Financial Statements of

UNIVERSITY HOSPITALS KINGSTON FOUNDATION

Year ended March 31, 2026

UNIVERSITY HOSPITALS KINGSTON FOUNDATION

Table of Contents

Year ended March 31, 2026

Page

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INDEPENDENT AUDITOR'S REPORT

To the Members of University Hospitals Kingston Foundation

Qualified Opinion

We have audited the financial statements of University Hospitals Kingston Foundation (the Entity), which comprise:

- the statement of financial position as at March 31, 2026
- the statement of operations for the year then ended
- the statement of changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, except for the possible effects of the matter 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 Entity 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 Qualified Opinion

In common with many not-for-profit organizations, the Entity derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Entity.

Therefore, we were not able to determine whether any adjustments might be necessary to:

- the current assets and fund balances reported in the statement of financial position as at March 31, 2026 and March 31, 2025
- the donations revenue and excess (deficiency) of revenue over expenses reported in the statement of operations for the years ended March 31, 2026 and March 31, 2025
- the fund balances, at the beginning and end of the year, reported in the statement of changes in fund balances for the years ended March 31, 2026 and March 31, 2025
- the excess (deficiency) of revenues over expenses reported in the statement of cash flows for the years ended March 31, 2026 and March 31, 2025

Our opinion on the financial statements for the year ended 2026 was qualified accordingly because of the possible effects of this limitation in scope.

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 auditor's report.

We are independent of the Entity 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 qualified 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

June 24, 2026

UNIVERSITY HOSPITALS KINGSTON FOUNDATION

Statement of Financial Position

March 31, 2026, with comparative information for 2025

	Unrestricted and operating	Restricted - general designated	Restricted - specific designated	Endowments	2026 Total	2025 Total
Assets						
Current assets:						
Cash	$ 5,524	$ 300,680	$ 12,857,258	$ 11,683	$ 13,175,145	$ 21,651,302
Accounts receivable (note 4)	157,626	–	–	–	157,626	171,475
Prepaid expenses	120,907	–	–	–	120,907	130,090
	284,057	300,680	12,857,258	11,683	13,453,678	21,952,867
Investments (note 5)	–	42,875,976	150,992,472	26,170,649	220,039,097	125,894,564
Cash surrender value of life insurance (note 9)	1,196	270,672	–	–	271,868	241,164
Total assets	$ 285,253	$ 43,447,328	$ 163,849,730	$ 26,182,332	$ 233,764,643	$ 148,088,595
Liabilities and Fund Balances						
Liabilities:						
Accounts payable and accrued liabilities (notes 4 and 7)	$ 284,057	$ 156,720	$ 4,548,039	$ 11,682	$ 5,000,498	$ 5,556,913
Fund balances (note 8)	1,196	43,290,608	159,301,691	26,170,650	228,764,145	142,531,682
Commitments and contingencies (notes 11 and 12)						
Total liabilities and fund balances	$ 285,253	$ 43,447,328	$ 163,849,730	$ 26,182,332	$ 233,764,643	$ 148,088,595

See accompanying notes to financial statements.

On behalf of the Board:

Peter Mills ______ Member

______ Member

UNIVERSITY HOSPITALS KINGSTON FOUNDATION

Statement of Operations

Year ended March 31, 2026, with comparative information for 2025

	Unrestricted and operating	Restricted - general designated	Restricted - specific designated	Endowments	2026 Total	2025 Total
Revenue:						
Donations	$ 2,845,779	$ 873,963	$ 93,484,563	$ 21,151	$ 97,225,456	$ 23,805,077
Investment income:						
Investment income	584,938	5,967,555	767,235	756,488	8,076,216	6,142,476
Realized gain (loss) on investments	18,338	2,816,695	144,643	145,001	3,124,677	1,022,055
Unrealized gain on investments	–	122,234	–	1,321,964	1,444,198	3,568,728
Other income (note 9)	4,441	30,625	–	–	35,066	35,182
	3,453,496	9,811,072	94,396,441	2,244,604	109,905,613	34,573,518
Expenses:						
Grants to qualified donees (note 7)	–	1,526,157	17,349,748	–	18,875,905	24,849,394
Other operating expenses	1,287,727	578,816	86,493	97,037	2,050,073	2,314,479
Salaries and benefits	2,747,172	–	–	–	2,747,172	2,962,846
	4,034,899	2,104,973	17,436,241	97,037	23,673,150	30,126,719
Excess (deficiency) of revenue over expenses	$ (581,403)	$ 7,706,099	$ 76,960,200	$ 2,147,567	$ 86,232,463	$ 4,446,799

See accompanying notes to financial statements.

