province of New Brunswick is responsible for funding this plan. Effective April 1, 2014, the ministry takes responsibility for making annual employer dues payments for the majority of unionized employees. As of March 31, 2026, Vitalité's contributions amounted to $7,302,652 ($6,769,630 in 2025).

Vacation pay and overtime accrual

Vacation pay and overtime is accrued to year end. Related funding from the Department of Health is recorded when received.

Sick pay accrual

The cost of the obligation made for sick leave benefits is actuarially determined using the best estimates of management on wage increases, the number of sick days accumulated at retirement, and inflation and long-term discount.

Significant economic and demographic assumptions used in the actuarial valuation are:

Discount rate:	4.58 % per annum - equal to Province's long-term borrowing rate of 15 years
Rate of compensation increase:	For employees with a CUPE contract, Vitalité has chosen to assume that the hourly wage rate will increase by $1.30 per hour in 2026, $1.60 per hour in 2027, and then at a rate of 2.5% per year thereafter. For other employees, annual wages are assumed to increase at a rate of 2.25% per year for two years, at a rate of 2.00% per year for one year, and at a rate of 2.5% per year thereafter.
Retirement age:	age 61

Based on actuarial valuation of the liability, the results at March 31, 2026 are as follows:

		2026		2025
Accrued sick pay obligation, beginning of year	**$**	**48,751,200**	$	47,837,500
Current service cost		**7,075,500**		6,522,700
Interest on obligation		**2,507,700**		2,505,600
Loss experience		**792,900**		585,600
Benefit payments		**(9,044,900)**		(8,700,200)
Accrued sick pay obligation, end of year	**$**	**50,082,400**	$	48,751,200

Retirement allowance accrual

The management personnel and the non-union employees, the employees of the New Brunswick Nurses Union, which includes nurse managers and nurse supervisors, the New Brunswick Union of Public and Private Employees, which includes the Specialized Health Care Professionals (SHPC) group and the Medical Science Professionals (MSP) group, all received the option to cash in their retirement allowance. The employees who don't use the option to cash in willingly can do so at the time of their retirement. For the SHPC and MSP groups, the retirement allowance stopped to cumulate in March 2019. For the management personnel and the non-union employees, the accumulation of the retirement allowance stopped on March 31, 2013. For the nurses, nurse managers and nurse supervisors, the accumulation of their retirement allowance is continuing for those who did not already cashed in their allowance, and they still have the option of cashing in whenever they desire. The employees of the Canadian Union of Public Employees did not received those options yet, and will continue to accumulate retirement allowances. Their collective agreement will only expire on June 30, 2028. The Province of New Brunswick funds these retirement benefits through separate funding from the annual operations and is responsible for the calculation of the benefits. No contingent liability has been recorded by the Network.

18 - EXPENSES BY OBJECT

		2026		2025
Salaries	$	**782,668,168**	$	763,508,809
Benefits		**79,864,680**		68,931,393
Medical and surgical supplies		**49,465,457**		49,134,138
Drugs		**68,685,526**		66,967,479
Other services		**91,030,148**		84,854,035
Other supplies		**127,822,909**		160,213,696
Amortization		**33,759,266**		35,175,102
Total	$	**1,233,296,154**	$	1,228,784,652

19 - RELATED PARTIES

Horizon Health Network (Regional Health Authority B) was created at the same time as Vitalité Health Network through an act of the legislature. Horizon Health Network resulted from the merger of the Regional Health Authorities 1, 2, 3 and 7.

The new Service New Brunswick (Service NB) was launched on October 1st, 2015 to consolidate the common government services within a single body. The new organization includes the former Service New Brunswick, the Department of Government Services, FacilicorpNB and the New Brunswick Internal Services Agency.

Following the adoption of Bill 5 "An Act Respecting Extra-Mural Services" all extramural services were transferred to EM/ANB Inc. with the exception of services offered in schools, occupational therapy and physiotherapy.

The purchase and sale of materials and services were measured at exchange amounts as agreed between the related parties. The Harmonized Sales Tax (HST) is included when applicable.

		2026		2025
Transactions during the year				
Services sold to:				
Service NB	$	**336,933**	$	313,482
EM/ANB Inc.		**293,374**		389,228
Purchased services from:				
Service NB	$	**1,748,272**	$	1,120,523
EM/ANB Inc.		**254,175**		88,651
Balances at end of year				
Accounts receivable				
Service NB	$	**37,329**	$	37,036
EM/ANB Inc.		**47,460**		109,432
Accounts payable				
Service NB	$	**313,747**	$	10,077
EM/ANB Inc.		**-**		7,709

20 - FINANCIAL INSTRUMENTS

Risk management policy

The Network is exposed to various risks arising from its financial instruments. Financial risk management is carried out by the Network management.

