London Health Sciences Foundation

Financial statements

March 31, 2026

Shape the future
with confidence

Independent auditor's report

To the Board of Directors of
London Health Sciences Foundation

Opinion

We have audited the financial statements of **London Health Sciences Foundation** [the "Foundation"], which comprise the statement of financial position as at March 31, 2026, and the statement of operations and changes in fund balances 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 Foundation as at March 31, 2026, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 Foundation 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 accounting standards for not-for-profit organizations, 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation'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 Foundation'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 Foundation'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 Foundation 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.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

London, Canada
June 18, 2026

London Health Sciences Foundation

Incorporated without share capital under the laws of Ontario

Statement of financial position

[in thousands]

As at March 31

	2026	**2025**
	$	$
Assets		
Cash *[note 3]*	**15,949**	20,633
Investments *[note 4]*	**172,890**	154,784
Investment in lottery joint venture *[note 5]*	**839**	839
Accounts receivable	**587**	252
Capital assets, net *[note 6]*	**234**	304
Other assets *[note 7]*	**893**	906
	191,392	177,718
Liabilities and fund balances		
Liabilities		
Accounts payable and accrued charges *[note 8]*	**1,470**	1,884
Deferred revenue	**142**	101
Total liabilities	**1,612**	1,985
Fund balances		
General Fund	**6,135**	25,874
Restricted Fund *[note 10]*	**132,584**	121,662
Endowment Fund	**51,061**	28,197
Total fund balances	**189,780**	175,733
	191,392	177,718

See accompanying notes

London Health Sciences Foundation

Statement of operations and changes in fund balances

[in thousands]

Year ended March 31

	General Fund		Restricted Fund		Endowment Fund		Total	
	2026	**2025**	**2026**	**2025**	**2026**	**2025**	**2026**	**2025**
	$	$	$	$	$	$	$	$
			[note 10]	*[note 10]*	*[note 10]*	*[note 10]*		
Fundraising, event and other revenue								
Donations	**3,619**	3,378	**21,151**	18,747	**91**	154	**24,861**	22,279
Equity earnings from lottery joint venture *[note 5]*	**1,045**	1,062	**—**	—	**—**	—	**1,045**	1,062
Events	**1,192**	1,505	**1,174**	1,510	**—**	—	**2,366**	3,015
Staff 50/50 Lottery	**1,944**	1,819	**—**	—	**—**	—	**1,944**	1,819
	7,800	7,764	**22,325**	20,257	**91**	154	**30,216**	28,175
Investment income	**5,691**	12,218	**175**	153	**1,295**	2,851	**7,161**	15,222
Fundraising and event expenses								
Fundraising	**1,253**	1,195	**3,406**	3,796	**—**	—	**4,659**	4,991
Events	**647**	762	**414**	438	**—**	—	**1,061**	1,200
Staff 50/50 Lottery	**1,026**	955	**—**	—	**—**	—	**1,026**	955
	2,926	2,912	**3,820**	4,234	**—**	—	**6,746**	7,146
Excess of revenue over expenses before the following	**10,565**	17,070	**18,680**	16,176	**1,386**	3,005	**30,631**	36,251
Other expenses								
Administration	**383**	333	**1,040**	1,058	**—**	—	**1,423**	1,391
Investment fees	**535**	486	**10**	4	**113**	117	**658**	607
Amortization	**21**	22	**49**	52	**—**	—	**70**	74
	939	841	**1,099**	1,114	**113**	117	**2,151**	2,072
Excess of revenue over expenses before disbursements for charitable activity	**9,626**	16,229	**17,581**	15,062	**1,273**	2,888	**28,480**	34,179
Disbursements for charitable activity								
Disbursements for capital	**—**	241	**1,448**	2,787	**—**	—	**1,448**	3,028
Disbursements for research and education	**105**	602	**9,313**	16,220	**2,254**	5,000	**11,672**	21,822
Disbursements for patient care areas	**383**	349	**930**	1,293	**—**	—	**1,313**	1,642
	488	1,192	**11,691**	20,300	**2,254**	5,000	**14,433**	26,492
Excess (deficiency) of revenue over expenses for the year	**9,138**	15,037	**5,890**	(5,238)	**(981)**	(2,112)	**14,047**	7,687
Fund balances, beginning of year	**25,874**	39,920	**121,662**	96,485	**28,197**	31,641	**175,733**	168,046
Interfund transfers, net *[note 11]*	**(28,877)**	(29,083)	**5,032**	30,415	**23,845**	(1,332)	**—**	—
Fund balances, end of year	**6,135**	25,874	**132,584**	121,662	**51,061**	28,197	**189,780**	175,733