UNIVERSITY HOSPITALS KINGSTON FOUNDATION

Statement of Changes in Fund Balances

Year ended March 31, 2026, with comparative information for 2025

	Unrestricted and operating	Restricted - general designated	Restricted - specific designated	Endowments	2026 Total	2025 Total
Fund balances, beginning of year	$ 1,117	$ 39,557,070	$ 78,950,412	$ 24,023,083	$ 142,531,682	$ 138,084,883
Excess (deficiency) of revenue over expenses	(581,403)	7,706,099	76,960,200	2,147,567	86,232,463	4,446,799
Interfund transfers	581,482	(3,972,561)	3,391,079	–	–	–
Fund balances, end of year	$ 1,196	$ 43,290,608	$ 159,301,691	$ 26,170,650	$ 228,764,145	$ 142,531,682

See accompanying notes to financial statements.

UNIVERSITY HOSPITALS KINGSTON FOUNDATION

Statement of Cash Flows

Year ended March 31, 2026, with comparative information for 2025

	Unrestricted and operating	Restricted - general designated	Restricted - specific designated	Endowments	2026 Total	2025 Total
Cash provided by (used for):						
Operating activities:						
Excess (deficiency) of revenue over expenses	$ (581,403)	$ 7,706,099	$ 76,960,200	$ 2,147,567	$ 86,232,463	$ 4,446,799
Items not involving cash:						
Unrealized gain on investments	–	(122,234)	–	(1,321,964)	(1,444,198)	(3,568,728)
Change in cash surrender value of life insurance	(79)	(30,625)	–	–	(30,704)	(27,304)
Change in non-cash operating working capital:						
Accounts receivable	9,267	–	4,582		13,849	(34,751)
Prepaid expenses	9,183	–	–	–	9,183	(37,842)
Accounts payable and accrued liabilities	(25,593)	(703,710)	172,181	707	(556,415)	1,989,098
	(588,625)	6,849,530	77,136,963	826,310	84,224,178	2,767,272
Investing activities:						
Decrease (increase) in investments	–	(6,901,875)	(81,741,848)	(4,056,612)	(92,700,335)	9,261,723
Increase (decrease) in cash	(588,625)	(52,345)	(4,604,885)	(3,230,302)	(8,476,157)	12,028,995
Cash, beginning of year	12,667	4,325,586	14,071,064	3,241,985	21,651,302	9,622,307
Interfund transfers	581,482	(3,972,561)	3,391,079	–	–	–
Cash, end of year	$ 5,524	$ 300,680	$ 12,857,258	$ 11,683	$ 13,175,145	$ 21,651,302

See accompanying notes to financial statements.

1. Incorporation and nature of the organization:

University Hospitals Kingston Foundation (the "Foundation") is a Not-for Profit corporation incorporated without share capital under the Ontario Not-For-Profit Corporations Act. The Foundation is the fundraising arm of Kingston Health Sciences Centre (KHSC) and Providence Care Centre (PCC), collectively referred to as the Kingston Healthcare Organizations. From hospital to home to community and beyond, every donation to the Foundation helps to grow healthcare facilities, equipment, programs, research, and education for people across Southeastern Ontario.

The Foundation is registered under the Income Tax Act (Canada) (the "Act") and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes.

2. Significant accounting policies:

These financial statements have been prepared by management in accordance with Part III of the CPA Canada Handbook – Accounting, which sets out generally accepted accounting principles for not-for-profit organizations in Canada. Significant accounting policies are summarized as follows:

(a) Fund accounting:

The Foundation follows the restricted fund method of accounting for contributions, and maintains four funds: Unrestricted and Operating, Restricted - General Designated, Restricted - Specific Designated, and Endowments.

The Unrestricted and Operating Fund reports the Foundation's general fundraising and administrative activities and represents unrestricted resources available for immediate use. The Unrestricted and Operating Fund also receives a transfer from the Restricted – General Designated Fund to recover the Foundation's operating expenses according to the Operating Agreement. Any remaining funds are transferred back to the Restricted – General Designated Fund.

