Financial Statements of

CANADA'S CHILDREN'S HOSPITAL FOUNDATIONS

And Independent Auditor's Report thereon

Year ended December 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Canada's Children's Hospital Foundations

Opinion

We have audited the financial statements of Canada's Children's Hospital Foundations (the Entity), which comprise:

- the statement of financial position as at December 31, 2025
- 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 December 31, 2025, 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 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.

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- 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

Vaughan, Canada

June 19, 2026

CANADA'S CHILDREN'S HOSPITAL FOUNDATIONS

Statement of Financial Position

December 31, 2025, with comparative information for 2024

	2025	2024
Assets		
Current assets:		
Cash (notes 2 and 3)	$ 10,735,342	$ 8,571,449
Contributions receivable (note 3)	13,379,354	13,387,488
Due from Children's Miracle Network Hospitals (note 4)	612,720	597,634
Other receivables	37,259	156,764
Prepaid expenses	64,729	32,879
	24,829,404	22,746,214
Capital assets (note 5)	99,999	119,599
Capitalized software service (note 6)	330,651	–
Intangible assets (note 7)	–	29,848
	$ 25,260,054	$ 22,895,661
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (notes 4 and 8)	$ 975,913	$ 820,262
Deferred membership fees	1,202,188	645,909
Member escrows (note 3)	19,837,176	18,640,185
Current portion of deferred rent (note 9)	19,817	–
	22,035,094	20,106,356
Long-term liabilities:		
Deferred rent (note 9)	71,012	67,376
	22,106,106	20,173,732
Net assets:		
Unrestricted	–	–
Invested in capital and intangible assets	430,650	149,447
Internally restricted (note 10)	2,723,298	2,572,482
	3,153,948	2,721,929
Commitments (note 11)		
	$ 25,260,054	$ 22,895,661

See accompanying notes to financial statements.

On behalf of the Board:

Signed by: 5E854C982D8A4F2... Director

Signed by: Lisa Hudson C023FF3C2A79497... Director

CANADA'S CHILDREN'S HOSPITAL FOUNDATIONS

Statement of Operations

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

	2025	2024
Revenue:		
Membership fees	$ 6,322,801	$ 5,952,807
Investment	200,111	112,443
Activation and sponsorship	157,500	325,000
Other (note 1(b))	72,372	69,692
	6,752,784	6,459,942
Expenses:		
Salaries and benefits (note 13)	3,533,680	3,124,127
Licensing fees (note 4)	771,092	753,068
Marketing	571,452	555,242
Event costs	549,638	394,071
Office and general administration (note 9)	533,326	478,074
Professional fees (note 4)	249,486	292,485
Donation fees	43,967	88,041
Amortization of capital assets	38,276	18,468
Amortization of intangible assets	21,888	84,567
Impairment of intangible assets (note 7)	7,960	–
	6,320,765	5,788,143
Excess of revenue over expenses	$ 432,019	$ 671,799

See accompanying notes to financial statements.

CANADA'S CHILDREN'S HOSPITAL FOUNDATIONS

Statement of Changes in Net Assets

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

	Unrestricted	Invested in capital and intangible assets	Internally restricted (note 10)	2025 Total	2024 Total
Balance, beginning of year	$ –	$ 149,447	$ 2,572,482	$ 2,721,929	$ 2,050,130
Excess (deficiency) of revenue over expenses	500,143	(68,124)	–	432,019	671,799
Invested in capital assets	(349,327)	349,327	–	–	–
Interfund transfers (note 10)	(150,816)	–	150,816	–	–
Balance, end of year	$ –	$ 430,650	$ 2,723,298	$ 3,153,948	$ 2,721,929

See accompanying notes to financial statements.