See accompanying notes

London Health Sciences Foundation

Statement of cash flows

[in thousands]

Year ended March 31

	2026	2025
	$	$
Operating activities		
Excess of revenue over expenses for the year	**14,047**	7,687
Add (deduct) items not affecting cash		
Amortization	**70**	74
Unrealized loss (gain) on investments	**3,623**	(836)
	17,740	6,925
Changes in non-cash working capital balances related to operations		
Decrease (increase) in accounts receivable	**(335)**	504
Decrease (increase) in other assets	**13**	(186)
Increase in interest receivable on investments	**(118)**	(89)
Decrease in accounts payable and accrued charges	**(414)**	(253)
Increase (decrease) in deferred revenue	**41**	(78)
Cash provided by operating activities	**16,927**	6,823
Investing activities		
Cash withdrawn (invested)	**(12,500)**	10,000
Investment funds reinvested	**(9,111)**	(12,231)
Purchase of capital assets	**—**	(28)
Cash used in investing activities	**(21,611)**	(2,259)
Net increase (decrease) in cash during the year	**(4,684)**	4,564
Cash, beginning of year	**20,633**	16,069
Cash, end of year	**15,949**	20,633

See accompanying notes

Notes to financial statements

[in thousands]

March 31, 2026

1. Nature of the foundation

London Health Sciences Foundation [the "Foundation"] is a public foundation incorporated without share capital under the laws of Ontario, is registered under the *Income Tax Act (Canada)* and, as such, is exempt from income taxes and able to issue donation receipts for income tax purposes. The Foundation raises money, stewards donations and builds relationships with the community, primarily in support of the patient care, teaching, research missions and other high priority needs as identified by the London Health Sciences Centre ["LHSC"].

2. Summary of significant accounting policies

The financial statements have been prepared in accordance with Part III of the *CPA Canada Handbook – Accounting*, "Accounting Standards for Not-for-Profit Organizations", which sets out generally accepted accounting principles for not-for-profit organizations in Canada ["GAAP"] and includes the significant accounting policies summarized below.

[a] Fund accounting

In order to ensure observance of the limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of fund accounting. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by donors or in accordance with directives issued by the Board of Directors. Transfers between the funds are made when it is considered appropriate and authorized by the Board of Directors.

For financial reporting purposes, the accounts have been classified into the following funds:

[i] General Fund

The General Fund accounts for the Foundation's general fundraising and administrative activities. The General Fund reports unrestricted resources available for immediate purposes.

[ii] Restricted Fund

The Restricted Fund reports revenue that has a specific purpose as specified by the donor and the expenses incurred to raise these funds. It also reports the disbursements expended for these specific purposes. Amounts transferred into the Restricted Fund due to restrictions imposed by the Board of Directors are recognized as interfund transfers.

[iii] Endowment Fund

The Endowment Fund reports external resources that are required to be maintained by the Foundation on a permanent basis as specified by the donor. Also, included in the Endowment Fund is an internal component created through the Board of Directors. The internal endowment has the intention that the principal of this fund be maintained but may be drawn down to fund operating activities and disbursements as required and determined by the Board of Directors.

Notes to financial statements

[in thousands]

March 31, 2026

[b] Investments and investment income

Investment income, which consists of interest, dividends, income distributions from pooled funds and realized and unrealized gains and losses, is recorded in the statement of operations and changes in fund balances.

[c] Revenue recognition

Contributions, including donations, bequests and government assistance, are recorded in the accounts when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Life insurance policies that have named the Foundation as owner/beneficiary are recorded at the cash surrender value of the policy. The increase in cash surrender value from year to year is recorded as revenue in the appropriate fund.

[d] Contributed materials and services

Volunteers contribute many hours per year to assist the Foundation in carrying out its activities. Because of the difficulty in determining fair value, contributed services are not recognized in the financial statements. Contributed materials are also not recognized in the financial statements, unless the fair value can be reasonably determined.