During the year, there were no changes to risk management policies, procedures and practices relating to financial instruments. The following provides a measure of risk as of the year-end date.

Financial risks

Credit risk

Credit risk arises from the possibility that a counterparty doesn't fulfill its financial obligations. A significant portion of the accounts receivables is from the province of New Brunswick. The Network considers the credit risk associated with amounts receivable from the Province to be low. To mitigate its credit risk, the entity continuously monitors the collectibility of its receivables.

The book value of the main financial assets of the Network represents the maximum exposure to credit risk.

The overdue financial assets total $3,727,858 ($2,844,446 at March 31, 2025), and all have a maturity of less than two years. They are presented net of a provision for bad debts of $3,727,858 ($2,844,446 March 31, 2025).

The variation in the provision for doubtful accounts for the year is explained as follows:

		2026		2025
Opening balance	**$**	**2,844,446**	$	1,436,815
Impairment loss recognized in results and amounts written off		**3 413 935**		2 625 983
Provision canceled or recovered		**(569 489)**		(1 189 168)
Provision for doubtful accounts for the current year		**3 727 858**		2 844 446
Ending balance	**$**	**3,727,858**	$	2,844,446

Liquidity risk

Liquidity risk is the risk hat the entity can't fulfill its financial obligations on a timely basis and at a reasonable cost. The entity manages its liquidity by overseeing its financial needs to operate. The entity prepares a budget and establishes anticipated funds to make sure that there are sufficient funds to cover its obligations.

Market risk

Market risk corresponds to the risk of variations in the market values such as exchange or interest rates, which affect the revenues of this entity or changes in the value of the temporary investments or other financial instruments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flow fluctuate because of variations in the interest rate on the market. The revenue debentures fixed expose a risk to the entity in regards to its future cash flows. The entity mitigates this risk by diversifying its investments.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or exchange risk), whether these variations are caused by factors specific to the instrument in question or its issuer, or by factors affecting all similar financial instruments traded on the market.

Temporary investments indirectly expose the Network to other price risk.

21 - BUDGETED FIGURES

Budget figures in these financial statements have been approved by the Board of Directors of Vitalité Health Network for the financial year in question.

22 - ECONOMIC DEPENDENCE

The Network depends on funds received from the Department of Health to continue operations, replace essential equipment and complete its capital projects.

23 - DEFICIT FINANCING BY THE MINISTRY OF HEALTH

Funding for the operating deficit by the Ministry of Health of the Province of New Brunswick for 2025-2026 amounts to $79,411,835 ($114,411,835 March 31, 2025). This deficit is explained by the following amounts:

- Deficit related to operating activities $26,397,225 (Ongoing local and international recruitment initiatives for clinical staff $8,710,112, increased volume of patient visits, medical and surgical procedures and tests, laboratories and other supplies $8,737,159, expansion of security services in emergency and psychiatric units $2,764,297, external professional services to ensure continuity in certain areas experiencing staff shortages, primarily in pharmacy, diagnostic imaging and radiology $4,567,496, other operating expenses including equipment and infrastructure $1,618,161).

- Use of travel nurses through an agency at a cost of $44,849,689.

- Unforeseen expenses (salary retroactivity) $8,164,921 (Impact of rate increases on nurses' and CUPE leave banks $4,591,341 and retroactive payment in January 2026 affecting the employer's share of CPP and Employment Insurance $3,573,580).

24 - ASSET RETIREMENT OBLIGATION

The asset retirement obligation concerns the removal of regulated materials such as asbestos, lead, mercury, polychlorinated biphenyls (PCBs), refrigerants, ozone depleting substances, removal of oil storage tanks and water supply wells. Removal of regulated materials is governed by applicable government laws regarding environmental protection.

The main information related to the associated liability is as follows:

- The asset retirement costs are amortized using the straight-line method based on the remaining useful life of the buildings.
- The liability is based on current estimated costs. In the absence of detailed information from the province, the main sources of information for preparing these estimates were an expert appraiser with connections to remediation contractors and in-depth knowledge of regulated materials remediation. It was an office exercise aimed at providing an estimate based on the available information. The total estimated expenses is $24,002,936.
- Estimated remaining operational lifespan: 30 to 50 years.