

Consolidated Financial Statements of

**HEART AND STROKE
FOUNDATION OF CANADA**

And Independent Auditor's Report thereon

Year ended August 31, 2025



KPMG LLP

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Heart and Stroke Foundation of Canada

Opinion

We have audited the consolidated financial statements of Heart and Stroke Foundation of Canada (the Entity), which comprise:

- the consolidated statement of financial position as at August 31, 2025
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes in net assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated 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 consolidated financial position of the Entity as at August 31, 2025, its consolidated results of operations and its consolidated 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 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.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



Page 3

- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. A horizontal line is drawn underneath the signature, extending from the left side of the 'K' towards the right.

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

December 5, 2025

HEART AND STROKE FOUNDATION OF CANADA

Consolidated Statement of Financial Position
(In thousands of dollars)

August 31, 2025, with comparative information for 2024

	2025	2024
Assets		
Current assets:		
Cash	\$ 73,438	\$ 131,140
Accounts receivable (note 12(e))	4,429	4,550
Inventory	650	619
Prepaid expenses	364	823
	<u>78,881</u>	<u>137,132</u>
Investments (note 2)	215,450	127,604
Capital assets (note 3)	1,590	1,938
	<u>\$ 295,921</u>	<u>\$ 266,674</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 8)	\$ 7,248	\$ 5,952
Research awards payable (note 9)	36,434	31,212
Deferred revenue (note 4)	13,805	7,999
	<u>57,487</u>	<u>45,163</u>
Other long-term liabilities (note 8)	807	1,053
Research awards payable (note 9)	30,056	30,548
Deferred contribution	506	506
Lease inducements	586	695
Employee future benefits (note 5)	—	1,439
	<u>89,442</u>	<u>79,404</u>
Net assets:		
Internally restricted:		
Impact fund (note 6(a))	45,418	42,094
Strategic initiatives (note 6(b))	108,493	91,840
Reserves (note 6(c))	35,000	22,500
Invested in capital assets (note 6(d))	1,590	1,938
	<u>190,501</u>	<u>158,372</u>
Unrestricted	9,053	21,973
Endowments	6,925	6,925
	<u>206,479</u>	<u>187,270</u>
Commitments (note 11)		
	<u>\$ 295,921</u>	<u>\$ 266,674</u>

See accompanying notes to consolidated financial statements.

On behalf of the Board:



Charlene Ripley
Chair



Jason Chang
Chair, Finance and Audit Committee

HEART AND STROKE FOUNDATION OF CANADA

Consolidated Statement of Operations
(In thousands of dollars)

Year ended August 31, 2025, with comparative information for 2024

	2025	2024
Revenue:		
Fundraising receipts:		
Community-based programs	\$ 8,467	\$ 7,958
Direct marketing	35,380	36,872
Corporate sponsorship	3,580	3,654
Mission	8,520	8,611
Major gifts	43,662	47,348
	99,609	104,443
Add (deduct): net change in deferrals (note 4)	(2,729)	2,996
	96,880	107,439
Lottery	28,460	31,327
	125,340	138,766
Government sponsored projects and grants (note 4)	1,797	640
Investment and other financial income	31,177	9,601
	32,974	10,241
Total revenue	158,314	149,007
Direct costs:		
Fundraising (note 7)	12,545	14,245
Lottery (note 7)	23,183	21,279
	35,728	35,524
Net revenue before operating and mission programs expenses:		
Fundraising	84,335	93,194
Lottery	5,277	10,048
Government, investment, and other	32,974	10,241
	122,586	113,483
Operating expenses (note 8(a)):		
General fundraising (note 7)	22,033	19,904
Administration (note 7)	2,326	2,559
	24,359	22,463
Funds available for mission	98,227	91,020
Mission programs expenses (note 8(a)):		
Research (note 7)	27,961	34,071
Health promotion and community programs (note 7)	39,123	37,956
	67,084	72,027
Excess of revenue over expenses before the undernoted	31,143	18,993
Changes in fair value of investments	(9,651)	13,108
Excess of revenue over expenses	\$ 21,492	\$ 32,101

See accompanying notes to consolidated financial statements.