The Unrestricted and Operating Fund also receives an allocation from the Restricted - Specific Designated Fund which is an allocation to the unrestricted fund intended to recover operating costs from restricted purpose gifts made on or after April 1, 2005, in accordance with the prescribed rates of the Foundation's Board of Directors' policy. The allocation to the unrestricted fund is 15% (2025 - 15%) and amounts allocated during the year were $2,123,692 (2025 - $2,046,219). The cost recovery administrative allocation to unrestricted funds ensures that donors of both Unrestricted and Restricted funds contribute to the operations of the Foundation.

2. Significant accounting policies (continued):

(a) Fund accounting (continued):

The Restricted - General Designated Fund reflects those resources arising from fundraising investing, granting and administrative activities, the purpose of which has been restricted to grants to the Kingston Healthcare Organizations for the highest priority needs. Unrealized gains or losses on investments are reported in this fund.

The Restricted - Specific Designated Fund reflects those resources arising from fundraising and investing activities, the purpose of which has been restricted to a specific program at any of the Kingston Healthcare Organizations. The externally restricted resources include the undistributed balance of the expendable portion of Endowment Fund balances.

The Endowment Fund reports the Foundation's externally restricted resources that may include a requirement that the principal be maintained. Once determined, the annual distributable amount of the Endowment Fund is transferred to the appropriate Restricted Fund, where it remains until actual distribution is made.

(b) Cash and cash equivalents:

Cash and cash equivalents consist of cash on deposit. Cash and investments meeting the definition of cash and cash equivalents that are held for investing rather than operating purposes are classified as investments.

(c) Financial instruments:

The Foundation recognizes its financial instruments when the Foundation becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value with the exception of financial assets and liabilities originated and issued in all related party transactions which are initially measured at their carrying or exchange amount in accordance with Section 3840 Related Party Transactions (note 7).

The Foundation subsequently measures investments quoted in an active market at fair value. Changes in fair value are recorded in the Statement of Operations in the period incurred. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs incurred on the acquisition of financial instruments are measured at fair value and are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

2. Significant accounting policies (continued):

(d) Financial asset impairment:

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. When there is an indication of impairment, the Foundation determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Foundation reduces the carrying amount of any impaired financial assets to the highest of the present value of cash flows expected to be generated by holding the assets, the amount that could be realized by selling the assets, and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in the Statement of Operations.

The Foundation reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the Statement of Operations in the year the reversal occurs, not exceeding the initial carrying value.

(e) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution plus all costs directly attributable to the donation. Repairs and maintenance costs are charges to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Foundation's ability to provide services, its carrying amount is written down to its residual value.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

Asset	Basis	Rate
Furniture and equipment	Straight-line	5 years
Leasehold improvements	Straight-line	5 years
Telecommunications equipment	Straight-line	5 years

Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Any impairment results in a write-down of the asset and an expense in the Statement of Operations.

(f) Revenue recognition:

The Foundation uses the restricted fund method of accounting for contributions. Unrestricted contributions are recognized as revenue of the Unrestricted and Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

2. Significant accounting policies (continued):

(f) Revenue recognition (continued):

Donor-restricted contributions for specific purposes are recognized as revenue in the Restricted - General or Specific Designated Fund unless the principal is to be maintained permanently, in which case the contributions are recognized as revenue in the Endowment Fund.

Investment income, which consists of interest, dividends, income distributions from pooled funds, and realized and unrealized gains and losses net of safekeeping and investment management and other investment expenses, is recorded in the Statement of Operations. Investment income on Endowment Fund resources that must be spent on donor restricted activities is recognized in the Endowment Fund. Investment income subject to donor restrictions stipulating that it be added to the principal amount of the endowment is recognized in the Endowment Fund. Unrestricted investment income is recognized in the Restricted General Designated Fund.

Lottery revenue and revenue from special events are recognized in the fiscal year in which the program is concluded. Revenue related to lotteries for which prize draws and events take place subsequent to the year-end is deferred.

(g) Grant recognition:

Grants are recognized when approved for payment and the grantee has complied with all terms and conditions.

