

The Princess Margaret Cancer Foundation

Financial statements
March 31, 2026



Shape the future
with confidence

Independent auditor's report

To the Members of
The Princess Margaret Cancer Foundation

Opinion

We have audited the financial statements of **The Princess Margaret Cancer Foundation** [the "Foundation"], which comprise the balance sheet as at March 31, 2026, and the statement of revenue, expenses 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.

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained the annual report prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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

Toronto, Canada
June 25, 2026

Chartered Professional Accountants
Licensed Public Accountants



The Princess Margaret Cancer Foundation

Balance sheet

[in thousands]

As at March 31

	2026	2025
	\$	\$
Assets		
Cash <i>[note 3]</i>	105,986	109,542
Accounts receivable	2,943	1,604
Investments, at fair value <i>[note 4]</i>	884,724	759,732
Other assets <i>[note 5]</i>	54,339	67,959
Due from University Health Network <i>[note 12[h]]</i>	18,023	51,660
	1,066,015	990,497
Liabilities and fund balances		
Liabilities		
Accounts payable and accrued liabilities	13,486	12,354
Due to University Health Network <i>[note 12[h]]</i>	32,765	20,346
Deferred revenue <i>[note 9[b]]</i>	37,968	46,450
Total liabilities	84,219	79,150
Contingencies and commitments <i>[notes 4[c], 9[b], 12[c] and 12[d]]</i>		
Fund balances		
General Fund	40,619	31,013
Restricted Fund <i>[note 6]</i>	523,677	510,467
Endowment Fund <i>[note 7]</i>	417,500	369,867
Total fund balances	981,796	911,347
	1,066,015	990,497

See accompanying notes

On behalf of the Board:

Director

Director

The Princess Margaret Cancer Foundation

Statement of revenue, expenses 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
	\$	\$	\$	\$	\$	\$	\$	\$
Gross fundraising revenue <i>[notes 8, 12[f] and 12[g]]</i>	21,044	22,068	158,926	151,537	3,476	655	183,446	174,260
Direct fundraising expenses <i>[notes 9[a]] and 12[e]]</i>	(13,154)	(12,576)	(26,613)	(23,919)	—	—	(39,767)	(36,495)
Net fundraising	7,890	9,492	132,313	127,618	3,476	655	143,679	137,765
Gross lottery revenue <i>[note 9[b]]</i>	—	—	129,582	138,774	—	—	129,582	138,774
Direct lottery expenses, including prizes <i>[note 9[b]]</i>	—	—	(92,486)	(97,581)	—	—	(92,486)	(97,581)
Net lottery	—	—	37,096	41,193	—	—	37,096	41,193
Net fundraising and lottery revenue	7,890	9,492	169,409	168,811	3,476	655	180,775	178,958
General fundraising and administrative expenses <i>[notes 12[b] and 12[e]]</i>	(10,707)	(9,528)	—	—	—	—	(10,707)	(9,528)
Investment income <i>[note 10]</i>	50,140	51,059	12,410	10,397	28,033	15,783	90,583	77,239
Excess of revenue over expenses before grants	47,323	51,023	181,819	179,208	31,509	16,438	260,651	246,669
Grants to Princess Margaret Cancer Centre at UHN <i>[note 12[a]]</i>	—	—	(189,586)	(179,744)	—	—	(189,586)	(179,744)
Grants to other qualified donees	—	—	(616)	(5,314)	—	—	(616)	(5,314)
Total grants	—	—	(190,202)	(185,058)	—	—	(190,202)	(185,058)
Excess (deficiency) of revenue over expenses for the year	47,323	51,023	(8,383)	(5,850)	31,509	16,438	70,449	61,611
Fund balances, beginning of year	31,013	28,426	510,467	439,535	369,867	381,775	911,347	849,736
Interfund transfers <i>[note 11]</i>	(37,717)	(48,436)	21,593	76,782	16,124	(28,346)	—	—
Fund balances, end of year	40,619	31,013	523,677	510,467	417,500	369,867	981,796	911,347

See accompanying notes

The Princess Margaret Cancer Foundation

Statement of cash flows

[in thousands]

