

**Children's Hospital of Eastern Ontario
Foundation/La Fondation du Centre hospitalier
pour enfants de l'est de l'Ontario**

**Financial statements
December 31, 2025**



**Shape the future
with confidence**

Independent auditor's report

To the Directors of
Children's Hospital of Eastern Ontario Foundation
La Fondation du Centre hospitalier pour enfants de l'est de l'Ontario

Report on the audit of the financial statements

Opinion

We have audited the financial statements of **Children's Hospital of Eastern Ontario Foundation/La Fondation du Centre hospitalier pour enfants de l'est de l'Ontario** [the "Foundation"], which comprise the statement of financial position as at December 31, 2025, 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 December 31, 2025, 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.

Report on other legal and regulatory requirements

As required by the *Corporations Act* (Ontario), we report that, in our opinion, Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Ernst & Young LLP

Ottawa, Canada
April 30, 2026

Chartered Professional Accountants
Licensed Public Accountants



Children's Hospital of Eastern Ontario Foundation
La Fondation du Centre hospitalier pour enfants de l'est de l'Ontario
 Incorporated under the laws of the Province of Ontario

Statement of financial position



As at December 31

	2025	2024
	\$	\$
Assets		
Current		
Cash and cash equivalents	31,632,633	36,786,699
Short-term investments <i>[note 3]</i>	5,326,218	4,753,416
Interest and other receivables	2,866,867	2,582,683
Prepaid expenses	377,494	106,578
Total current assets	40,203,212	44,229,376
Long-term investments <i>[note 3]</i>	183,018,178	164,090,506
Capital assets, net <i>[note 5]</i>	223,356	147,163
Other assets	151,849	133,685
	223,596,595	208,600,730
Liabilities and fund balances		
Current		
Accounts payable and accrued liabilities <i>[note 8]</i>	6,398,502	13,761,861
Total current liabilities	6,398,502	13,761,861
Commitments <i>[note 10]</i>		
Fund balances <i>[note 6]</i>		
General Fund	11,452,969	14,926,268
Restricted Fund	161,356,450	113,994,267
Endowment Fund	44,388,674	65,918,334
Total fund balances	217,198,093	194,838,869
	223,596,595	208,600,730

See accompanying notes



Statement of operations and changes in fund balances

Year ended December 31

	General Fund		Restricted Fund		Endowment Fund		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue								
Lotteries <i>[note 13]</i>	13,073,022	13,521,552	—	—	—	—	13,073,022	13,521,552
Fundraising	16,139,134	13,841,378	25,322,789	16,405,722	2,023,050	4,804,716	43,484,973	35,051,816
Investment income <i>[note 3]</i>	16,799,713	18,748,789	2,420,600	3,176,239	951,149	1,192,628	20,171,462	23,117,656
Parking and miscellaneous revenue <i>[note 7]</i>	5,282,274	4,402,005	—	—	—	—	5,282,274	4,402,005
	51,294,143	50,513,724	27,743,389	19,581,961	2,974,199	5,997,344	82,011,731	76,093,029
Expenses								
Direct expenses <i>[note 7]</i>	16,389,439	15,005,255	—	—	—	—	16,389,439	15,005,255
Revenue, net of direct expenses	34,904,704	35,508,469	27,743,389	19,581,961	2,974,199	5,997,344	65,622,292	61,087,774
Indirect expenses <i>[note 9]</i>								
Other fundraising expenses	6,841,448	5,877,322	—	—	—	—	6,841,448	5,877,322
Administrative expenses	2,506,273	2,203,474	—	—	—	—	2,506,273	2,203,474
Excess of revenue over expenses before grants	25,556,983	27,427,673	27,743,389	19,581,961	2,974,199	5,997,344	56,274,571	53,006,978
Grants to CHEO, CHEO Research Institute and Roger Neilson Children's Hospice								
Capital and programs <i>[notes 8]</i>	—	—	33,868,627	23,543,745	—	—	33,868,627	23,543,745
Contribution of services	—	—	46,720	44,949	—	—	46,720	44,949
Total Grants	—	—	33,915,347	23,588,694	—	—	33,915,347	23,588,694
Excess (deficiency) of revenue over expenses for the year	25,556,983	27,427,673	(6,171,958)	(4,006,733)	2,974,199	5,997,344	22,359,224	29,418,284
Fund balances, beginning of year	14,926,268	23,292,763	113,994,267	83,612,892	65,918,334	58,514,930	194,838,869	165,420,585
Interfund transfers <i>[note 4]</i>	(29,030,282)	(35,794,168)	53,534,141	34,388,108	(24,503,859)	1,406,060	—	—
Fund balances, end of year	11,452,969	14,926,268	161,356,450	113,994,267	44,388,674	65,918,334	217,198,093	194,838,869

