

HEALTH SCIENCES CENTRE FOUNDATION INC.

Financial Statements
For the year ended March 31, 2026

HEALTH SCIENCES CENTRE FOUNDATION INC.

Financial Statements

For the year ended March 31, 2026

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Independent Auditor's Report

To the Board of Directors of Health Sciences Centre Foundation Inc.

Opinion

We have audited the financial statements of Health Sciences Centre Foundation Inc. ("Foundation"), which comprise the statement of financial position as at March 31, 2026, and the statement of operations and changes in fund balances, the 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 the results of its 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 these 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.

BDO Canada LLP

Chartered Professional Accountants

Winnipeg, Manitoba
June 16, 2026

HEALTH SCIENCES CENTRE FOUNDATION INC.

Statement of Financial Position

As at March 31

2026

2025

(Restated - Note 3)

Assets

Cash and cash equivalents	\$ 43,729,262	\$ 38,343,110
Accounts receivable	378,267	205,260
Due from HSCF Property Inc. (Note 3)	1,481,895	1,218,132
Prepaid expenses	55,069	53,161
Investments (Note 4)	80,351,247	62,314,820
Capital assets (Note 6)	5,388,599	5,698,961
	\$131,384,339	\$107,833,444

Liabilities and Fund Balances

Liabilities

Accounts payable and accrued liabilities	\$ 748,815	\$ 999,932
Grants payable	179,600	147,396
	928,415	1,147,328

Fund Balances

General (Note 7)	24,022,250	18,255,458
Restricted	67,983,324	53,758,937
Endowment	38,450,350	34,671,721
	130,455,924	106,686,116
	\$131,384,339	\$107,833,444

Approved by the Board of Directors:





HEALTH SCIENCES CENTRE FOUNDATION INC.

Statement of Operations and Changes in Fund Balances

For the year ended March 31, 2026

	General Fund	Restricted Fund	Endowment Fund	2026 Total	2025 Total
					(Restated - Note 3)
Revenue					
Donations	\$ 270,742	\$14,853,482	\$ 720,769	\$15,844,993	\$10,357,879
Events	1,149,671	1,241,571	-	2,391,242	1,460,131
Lotteries	11,393,346	-	-	11,393,346	10,569,948
Investment income (Note 8)	3,373,693	3,511,760	3,057,860	9,943,313	6,824,753
Other revenue (Note 3)	1,848,876	-	-	1,848,876	1,314,061
	18,036,328	19,606,813	3,778,629	41,421,770	30,526,772
Expenses					
Fundraising	1,778,347	-	-	1,778,347	1,586,893
Events	553,485	-	-	553,485	509,642
Lotteries	6,423,410	-	-	6,423,410	6,007,936
Administration	2,497,664	-	-	2,497,664	2,340,957
Amortization	129,711	180,651	-	310,362	310,359
	11,382,617	180,651	-	11,563,268	10,755,787
Excess of revenue over expenses before grants and distribution	6,653,711	19,426,162	3,778,629	29,858,502	19,770,985
Grants and Distribution					
Grants	(67,709)	(5,201,775)	-	(5,269,484)	(11,291,664)
Distribution to Children's Hospital Foundation of Manitoba	(819,210)	-	-	(819,210)	(680,219)
	(886,919)	(5,201,775)	-	(6,088,694)	(11,971,883)
Excess of revenue over expenses for the year	5,766,792	14,224,387	3,778,629	23,769,808	7,799,102
Fund balances, beginning of year	21,358,680	53,758,937	34,671,721	109,789,338	103,684,216
Restatement (Note 3)	(3,103,222)	-	-	(3,103,222)	(4,797,202)
Fund balances, beginning of year, restated	18,255,458	53,758,937	34,671,721	106,686,116	98,887,014
Fund balances, end of year	\$24,022,250	\$67,983,324	\$38,450,350	\$130,455,924	\$106,686,116