Year ended March 31

	2026	2025
	\$	\$
Operating activities		
Excess of revenue over expenses for the year	70,449	61,611
Deduct items not involving cash		
Unrealized gain on investments <i>[note 10]</i>	(16,282)	(35,287)
Investment income reinvested	(73,943)	(36,939)
Changes in non-cash working capital balances related to operations		
Accounts receivable	(1,339)	(270)
Other assets	13,620	(23,643)
Due from University Health Network, net	46,056	(63,094)
Accounts payable and accrued liabilities	1,132	6,317
Deferred revenue	(8,482)	4,105
Cash provided by (used in) operating activities	31,211	(87,200)
Investing activities		
Contributions to externally managed investments, net	(34,767)	(337)
Cash used in investing activities	(34,767)	(337)
Net decrease in cash during the year	(3,556)	(87,537)
Cash, beginning of year	109,542	197,079
Cash, end of year	105,986	109,542

See accompanying notes

The Princess Margaret Cancer Foundation

Notes to financial statements

[in thousands]

March 31, 2026

1. Purpose of the organization

The Princess Margaret Cancer Foundation [the “Foundation”] is continued under the *Canada Not-for-profit Corporations Act*. The Foundation was established to solicit, receive and maintain funds and to apply these funds to improve and enhance cancer research, professional education and patient care activities provided by Princess Margaret Cancer Centre at UHN, which is part of the University Health Network [“UHN”].

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, under Registration Number 88900 7597 RR 0001.

2. Summary of significant accounting policies

These financial statements are prepared 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 and includes the significant accounting policies summarized 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 and 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 revenue, expenses and changes in fund balances.

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

General Fund

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

Restricted Fund

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.

Endowment Fund

The Endowment Fund includes those funds where either donor or internal restrictions require that the principal be invested by the Foundation permanently.

The Princess Margaret Cancer Foundation

Notes to financial statements

[in thousands]

March 31, 2026

Financial instruments

Investments reported at fair value consist of equity instruments quoted in an active market as well as investments in pooled funds and any investments in fixed income securities and equities not quoted in an active market that the Foundation designates upon purchase to be measured at fair value.

Alternative investments are valued at the net asset value per unit reported by each investment fund manager, which represents fair value.

Investments in fixed income securities and equities not quoted in an active market not designated to be measured at fair value are initially recorded at fair value plus transaction costs and are subsequently measured at cost or amortized cost using the straight-line method, less any provision for impairment.

All transactions are recorded on a trade date basis. Transaction costs are recognized in the statement of revenue, expenses and changes in fund balances in the period during which they are incurred.

Derivative financial instruments are marked to market, with gains and losses recognized in the statement of revenue, expenses and changes in fund balances in the year in which the changes in market value occur.

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

Foreign currency translation

Revenue and expenses denominated in foreign currencies are translated into Canadian dollars at the transaction date. Investments and other monetary items denominated in foreign currencies are translated at the year-end rate. Translation gains and losses are included in the statement of revenue, expenses and changes in fund balances.

Revenue recognition

The Foundation follows the restricted fund method of accounting for contributions, which include bequests and other donations. Bequests are recorded when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Other donations are recorded when received since pledges are not legally enforceable claims. Unrestricted contributions are recognized as revenue in the General Fund when initially recorded in the accounts. Externally restricted contributions, except endowment contributions, are recognized as revenue in the Restricted Fund when initially recorded in the accounts. Externally restricted endowment contributions are recognized as revenue in the Endowment Fund when initially recorded in the accounts.

Investment income consists of interest, dividends, income distributions from pooled funds, and realized and unrealized gains and losses. Investment income earned on the Endowment Fund or Restricted Fund resources that must be spent on donor-restricted activities is recognized as revenue of the Restricted Fund. Investment income subject to donor restrictions stipulating that it be added to the endowment is recognized as revenue of the Endowment Fund. Unrestricted investment income earned on Endowment Fund, Restricted Fund and General Fund resources is recognized as revenue of the General Fund. Investment losses are allocated in a manner consistent with investment income.

