UNIVERSITY OF OTTAWA
HEART INSTITUTE

INSTITUT DE CARDIOLOGIE
DE L'UNIVERSITÉ D'OTTAWA

Financial Statements of
(In thousands of dollars)

UNIVERSITY OF OTTAWA HEART INSTITUTE

Year ended March 31, 2026

UNIVERSITY OF OTTAWA HEART INSTITUTE

Table of Contents

Year ended March 31, 2026

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the University of Ottawa Heart Institute

We have audited the financial statements of the University of Ottawa Heart Institute (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 net assets 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, 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, its changes in net assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 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 opinion.

Other Information

Management is responsible for the other information. The other information comprises:

- Information, other than the financial statements and the auditor's report thereon, included in the University of Ottawa Heart Institute Annual Report.

Our opinion on the financial statements does not cover the other information and we do not and will 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, identified above 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 information, other than the financial statements and the auditor's report thereon, included in the University of Ottawa Heart Institute Annual Report as at the date of this auditor's report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the 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 public sector accounting standards, 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

Ottawa, Canada

June 12, 2026

UNIVERSITY OF OTTAWA HEART INSTITUTE

Statement of Financial Position
(In thousands of dollars)

March 31, 2026, with comparative information for 2025

		2026		2025
Assets				
Current assets:				
Cash	$	65,826	$	67,574
Accounts receivable (note 2)		11,903		16,811
Inventories		1,496		1,526
Prepaid expenses		2,378		2,938
		81,603		88,849
Capital assets (note 3)		152,765		159,031
	$	234,368	$	247,880
Liabilities and Net Assets				
Current liabilities:				
Accounts payable and accrued liabilities (note 12)	$	31,689	$	43,058
Current portion of long-term debt (note 5)		2,393		2,343
		34,082		45,401
Long-term debt (note 5)		4,902		7,296
Employee future benefits (note 6)		7,794		7,613
Deferred contributions related to capital assets (note 7)		126,629		137,473
Asset retirement obligations (note 8)		1,265		1,214
		174,672		198,997
Net assets:				
Investment in capital assets (note 9)		17,576		10,705
Unrestricted net assets		42,120		38,178
		59,696		48,883
Commitments, contingencies and guarantees (note 13)				
	$	234,368	$	247,880

See accompanying notes to financial statements.

On behalf of the Board:

Cathy McAvoy (signature) Chairperson

Rob Beanlands President and CEO

UNIVERSITY OF OTTAWA HEART INSTITUTE

Statement of Operations
(In thousands of dollars)

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

		2026		2025
Revenue:				
Funding from Governments	$	233,951	$	242,006
Patient services		47,104		50,073
Recoveries and other operating		10,108		9,735
Preferred accommodation		949		754
Amortization of deferred contributions related to major equipment (note 7)		2,286		3,852
		294,398		306,420
Expenses:				
Salaries and benefits and purchased services		139,560		129,544
Supplies and other operating (note 12(c))		27,100		31,341
Service agreements (note 12(a))		29,150		27,367
Drugs		4,985		4,972
Medical and surgical supplies		64,853		56,000
Medical staff remuneration		9,773		10,571
Amortization of major equipment		7,016		7,882
Interest		470		625
		282,907		268,302
Excess of revenue over expenses before undernoted items		11,491		38,118
Amortization of deferred contributions related to buildings (note 7)		10,071		10,732
Amortization of buildings		(10,749)		(12,026)
Excess of revenue over expenses	$	10,813	$	36,824

See accompanying notes to financial statements.

UNIVERSITY OF OTTAWA HEART INSTITUTE

Statement of Changes in Net Assets
(In thousands of dollars)

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

	Investment in capital assets	Unrestricted	2026 Total	2025 Total
Net assets, beginning of year,	$ 10,705	$ 38,178	$ 48,883	$ 12,059
Excess of revenue over expenses	–	10,813	10,813	36,824
Net change in investment in capital assets (note 9(b))	6,871	(6,871)	–	–
Net assets, end of year	$ 17,576	$ 42,120	$ 59,696	$ 48,883

See accompanying notes to financial statements.