HEALTH SCIENCES CENTRE FOUNDATION INC. Statement of Cash Flows

For the year ended March 31	2026	2025
Cash provided by (applied to):		
Operating Activities		
Excess of revenue over expenses for the year	\$ 23,769,808	\$ 7,799,102
Items not affecting cash		
Amortization	310,362	310,359
Net unrealized investment gain	(7,573,603)	(3,668,771)
Investment income reinvested	(1,087,824)	(1,354,191)
	15,418,743	3,086,499
Changes in non-cash working capital items		
Accounts receivable	(173,007)	(3,211)
Prepaid expenses	(1,908)	7,849
Accounts payable and accrued liabilities	(251,117)	(423,882)
Grants payable	32,204	(40,759)
	15,024,915	2,626,496
Investing Activities		
Advances to HSCF Property Inc.	(263,763)	(471,424)
Purchase of investments	(9,375,000)	(4,770,462)
	(9,638,763)	(5,241,886)
Financing Activities		
	-	-
Net increase (decrease) in cash and cash equivalents	5,386,152	(2,615,390)
Cash and cash equivalents, beginning of year	38,343,110	40,958,500
Cash and cash equivalents, end of year	\$ 43,729,262	\$ 38,343,110

HEALTH SCIENCES CENTRE FOUNDATION INC.

Notes to Financial Statements

For the year ended March 31, 2026

1. Organization

Health Sciences Centre Foundation Inc.'s ("Foundation") mandate is to raise, invest and allocate funds in support of medical research and health care excellence. The Foundation was incorporated in 1976 under *The Corporations Act* in Manitoba without share capital.

The Foundation is a public foundation 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.

2. Summary of Significant Accounting Policies

These financial statements are prepared in accordance with Part III of the *CPA Canada Handbook - Accounting Standards for Not-for-Profit Organizations* ("ASNPO") and includes the significant accounting policies summarized below.

a) Basis of Accounting for Controlled Not-for-Profit Entity

The Foundation has not consolidated the financial statements of its controlled not-for-profit entity, HSCF Property Inc. The summary financial statements of the controlled not-for-profit entity are disclosed in Note 3.

b) Fund Accounting

For financial statement purposes, the accounts of the Foundation have been classified into funds. The Foundation ensures, as part of its fiduciary responsibilities, that all funds with a restricted purpose are expended for the purpose for which they were provided.

The General Fund accounts for the Foundation's general fundraising, granting and administrative activities. This fund reports unrestricted resources available for immediate use and internally restricted fund balances which represent funds that have been restricted for specific purposes by the Board.

The Restricted Fund includes externally restricted funds. Externally restricted funds represent donations whereby the donor has made a specific direction on the use of the funds.

The Endowment Fund reports resources where external restrictions require that the principal must be maintained permanently and externally restricted net investment income that must be added to the principal amount of resources held for endowment.

HEALTH SCIENCES CENTRE FOUNDATION INC.

Notes to Financial Statements

For the year ended March 31, 2026

2. Summary of Significant Accounting Policies (continued)

c) Revenue Recognition

The Foundation follows the restricted fund method of accounting for contributions, which consist of donations, bequests and grants. Contributions are recorded when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted contributions are recognized as revenue of the General Fund. Restricted contributions are recognized as revenue of the appropriate Restricted Fund. Endowment contributions are recognized as revenue of the appropriate Endowment Fund. Pledges made to the Foundation are recognized as revenue in the year the funds are received.

Investment income (loss) is recognized as revenue when earned and 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. Unrestricted investment income (loss) is recognized in the General Fund. Restricted and Endowment investment income (loss) is recognized in the appropriate Restricted or Endowment Fund.

Revenue from events, other than donations, is recognized as revenue when events are held. Donations received related to an event are recorded as revenue consistent with the recognition of donation revenue.

Revenue from lotteries is recognized when the lottery is held and other revenue is recognized when received or receivable.

d) Financial Instruments

Arm's length financial instruments are recorded at fair value at initial recognition. Related party financial instruments quoted in an active market or those with observable inputs significant to the determination of fair value or derivative contracts are recorded at fair value at initial recognition. All other related party financial instruments are recorded at cost at initial recognition.

In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.

HEALTH SCIENCES CENTRE FOUNDATION INC.

Notes to Financial Statements

For the year ended March 31, 2026

2. Summary of Significant Accounting Policies (continued)

e) Capital Assets

Capital assets are recorded at cost less accumulated amortization. Amortization expense is provided for on a straight-line basis as follows:

Betterments	5 to 10 years
Buildings	50 years
Donor wall	10 years
Furniture and fixtures	10 years

f) Grants

Grants to qualified recipients are reflected as an expense in the fiscal year in which the grants are approved and committed.

g) Use of Estimates

The preparation of financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant estimates include the useful lives of capital assets. Actual amounts could differ materially from those estimates.