See accompanying notes

Children's Hospital of Eastern Ontario Foundation
La Fondation du Centre hospitalier pour enfants de l'est de l'Ontario

Statement of cash flows



Year ended December 31

	2025	2024
	\$	\$
Operating activities		
Excess of revenue over expenses before grants	56,274,571	53,006,978
Grants to qualified donees	(33,915,347)	(23,588,694)
Add (deduct) items not affecting cash		
Amortization	55,902	44,981
Realized Investment income	(15,312,132)	(9,889,248)
Unrealized Investment income	(4,148,079)	(11,276,711)
Donated shares	(1,376,280)	(975,628)
Other non-cash items	106,741	(31,558)
	<u>1,685,376</u>	<u>7,290,120</u>
Net change in non-cash working capital balances related to operations <i>[note 12]</i>	(7,936,623)	7,284,584
Cash provided (used in) by operating activities	<u>(6,251,247)</u>	<u>14,574,704</u>
Investing activities		
Purchase of capital assets	(132,095)	(40,228)
Withdrawals from (deposits to) externally managed investments, net	1,229,276	(14,002,431)
Cash provided by (used in) investing activities	<u>1,097,181</u>	<u>(14,042,659)</u>
Net (decrease) increase in cash during the year	(5,154,066)	532,045
Cash and cash equivalents, beginning of year	<u>36,786,699</u>	<u>36,254,654</u>
Cash and cash equivalents, end of year	<u>31,632,633</u>	<u>36,786,699</u>

See accompanying notes

**Children’s Hospital of Eastern Ontario Foundation
La Fondation du Centre hospitalier pour enfants de l’est de l’Ontario**

Notes to financial statements

December 31, 2025

1. Purpose of the Foundation

The Children’s Hospital of Eastern Ontario Foundation/La Fondation du Centre hospitalier pour enfants de l’est de l’Ontario [the “Foundation”] is incorporated under the laws of Ontario as a corporation without share capital. The Foundation is a registered charity under the *Income Tax Act* (Canada) and, while registered, is exempt from income taxes and may issue tax donation receipts.

The Foundation furthers the physical, mental and social well-being of children and their families in Eastern Ontario and Western Quebec and Nunavut by raising, managing and disbursing funds through its support of the Children’s Hospital of Eastern Ontario [“CHEO”], the CHEO Research Institute and Roger Neilson Children’s Hospice. The Foundation also promotes awareness of children’s health issues as well as CHEO’s achievements.

2. Summary of significant accounting policies

These financial statements are 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 and includes the significant accounting policies set out below.

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 the donors or in accordance with directives issued by the Board of Directors [the “Board”]. Transfers between the funds are made when it is considered appropriate, respects external restrictions and is authorized by the Board. To meet these objectives of financial reporting and stewardship over assets, certain interfund transfers are necessary to ensure the appropriate allocation of assets and liabilities to the respective funds. These interfund transfers are recorded in the statement of operations and changes in fund balances.

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

- [i] The General Fund accounts for the Foundation’s general fundraising, granting and administrative activities. Unless otherwise specified, any investment income earned is included in the General Fund.
- [ii] The Restricted Fund includes those funds where resources are to be used for an identified purpose as specified by the donor, as stipulated by the fundraising appeal or as determined by the Board.
- [iii] The Endowment Fund includes funds where either donor or internal restrictions require that the principal be invested by the Foundation in perpetuity. The investment income generated from assets held for endowment purposes must be used in accordance with the various purposes established by the donors or the Board.

**Children’s Hospital of Eastern Ontario Foundation
La Fondation du Centre hospitalier pour enfants de l’est de l’Ontario**

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Financial instruments

Investments are recorded at fair value. Transactions are recorded on a trade date basis and transaction costs are expensed as incurred.

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. Investment income earned on the Endowment Fund that must be spent on donor-restricted activities or stipulated to be added to the Endowment Fund is recognized as revenue in the Restricted Fund or the Endowment Fund accordingly. Unrestricted investment income earned on General Fund, Restricted Fund and Endowment Fund resources is recognized as revenue of the General Fund. Investment losses are allocated in a manner consistent with investment income.

Other financial instruments, including cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities, are initially recorded at fair value and are subsequently measured at cost, net of any provisions for impairment.

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit and short-term investments with a maturity of approximately three months or less from the date of purchase, unless they are held for investment rather than liquidity purposes, in which case they are classified as investments.