[e] Capital assets

Capital assets are recorded at acquisition cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of the contribution. Amortization is provided on a straight-line basis over the assets' estimated useful lives as follows:

Office equipment	5–10 years
Computer equipment	3 years
Donor walls	10 years

[f] Joint venture

The Foundation has an interest in lottery fundraisers where there is joint control of lottery operations by the participating foundations. The Foundation follows the equity method of accounting for this joint venture. The investment in the lottery joint venture is initially recorded at cost, and the carrying value is adjusted thereafter to include the Foundation's share of earnings. Distributions of earnings from the joint venture reduce the carrying value of the investment.

[g] Financial instruments

The Foundation has elected to record all investments at fair value. Transactions are recorded on a trade date basis, and transaction costs are expensed as incurred.

Interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses from market fluctuations are included in investment income.

Notes to financial statements

[in thousands]

March 31, 2026

Other financial instruments, including accounts receivable, accounts payable and accrued charges are measured at amortized cost using the effective interest rate method, net of any provisions for impairment.

Determination of fair value

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, 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 the latest closing price. When independent prices are not available, fair values are determined by using valuation techniques that refer to observable market data.

[h] Administrative charge

An administrative charge is levied on restricted and endowed donations to sustain the operations of the Foundation *[note 10]*.

[i] Use of estimates

The preparation of financial statements in accordance with GAAP requires management to make certain estimates based on management's judgments. These estimates affect the reported amounts of assets and liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates.

[j] Allocation of expenses

The costs of each function include the costs of personnel and other expenses that are directly related to the function. General support and other similar costs are not allocated and are included in administration expenses on the statement of operations and changes in fund balances.

[k] Employee future benefits

Defined contribution plan accounting is applied to the multi-employer defined benefit plan, whereby contributions are expensed on an accrual basis, as the Foundation has insufficient information to apply defined benefit accounting.

3. Letter of credit

During the year, the Foundation issued a letter of credit for $2,647 to the Minister of Finance that relates to the fiscal 2026 Spring Dream Lottery. This letter of credit expires on August 1, 2026. The Foundation is indemnified by the other two participating foundations on the same percentage basis as their net proceeds' entitlement for fiscal 2026 *[note 5]*. The lottery joint venture has pledged its cash balance as collateral against this letter of credit.

Notes to financial statements

[in thousands]

March 31, 2026

4. Investments, financial instruments and risk management

Investments

Details of the fair values of investments are as follows:

	2026	**2025**
	$	$
Money market and treasury bills	**27,917**	18,508
Government bonds	**23,539**	26,065
Corporate bonds	**33,063**	24,203
Pooled mortgages	**13,258**	12,777
Canadian equities	**25,886**	24,806
US equities	**37,416**	38,154
International equities	**11,811**	10,271
	172,890	154,784

The Foundation recognized $3,619 of interest income during the year [2025 – $3,737]. The fair value of investments includes interest receivable of $562 [2025 – $445].

Bonds bear interest at varying rates between 0.90% and 7.283%. The bonds mature at varying dates between April 22, 2026 and March 31, 2086.

Financial instruments

The Foundation is subject to certain financial risks through transactions in financial instruments. The following provides information in assessing the Foundation's exposure to those risks. To manage these risks, the Foundation has established a target mix of investment types and currencies intended to achieve optimal return within reasonable risk tolerances.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Foundation is exposed to currency risk as certain investments held at year-end are denominated in foreign currencies. Approximately 18% [2025 – 20%] of its investment portfolio is denominated in United States dollars.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Foundation is exposed to interest rate risk on its fixed and floating interest rate financial instruments, including its Government of Canada corporate bonds and treasury bills.

Notes to financial statements

[in thousands]

March 31, 2026

Market price risk

Market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices [other than those arising from interest rate risk or currency risk]. The Foundation is exposed to market risk on its investment portfolio.

5. Lottery joint venture activities

In fiscal 2013, the Foundation entered into a joint venture agreement with St. Joseph's Health Care Foundation and the Children's Health Foundation [the "Venturers"] relating to future Dream lotteries, whereby the Venturers have contractually shared power to determine the strategic operating, investing and financing activities of the joint venture. The Foundation has made an accounting policy choice to account for its one-third interest in the joint venture, which has a January 31 year-end, using the equity method.