The Princess Margaret Cancer Foundation

Notes to financial statements

[in thousands]

March 31, 2026

Lottery revenue is recognized in the fiscal year in which the final draw takes place. Revenue in connection with events, other than donations, is recorded when earned. Donations received related to an event are recorded consistent with the recognition of donation revenue.

Grant recognition

Grants are recognized when approved and the recipient has met all conditions.

Contributed goods and services

Contributed capital assets that are transferred to UHN are recognized at their fair market value in the financial statements. Other contributed goods and services are not recognized.

Allocation of expenses

Direct fundraising and lottery expenses represent expenses and costs that are directly related to these activities. No expenses and costs of general fundraising or other general fundraising and administrative expenses are included in these balances. General fundraising and administrative expenses are allocated to the Restricted Fund as a percentage of net revenue on special events and a fixed amount determined by the Board for strategic events.

Capital assets

Purchased capital assets are recorded at cost. Donated capital assets are recorded at fair value at the date of contribution.

Amortization is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Computer hardware	3 years
Computer software	5 years

Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not contribute to the Foundation's ability to provide goods and services. Any impairment results in a write-down of the asset and an expense in the statement of revenue, expenses and changes in fund balances. An impairment loss is not reversed if the fair value of the related asset subsequently increases.

Adoption of Accounting Guideline AcG-20, *Customer's Accounting for Cloud Computing Arrangements* ["AcG-20"]

Effective April 1, 2025, the Foundation retrospectively adopted AcG-20. This new guideline provides guidance on both accounting for a customer's expenditures in a cloud computing arrangement and determining whether a software intangible asset exists in the arrangement.

The Princess Margaret Cancer Foundation

Notes to financial statements

[in thousands]

March 31, 2026

Under AcG-20, entities are provided with an optional simplification approach to expense as incurred the expenditures related to the elements in a cloud computing arrangement. When an enterprise does not apply the simplification approach, AcG-20 provides factors to assist the enterprise in determining whether the arrangement includes a software intangible asset or is a software service. An accounting policy choice is available to either capitalize directly attributable expenditures on implementation activities when the arrangement is a software service or expense such expenditures as incurred. The Foundation has chosen to capitalize directly attributable expenditures on implementation activities when the arrangement is a software service. The asset for implementation of software services is expensed using the straight-line method over the expected period of access to the software services.

The Foundation commenced a software project in 2026 and capitalized \$1,360 for directly attributable costs on implementation activities related to the implementation of software services, which is included in other assets [note 5]. As at March 31, 2026, the implementation of this software is in progress, and no amounts have been expensed in the statement of operations. The adoption had no impact on the comparative financial statements for the year ended March 31, 2025.

3. Cash

Cash consists primarily of amounts held for the General and Restricted Funds and net funds received in advance related to lotteries and events to be held during the next fiscal year.

4. Investments

[a] Investments, all of which are recorded at fair value, consist of the following:

	2026	2025
	\$	\$
Equities		
Canadian	218,368	95,591
US and other foreign	313,899	329,010
	<u>532,267</u>	<u>424,601</u>
Cash	9,164	2,465
Short-term investments	8,766	22,464
Fixed income		
Government – Federal	65,548	68,744
Government – Provincial	39,987	36,415
Corporate	145,077	128,487
Alternative investments		
Private capital pooled funds	84,107	76,611
Forward foreign exchange contracts [note 4[d]]	(192)	(55)
	<u>884,724</u>	<u>759,732</u>

The Princess Margaret Cancer Foundation

Notes to financial statements

[in thousands]

March 31, 2026

The amounts invested in traditional pooled funds have been allocated among the asset classes, based on the asset classes held by the pooled funds.

[b] Investments are managed as two pools – a Long-Term Pool and a Medium-Term Pool. The Long-Term Pool is used for investments related to externally endowed funds and certain internally endowed funds where the strategy is to invest for the longer term. Other funds are invested in the Medium-Term Pool.

- As at March 31, 2026, investments related to the Long-Term Pool are invested as follows: equities 83% [2025 – 80%], cash and short-term investments 2% [2025 – 4%], and alternative investments 15% [2025 – 16%].
- As at March 31, 2026, investments related to the Medium-Term Pool are invested as follows: equities 26% [2025 – 29%], cash and short-term investments 2% [2025 – 2%], fixed income 68% [2025 – 65%], and alternative investments 4% [2025 – 4%].