Foreign currency translation

Transactions denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the transaction date. Monetary assets and liabilities are translated into Canadian dollars at exchange rates in effect as at the date of the statement of financial position. Non-monetary assets and liabilities are translated at the historic rate. Exchange gains and losses, arising on investments that are measured at fair market value, are included in the statement of operations and changes in fund balances.

Capital assets

Purchased tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at fair market value at the date of the contribution. Amortization is provided on the straight-line basis over the estimated useful lives of the assets as follows:

Furniture, fixtures and equipment	5 to 20 years
Computer hardware	4 to 5 years
Vehicle	5 years

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Revenue recognition

The Foundation follows the restricted fund method of accounting for contributions, which include grants and donations:

- [i] Donations, grants and bequests are recorded when received unless otherwise noted. Pledges are not legally enforceable claims.
- [ii] Unrestricted contributions are recognized as revenue in the General Fund when initially recorded in the accounts.
- [iii] Externally restricted contributions, except endowment contributions, are recorded in the Restricted Fund when initially recognized in the accounts. Externally restricted endowment contributions are recognized in the Endowment Fund when initially recognized in the accounts.
- [iv] Lottery and events revenue is recognized in the fiscal year in which the program is concluded.
- [v] Contributions of materials are recorded when a fair value can be reasonably estimated and when the materials are used in the normal course of the Foundation's operations and would otherwise have been purchased. Materials such as medical journals and donated equipment for use by departments within CHEO are recorded as revenue in the Restricted Fund, with a corresponding expense recorded as a contribution to CHEO. The Foundation has items valued in excess of \$1,000 appraised by third parties in order to validate the fair value for reporting and tax receipt purposes.

Allocation of expenses

Expenses are recorded on the accrual basis. The costs of each function include the costs of personnel and other expenses that are directly related to the function. General support and other costs are not allocated.

Multi-employer plans

The Foundation participates in a multi-employer defined benefit pension plan. Contributions are recognized on an accrual basis. The Foundation does not use defined benefit plan accounting as it does not have sufficient information to do so.

3. Investments

- [a] Short-term investments comprise cash held by investment managers for investment purposes and relatively liquid investments maturing in less than one year.

Children's Hospital of Eastern Ontario Foundation
La Fondation du Centre hospitalier pour enfants de l'est de l'Ontario

Notes to financial statements

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[b] Investments have an asset mix as follows:

	2025	2024
	\$	\$
Short-term investments		
Cash and cash equivalents	5,326,218	4,753,416
Long-term investments		
Equities		
Canadian	36,071,391	37,413,176
Foreign	71,721,029	64,758,170
	107,792,420	102,171,346
Alternatives		
Canadian	16,943,141	4,466,512
Foreign	5,416,597	458,511
	22,359,738	4,925,023
Fixed income		
Canadian bonds	49,257,908	54,850,249
Foreign bonds	3,608,112	2,143,888
	52,866,020	56,994,137
	183,018,178	164,090,506

The Foundation has established investment policy guidelines providing direction and restriction as to the mix and quality of its investment portfolio. The amounts invested in pooled funds have been allocated among the asset classes, based on the asset classes held by the pooled funds. The investment portfolio is in compliance with the Foundation's investment policy guidelines as at December 31, 2025.

[c] Investment income earned on the Foundation's assets consists of the following:

	2025	2024
	\$	\$
Interest and dividends	6,623,315	5,908,387
Realized and unrealized gains	13,548,147	17,209,269
	20,171,462	23,117,656

Children’s Hospital of Eastern Ontario Foundation
La Fondation du Centre hospitalier pour enfants de l’est de l’Ontario

Notes to financial statements

December 31, 2025

4. Interfund transfers

Interfund transfers consist of the following:

	General Fund		Restricted Fund		Endowment Fund	
	2025	2024	2025	2024	2025	2024
	\$	\$	\$	\$	\$	\$
Transfers in year	(29,030,282)	(35,794,168)	53,534,141	34,388,108	(24,503,859)	1,406,060

The transfers from the General Fund to the Restricted Fund and Endowment Fund relate to internally imposed restrictions approved by the Board or changes in the designation of funds as directed by donors. In 2025, the Board approved transfers of internally endowed fund amounting to \$24,632,269 to the Restricted fund as the original endowment, established in 1990 without a term of reference, included a provision allowing for reallocation by Board resolution [2024 – nil].