CANADA'S CHILDREN'S HOSPITAL FOUNDATIONS

Statement of Cash Flows

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

	2025	2024
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	$ 432,019	$ 671,799
Items not involving cash:		
Amortization of intangible assets	21,888	84,567
Amortization of capital assets	38,276	18,468
Impairment of intangible assets	7,960	–
Change in non-cash operating working capital:		
Contributions receivable	8,134	(1,448,079)
Other receivables	119,505	(106,905)
Due from Children's Miracle Network Hospitals	(15,086)	36,439
Prepaid expenses	(31,850)	14,937
Accounts payable and accrued liabilities	155,651	127,247
Deferred membership fees	556,279	(386,836)
Deferred rent	23,453	67,376
Member escrows	1,196,991	1,758,827
	2,513,220	837,840
Investing activities:		
Capital assets additions	(18,676)	(116,904)
Capitalized software service additions	(330,651)	–
	(349,327)	(116,904)
Increase in cash	2,163,893	720,936
Cash, beginning of year	8,571,449	7,850,513
Cash, end of year	$ 10,735,342	$ 8,571,449

See accompanying notes to financial statements.

Canada's Children's Hospital Foundations ("CCHF" or the "Organization") is a not-for-profit corporation incorporated on February 24, 2017 without share capital under the Canada Not-For-Profit Corporations Act. CCHF's purpose is to advance children's health in Canada by receiving and providing funds to public hospital foundations and other organizations engaged in support of children's health which are qualified donees within the meaning of Income Tax Act (Canada) and being a national voice for children's health in Canada. CCHF works with corporate partners ("Partners") to undertake fundraising activities, and distribute the contributions collected to the member hospital foundations ("Members"). The Board of Directors (the "Board") of the Organization includes certain Members.

As a registered not-for-profit organization under the Income Tax Act (Canada), CCHF is exempt from income taxes, provided certain requirements of the Income Tax Act (Canada) are met.

1. Significant accounting policies:

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

(a) Revenue recognition:

The Organization follows the deferral method of accounting for contributions. Unrestricted contributions, which include activation and sponsorship, are recognized when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Membership fees are reported as revenue in the year to which they relate.

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate of the related capital assets.

Contributions from Partners (note 3) collected for the purpose of disbursement to Members are not revenue of CCHF and accordingly, are not recorded in the statement of operations.

Investment income relates to interest earned on unrestricted guaranteed investment certificates and is recognized with the passage of time as the income is earned. Investment income earned on restricted guaranteed investment certificates is allocated to cover operating expenses directly related to escrow funds such as bank and credit card fees.

1. Significant accounting policies (continued):

(b) Contributed materials and 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.

Contributed materials, being items used in operating activities, are recognized as revenue when received, and when fair value can be reasonably estimated, when the materials are used in the normal course of the Organization's operations and would otherwise have been purchased. During the year, contributed materials in the amount of $21,000 were recorded as other revenue (2024 - $4,035).

(c) Capital assets:

Capital assets purchased are recorded at cost. Repair and maintenance costs are charged to expense. Betterments which extend the estimated useful life of an asset are capitalized. When a capital asset no longer contributes to the Organization's ability to provide services, its carrying amount is written down to its residual value. Amortization of capital assets is calculated on a straight-line basis over the estimated useful lives as follows:

Computers	3 years
Leasehold improvements	Lesser of the lease term and estimated useful life

1. Significant accounting policies (continued):

(d) Software costs in a cloud computing/software as a service ("SaaS") service contracts:

The Organization capitalizes eligible implementation costs incurred in cloud computing/SaaS arrangements. The capitalized implementation costs are related to application development, configuration and integration services that are expected to provide economic benefits beyond one year. Modifications that increase useful life, capacity, or functionality are capitalized.

Capitalization generally starts when the preliminary project phase is complete and ends when the software is ready for its intended use.

Capitalized costs are amortized on a straight-line basis over the expected period of access to the software service which, in general, is three to five years. The amortization expense is presented in the same line item as the ongoing software service costs. Capitalized costs are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Costs associated with software subscription, preliminary project phase activities, training, data conversion and maintenance are expensed as incurred.

(e) Intangible assets:

Intangible assets consist of computer software. An intangible asset with a definite life is amortized over its useful life. Amortization is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Computer software	5 years

Intangible assets are subject to amortization and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Intangible assets acquired during the year but not placed into use are not amortized until they are placed into service.