UNIVERSITY OF OTTAWA HEART INSTITUTE

Statement of Cash Flows
(In thousands of dollars)

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

	2026	2025
Cash provided by (used for):		
Operating activities:		
Excess of revenue over expenses	$ 10,813	$ 36,824
Items not involving cash:		
Amortization of capital assets	17,765	19,908
Amortization of deferred contributions related to capital assets (note 7)	(12,357)	(14,584)
Net increase in employee future benefits (note 6)	181	330
Net change in non-cash operating working capital (note 10)	(5,871)	(31,587)
	10,531	10,891
Financing activities:		
Repayment of long-term debt	(2,344)	(2,475)
	(2,344)	(2,475)
Capital activities:		
Purchase of capital assets (note 9(b))	(11,448)	(4,030)
Deferred contributions related to capital assets received (note 7)	1,513	2,970
	(9,935)	(1,060)
Net increase (decrease) in cash during the year	(1,748)	7,356
Cash and cash equivalents, beginning of year	67,574	60,218
Cash and cash equivalents, end of year	$ 65,826	$ 67,574

See accompanying notes to financial statements.

The University of Ottawa Heart Institute (the "Institute") is incorporated without share capital under the *Ontario Corporations Act*. It provides a full range of cardiac services including primary and secondary prevention, diagnosis and treatment, rehabilitation, research and education. It is the sole provider of interventional cardiology and cardiac surgery for Eastern Ontario and Western Quebec. The Institute focuses its clinical activity in three major areas: open heart surgery, interventional cardiology and arrhythmia procedures. The Institute is a registered charity under the Income Tax Act (Canada) and accordingly, is exempt from income taxes.

Under the *Health Insurance Act* and regulations thereto, the Institute is funded primarily by the Province of Ontario, in accordance with the funding arrangements established by the Ontario Ministry of Health (MOH) and Ontario Health. Any excess of revenues over expenses incurred during a fiscal year is not required to be returned and can be used in the reinvestment for capital needs of the Institute. To the extent that deficits are incurred and not funded, future operations may be impacted.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards including the 4200 standards for government not-for-profit organizations and reflect the following significant accounting policies:

(a) Revenue recognition:

The Institute follows the deferral method of accounting for contributions for not-for-profit organizations.

Under the Health Insurance Act and Regulations thereto, the Hospital is funded, primarily by the Province of Ontario, in accordance with budget arrangements established by the Ontario Ministry of Health. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

The Institute receives funding for operations for certain programs from the Ontario Ministry of Health. The final amount of operating revenue recorded cannot be determined until the Ontario Ministry of Health has reviewed the Hospital's financial and statistical returns for the year. Any adjustments arising from the Ontario Ministry of Health review are recorded in the period in which the adjustments are made.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

1. Significant accounting policies (continued):

(a) Revenue recognition (continued):

Externally restricted contributions are recognized as revenue when the conditions for the restriction have been met.

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

Revenues related to the sale of goods or provision of services are recognized in the year in which the underlying transaction or event occurred, performance obligations fulfilled, and future economic benefits are measurable and expected to be obtained. These revenues include patient services, preferred accommodation, marketed services and recoveries and other operating revenues.

(b) Contributed services

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

(c) Inventories:

Inventories are valued at the lower of average cost and replacement cost. Replacement cost is the estimated cost to replenish the inventory at current market price.

(d) Financial instruments:

The Institute's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, and long-term debt.

The Hospital's financial instruments are measured as follows:

Cash	Cost
Accounts receivable	Cost
Accounts payable and accrued liabilities	Cost
Long-term debt	Amortized cost

The Institute recognizes its transaction costs in operations in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost adjust the carrying amount of the financial asset or liability and are accounted for in the statement of operations using the straight-line method.

Financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations.