5. Capital assets

Capital assets comprise the following:

	2025		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Furniture, fixtures and equipment	153,051	101,756	51,295
Computer hardware	531,198	370,174	161,024
Vehicle	71,657	60,620	11,037
	755,906	532,550	223,356
	2024		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Furniture, fixtures and equipment	153,051	97,387	55,664
Computer hardware	399,103	326,000	73,103
Vehicle	71,657	53,261	18,396
	623,811	476,648	147,163

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La Fondation du Centre hospitalier pour enfants de l’est de l’Ontario

Notes to financial statements

December 31, 2025

6. Fund balances

The fund balances as at December 31, 2025 are as follows:

	General Fund	Restricted Fund	Endowment Fund	Total
	\$	\$	\$	\$
Donor restricted	—	32,536,492	40,824,462	73,360,954
Internally restricted	—	128,819,958	3,564,212	132,384,170
Unrestricted	11,452,969	—	—	11,452,969
	11,452,969	161,356,450	44,388,674	217,198,093

The fund balances as at December 31, 2024 were as follows:

	General Fund	Restricted Fund	Endowment Fund	Total
	\$	\$	\$	\$
Donor restricted	—	38,166,856	37,831,853	75,998,709
Internally restricted	—	75,827,411	28,086,481	103,913,892
Unrestricted	14,926,268	—	—	14,926,268
	14,926,268	113,994,267	65,918,334	194,838,869

Included in the General Fund balance is \$223,356 [2024 – \$147,163] related to funds invested in capital assets. Included in the Endowment Fund under donor restricted is \$15,196,814 [2024 – \$13,755,270] of funds on which investment income is unrestricted. Included in the Endowment Fund under internally restricted is \$3,040 [2024 – \$24,632,269] of funds on which investment income is unrestricted. During the year the Board approved the transfer of this \$24,632,269 internally restricted endowment to the Restricted fund.

Donated items [gifts in kind] totalling \$802,248 [2024 – \$454,463] were recorded as follows: Restricted Fund, \$802,248 [2024 – \$394,281] and General Fund, nil [2024 – \$60,182].

7. Parking agreement

On April 1, 2024, the Foundation renewed the agreement to lease the parking facility from CHEO, effective April 1, 2024, for a three-year period ending on March 31, 2027, with lease payments of \$41,667 per month [\$500,000 annually].

The Foundation has a management agreement with CHEO in connection with the parking facility, whereby the Foundation was appointed manager of the facility.

Children’s Hospital of Eastern Ontario Foundation
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Notes to financial statements

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During the year, the Foundation earned revenue of \$5,282,274 [2024 – \$4,402,005] from the parking operations and incurred \$519,700 [2024 – \$519,700] in lease expense to CHEO and \$528,227 [2024 – \$440,201] in management fees and operating costs during the year. These expenses were recorded under direct expenses on the statement of operations and changes in fund balances. It was agreed by the parties that the net revenue over expenses related to parking operations would be used to support CHEO, as is the mandate of the Foundation.

8. Related party transactions

During the year, the Foundation distributed grants to CHEO, CHEO Research Institute and Roger Neilson Children’s Hospice. The capital and programs and contribution of services distributions comprise grants for the following purposes:

	2025	2024
	\$	\$
Research grants and programs	11,427,260	9,295,857
Programs and services	5,314,104	3,451,410
Capital equipment	7,994,182	8,218,623
Capital redevelopment support	5,654,774	2,118,341
Gifts in kind	802,248	454,463
Parking and other	2,722,779	—
Research building	—	50,000
	33,915,347	23,588,694

Distributions were directed as follows: CHEO, \$22,038,087 [2024 – \$13,867,837]; CHEO Research Institute, \$9,789,779 [2024 – \$8,528,976]; and Roger Neilson Children’s Hospice, \$2,087,481 [2024 – \$1,191,881].

In lieu of occupancy cost, the Foundation provides a grant to CHEO toward the operating costs of the Research Institute facility. All related party transactions are recorded at the exchange value, which approximates cost.

As at December 31, 2025, amounts due to related parties included in accounts payable and accrued liabilities are \$813,316 [2024 – \$9,435,336]. Amounts due to related parties are non-interest bearing and due on demand.

9. Pension plan

Substantially all of the full-time employees of the Foundation are members of the Healthcare of Ontario Pension Plan [the “HOOPP”], which is a multi-employer, defined benefit, final average pay contributory pension plan. Contributions to the HOOPP during the year by the Foundation on behalf of these employees amounted to \$515,723 [2024 – \$435,424] and are included in indirect expenses under other fundraising expenses and administrative expenses in the statement of operations and changes in fund balances.