HEART AND STROKE FOUNDATION OF CANADA

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

Year ended August 31, 2025, with comparative information for 2024

				2025	2024
	Unrestricted	Internally restricted (note 6)	Endowments	Total	Total
Net assets, beginning of year	\$ 21,973	\$ 158,372	\$ 6,925	\$ 187,270	\$ 146,112
Excess of revenue over expenses	21,492	–	–	21,492	32,101
Remeasurement and other items relating to employee future benefits	(2,283)	–	–	(2,283)	9,057
Interfund transfers (note 6)	(32,129)	32,129	–	–	–
Net assets, end of year	\$ 9,053	\$ 190,501	\$ 6,925	\$ 206,479	\$ 187,270

See accompanying notes to consolidated financial statements.

HEART AND STROKE FOUNDATION OF CANADA

Consolidated Statement of Cash Flows
(In thousands of dollars)

Year ended August 31, 2025, with comparative information for 2024

	2025	2024
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 21,492	\$ 32,101
Items not affecting cash:		
Amortization of capital assets	348	348
Changes in fair value of investments	9,651	(13,108)
Reinvested realized investment income and gain on disposal of investments	(24,543)	(2,397)
Pension plan expense	(23)	448
Amortization of lease inducements	(109)	(108)
Contributions to pension plan	(3,699)	(271)
Change in non-cash operating working capital:		
Accounts receivable	121	(1,974)
Inventory	(31)	485
Prepaid expenses	459	752
Accounts payable and accrued liabilities	1,050	755
Research awards payable	4,730	20,552
Deferred revenue	5,806	(2,961)
	15,252	34,622
Investing activities:		
Return of capital on annuity	2,046	1,966
Purchases of capital assets	–	(64)
Proceeds on disposal of investments	121,861	–
Purchases of investments	(196,861)	–
	(72,954)	1,902
Increase (decrease) in cash	(57,702)	36,524
Cash, beginning of year	131,140	94,616
Cash, end of year	\$ 73,438	\$ 131,140
Consisting of:		
Cash	\$ 64,857	\$ 125,295
Cash - Impact fund	8,581	5,845
	\$ 73,438	\$ 131,140

See accompanying notes to consolidated financial statements.

HEART AND STROKE FOUNDATION OF CANADA

Notes to Consolidated Financial Statements
(In thousands of dollars)

Year ended August 31, 2025

The Heart and Stroke Foundation of Canada (the "Foundation") is a registered charity exempt from income taxes, incorporated under the provisions of the Canada Not-for-profit Corporations Act. The Foundation's mission is to "Promote health. Save lives. Enhance recovery." The Foundation's vision is "Life. Uninterrupted by heart disease and stroke."

1. Significant accounting policies:

(a) Basis of presentation and consolidation:

These consolidated financial statements include the assets, liabilities, revenue and expenses of the Foundation and all of its subsidiaries over which the Foundation has effective control, including the Heart and Stroke Foundation of British Columbia and Yukon, Heart and Stroke Foundation of Nova Scotia, Heart and Stroke Foundation of Ontario, Heart and Stroke Foundation of Prince Edward Island Inc., and Heart and Stroke Foundation of Quebec.

These consolidated financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations applied in Part III of the Chartered Professional Accountants of Canada Handbook.

(b) Revenue recognition:

The Foundation follows the deferral method of accounting for contributions. 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. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Investment income, which is recorded on the accrual basis, includes interest, dividends, and net realized gains (losses) on sale of investments. Restricted investment income is recorded in deferred revenue until the related expense is incurred. Endowment contributions, where donors have restricted the original contribution to be maintained in perpetuity, are recognized as direct increases in endowments net assets.

Sales of educational materials are recorded when shipment has occurred, title has passed and when collection is reasonably assured.

HEART AND STROKE FOUNDATION OF CANADA

Notes to Consolidated Financial Statements (continued)
(In thousands of dollars)

Year ended August 31, 2025

1. Significant accounting policies (continued):

(c) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Foundation has elected to carry all investments at fair value except for the annuity, which is recorded at cost.

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

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Foundation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Foundation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial impairment change.

(d) Inventory:

Inventory, comprising resuscitation materials and fundraising promotional materials, is carried at the lower of average cost and net realizable value. Cost is determined on a weighted average basis and includes direct and indirect expenses incurred in bringing an item to its existing location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to sell an item.

Total amount of inventories recognized as an expense during the period is \$1,332 (2024 - \$2,556).