[c] The Foundation has outstanding commitments to invest \$25,724 [2025 – \$35,639] in private capital pooled funds over the next three to five years.

[d] In order to manage foreign currency exposure, the Foundation enters into forward foreign exchange contracts with a bank.

In 2026, the contracts were as follows:

[i] Maturing on June 10, 2026: The sale of US\$5,422 at an exchange rate of 1.35169. The fair market value of this contract as at March 31, 2026 is a loss of \$192, which is included in investments on the balance sheet [note 4[a]].

In 2025, the contracts were as follows:

[i] Matured on June 5, 2025: The sale of US\$6,777 at an exchange rate of 1.4257. The fair market value of this contract as at March 31, 2025 was a loss of \$57, which was included in investments on the balance sheet [note 4[a]].

[ii] Matured on June 5, 2025: The sale of US\$425 at an exchange rate of 1.4293. The fair market value of this contract as at March 31, 2025 was a gain of \$2, which was included in investments on the balance sheet [note 4[a]].

The Princess Margaret Cancer Foundation

Notes to financial statements

[in thousands]

March 31, 2026

5. Other assets

Other assets consist of the following:

	2026	2025
	\$	\$
Life insurance and prepaid expenses	1,609	1,946
Prepaid expenses related to future lotteries <i>[note 9[b]]</i>	50,747	65,681
Software implementation costs	1,360	—
Capital assets	623	332
	<u>54,339</u>	<u>67,959</u>

6. Restricted Fund

The Restricted Fund consists of funds available for spending for priorities in progress at Princess Margaret Cancer Centre at UHN that are restricted by donors or the Board for the following purposes:

	2026	2025
	\$	\$
Donor-restricted balances		
Restricted for research, patient care and other purposes	502,765	478,664
Internally imposed restrictions		
Restricted for research, patient care and other purposes	20,912	31,803
	<u>523,677</u>	<u>510,467</u>

During the year, the Board approved transfers from the General Fund to the Restricted Fund and from the Restricted Fund to the Endowment Fund to set aside funds for various purposes *[note 11]*.

7. Endowment Fund

The Endowment Fund consists of externally restricted contributions received by the Foundation, where the endowment principal is required to be invested by the Foundation permanently. The Endowment Fund also includes internal resources transferred by the Board to the Endowment Fund, with the intention that the principal be maintained intact, and may be drawn down to fund operating activities and grants as required. 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.

The Princess Margaret Cancer Foundation

Notes to financial statements

[in thousands]

March 31, 2026

Major categories of restrictions on fund balances are as follows:

	2026	2025
	\$	\$
Externally imposed endowments		
Endowments, the income from which must be used for research, patient care and other purposes	262,905	230,725
Internally imposed endowments approved by the Board		
Funds externally restricted for research, patient care and other purposes	37,695	34,470
Unrestricted funds	116,900	104,672
	154,595	139,142
	417,500	369,867

During the year, the Board approved transfers from the Restricted Fund to the Endowment Fund to set aside funds for various purposes *[note 11]*.

8. Gross fundraising revenue

Gross fundraising revenue consists of the following:

	General Fund		Restricted Fund		Endowment Fund	
	2026	2025	2026	2025	2026	2025
	\$	\$	\$	\$	\$	\$
Annual programs <i>[note 12[g]]</i>	5,710	6,347	19,382	18,032	—	1
Major gifts and bequests <i>[note 12[g]]</i>	13,650	15,064	101,934	61,540	3,472	648
Ride <i>[notes 9[a] and 12[g]]</i>	1,684	657	19,587	20,305	—	—
Other <i>[note 12[f]]</i>	—	—	18,023	51,660	4	6
	21,044	22,068	158,926	151,537	3,476	655

The Princess Margaret Cancer Foundation

Notes to financial statements

[in thousands]

March 31, 2026

9. Events and lotteries

During the years ended March 31, 2026 and 2025, the Foundation held several events and lotteries, the details of which are set out below.