(h) Contributed services:

The work of the Foundation is dependent on the voluntary services of many members. Since these services are not normally purchased by the Foundation and because of the difficulty of determining fair market value, contributed services are not recognized in the financial statements.

(i) Use of estimates:

Management has made a number of estimates and assumptions relating to the reporting of assets and liabilities, the disclosure of contingent assets and liabilities, and reported amounts of revenues and expenses in preparing these financial statements in conformity with Canadian accounting standards for not-for-profit organizations. Actual results could differ from these estimates.

(j) Employee benefit plan:

The employees of the Foundation are members of the Healthcare of Ontario Pension Plan (the "Plan"), which is a defined benefit multi-employer pension plan. The Foundation accounts for this Plan on a defined contribution plan basis as contributions to the benefit plan are determined by the plan administrator and are expensed when due.

2. Significant accounting policies (continued):

(j) Employee benefit plan (continued):

The funding objective of the Plan is for the employer contributions to the Plan to remain a constant percentage of the employees' contributions. Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members. The Plan's 2025 Annual Report indicates that the plan is fully funded by 109%.

3. Pledges and bequests:

At March 31, 2026, the Foundation had pledges receivable amounting to approximately $5 million (2025 - $37 million). These pledges are not included in the financial statements because their ultimate collection cannot be reasonably assured.

4. Government remittances:

Included in accounts receivable is HST recoverable of $91,092 (2025 - $87,927).

Included in accounts payable and accrued liabilities are government remittances payable of $3 (2025 - $110), which includes amounts payable for self-assessed HST.

5. Investments:

	2026	2025
Fixed income bonds (cost $141,860,409; 2025 - $74,717,623)	$ 140,735,943	$ 75,013,905
Equities (cost $68,957,757; 2025 - $43,400,210)	79,303,154	50,880,659
	$ 220,039,097	$ 125,894,564

Investment fees in the amount of $673,266 (2025 - $502,173) are included in other operating expenses.

6. Capital assets:

				2026	2025
	Cost	Accumulated amortization		Net book value	Net book value
Furniture and equipment	$ 33,163	$ 33,163		$ –	$ –
Leasehold improvements	22,055	22,055		–	–
Telecommunications equipment	9,378	9,378		–	–
Other office equipment	531	531		–	–
	$ 65,127	$ 65,127		$ –	$ –

7. Related party transactions:

The Foundation has an agreement in place to contract for information technology and other administrative services with KHSC. During the year, the Foundation paid $62,803 in related service expenses to KHSC (2025 - $53,224). Included in accounts payable and accrued liabilities is $14,438 (2025 - $42,556) payable to KHSC in relation to contracted services.

In addition, the Foundation has other payables and accrued liabilities to the Kingston Healthcare Organizations as follows:

	2026	2025
KHSC	$ 4,535,081	$ 5,142,928
PCC	141,313	98,830
	$ 4,676,394	$ 5,241,758

The amounts due to related parties are non-interest bearing, unsecured and have no fixed terms of repayment.

The Foundation made grants to the Kingston Healthcare Organizations as follows:

	2026	2025
KHSC	$ 10,148,236	$ 10,262,401
PCC	8,727,669	14,586,993
	$ 18,875,905	$ 24,849,394

7. Related party transactions (continued):

Periodically, the Foundation may incur expenses with parties with which certain members of its Board of Directors (other than the hospital employees) are associated. During the year, there were no transactions involving the Foundation and these parties (2025 - $Nil).

Unless otherwise noted, transactions between the Foundation and the Kingston Healthcare Organizations are recorded at their carrying amount.

8. Fund balances:

	Unrestricted and operating	Restricted - General designated	Restricted - Specific designated	Endowments	2026 Total	2025 Total
KHSC	$ –	$ 39,571,095	$ 116,455,012	$ 15,900,660	$ 171,926,767	$ 114,839,757
PCC	–	3,476,279	42,245,610	4,963,917	50,685,806	23,117,224
UHKF	1,196	243,234	601,069	5,306,073	6,151,572	4,574,701
	$ 1,196	$ 43,290,608	$ 159,301,691	$ 26,170,650	$ 228,764,145	$ 142,531,682

Included in Endowments above is $3,163,412 (2025 - $1,793,398) allocated to the Stabilization Account, which is to assist in maintaining the stability of the annual spending allocations. The Stabilization Account will not exceed 15% of the value of the Endowments overall.