1. Significant accounting policies (continued):

(f) Leases:

The Organization classifies leases as either capital or operating. A lease that transfers substantially all benefits and risks incident to ownership of property to the Organization is classified as a capital lease. All other leases are classified as operating.

Leased assets are recorded at the lower of the present value of minimum lease payments and the fair value of the asset at the inception of the lease and amortized over their estimated useful lives. Lease payments are apportioned between finance charges and reduction of the lease liability.

Payments under operating leases are recognized as an expense on a straight-line basis over the term of the lease. Lease incentives, such as free rent periods and leasehold improvement allowance, are recognized as a reduction of rental expense over the term of the lease.

(g) Financial instruments:

Financial instruments are recorded at fair value on initial recognition and are subsequently measured at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Organization has not elected to carry any such financial instruments at fair value.

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, CCHF 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 CCHF 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 charge.

CCHF does not enter into any derivative financial instruments for speculative purposes.

1. Significant accounting policies (continued):

(h) Foreign currency translation:

Assets and liabilities denominated in foreign currencies have been translated into Canadian dollars at exchange rates prevailing at the year-end date. Revenue and expenses have been translated using exchange rates prevailing on the transaction date.

(i) 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 year. Actual results could differ from those estimates.

2. Cash:

Cash includes $5,845,102 (2024 - $4,655,063) in cash restricted for member escrows payable (note 3) and $2,723,298 (2024 - $2,572,482) in cash restricted for the working capital, strategic and stabilization reserves (note 10).

3. Member escrows:

Member escrows represent contributions received or receivable from Partners as at year end, payable to Members as at year end. As at year end, the amounts payable to Members were funded as follows:

	2025	2024
Cash	$ 5,845,102	$ 4,655,063
Contributions receivable	13,379,354	13,387,488
Due from Children's Miracle Network Hospitals (note 4)	612,720	597,634
	$ 19,837,176	$ 18,640,185

3. Member escrows (continued):

Contributions receivable in the amount of $13,379,354 (2024 - $13,387,488) and due from Children's Miracle Network Hospitals ("CMNH") in the amount of $612,720 (2024 - $597,634) were received subsequent to year end. Cash of $5,845,102 (2024 - $4,655,063) includes nil (2024 - $801) interest income payable to Members.

The Organization disbursed $42,159,636 (2024 - $42,140,673) to Members in relation to activities during the year, which includes the year end balance of member escrows payable in the amount of $19,837,176 (2024 - $18,640,185).

4. Children's Miracle Network Hospitals:

In 2017, the Organization entered into a Master Agreement and subsequent amendments (the "Agreement") with CMNH, whereby CCHF is required to pay an annual licensing fee to CMNH. License fees for the year ended December 31, 2025 amounted to $554,922 U.S. Dollars (2024 - $546,722 U.S. Dollars). An annual increase to the license fees of 1.5% commenced on January 1, 2019 and is applied until the end of the term of the Agreement on June 30, 2026. The Organization is required to make an additional 3.5% payment to CMNH if various performance metrics are met, as set out in the Agreement. In 2025 and 2024 these metrics were not met. CCHF and CMNH have agreed that future payments will be adjusted if the exchange rate varies by more than 10% from an exchange rate of 1 Canadian Dollar to 0.75 U.S. Dollar. The payment will be adjusted by an amount equal to 50% of the amount attributable to such variance over the base of 10%. The fees were not adjusted in the current year due to changes in the foreign exchange.

	2025	2024
Due from CMNH	$ 612,720	$ 597,634

Due from CMNH is comprised of contribution payments from Partners, made to CMNH and receivable by the Organization.

Included in accounts payable and accrued liabilities is $224,248 (2024 - $254,105) payable to CMNH.

Included in professional fees is $13,630 (2024 - $11,309) for consulting services provided by CMNH.