The most recent valuation for financial reporting purposes completed by the HOOPP as at December 31, 2025 disclosed total assets available for benefits of \$132 billion with pension obligations of \$120.8 billion, resulting in a surplus of \$11.1 billion. At the end of 2025, the HOOPP was 109% funded. This fully funded status means the HOOPP has sufficient assets to pay every promised member’s pension benefit, with no shortfall.

During the year, the employer contribution rate to the HOOPP was 126% [2024 – 126%] of the employee amount.

Children’s Hospital of Eastern Ontario Foundation
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Notes to financial statements

December 31, 2025

10. Commitments

[a] As at December 31, 2025, commitments amounting to \$39,102,000 [2024 – \$26,930,000] have been approved by the Foundation’s Board to fund expenditures on behalf of CHEO, CHEO Research Institute and Roger Neilson Children’s Hospice for fiscal 2026, as follows:

	\$
Capital equipment	9,700,000
Research grants and programs	11,287,000
Programs and services	10,315,000
Research building	50,000
Other capital	5,000,000
Palliative care	2,750,000
	<u>39,102,000</u>

The committed amount classified as other capital relates to the funds expected to be generated from the parking agreement [note 7].

The Foundation’s Board has approved a motion to embark on a capital campaign in support of CHEO’s infrastructure redevelopment plans for the years 2023 – 2035. This includes the local share for the upcoming Integrated Treatment Centre project, as well as a series of planned redevelopment projects over the next 10 years. The Foundation’s share of the project is approximately \$220,000,000, approved by the Board in 2022, out of which \$8,103,696 has been distributed as at December 31, 2025. The anticipated funding for 2026, approved by the Board in 2025, is \$38,300,000.

[b] As at December 31, 2025, the Foundation has two letters of credit outstanding, required in connection with its Dream of a Lifetime lottery and 50/50 draw, amounting to approximately \$5,247,668, expiring on February 26, 2026, and \$1,000,000, expiring on February 26, 2026 respectively.

[c] As at December 31, 2025, the Foundation has a letter of credit outstanding, required in connection with its CHEO 50/50 Plus, amounting to \$560,000, expiring on May 22, 2026.

11. Financial instruments and risk management

The Foundation is exposed to various financial risks through transactions in financial instruments. The Investment Policy of the Foundation addresses risk tolerance and is structured so as to provide for the generation of the maximum rate of return while assuming an appropriate level of risk keeping in mind the goals of capital preservation.

Credit risk

The Foundation is exposed to credit risk in connection with its accounts receivable and its short-term and fixed income investments because of the risk that one party to the financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

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Market risk

Market risk arises as a result of trading in equity securities and fixed income securities. Fluctuations in the market expose the Foundation to a risk of loss.

Foreign currency risk

The Foundation is exposed to foreign currency risk with respect to its investments denominated in foreign currencies, including the underlying investments of its pooled funds denominated in foreign currencies, because of fluctuations in the relative value of foreign currencies against the Canadian dollar.

Interest rate risk

The Foundation is exposed to interest rate risk with respect to its fixed-income investments and a pooled fund that holds fixed income securities, the values of which will fluctuate with changes in market interest rates.

Liquidity risk

The Foundation is exposed to the risk that it will encounter difficulty in meeting obligations in connection with its accounts payable and accrued liabilities.

Other price risk

Other 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 foreign currency risk], whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Management believes that no material other price risk factors exist.

The Foundation mitigates these risks by monitoring the performance of the respective investments and by monitoring the investment manager’s compliance with the investment policy of the Foundation

12. Statement of cash flows

The net change in non-cash working capital balances related to operations is presented below. A positive balance represents a source of funds, and a negative balance represents a use of funds.

	2025	2024
	\$	\$
Interest and other receivables	(284,184)	(264,326)
Prepaid expenses	(270,916)	76,228
Other assets	(18,164)	26,522
Accounts payable and accrued liabilities	(7,363,359)	7,446,160
	(7,936,623)	7,284,584

Children’s Hospital of Eastern Ontario Foundation
La Fondation du Centre hospitalier pour enfants de l’est de l’Ontario

Notes to financial statements

December 31, 2025

13. Lotteries

During the years ended December 31, 2025 and 2024, the Foundation held a Dream Home Lottery and conducted two [2024 – two] 50/50 draws. The financial results of the lottery and 50/50 draws were as follows:

	2025	2024
	\$	\$
Revenue [ticket sales and sponsorship]	13,043,038	13,647,128
Less		
Prizes	(5,330,858)	(5,637,182)
Other	(2,043,176)	(2,039,070)
Indirect	(306,438)	(357,003)
	<u>5,362,566</u>	<u>5,613,873</u>