The University Hospitals Kingston Foundation is an independent legal entity and ownership of all funds rests solely with the Foundation. The individual healthcare organizations have an advisory role in the recommended use of the funds.

As stated in its Class B Members Operating Agreement, all costs associated with operating the Foundation are shared upon a cost sharing formula to be established annually in the Business Plan.

	2026	2025
KHSC	82.74%	83.30%
PCC	17.26%	16.70%
	100.00%	100.00%

Donations entirely directed to a specific Class B Member ("Specified") will be allocated to the Class B Member's Fund balance. The undesignated revenue ("Shared") will be allocated among the Class B Member's Fund balance in such a way as to achieve the overall distribution of revenue according to the specified ratios above.

9. Other income:

		2026		2025
Increase in cash surrender value of life insurance policies	$	30,704	$	27,304
Donations received to offset Foundation operating expenses		4,362		7,878
	$	35,066	$	35,182

The Foundation is the beneficiary of five (2025 - five) life insurance policies that have been gifted by donors. Total death benefits amount to $1,725,000 (2025 - $1,725,000) and will be payable to the Foundation upon the passing of the insured. Premiums paid during the year amounted to $11,022 (2025 - $11,022) and are included in other operating expenses.

10. Pension plan:

Contributions to the Plan made during the year by the Foundation on behalf of its employees amounted to $202,134 (2025 - $217,165) and are included in salaries and benefits on the Statement of Operations.

11. Commitments:

(a) The Foundation has entered into a lease agreement for office space expiring May 31, 2029 with estimated minimum annual payments by fiscal year as follows:

2027	$	137,059
2028		137,059
2029		137,059
2030		22,843

(b) Other commitments amounting to $213,807 are expected to be paid over the next fiscal year. Included in this amount are commitments of $53,281 to Kingston Health Sciences Centre, related primarily to the purchase of professional services.

(c) The Foundation has committed $4,348,604 in grants to qualified donees awaiting invoice from the Kingston Healthcare Organizations.

11. Commitments (continued):

(d) The Foundation has committed $49,000,000 to the Kingston Health Sciences Centre (KHSC) and the Ministry of Health toward a planned redevelopment project. More recently, the plan and scope of the project have evolved, resulting in ongoing uncertainty around timing and funding expectations. The Foundation is holding $53,924,841 in donor restricted funds for the KHSC redevelopment project.

(e) The Foundation is holding $17,413,316 in donor restricted funds for the construction of a new Providence Manor. This amount is over and above the initial $15,000,000 that was committed to the Providence Care Centre by UHKF. The initial $15,000,000 commitment has been fulfilled as at March 31, 2026.

12. Contingencies:

The Foundation is a member of the Healthcare Insurance Reciprocal of Canada ("HIROC"). HIROC is registered as a Reciprocal pursuant to provincial Insurance Acts which permit persons to exchange with other persons reciprocal contracts of indemnity insurance. Subscribers pay annual premiums that are actuarially determined. Subscribers are subject to assessment for losses, if any, experienced by the pool for the years in which they were a subscriber. No assessments have been made to March 31, 2026.

Since its inception in 1987, HIROC has accumulated an unappropriated surplus, which is the total of premiums paid by all subscribers plus investment income less the obligation for claims reserves and expenses and operating expenses. Each subscriber which has an excess of premium plus investment income over the obligation for their allocation of claims reserves and expenses and operating expenses may be entitled to receive distributions of their share of the unappropriated surplus at the time such distributions are declared by the Board of Directors of HIROC. Distributions received from HIROC were $4,202 (2025 - $3,259).

13. Financial risk management:

The Foundation, as part of its operations, carries a number of financial instruments. It is management's opinion that the Foundation is not exposed to significant interest. currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

(a) 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. The Foundation is exposed to other price risk as a result of its investments. Fluctuations in market prices expose the Foundation to a risk of loss. The Foundation mitigates this risk through controls to monitor and limit concentration levels. This is done in line with the Foundation's investment policies.

(b) Interest rate risk:

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates. The exposure of the Foundation to interest rate risk arises from its investments.

There have been no significant changes in the Foundation's risk exposure from the previous year.