[a] The Foundation held a fundraising event, the Ride. The financial results of the event are as follows:

	2026	2025
	\$	\$
Gross revenue <i>[note 8]</i>	21,271	20,962
Direct expenses	(8,601)	(9,012)
Net revenue	12,670	11,950

[b] During the year ended March 31, 2026, the Foundation held 12 [2025 – 10] lotteries. The financial results of the lotteries are as follows:

	2026	2025
	\$	\$
Gross revenue	129,582	138,774
Direct expenses, including prizes	(92,486)	(97,581)
Net revenue	37,096	41,193

Prior to March 31, 2026, the Foundation committed to carrying out the spring 2026 Princess Margaret Cancer Centre Home Lottery [the “Home Lottery”], the Princess Margaret Cancer Centre Cash Calendar [the “Calendar Lottery”], the Princess Margaret Cancer Centre Wanderlust Lottery [the “Wanderlust Lottery”] and 50/50 add-on, which were held in April 2026. As at March 31, 2026, cash receipts of \$37,274 [2025 – \$45,241] received during the year associated with these lotteries have been deferred and recorded as deferred revenue on the balance sheet. Total expenses of \$21,592 [2025 – \$20,626] were incurred with respect to these lotteries, of which \$8,520 [2025 – \$6,817] has been included in direct lottery expenses in the statement of revenue, expenses and changes in fund balances and \$13,072 [2025 – \$13,809] has been included in other assets on the balance sheet *[note 5]*.

In addition to the committed spring lotteries noted above, the Foundation continues to incur costs related to other future lotteries. Total expenses of \$59,383 [2025 – \$72,669] were incurred with respect to spring 2026 and future lotteries, of which \$8,636 [2025 – \$6,988] has been included in direct lottery expenses in the statement of revenue, expenses and changes in fund balances and \$50,747 [2025 – \$65,681] has been included in other assets on the balance sheet *[note 5]*.

The Foundation has eight standby letters of credit obtained in connection with the Home Lottery, 50/50, Calendar Lottery and Wanderlust Lottery. Four letters of credit totalling \$18,277 will expire on June 22, 2026. Four letters of credit totalling \$11,477 will expire on September 25, 2026.

The Princess Margaret Cancer Foundation

Notes to financial statements

[in thousands]

March 31, 2026

10. Investment income

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

	2026	2025
	\$	\$
Interest and dividends	20,918	21,315
Realized gains, net	55,875	22,789
Unrealized gain on investments	16,282	35,287
	<u>93,075</u>	<u>79,391</u>
Less investment management and custodial fees	2,492	2,152
	<u>90,583</u>	<u>77,239</u>

[b] Investment income is allocated among the funds based on the Foundation's capital preservation and investment return policies. The preservation of capital is recorded as revenue of the Endowment Fund for externally endowed funds. For internally endowed funds, the preservation of capital is recorded as income of the General Fund and transferred to the Endowment Fund in the statement of revenue, expenses and changes in fund balances. For internally endowed, donor-restricted funds, the preservation of capital is recorded as income in the Restricted Fund and transferred to the Endowment Fund in the statement of revenue, expenses and changes in fund balances. In any year, should net investment income not be sufficient to fund the amount required for spending, the amount that is to be made available for spending is funded by a transfer from the Endowment Fund.

Currently, the income available for spending is set at 3.5% [2025 – 3.5%] based on the unitization of the average of the previous four fiscal year fund balances. An additional 1.5% [2025 – 1.5%] is recorded in the General Fund to cover administrative expenses.

Investment income recorded in the Restricted Fund represents income earned on endowments where the donor has stipulated that the income must be used for restricted purposes or where there are agreements requiring income to be allocated to restricted funds.

[c] Gains and losses arising from the sale of donated investments are recorded in either the General Fund, Restricted Fund or Endowment Fund based on the designation of the donor at the time of the donation.