The Foundation's one-third share of the joint venture's assets, liabilities, operations and cash flows as at and for the year ended January 31 are as follows:

	2026	**2025**
	$	$
Foundation's share of total assets	**984**	921
Foundation's share of total liabilities	**984**	921
Foundation's share of net assets	**—**	—

	2026	**2025**
	$	$
Foundation's share of current year revenue	**3,273**	3,476
Foundation's share of current year expenses	**2,228**	2,414
Foundation's share of excess of revenue over expenses	**1,045**	1,062

The Foundation's share of cash used in (provided by) operating activities of the joint venture was $107 [2025 – $1,078].

Notes to financial statements

[in thousands]

March 31, 2026

6. Capital assets

Details of capital assets are as follows:

	2026		
	Cost	**Accumulated amortization**	**Net book value**
	$	$	$
Office equipment	**208**	**93**	**115**
Computer equipment	**29**	**14**	**15**
Donor walls	**171**	**67**	**104**
	408	**174**	**234**

	2025		
	Cost	**Accumulated amortization**	**Net book value**
	$	$	$
Office equipment	211	63	148
Computer equipment	85	50	35
Donor walls	171	50	121
	467	163	304

The above capital assets include assets under capital lease of $22 [2025 – $53] at cost, with accumulated amortization of $8 [2025 – $24].

7. Other assets

Details of other assets are as follows:

	2026	**2025**
	$	$
Prepaid expenses	**450**	472
Cash surrender value of life insurance policies	**443**	434
	893	906

The life insurance policies were donated to the Foundation, at which time the Foundation became the owner and beneficiary of the policies. These policies have a death benefit of $4,003 [2025 – $4,023].

Notes to financial statements

[in thousands]

March 31, 2026

8. Related party transactions

LHSC provides administrative support and payroll processing to the Foundation. This in-kind support has not been recorded in the financial statements of the Foundation. The net assets and results of operations of the Foundation are not included in LHSC's financial statements.

As at March 31, 2026, the Foundation has an amount payable to LHSC of $881 [2025 – $1,333]. Invoices are due upon receipt, and interest may be applied on past due accounts at a rate of 1.5% per month.

9. Healthcare of Ontario Pension Plan

Substantially all administrative employees of the Foundation are members of the Healthcare of Ontario Pension Plan ["HOOPP"]. HOOPP is a multi-employer defined benefit pension plan. Employer contributions made to HOOPP during the year amounted to $386 [2025 – $395].

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].

10. Restricted Fund and Endowment Fund

The Restricted Fund consists of both internally and externally restricted funds. Internally restricted funds represent unrestricted net assets that have been designated by the Board of Directors for specific purposes. Externally restricted funds represent donations whereby the donor has made a specific direction on the use of these funds.

	2026	**2025**
	$	$
Internally restricted	**26,030**	26,025
Externally restricted	**106,554**	95,637
	132,584	121,662

Externally restricted funds are primarily restricted for capital, research and education activities.

The Endowment Fund consists of both internally and externally endowed funds. Internally endowed funds represent unrestricted net assets that have been endowed by the Board of Directors. Externally endowed funds represent donations whereby the donor has made a specific direction to endow the funds.

	2026	**2025**
	$	$
Internally endowed	**25,000**	—
Externally endowed	**26,061**	28,197
	51,061	28,197

Notes to financial statements

[in thousands]

March 31, 2026

11. Interfund transfers

During the year ended March 31, 2026, the Board of Directors approved a transfer from the General Fund to the Restricted Fund and Endowment Fund of $28,877. This transfer included $25,000 to the Endowment Fund to create a Board endowed internally restricted fund, with the intention that the principal of this fund be maintained intact, but may be drawn down to fund operating activities and disbursements as required and determined by the Board of Directors. The transfer is net of an administrative charge to sustain the operations of the Foundation of $1,186 charged on restricted funds *[note 2[h]].*

In the prior year, the Board of Directors approved a transfer from the General Fund to the Restricted Fund and Endowment Fund of $29,083. This transfer included $25,000 for future commitments to LHSC related to local share funding for future capital projects. The transfer is net of an administrative charge to sustain the operations of the Foundation of $1,432 charged on restricted funds *[note 2[h]].*

In accordance with the Disbursement Policy of the Foundation, and as approved by the Board of Directors, a portion of the investment revenue earned on the Endowment Fund is transferred to the Restricted and General Funds to be available to spend in accordance with the restricted purpose of the endowed fund, as well as to cover administrative costs of managing the endowed funds.