HEART AND STROKE FOUNDATION OF CANADA

Notes to Consolidated Financial Statements (continued)
(In thousands of dollars)

Year ended August 31, 2025

1. Significant accounting policies (continued):

(e) Capital assets:

Capital assets, which are initially recorded at cost, are amortized on a straight-line basis over their estimated useful service lives as follows:

Furniture and fixtures	8 years
Equipment	5 years
Computer hardware and software	3 - 5 years
Leasehold improvements	Term of lease

Capital assets are written down to fair value or replacement cost to reflect partial impairments when conditions indicate that the assets no longer contribute to the Foundation's ability to provide goods and services, or that the value of future economic benefits or service potential associated with the capital assets are less than their net carrying amounts.

(f) Research awards payable:

Certain research projects funded by the Foundation extend over a number of years. The multi-year research awards are expensed and recorded as payable in the year they are approved by the Board of Directors given that a constructive obligation is created at the time of approval. Unexpended balances of terminated grants are offset against the current year's expenses.

(g) Lease inducements:

The Foundation enters into long-term leases and receives certain lease inducements and rent allowances, which are amortized on a straight-line basis over the expected lease term.

HEART AND STROKE FOUNDATION OF CANADA

Notes to Consolidated Financial Statements (continued)
(In thousands of dollars)

Year ended August 31, 2025

1. Significant accounting policies (continued):

(h) Employee future benefits:

The Foundation's pension plans consist of a defined benefit plan and a defined contribution plan. The defined benefit plan provided benefits for employees who joined prior to November 1, 2014. Employees who joined after November 1, 2014 were enrolled in the defined contribution plan. Active members in the defined benefit plan stopped accruing credited service in the plan as of October 31, 2015 and transitioned to the defined contribution plan as of November 1, 2015. The pension contribution is based on length of service and rate of pay.

(i) Defined benefit plan:

The defined benefit plan was wound up effective December 31, 2023.

The Foundation records its obligations as being its total liabilities and related costs less the plan assets. The defined benefit obligation is measured using a funding valuation.

The Foundation has adopted the following policies:

- The cost of pensions and other retirement benefits earned by employees is actuarially determined using the projected benefit method pro-rated on service and management's best estimate of expected plan investment performance for funded plans, salary escalation, retirement ages of employees and expected health-care costs.
- Plan assets are measured at fair value.
- Actuarial gains (losses) on plan assets arising from the difference between the actual return on plan assets for a period and the expected return on plan assets for that period are immediately recognized in the consolidated statement of changes in net assets. For the purpose of calculating the expected return on plan assets, the assets are valued at fair value. Actuarial gains (losses) on the accrued benefit obligation, arising from differences between actual and expected experience and from the changes in the actuarial assumptions used to determine the accrued benefit obligation, are immediately recognized in the consolidated statement of changes in net assets.

HEART AND STROKE FOUNDATION OF CANADA

Notes to Consolidated Financial Statements (continued)
(In thousands of dollars)

Year ended August 31, 2025

1. Significant accounting policies (continued):

(ii) Defined contribution plan:

The Foundation recognizes the current service cost of employee future benefits for the year equal to the Foundation's contributions required to be made in the year, in exchange for employee services rendered during the year; and estimated present value of any contributions required to be made by the Foundation in future years related to employee services rendered during the year.

(i) Expenses:

Direct costs are those directly attributable to various fundraising, lottery or other programs.

General fundraising expenses include operating and salary costs related to fundraising, but not specifically attributable to a fundraising program.

Research expenses include grants for research projects, fellowships, new and career investigator awards, graduate student awards and other research-related activities, including administration of research programs and awards, strategic planning of research funds and public messaging of knowledge from research findings.

Health promotion and community programs expenses include all spending related to the promotion of healthy living and advocacy. This spending focuses on activities related to healthy communities, prevention and awareness and heart healthy children and youth.

The expenses of the Foundation are recorded on an accrual basis in the year they are incurred.

(j) Allocation of expenses:

The Foundation allocates certain costs by identifying the appropriate basis of allocating and applying that basis consistently each year. The cost of fundraising activities and general support include both costs which can be directly attributed and costs which are allocated to each function.

The basis of allocation varies depending on the nature of the expense and is a function of time spent, material costs, delivery costs and head count.