(in thousands of dollars)

1. Significant accounting policies (continued):

(e) Capital assets:

Purchased capital assets, other than minor equipment, are recorded at cost. Contributed capital assets are recorded at their estimated fair value at the date of contribution. Minor equipment replacements are expensed in the year of purchase. Construction-in-progress comprises construction, development costs and interest capitalized during the construction period. Assets acquired under capital leases are initially recorded at the present value of future minimum lease payments and amortized over the estimated life of the assets.

Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. When a capital asset no longer contributes to the Institute's ability to provide services, the carrying amount is written down to its residual value.

Land is not amortized due to its infinite life. Construction-in-progress is not amortized until the project is complete and the assets come into use. Capital assets are amortized on a straight-line basis over their expected useful lives as follows:

Asset	Rate
Buildings and improvements	20 years
Diagnostic and major equipment	5 to 15 years
Network infrastructure	5 to 20 years
Software	5 years
Health information system	15 years

(f) Employee benefit plans:

The Institute provides defined retirement and other future benefits for substantially all retirees and employees. These future benefits include life insurance and health care benefits.

The Institute accrues its obligations for employee benefit plans as the employees render the services necessary to earn the benefits. The cost of non-pension post-retirement and post-employment benefits earned by employees is actuarially determined using the projected benefit method pro-rated on service and management's best estimate of retirement ages of employees and expected heath care costs. The most recent actuarial valuation was performed as at March 31, 2025. The next scheduled valuation will be as at March 31, 2028.

Adjustments arising from plan amendments, including past service costs, are recognized in the year that the plan amendments occur. Actuarial gains or losses are amortized over the average remaining service period of active employees.

The average remaining service period of active employees covered by the employee benefit plan is 13.0 years (2025 - 13.0 years).

1. Significant accounting policies (continued):

(f) Employee benefit plans (continued):

The Institute is an employer member of the Healthcare of Ontario Pension Plan, which is a multi-employer, defined benefit pension plan. The Hospital has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles.

(g) Use of estimates:

The preparation of the financial statements 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 period. Actual results could differ from these estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the periods in which they become known. Significant estimates used in preparing the financial statements include the assumptions underlying the useful lives of capital assets, the employee future benefit liability calculation, impairment of financial assets such as the allowance for doubtful accounts, and the accrued liability for the asset retirement obligations.

(h) Asset retirement obligation:

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

A liability for the removal of asbestos in several of the buildings owned by the Institute has been recognized based on estimated future expenses on closure of the site and post-closure care. These assumptions and calculations are reviewed and revised annually as needed.

The building capital assets affected by the asbestos liability are fully amortized.

(i) Cash:

The Institute's policy is to present bank balances under cash, including bank overdrafts with balances that can fluctuate from being positive to overdrawn.

(in thousands of dollars)

2. Accounts receivable:

	2026	2025
Accounts receivable from patients	$ 9,852	$ 13,327
Ontario Ministry of Health	1,379	4,061
Sales tax rebates receivable	772	705
The Ottawa Hospital (note 12(a))	1,693	1,037
University of Ottawa Heart Institute Foundation (note 12(b))	137	137
Ottawa Heart Institute Research Corporation (note 12(c))	238	180
	14,071	19,447
Less allowance for doubtful accounts	(2,168)	(2,636)
	$ 11,903	$ 16,811

The allowance for doubtful accounts relates to accounts receivable from patients and other receivables and is determined based on prior experience with similar accounts. The current year allowance includes amounts associated with related entities.

(in thousands of dollars)

3. Capital assets:

			2026	2025
	Cost	Accumulated amortization	Net book value	Net book value
Capital assets:				
Buildings and buildings improvements	$ 248,783	$ 124,519	$ 124,264	$ 133,802
Diagnostic and operating equipment	100,232	83,249	16,983	14,965
Network infrastructure	1,671	940	731	409
Construction in progress	2,921	–	2,921	590
	353,607	208,708	144,899	149,766
Intangible assets:				
Software	1,233	1,107	126	194
Health information system	11,400	6,204	5,196	5,649
	12,633	7,311	5,322	5,843
Assets under capital lease:				
Operating equipment	7,461	5,969	1,492	2,239
Health information system	1,972	920	1,052	1,183
	9,433	6,889	2,544	3,422
	$ 375,673	$ 222,908	$ 152,765	$ 159,031

At March 31, 2025, cost and accumulated amortization amounted to $364,225 and $205,194, respectively.