[d] In 2026, investments held for endowments earned an investment gain of \$60,609, of which \$43,173 was allocated for the preservation of capital. Of this amount, \$28,033 related to the externally endowed fund was recorded as investment income of the Endowment Fund. Capital preservation of \$10,569 related to the Board endowed fund was recorded as investment income of the General Fund and then transferred to the Endowment Fund [note 11]. Capital preservation of \$4,571 related to Board endowed funds with donor restrictions was recorded as investment income of the Restricted Fund and then transferred to the Endowment Fund [note 11].

The Princess Margaret Cancer Foundation

Notes to financial statements

[in thousands]

March 31, 2026

In 2026, the amount made available for spending of \$7,613 related to externally endowed funds was recorded as income of the Restricted Fund. The amount of \$4,592 was made available for spending related to internally endowed funds was recorded as an investment of the General Fund and then transferred to the Restricted Fund [note 11]. An amount of \$5,231 was included in the General Fund investment income related to the funds made available to cover the administrative expenses.

In 2025, investments held for endowments earned an investment gain of \$42,295, of which \$24,933 was allocated for the preservation of capital. Of this amount, \$15,783 related to the externally endowed fund was recorded as investment income of the Endowment Fund. Capital preservation of \$6,297 related to the Board endowed fund was recorded as investment income of the General Fund and then transferred to the Endowment Fund [note 11]. Capital preservation of \$2,853 related to Board endowed funds with donor restrictions was recorded as investment income of the Restricted Fund and then transferred to the Endowment Fund [note 11].

In 2025, the amount made available for spending of \$7,141 related to externally endowed funds was recorded as income of the Restricted Fund. The amount of \$5,012 was made available for spending related to internally endowed funds was recorded as an investment of the General Fund and then transferred to the Restricted Fund [note 11]. An amount of \$5,209 was included in the General Fund investment income related to the funds made available to cover the administrative expenses.

11. Interfund transfers

Transfers between funds consist of the following:

	General Fund		Restricted Fund		Endowment Fund	
	2026	2025	2026	2025	2026	2025
	\$	\$	\$	\$	\$	\$
Board-approved transfers	(22,556)	(37,127)	21,572	74,623	984	(37,496)
Allocation of investment income in accordance with Board policy [note 10[d]]	(15,161)	(11,309)	21	2,159	15,140	9,150
	(37,717)	(48,436)	21,593	76,782	16,124	(28,346)

The Princess Margaret Cancer Foundation

Notes to financial statements

[in thousands]

March 31, 2026

12. Related party transactions

- [a] During the year, the Foundation funded the following projects carried out at Princess Margaret Cancer Centre at UHN:

	General Fund		Restricted Fund		Endowment Fund	
	2026	2025	2026	2025	2026	2025
	\$	\$	\$	\$	\$	\$
Equipment	—	—	8,944	6,527	—	—
Research, education and patient care <i>[note 12[c]]</i>	—	—	174,812	156,086	—	—
Construction of centres within the hospital <i>[note 12[d]]</i>	—	—	5,830	17,131	—	—
	—	—	189,586	179,744	—	—

- [b] UHN provides certain services to the Foundation and pays some expenses on behalf of the Foundation. The Foundation reimburses UHN for all direct costs associated with services provided and expenses paid. Administrative expenses include a charge of \$75 [2025 – \$75] paid to UHN for office space, service fees and use of furniture and equipment.
- [c] Effective October 22, 2019, the Foundation entered into a lease agreement with UHN for office space that expires on December 31, 2035. Payments with respect to the lease agreement are recorded through grants to UHN *[note 12[a]]*. The future minimum annual lease payments are as follows:

	\$
2027	1,713
2028	1,755
2029	1,755
2030	1,755
2031	1,597
Thereafter	7,657
	<u>16,232</u>

The Princess Margaret Cancer Foundation

Notes to financial statements

[in thousands]

March 31, 2026

- [d] Effective November 11, 2024, the Foundation entered into an agreement with UHN to fund a portion of the purchase and relocation costs for a new building in equal instalments over a 15-year period to 2040. Payments with respect to this commitment are recorded through grants to UHN [note 12[a]]. The future annual payments are as follows:

	\$
2027	4,440
2028	4,440
2029	4,440
2030	4,440
2031	4,440
Thereafter	39,969
	<u>62,169</u>

Under this agreement, the Foundation will also grant to UHN a portion of operating and ongoing capital and maintenance costs for this building to be determined annually.