3. Controlled Not-for-Profit Entity and Related Party Transactions

On July 26, 2023, the Board of Directors incorporated HSCF Property Inc. (the "Entity"), a not-for-profit entity which owns and operates the property known as The Manitoba Clinic at 790 Sherbrook Street. The Foundation controls the Entity because it appoints the Board of Directors. The Entity is incorporated as a not-for-profit entity under *The Corporations Act* in the Province of Manitoba without share capital.

During the year, the Foundation charged the Entity fees for asset management services in the amount of \$1,750,000 (\$1,215,000 in 2025) and recoverable operating expenses of \$13,763 (nil in 2025) which are included in Other Revenue on the Statement of Operations and Changes in Fund Balances. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the entities. At March 31, 2026, the balance due from the Entity was \$1,481,895 (\$1,218,132 in 2025) which is interest-free, is unsecured and bears no specific terms of repayment.

HEALTH SCIENCES CENTRE FOUNDATION INC. Notes to Financial Statements

For the year ended March 31, 2026

3. Controlled Not-for-Profit Entity and Related Party Transactions (continued)

Effective April 1, 2025, the Entity adopted Canadian accounting standards for not-for-profit organizations. Previously, the Foundation accounted for the controlled not-for-profit entity as an investment under the equity method. As a result of the Entity's change in accounting framework, the Foundation has restated its financial statements to no longer account for the controlled entity following the equity method. The summary financial statements of the controlled not-for-profit entity are presented in these financial statements. This accounting change has been accounted for retrospectively, comparative amounts presented in these financial statements have been restated as follows:

	As Previously Reported	Adjustment	Restated
<u>Statement of Financial Position</u>			
Investment in HSCF Property Inc.	\$ 3,103,222	\$ (3,103,222)	\$ -
Fund Balance			
General Fund at March 31, 2025	21,358,680	(3,103,222)	18,255,458
<u>Statement of Operations and Changes in Fund Balances</u>			
HSCF Property Inc. loss	(1,693,980)	1,693,980	-
Excess of revenue over expenses for the year	6,105,122	1,693,980	7,799,102

HEALTH SCIENCES CENTRE FOUNDATION INC. Notes to Financial Statements

For the year ended March 31, 2026

3. Controlled Not-for-Profit Entity and Related Party Transactions (continued)

The Entity has not been consolidated in the Foundation's financial statements. Summary financial statements of the Entity for the year ended March 31, 2026 are as follows:

	2026	2025
<u>Statement of Financial Position</u>		
Assets	\$ 39,620,946	\$ 39,758,364
Liabilities	\$ 35,421,446	\$ 36,655,142
Net assets	4,199,500	3,103,222
	\$ 39,620,946	\$ 39,758,364
 <u>Statement of Operations</u>		
Revenue	\$ 7,574,747	\$ 7,014,447
Operating expenses	2,459,353	2,483,999
Operating income	5,115,394	4,530,448
Other expenses	4,019,116	6,224,428
Excess (deficiency) of revenue over expenses for the year	\$ 1,096,278	\$ (1,693,980)
 <u>Statement of Cash Flows</u>		
Cash provided by (applied to):		
Operating activities	\$ 1,689,629	\$ 1,438,368
Investing activities	-	-
Financing activities	(421,285)	(299,520)
Net increase in cash and bank for the year	\$ 1,268,344	\$ 1,138,848

HEALTH SCIENCES CENTRE FOUNDATION INC. Notes to Financial Statements

For the year ended March 31, 2026

4. Investments

	2026		2025	
Fixed income	\$ 17,938,229	22%	\$ 12,682,997	20%
Canadian equity	15,623,845	19%	12,070,299	19%
Global equity	40,949,868	51%	32,622,807	52%
Global real estate	1,761,400	2%	1,236,500	3%
Infrastructure	1,925,191	2%	1,695,647	3%
Real property - Irrevocable interest	2,006,570	3%	2,006,570	3%
Alternatives	146,144	1%	-	-%
	\$ 80,351,247	100%	\$ 62,314,820	100%

During prior years, the Foundation received gifts and title to irrevocable interests in real property. These gifts were recorded in revenue at their fair value when received under an established restricted fund and are carried at historical cost less any impairment. Upon receipt of the title, the asset will be classified as an asset held for sale and the Foundation will dispose of the asset in order to generate cash for the Restricted Fund.