4. Line of credit:

The Institute also has an overdraft lending agreement with the Toronto Dominion Bank for an amount of $400. This operating loan is repayable on demand, bears interest at prime rate minus 0.75% and is secured by a general security agreement. This operating loan was not used by the Institute as of March 31, 2026.

5. Long-term debt:

On March 18, 2024 the Institute renewed their term loan of $15,000, with an interest rate through a SWAP contract, which now matures on October 31, 2029. As at March 31, 2026, the SWAP contract showed an accumulated unrealized gain of $41 (2025 - gain of $14).

(in thousands of dollars)

5. Long-term debt (continued):

		2026		2025
Term loan – interest rate through a SWAP contract at a fixed rate of 2.275% (2025 - 2.275%) plus a spread, maturing on October 31, 2029, payable in monthly installments of $125 principal	$	5,375	$	6,875
Imaging equipment lease contract with a net book value of $1,492 - 5.77%, maturing in April 2028, payable in monthly instalments of $82, with a purchase option at maturity of one dollar.		1,920		2,764
		7,295		9,639
Current portion of long-term debt		(2,393)		(2,343)
	$	4,902	$	7,296

Long-term debt estimated principal repayments over the next 5 years and thereafter are as follows:

		Total
2027	$	2,393
2028		2,446
2029		1,581
2030		875
	$	7,295

6. Employee future benefits:

(a) Health and dental benefits:

The Institute offers a defined benefit plan which provides extended health care and dental insurance benefits to some of its employees and extends this coverage to the post-retirement period. The most recent actuarial valuation of employee future benefits was completed as at March 31, 2025.

As The Ottawa Hospital (TOH) manages all human resources functions for the Institute, the Institute's employees are offered the same future benefits as are offered to the employees of TOH and are included in the overall calculation of estimated future benefits. The Institute's share of the employee future benefits is calculated using the Institute's management best estimate.

(in thousands of dollars)

6. Employee future benefits (continued):

(a) Health and dental benefits (continued):

As at March 31, 2026, the Institute's liability associated with the benefit plan is as follows:

		2026		2025
Accrued benefit obligation	$	6,231	$	5,939
Unamortized experience gains		1,563		1,674
Employee future benefits liability	$	7,794	$	7,613

The Institute's defined benefit plan is not funded, resulting in a plan deficit equal to the accrued benefit obligation.

The significant actuarial assumptions used in estimating the Institute's accrued benefit obligation are as follows:

	2026	2025
Discount rate to determine accrued benefit obligation	3.90%	3.90%
Dental cost increases	4.00%	4.00%
Extended health care cost increases	5.67%	5.67%
Expected average remaining service life of employees	13 years	13 years

The employee future benefits liability change is comprised of:

		2026		2025
Current service cost	$	410	$	334
Interest on accrued benefit obligation during the year		233		269
Amortization of net experience losses (gains)		(111)		91
Benefit payments made by the Institute during the year		(351)		(364)
	$	181	$	330

(b) Hospital of Ontario Pension Plan:

Substantially all of the employees of the Institute are members of the Healthcare of Ontario Pension Plan (the “Plan”), which is a multi-employer defined benefit pension plan available to all eligible employees of the participating members of the Ontario Hospital Association. Contributions to the Plan made during the year by the Institute on behalf of its employees amounted to $8,430 (2025 - $8,254) and are included in the statement of operations.

(in thousands of dollars)

6. Employee future benefits (continued):

(b) Hospital of Ontario Pension Plan (continued):

Pension expense is based on Plan management's best estimates, as determined in consultation with its actuaries, of the amount required to provide a high level of assurance that benefits will be fully represented by fund assets at retirement. The funding objective is for employer contributions to the Plan to remain a constant percentage of employees' contributions.