HEART AND STROKE FOUNDATION OF CANADA

Notes to Consolidated Financial Statements (continued)
(In thousands of dollars)

Year ended August 31, 2025

1. Significant accounting policies (continued):

For the purposes of the Alberta Charitable Fundraising Act and Regulation disclosure, the Foundation allocates certain costs to Alberta. The allocation of fundraising costs is based on Alberta fundraising revenue as a percentage of total fundraising revenue. The allocation of administration and mission costs is based on the population in Alberta as a percentage of the Canadian population. The remuneration paid to employees whose duties involve fundraising is directly attributed to employees in Alberta. The allocation of amount paid to fundraising businesses is based on the number of donors acquired in Alberta.

(k) Foreign currency translation:

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate in effect at the consolidated statement of financial position date, whereas other assets and liabilities are translated at the exchange rate in effect at the transaction date. Revenue and expenses denominated in foreign currency are translated at the rate in effect on the transaction date. Gains and losses are included in the consolidated statement of operations.

(l) Contributed material and services:

Contributed materials and services are recognized only if the fair value can be reasonably estimated at the date of contribution and when the materials and services are used in the normal course of the Foundation's operations and would otherwise have been purchased. There were no significant amounts of contributed material and services in 2025 or 2024.

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

(m) Use of estimates:

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the fair value of certain investments and assets and obligations related to employee future benefits. Actual results could differ from those estimates.

HEART AND STROKE FOUNDATION OF CANADA

Notes to Consolidated Financial Statements (continued)
(In thousands of dollars)

Year ended August 31, 2025

2. Investments:

	2025	2024
Investments:		
Measured at fair value:		
Pooled funds:		
Cash and cash equivalents	\$ 38,621	\$ –
Canadian equity	7,541	29,069
Foreign equity	24,745	29,211
Canadian fixed income	65,497	25,282
Foreign fixed income	12,691	–
Canadian infrastructure	6,838	5,791
Canadian real estate	7,527	–
Foreign real estate	–	2,002
Foreign alternatives	15,010	–
	<u>178,470</u>	<u>91,355</u>
Investments - Impact fund:		
Measured at fair value:		
Pooled funds:		
Cash and cash equivalents	2,136	–
Canadian equity	2,136	11,453
Foreign equity	7,009	8,349
Canadian fixed income	10,024	6,568
Foreign fixed income	1,463	–
Canadian real estate	2,129	–
Foreign alternatives	4,250	–
	<u>29,147</u>	<u>26,370</u>
Measured at cost:		
Annuity	7,833	9,879
	<u>36,980</u>	<u>36,249</u>
Total investments	<u>\$ 215,450</u>	<u>\$ 127,604</u>

HEART AND STROKE FOUNDATION OF CANADA

Notes to Consolidated Financial Statements (continued)
(In thousands of dollars)

Year ended August 31, 2025

3. Capital assets:

			2025	2024
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and fixtures	\$ 651	\$ 298	\$ 353	\$ 434
Equipment	400	285	115	195
Computer hardware and software	5,352	5,352	—	—
Leasehold improvements	1,843	721	1,122	1,309
	\$ 8,246	\$ 6,656	\$ 1,590	\$ 1,938

4. Deferred revenue:

Deferred revenue related to expenses of future periods represent unspent externally restricted grants and donations for specific programs. Net change in deferrals on the consolidated statement of operations represent the net of total funds received during the year and total funds recognized as revenue in respect of fundraising receipts. During the year, \$2,729 of net designated fundraising receipts were deferred (2024 - \$2,996 recognized as revenue).

				2025	2024
	Government sponsored projects and grants	Fundraising	Other	Total	Total
Balance, beginning of year	\$ 1,436	\$ 4,694	\$ 1,869	\$ 7,999	\$ 10,960
Funds received	4,706	5,423	899	11,028	6,771
Funds recognized as revenue	(1,797)	(2,694)	(731)	(5,222)	(9,732)
Balance, end of year	\$ 4,345	\$ 7,423	\$ 2,037	\$ 13,805	\$ 7,999
Change in deferred revenue	\$ 2,909	\$ 2,729	\$ 168	\$ 5,806	\$ (2,961)

HEART AND STROKE FOUNDATION OF CANADA

Notes to Consolidated Financial Statements (continued)
(In thousands of dollars)

Year ended August 31, 2025

5. Employee future benefits:

(a) Defined benefit pension plan:

The Foundation previously maintained a defined benefit pension plan that was registered under the Pension Benefits Act (Ontario). On October 24, 2023, the Board of Directors approved a decision to wind up the defined benefit pension plan. The plan was wound up effective December 31, 2023. The plan wind up and distribution of assets was completed in fiscal 2025. The fully funded actuarial report on plan wind up was completed as at April 30, 2025.