5. Pledges

Pledges made to the Foundation are scheduled to be collected during the following fiscal years and will be recognized as revenue in the year the funds are received:

2027	\$ 4,426,364
2028	3,531,603
2029	951,730
2030	490,600
2031 and thereafter	768,334
	\$ 10,168,631

HEALTH SCIENCES CENTRE FOUNDATION INC. Notes to Financial Statements

For the year ended March 31, 2026

6. Capital Assets

	2026		2025	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Betterments	\$ 3,012,832	\$ 2,997,980	\$ 14,852	\$ 23,597
Buildings	8,573,662	3,602,674	4,970,988	5,142,896
Donor wall	1,034,414	650,553	383,861	501,109
Furniture and fixtures	152,930	134,032	18,898	31,359
	\$ 12,773,838	\$ 7,385,239	\$ 5,388,599	\$ 5,698,961

The Foundation has a beneficial interest in certain capital assets as noted below which are not included in the Statement of Financial Position. Pursuant to an agreement dated March 19, 1985, the Foundation contributed \$4.9 million towards the construction of the seventh level of the MS Building of Health Sciences Centre which is commonly referred to as MS7. In the event Health Sciences Centre exercises its option to obtain occupancy of MS7, in accordance with the terms of this agreement, the consideration to be paid by Health Sciences Centre to the Foundation shall be the aggregate of:

- i) the original capital costs;
- ii) all furniture, fixtures, equipment and improvements relating to MS7 that cannot be usefully relocated; and
- iii) reasonable moving expenses.

7. General Fund

The General Fund balance consists of the following:

	2026	2025
Unrestricted	\$ 7,995,653	\$ 7,259,020
Internally restricted	16,026,597	10,996,438
	\$ 24,022,250	\$ 18,255,458

During the year, the Foundation transferred \$nil (\$4,000,000 in 2025) from unrestricted fund balance to internally restricted fund balance.

HEALTH SCIENCES CENTRE FOUNDATION INC.

Notes to Financial Statements

For the year ended March 31, 2026

8. Investment Income Earned on Endowment Fund

During the year, Endowment Fund investments earned investment income of \$5,131,725 (\$3,323,933 in 2025), which is presented as Restricted Fund investment income of \$2,073,865 (\$858,005 in 2025), and Endowment Fund investment income of \$3,057,860 (\$2,465,928 in 2025).

9. Financial Instrument Risk Management

The Foundation, through its financial assets and liabilities, is exposed to various risks in the normal course of operations. The Foundation has implemented a Statement of Investment Policies and Procedures that establishes the asset allocation strategy, diversification requirements and acceptable investments for the Foundation. The Foundation's objective in risk management is to optimize the risk return trade-off, within set limits, by applying integrated risk management and control strategies, policies and procedures throughout the Foundation's activities. The following analysis provides a measurement of those risks at year end.

a) Credit Risk

Credit risk is the risk that the Foundation will incur a loss due to the failure by its debtors to meet their contractual obligations. Financial instruments that potentially subject the Foundation to significant concentrations of credit risk consist primarily of cash and bank, accounts receivable, and investments. The Foundation is subject to concentration risk through cash and bank held in excess of insured limits from time to time. The Foundation is not exposed to significant credit risk relating to accounts receivable as the amounts due are spread among a broad base of entities and payment in full is typically collected when it is due. The Foundation follows its Statement of Investment Policies and Procedures to manage credit risk for its investments. The maximum amount of credit risk relates to the carrying value of the financial assets. There has been no change in exposure to credit risk since the prior year.

b) Liquidity Risk

Liquidity risk is the risk that the Foundation will not be able to meet its obligations as they fall due. Financial instruments that potentially subject the Foundation to significant concentrations of liquidity risk consist primarily of accounts payable. The Foundation manages its working capital to maintain adequate levels and ensure all its obligations can be met when they fall due. There has been no change in exposure to liquidity risk since the prior year.

HEALTH SCIENCES CENTRE FOUNDATION INC.

Notes to Financial Statements

For the year ended March 31, 2026

9. Financial Instrument Risk Management (continued)

c) 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 conditions and interest rates. A portion of the Foundation's investments are held in fixed-income securities and accordingly the value of those securities will be impacted by changes in interest rates. The Foundation follows its Statement of Investment Policies and Procedures to manage interest rate risk for its investments. There has been no change in exposure to interest rate risk since the prior year.

d) Price Risk

Price risk is the potential for price changes resulting from volatility in equity markets. The Foundation follows its Statement of Investment Policies and Procedures to manage price risk for its investments. There has been no change in exposure to price risk since the prior year.