University Health Network

Financial statements
March 31, 2026

Shape the future
with confidence

Independent auditor's report

To the Board of Trustees of
University Health Network

Report on the audit of the financial statements

Opinion

We have audited the financial statements of **University Health Network** and its subsidiaries [collectively, "UHN" or the "Group"], which comprise the statement of financial position as at March 31, 2026, and the statement of operations, statement of changes in net assets, statement of remeasurement gains and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of UHN as at March 31, 2026, and its results of operations 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 report. We are independent of UHN 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 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 UHN'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 UHN or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of UHN'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 UHN'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 UHN 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.
- 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 financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

As required by the *Corporations Act* (Ontario), we report that, in our opinion, Canadian public sector accounting standards have been applied on a basis consistent with that of the preceding year.

Ernst & Young LLP

Toronto, Canada
June 25, 2026

Chartered Professional Accountants
Licensed Public Accountants

University Health Network

Statement of financial position

[in thousands of dollars]

As at March 31

	2026	2025
	$	$
Assets		
Current		
Cash and cash equivalents	**714,936**	558,916
Short-term investments *[note 4[a]]*	**77,466**	178,513
Accounts receivable *[note 3 and 9f]*	**376,881**	394,964
Inventory	**40,467**	40,217
Prepaid expenses	**29,945**	29,458
Current portion of long-term receivable from Ministry of Health *[note 8]*	**4,148**	3,995
Total current assets	**1,243,843**	1,206,063
Loans receivable	**1,600**	1,600
Long-term receivable from Ministry of Health *[note 8]*	**175,340**	179,488
Long-term investments		
Held for contingency funds *[note 4[b]]*	**15,083**	15,083
Restricted assets *[note 4[b]]*	**71,841**	53,771
Other *[note 4[c]]*	**829,975**	770,729
Capital assets, net *[note 5]*	**2,673,153**	2,548,333
	5,010,835	4,775,067
Liabilities and net assets		
Current		
Accounts payable and accrued liabilities *[notes 9[e], 9[f], 14[a], 14[b], 14[c] and 14[f]]*	**1,252,233**	1,334,573
Current portion of long-term liabilities and payables *[notes 6, 8 and 9]*	**11,822**	11,251
Total current liabilities	**1,264,055**	1,345,824
Due to MaRS Development Trust *[note 6]*	**46,082**	50,311
Deferred research contributions *[note 7]*	**552,483**	521,207
Long-term payable *[note 8]*	**202,898**	207,507
Long-term debt *[note 9]*	**317,292**	320,276
Employee future benefit liabilities *[note 10[b]]*	**58,344**	58,342
Deferred capital contributions *[note 11]*	**1,943,389**	1,683,003
Total liabilities	**4,384,543**	4,186,470
Commitments and contingencies *[notes 8 and 15]*		
Net assets		
From operations		
Internally restricted *[note 12]*	**242,277**	219,107
Unrestricted	**371,180**	358,189
	613,457	577,296
Accumulated remeasurement gains	**12,835**	11,301
Total net assets	**626,292**	588,597
	5,010,835	4,775,067

See accompanying notes

On behalf of the Board of Trustees:

Dean Connor
Chair, Board of Trustees

Stu Kedwell
Chair, Finance and Audit Committee

University Health Network

Statement of operations

[in thousands of dollars]

Year ended March 31

	2026	2025
	$	$
Revenue		
Ontario Ministry of Health, Ministry of Long-Term Care and Ontario Health	**2,262,531**	2,173,395
Other patient services	**367,401**	337,657
Grants and donations for research and other purposes *[notes 7 and 14]*	**479,037**	452,493
Ancillary services and other *[notes 4[d] and 14[a]]*	**684,392**	635,074
Amortization of deferred capital contributions *[note 11]*	**103,859**	97,044
	3,897,220	3,695,663
Expenses		
Compensation *[note 10]*	**2,213,384**	2,160,276
Medical, surgical supplies and drugs	**668,039**	637,850
Other supplies and expenses *[notes 14[b] and 14[c]]*	**495,704**	508,868
Plant operations and equipment maintenance	**217,887**	215,147
Amortization	**241,981**	180,630
Interest on long-term liabilities *[notes 6, 8, 9[a], 9[b], 9[c], 9[f] and 16]*	**24,064**	24,833
	3,861,059	3,727,604
Excess (deficiency) of revenue over expenses for the year	**36,161**	(31,941)

See accompanying notes

University Health Network

Statement of changes in net assets

[in thousands of dollars]

Year ended March 31

	2026			2025
	Internally restricted	**Unrestricted**	**Total**	**Total**
	$	$	$	$
Net assets, beginning of year	**219,107**	**358,189**	**577,296**	565,895
Excess (deficiency) of revenue over expenses for the year	**—**	**36,161**	**36,161**	(31,941)
Interfund transfers *[note 12]*	**23,170**	**(23,170)**	**—**	—
Net assets transferred to UHN from West Park amalgamation	**—**	**—**	**—**	43,342
Net assets, end of year	**242,277**	**371,180**	**613,457**	577,296