Information about the Foundation's plan is as follows:

	2025	2024
Fair value of plan assets	\$ –	\$ 43,715
Accrued benefit obligation	–	(45,154)
Employee future benefits liability	\$ –	\$ (1,439)

The Foundation measures its defined benefit obligations and the fair value of the defined benefit plan assets for accounting purposes as at August 31 of each year.

(b) Defined contribution pension plan:

Under the terms of the defined contribution pension plan, eligible employees contribute a range of 2% - 4% of their earnings, which the Foundation is required to match. In addition, existing employees who migrated from the defined benefit pension plan are eligible to receive an additional contribution from the employer, the transition top up, ranging from 0.5% - 5.5%. Employer contributions for the year were \$1,228 (2024 - \$1,142).

6. Internally restricted net assets:

Internally restricted net assets represent amounts that have been designated by the Board of Directors to fund certain initiatives.

HEART AND STROKE FOUNDATION OF CANADA

Notes to Consolidated Financial Statements (continued)
(In thousands of dollars)

Year ended August 31, 2025

6. Internally restricted net assets (continued):

The Foundation sets the amount of internally restricted net asset balances in proportion to risk and economic conditions, and manages fund restrictions to ensure the Foundation's mission and strategic plans are accomplished.

Internally restricted net assets are not available for use by the Foundation for any purpose other than those outlined below, without prior approval by the Board of Directors. Internally restricted net assets consist of the following:

(a) Impact fund:

The Board of Directors approved the establishment of an internally restricted fund to restrict the net gains of both the Vancouver and Winnipeg fiscal 2018 building sales including all resulting investment income. These funds are Board-designated to fund transformational strategic initiatives.

(b) Strategic initiatives:

The Board of Directors determines, during the planning process, an amount to set aside for multi-year strategic initiatives, which are considered over the next three years, to ensure funding is available for the full length of these initiatives. Strategic initiatives include research grants not yet awarded and other initiatives to create mission impact in areas such as diverse populations, women's health, and people with lived experience.

(c) Reserves:

The Board of Directors determines at the end of each year an amount that should be held in reserve against unforeseen events.

(d) Invested in capital assets:

The Foundation internally restricts an amount representing the unamortized portion of capital assets (note 3), which are purchased with unrestricted resources.

HEART AND STROKE FOUNDATION OF CANADA

Notes to Consolidated Financial Statements (continued)
(In thousands of dollars)

Year ended August 31, 2025

7. Allocation of expenses:

Fundraising, administration and mission activities include both costs, which can be directly attributed, and general support expenses, which have been allocated. This is summarized as follows:

				2025	2024
	Fundraising direct costs	Indirect fundraising and administration costs	Mission activities	Total	Total
Fundraising direct costs	\$ 12,545	\$ –	\$ –	\$ 12,545	\$ 14,245
Lottery direct costs	23,183	–	–	23,183	21,279
General fundraising	–	22,033	–	22,033	19,904
Administration	–	2,321	5	2,326	2,559
Research	–	2,288	25,673	27,961	34,071
Health promotion and community programs	5,105	15,574	18,444	39,123	37,956
	\$ 40,833	\$ 42,216	\$ 44,122	\$ 127,171	\$ 130,014

8. Accounts payable and accrued liabilities:

(a) Office facilities:

Since embracing a hybrid virtual work environment, the Foundation no longer requires certain physical office facilities to collaborate and drive impact. As a result, the Foundation will not derive further benefit from these existing leases for office premises and losses were recorded in prior years. In 2025, a loss of \$548 (2024 - recovery of \$219) was recorded, representing an adjustment to the present value of the remaining net lease obligations. As at August 31, 2025, \$1,499 (2024 - \$1,407) is remaining in accounts payable and accrued liabilities and other long-term liabilities.

(b) Government remittances:

Accounts payable and accrued liabilities include government remittances payable totaling \$192 (2024 - \$75) as at August 31, 2025.