Variances between actuarial funding estimates and actual experience may be material and differences are generally to be funded by the participating members. The most recent actuarial valuation of the Plan as at December 31, 2025 indicates that the Plan is fully funded.

7. Deferred contributions related to capital assets:

Deferred contributions related to capital assets represent unamortized and unspent amounts of donations and grants received restricted for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

The changes in the deferred balance for the year are as follows:

	2026	2025
Balance, beginning of year	$ 137,473	$ 149,087
Add: contributions received or receivable during the year	1,513	2,970
Less: amounts amortized for major equipment	(2,286)	(3,852)
Less: amounts amortized for buildings	(10,071)	(10,732)
Balance, end of year	$ 126,629	$ 137,473

The balance of unamortized and unspent capital contributions consists of the following:

	2026	2025
Unamortized capital contributions	$ 125,384	$ 136,530
Unspent capital contributions	1,245	943
	$ 126,629	$ 137,473

(in thousands of dollars)

8. Asset retirement obligation:

The Institute owns and operates buildings that are presumed to have asbestos, which represents a health hazard upon demolition of the building and there is a legal obligation to remove it. Following the adoption of PS3280 *Asset Retirement Obligations*, the Entity recognized an obligation of $912 relating to the removal and post-removal care of the asbestos in these building as estimated at April 1, 2022. The buildings had an estimated useful life of 20 years when they were purchased between the years 1976 and 1989. The timing of post-closure care cannot yet be reasonably estimated, so no discounting has been applied to the liability.

During the year ended March 31, 2026, the Institute increased the asset retirement obligation costs by $51, to reflect a 4.19% escalation rate for building price indexes for asbestos removal in the current year. The asset retirement obligations at year end are $1,265 (2025 - $1,214).

9. Investment in capital assets:

(a) Investment in capital assets is calculated as follows:

	2026	2025
Capital assets	$ 152,765	$ 159,031
Amounts financed by:		
Deferred contributions related to capital assets (note 7)	126,629	137,473
Long-term debt (note 5)	7,295	9,639
Asset retirement obligation (note 8)	1,265	1,214
Net investment in capital assets, end of year	$ 17,576	$ 10,705

(b) Net change in investment in capital assets is calculated as follows:

	2026	2025
Purchase of capital assets	$ 11,448	$ 4,030
Amount funded by deferred contributions	(1,513)	(2,970)
Amounts funded by long-term debt	2,344	2,475
Amortization of deferred contributions related to capital assets	12,357	14,584
Amortization of capital assets	(17,765)	(19,908)
	$ 6,871	$ (1,789)

(in thousands of dollars)

10. Net change in non-cash working capital:

		2026		2025
Accounts receivable	$	4,908	$	9,637
Inventories		30		(313)
Prepaid expenses		560		(66)
Accounts payable and accrued liabilities		(11,369)		(40,845)
Net change in non-cash working capital	$	(5,871)	$	(31,587)

11. Financial risks:

The Institute is exposed to various financial risks through its financial instruments.

(a) Credit risk:

Credit risk relates to the potential that one party to a financial instrument will fail to discharge an obligation and incur a financial loss. The Institute is exposed to credit risk on its accounts receivable as disclosed in note 2. Management believes its allowance for doubtful accounts is sufficient on its receivables and has implemented collection recovery procedures to mitigate its credit risk.

(b) Liquidity risk:

Liquidity risk is the risk the Institute will be unable to fulfill its financial obligations on a timely basis or at a reasonable cost. The Institute manages its liquidity risk by forecasting cash flows from operations and anticipating investing and financing activities and maintaining credit facilities to ensure it has sufficient available funds to meet current and foreseeable financial requirements.

(c) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors. Market risk comprises of three types of risks: interest rate risk, currency risk and other price risk.

(i) Interest rate risk:

Interest rate risk is the risk of an increase in interest expense or reduction in interest income as a consequence of adverse movements in interest rates. The interest rate exposure of the Institute arises from its fixed and floating interest rate financial instruments.