5. Capital assets:

The following table summarizes the capital assets as of December 31:

	Cost	Accumulated amortization	2025 Net book value	2024 Net book value
Computers	$ 151,331	$ 97,815	$ 53,516	$ 62,974
Leasehold improvements	56,625	10,142	46,483	56,625
	$ 207,956	$ 107,957	$ 99,999	$ 119,599

6. Capitalized software service:

As of December 31, 2025, the Organization incurred $330,651 (2024 - nil) of capitalized software development costs relating to technological platforms that will enable data management governance and workflows automation. The project is expected to be placed into service in 2026. No amortization has been recorded for the year ended December 31, 2025.

7. Intangible assets:

	Cost	Accumulated amortization	2025 Net book value	2024 Net book value
Computer software	$ –	$ –	$ –	$ 29,848

The Organization recognized a $7,960 impairment loss for the year ended December 31, 2025, resulting from the retirement of customer relationship management (CRM) software due to technological obsolescence.

8. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of $98,938 (2024 - nil) which includes amounts payable for harmonized sales tax and payroll related taxes.

9. Deferred rent:

The Organization leases office space under an operating lease that expires on July 31, 2030. Lease expense is recognized on a straight-line basis over the term of the lease. The lease agreement contains provisions for a rent-free period at the commencement of the term and incentive for leasehold improvements. Deferred rent represents the unamortized balances of the free rent and leasehold improvements incentive.

For the year ended December 31, 2025, the deferred rent amortization presented as a reduction of rent in office and general administration expenses, amounted to $14,174 (2024 - nil).

	2025	2024
Current portion of deferred rent	$ 19,817	$ –
Long-term portion of deferred rent	71,012	67,376
	$ 90,829	$ 67,376

10. Internally restricted net assets:

Internally restricted net assets represent amounts that have been designated by the Board for specific initiatives. The amount of internally restricted net assets balance is set in proportion to risk and economic conditions to ensure CCHF's mission and strategic plans are accomplished. Internally restricted net assets are not available for use by CCHF for any purpose other than those outlined below, without prior approval by the Board.

	2025	2024
Working capital reserve (a)	$ 682,482	$ 682,482
Strategic reserve (b)	1,150,816	1,000,000
Stabilization reserve (c)	890,000	890,000
	$ 2,723,298	$ 2,572,482

10. Internally restricted net assets (continued):

(a) Working capital reserve:

The purpose of the working capital reserve is to address short-term liquidity needs and to provide CCHF with the assurance that funds are available when needed due to timing of cashflows. The minimum target is one month of operating expenses and is striving for two months maximum level. The Board allocates funds at the end of each fiscal year based on the available surplus.

In 2025, the Board approved the transfer of nil (2024 - $17,930) from unrestricted net assets to the working capital reserve.

(b) Strategic reserve:

The Board established the strategic reserve to address both its short and long-term needs oriented towards growth consistent with strategic objectives. The purpose of the strategic reserve is to provide CCHF with the assurance that funds are available when needed for new initiatives and pilot projects. The Board allocates funds at the end of each fiscal year based on the available surplus.

In 2025, the Board approved the transfer of $150,816 (2024 - $200,000) from unrestricted net assets to the strategic reserve.

(c) Stabilization reserve:

The Board established the stabilization reserve to address emergencies and contingencies arising from risk assessment. The purpose of the stabilization reserve is to provide CCHF with the assurance that funds are available when needed due to unforeseen one-time emergencies and contingencies as well as rightsizing initiatives. The Board allocates funds at the end of each fiscal year based on the available surplus.

In 2025, the Board approved the transfer of nil (2024 - $440,000) from unrestricted net assets to the stabilization reserve.

11. Commitments:

The future minimum lease payments, exclusive of operating costs and harmonized sales tax, are as follows:

2026	$ 74,179
2027	74,179
2028	74,179
2029	74,179
2030	43,270
	$ 339,986

12. Financial risks:

Risk management relates to the understanding and active management of risks associated with all areas of the Organization and the associated operating environment. Unless otherwise noted, it is management's opinion that CCHF is not exposed to significant liquidity, currency, market or credit risk arising from financial instruments.

There have been no changes to the risk exposures from 2024.

13. One-time benefits:

Included in salaries and benefits are one-time benefits of $80,312 (2024 - $10,499).

14. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.