HEART AND STROKE FOUNDATION OF CANADA

Notes to Consolidated Financial Statements (continued)
(In thousands of dollars)

Year ended August 31, 2025

9. Research awards payable:

The payment of multi-year research awards are expected to occur as follows:

2026	\$ 36,434
2027	16,642
2028	8,260
2029	4,955
2030	199
	<hr/>
	\$ 66,490

10. Banking facilities:

On April 29, 2025, the Foundation entered into an amended credit facility agreement for a total line of credit comprising a \$6,000 revolving line of credit for general business purposes and a \$37,000 revolving line of credit for letters of guarantee in support of lottery licenses, available to a maximum of \$37,000. The first facility bears interest at the prime rate and is due on demand. There were no amounts drawn on this facility as at August 31, 2025 and 2024. The second facility has specific fees payable of 0.3% on the issue of the respective letters of guarantee. As at year end, there were letters of guarantee outstanding of \$4,455 (2024 - \$6,071).

The Foundation has pledged a specific portion of its investments in the amount of \$96,476 (2024 - \$58,280) as security for the second facility and must maintain an aggregate market value for cash and investments of at least \$47,000.

HEART AND STROKE FOUNDATION OF CANADA

Notes to Consolidated Financial Statements (continued)
(In thousands of dollars)

Year ended August 31, 2025

11. Commitments:

The Foundation has lease commitments for premises used in its operations. These leases expire on or before May 31, 2031.

2026	\$	936
2027		895
2028		895
2029		900
2030		915
Thereafter		763
		<hr/>
		\$ 5,304

12. Financial risk management:

The main risks to which the Foundation's financial instruments are exposed are liquidity risk, market price risk, currency risk, interest rate risk, and credit risk. There is no significant change to the risk exposure from 2024.

(a) Liquidity risk:

Liquidity risk is the risk that the Foundation will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Foundation manages its liquidity risk by monitoring its operating requirements. The Foundation prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

HEART AND STROKE FOUNDATION OF CANADA

Notes to Consolidated Financial Statements (continued)
(In thousands of dollars)

Year ended August 31, 2025

12. Financial risk management (continued):

(b) Market price risk:

Market price risk arises as a result of investing in equity, fixed income, infrastructure, and real estate securities. Fluctuations in market prices expose the Foundation to a risk of loss. The Foundation manages market risk by substantially investing in equities and fixed income pooled mutual funds that meet specific investment criteria established and approved by the Board of Directors and are designed to adequately diversify the Foundation's investments to reduce exposure to market risk. Professional investment managers invest and manage the investment portfolio in accordance with the Foundation's investment policy statement. These equity, fixed income, infrastructure, and real estate investments are recorded at fair value. Fair value estimates are made at a specific point in time and may not be reflective of future value. The Foundation does not hold or issue financial instruments for trading purposes and does not hold or invest in derivative financial instruments.

(c) Currency risk:

As at August 31, 2025, investments in foreign markets represent 31% (2024 - 31%) of the investment portfolio. Currency risk arises from gains and losses due to fluctuations in foreign currency exchange rates on the Foundation's foreign investments. The Foundation does not hedge its foreign currency risk on these investments because these investments are held for the long term. As a result, any residual currency risk is considered acceptable in the long term without implementing a hedging strategy.

(d) Interest rate risk:

The Foundation is exposed to interest rate risk as the value of its investments fluctuates in accordance with fluctuations in interest rates. The Foundation manages its interest rate risk by monitoring the performance of the individual investments and by ensuring compliance by the investment managers with the Foundation's investment policy statement.

HEART AND STROKE FOUNDATION OF CANADA

Notes to Consolidated Financial Statements (continued)
(In thousands of dollars)

Year ended August 31, 2025

12. Financial risk management (continued):

(e) Credit risk:

Financial instruments that potentially subject the Foundation to concentrations of credit risk are cash, investments and accounts receivable. The Foundation places its cash in interest-bearing accounts or instruments insured by Canadian Deposit Insurance Corporation. As at August 31, 2025, the Foundation has a provision for doubtful accounts of \$33 (2024 - \$32). The Foundation believes that an adequate provision has been made for accounts receivable to the extent that collection is doubtful.

13. Alberta Charitable Fundraising Act and Regulation:

As required under Alberta's Charitable Fundraising Act and Regulation, the following amounts are disclosed for activity in the province of Alberta:

	2025	2024
Revenue:		
Gross contributions received	\$ 11,458	\$ 11,299
Expenses:		
Fundraising costs	\$ 1,484	\$ 1,498
Administrative costs	281	303
Mission expenditures	8,100	8,526
Remuneration paid to employees whose duties involve fundraising	744	695
	\$ 10,609	\$ 11,022

Included in fundraising costs is \$1,027 (2024 - \$604) paid as remuneration to fundraising businesses.