To manage its interest rate risk, the Institute has entered into an interest rate swap agreement as described in note 5. Consequently, the Institute's long-term debt bears a fixed interest rate and, as a result the risk exposure is minimal.

11. Financial instruments (continued):

(c) Market risk (continued):

(ii) Currency and other pricing risks:

The Institute believes it is not subject to significant foreign currency or other pricing risks arising from its financial instruments.

The Institute continues to be exposed to financial risks arising from interest rate levels, inflationary pressures and market fluctuations. Management believes that these financial risks are appropriately mitigated and do not pose significant risk to the Institute's ongoing operations. There have been no significant changes in the policies, procedures, and methods used to manage these risks in the year.

12. Related party transactions:

The following transactions are considered to be in the normal course of operations and are measured at the exchange amount.

(a) The Ottawa Hospital:

The Institute has an economic interest in TOH due to the relationship between the Institute and TOH. The business relationship between the Institute and TOH is governed by a service agreement pursuant to which laboratory services, facilities and administrative support are provided at fair market value. Therefore, the services rendered by TOH are currently essential to the Institute's operational activities. During the year, the Institute made total payments to TOH under the service agreements in the amount of $29,368 (2025 - $27,367).

The intent of the service agreement is that any surplus or deficit incurred by either party shall be managed by the party that generates it. TOH has an accumulated unrestricted net deficit balance of $95,474 at March 31, 2026 (2025 - $70,880).

Furthermore, the land used by the Institute for its premises is leased by TOH from the Government of Canada. The land in turn is leased by the Institute for an annual nominal payment of $1 under a long-term agreement expiring March 31, 2035 subject to the rights of renegotiation and extension set out in the lease.

As at March 31, 2026, the Institute had a payable to TOH amounting to $4,205 (2025 - $9,683), bearing interest at prime. As at March 31, 2026, the Institute had a receivable from TOH amounting to $1,693 (2025 - $1,037).

12. Related party transactions (continued):

(b) University of Ottawa Heart Institute Foundation:

The Institute has an economic interest in the Ottawa Heart Institute Foundation (the “Foundation) since the Foundation raises funds and holds resources that are used to benefit the Institute. The Foundation coordinates and promotes fundraising and endowment activities to support and fund capital projects of the Institute and various other programs and activities such as research, patient care, education and other activities concerning cardiovascular health at the Institute and the Ottawa Heart Institute Research Corporation (“the Corporation”). The Foundation is incorporated without share capital under the Canada Not-for-Profit Corporations Act. The Foundation is a registered charity and, as such, is exempt from income taxes under subsection 149(1)(l) of the Income Tax Act.

Included in accounts receivable is $137 (2025 - $137) owing from the Foundation mainly for capital funding.

During the year, the Institute received funding of $1,616 (2025 - $2,148) from the Foundation to support clinical programs, equipment purchases and capital programs.

The Institute has established terms of reference governing certain accumulated funds transferred to the Foundation. These accumulated funds arose from transfers made during prior years up to and including fiscal 2024. These terms of reference provide governance and approval mechanisms over the use of the funds for Institute initiatives, including requirements for approval by both the Institute’s and the Foundation’s Boards of Directors. Amounts transferred were expensed in the year of transfer and no financial asset is recognized by the Institute. As at March 31, 2026, the total amount of funds subject to these terms of reference was $34,620 (2025 - $33,593). Interest earned on the funds is also subject to the terms of reference.

(c) Ottawa Heart Institute Research Corporation:

The Institute has an economic interest in the Ottawa Heart Institute Research Corporation (“the Corporation”). The purpose of the Corporation is to conduct, acquire, solicit or receive research contributions to operate and maintain laboratories and a research facility for the benefit of the Institute. The Corporation is a registered charity and, as such, is exempt from income taxes under subsection 149(1)(l) of the *Income Tax Act*. In addition, the Corporation is classified as a non-profit corporation for scientific research and experimental development as defined in subsection 149(1)(l) of the *Income Tax Act*. The Corporation is incorporated without share capital under the *Canada Not-for-Profit Corporations Act*.