- [e] The Foundation reimburses UHN for salaries and benefits of \$21,197 [2025 – \$21,919] associated with UHN staff working at the Foundation.
- [f] UHN contributed \$18,023 [2025 – \$51,660] to the Foundation, which is recorded as revenue in the Restricted Fund. Included in this contribution is:
- [i] \$17,848 [2025 – \$30,000] to the strategic initiatives fund [note 8].
 - [ii] For the year ended March 31, 2025, \$15,500 for the establishment of a Canada leads recruitment fund, to be invested for the recruitment of 100 world-leading early career scientists [note 8].
 - [iii] For the year ended March 31, 2025, \$5,566 to fund awareness of the clinical, research and educational activities of UHN [note 8].
 - [iv] \$175 [2025 – \$594] for royalty payments [note 8].
- [g] Gross fundraising revenue [note 8] includes \$22,427 [2025 – \$1,603] received from affiliated foundations. These donations were directed by the donors, through the affiliated foundations, to the Foundation.
- [h] Amounts due to UHN are non-interest bearing and due on demand. As at March 31, 2026, amounts due from UHN consist of accounts receivable of \$18,023 [2025 – \$51,660] and amounts due to UHN consist of accounts payable of \$32,765 [2025 – \$20,346].

The Princess Margaret Cancer Foundation

Notes to financial statements

[in thousands]

March 31, 2026

13. University of Toronto graduate student endowments

The Foundation negotiated an agreement in which a grant of \$3,300 from the Foundation to the University of Toronto [the "University"] was matched equally by the University and the Government of Ontario through the Ontario Student Opportunity Trust Fund. This established a \$9,900 endowment to be held by the University for the benefit of graduate students studying with the University faculty members located at Princess Margaret Cancer Centre at UHN facilities and engaged in cancer research.

The Foundation negotiated an agreement in which a grant of \$150 from the Foundation to the University was matched equally by the University. This established a \$300 endowment to be held by the University for the benefit of Ph.D. students in the Department of Medical Biophysics in the Faculty of Medicine, located at Princess Margaret Cancer Centre at UHN.

The following financial results for the year ended April 30, 2026 were reported by the University to the Foundation:

	Endowment Fund	Expendable Fund
	\$	\$
Balance, at market value, April 30, 2025	18,877	1,402
Transfer from (to) Expendable Fund	(661)	661
Matching funds	—	9
Investment income	2,639	8
Bursaries awarded	—	(636)
Balance, at market value, April 30, 2026	20,855	1,444

14. Financial instruments and risk management

The Foundation is exposed to various financial risks through transactions in financial instruments.

Currency risk

The Foundation is exposed to currency risk with respect to its investments denominated in foreign currencies, including the underlying investments of its pooled funds denominated in foreign currencies, because the fair value and future cash flows will fluctuate due to the changes in the relative value of foreign currencies against the Canadian dollar. The Foundation mitigates this risk by monitoring the performance of the individual investments and by ensuring compliance by the investment manager with the set investment policies of the Foundation.

Credit risk

The Foundation is exposed to credit risk in connection with its short-term and fixed income investments because of the risk that one party to the financial instrument may cause a financial loss for the other party by failing to discharge an obligation. The Foundation mitigates this risk by monitoring the performance of the individual investments and by ensuring compliance by the investment manager with the set investment policies of the Foundation.

The Princess Margaret Cancer Foundation

Notes to financial statements

[in thousands]

March 31, 2026

Interest rate risk

The Foundation is exposed to interest rate risk with respect to its investments in fixed income investments and a pooled fund that holds fixed income securities because the fair value will fluctuate due to changes in market interest rates. The Foundation mitigates this risk by monitoring the performance of the individual investments and by ensuring compliance by the investment manager with the set investment policies of the Foundation.

Other price risks

The Foundation is exposed to other price risks through changes in market prices [other than changes arising from interest rate risk or currency risk] in connection with its investments in equity securities and pooled funds. The Foundation manages this risk through its investment policies and by monitoring the asset mix of the portfolio.