As at March 31, 2026, the Institute has accounts receivable amounting to $238 (2025 - $180) relating to construction projects and other costs incurred on behalf of the Corporation and has accrued liabilities amounting to $1,471 (2025 - $3,205) which consists of funding received on behalf of the Corporation and payroll and other support costs incurred by the Corporation on behalf of the Institute. These amounts are non-interest bearing and have no specified terms of repayment.

12. Related party transactions (continued):

(c) Ottawa Heart Institute Research Corporation (continued):

During the year, the Institute provided $4,480 (2025 - $6,929) of base funding in support of research to the Corporation. These amounts are included under supplies and other expenses in the statement of operations.

The Corporation provides payroll management services to the Institute for a limited group of employees at no cost. All salaries and benefits' costs are reimbursed on a monthly basis by the Institute. During the year, a total of $13,627 (2025 - $12,756) in salaries and benefits were reimbursed to the Corporation by the Institute.

The Institute has established terms of reference governing certain accumulated funds transferred to the Corporation. These accumulated funds arose from transfers made during prior years up to and including fiscal 2023. These terms of reference provide governance and approval mechanisms over the use of the funds for Institute initiatives, including requirements for approval by both the Institute's and the Corporation's Boards of Directors. Amounts transferred were expensed in the year of transfer and no financial asset is recognized by the Institute. As at March 31, 2026, the total amount of funds subject to these terms of reference was $41,151 (2025 - $39,952). Interest earned on the funds is also subject to the terms of reference.

(d) Alumni and Auxiliary:

The Institute has an economic interest in the Ottawa Heart Institute Alumni Association ("the Alumni") and the Heart Institute Auxiliary ("the Auxiliary"). The objective of the Auxiliary and the Alumni is to raise and receive funds to be distributed towards various programs and capital projects of the Institute, the Corporation and the Foundation. The Auxiliary and Alumni are tax-exempt entities created under the laws of Ontario.

13. Commitments, contingencies and guarantees:

(a) The Institute is a party to various claims related to its operations. It is not possible to determine the outcome or to estimate the possible financial liability, if any, to the Institute. No provision has been made for loss in these financial statements, but in management's opinion, these claims will not have a material adverse effect on its financial position or results of operations.

(in thousands of dollars)

13. Commitments, contingencies and guarantees (continued):

(b) A group of hospitals, including the Institute, have formed 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. HIROC facilitates the provision of liability insurance coverage to health care organizations in the provinces and territories where it is licensed. Subscribers pay annual premiums, which are actuarially determined, and are subject to assessment for losses in excess of such premiums, if any, experienced by the group of subscribers for the year in which they were a subscriber. No such assessments were required during the year ended March 31, 2026.

(c) The Institute has guaranteed, in the form of a second ranking security in all of its personal property, a credit facility the University of Ottawa Heart Institute Foundation has entered into with the Royal Bank of Canada composed of a fixed rate facility $10,000. The fixed rate facility balance at March 31, 2026 was $2,197, maturing January 31, 2028, which is fixed at a rate of 1.80% plus a spread, through a forward SWAP contract.

(d) The Institute is committed under long-term leases and supplier contracts for various services and equipment to make payments over the following years is estimated as follow:

2027	$	1,988
2028		799
2029		347
2030		36

As described in Note 12, the Institute has entered into a long-term service agreement with TOH for several services provided by TOH. The agreement is in effect until March 31, 2027. Each service level agreement is negotiated annually at fair market value per service rendered and based on the volume of activities.

(e) From time to time, the Ministry performs reviews at various healthcare institutions covering such items as governance, finance, compliance and other related matters. During fiscal 2026, the Institute was involved in a review. As at the issuance of these financial statements, conclusions from the review have not been provided to the Institute.

14. Comparative information:

Certain comparative information has been revised to reflect the current year's financial statement presentation.