See accompanying notes

University Health Network

Statement of remeasurement gains

[in thousands of dollars]

Year ended March 31

	2026	2025
	$	$
Accumulated remeasurement gains, beginning of year	**11,301**	5,606
Net unrealized gains (losses) attributable to:		
Interest rate swap contract *[note 9[e]]*	**691**	(956)
Portfolio investments	**(1,408)**	7,027
Derivative liability *[note 9[f]]*	**2,251**	(3,472)
	1,534	2,599
Accumulated remeasurement gain transferred to UHN from West Park amalgamation	**—**	3,096
Accumulated remeasurement gains, end of year	**12,835**	11,301

See accompanying notes

University Health Network

Statement of cash flows

[in thousands of dollars]

Year ended March 31

	2026	2025
	$	$
Operating activities		
Excess (deficiency) of revenue over expenses for the year	**36,161**	(31,941)
Add (deduct) items not involving cash		
Amortization	**241,981**	180,630
Amortization of deferred capital contributions	**(103,859)**	(97,044)
Other post-employment benefit expense	**3,776**	3,947
	178,059	55,592
Net change in non-cash working capital balances related to operations *[note 13[a]]*	**(80,163)**	34,335
Net increase in deferred research contributions	**31,276**	45,608
Employer contributions for employee benefit plan	**(3,774)**	(3,801)
Cash provided by operating activities	**125,398**	131,734
Investing activities		
Decrease (increase) in short-term investments, net	**101,047**	(146,712)
Increase in other long-term investments, net	**(60,654)**	(51,447)
Decrease (increase) in restricted assets in long term investments	**(18,070)**	19,712
Cash provided by (used in) investing activities	**22,323**	(178,447)
Financing activities		
Contributions received for capital purposes	**364,245**	288,375
Decrease in due to MaRS Development Trust	**(3,959)**	(3,705)
Repayment of long-term debt	**(2,853)**	(2,809)
Proceeds from long-term receivable	**3,995**	—
Cash provided by financing activities	**361,428**	281,861
Capital activities		
Purchase of capital assets *[note 13[b]]*	**(348,690)**	(346,875)
Repayment of long-term payable	**(4,439)**	(4,276)
Cash used in capital activities	**(353,129)**	(351,151)
Net increase (decrease) in cash during the year	**156,020**	(116,003)
Cash and cash equivalents, beginning of year	**558,916**	620,218
Cash transferred to UHN from West Park amalgamation	**—**	54,701
Cash and cash equivalents, end of year *[note 13[c]]*	**714,936**	558,916

See accompanying notes

Notes to financial statements

[all amounts are expressed in thousands of dollars, except where noted]

March 31, 2026

1. Description of the organization

University Health Network ["UHN"] is a corporation without share capital incorporated under the *Not-for-Profit Corporations Act, 2010* (Ontario), devoted to patient care, education and research. UHN primarily fulfills its objects through the operation of five hospitals separately identified as the Princess Margaret Cancer Centre, the Toronto General Hospital, the Toronto Western Hospital, the Toronto Rehabilitation Institute and West Park Healthcare Centre ["West Park"].

As a charitable organization under the *Income Tax Act* (Canada), UHN is exempt from income taxes.

Under the *Health Insurance Act* (Ontario) and the regulations thereunder, UHN hospital operations are funded primarily by the Province of Ontario in accordance with funding arrangements established by the Ministry of Health ["MOH"] through service accountability agreements with Ontario Health and funding arrangements established by the Ministry of Long-Term Care ["MOLTC"].

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian public sector accounting standards ["PSAS"] for government not-for-profit organizations as promulgated by CPA Canada. UHN has chosen to use the standards for government not-for-profit organizations that include Section PS 4200 to PS 4270. Accordingly, these financial statements have been prepared based on the significant accounting policies summarized below.

Basis of presentation

These financial statements include the assets, liabilities and results of operations of UHN for its activities at the five hospitals. These financial statements do not include the assets, liabilities or results of operations of the following non-controlled not-for-profit entities in which UHN has an economic interest *[note 14]*:

- UHN Foundation;
- Princess Margaret Cancer Foundation ["PMC Foundation"];
- West Park Healthcare Centre Foundation ["West Park Foundation"]; and
- de Souza Institute Foundation [inactive].

These financial statements do not include the assets, liabilities and results of operations of the following entities controlled by UHN for which, in accordance with PSAS, UHN has chosen to disclose summarized information in a note *[note 14]:*

- Ozmosis Research Inc. ["Ozmosis"]; and
- Michener Institute of Education ["Michener"].

Revenue recognition

UHN follows the deferral method of accounting for contributions. Contributions are recorded in the accounts when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Unrestricted contributions are recognized as revenue when initially recorded in the accounts. Externally restricted contributions are deferred when initially recorded in the accounts and recognized as revenue in the period in which the related expenses are incurred.

Revenue from ancillary services and other patient services is recognized when the goods have been sold or when the services have been rendered.

Investment income (loss), which consists of interest, dividends, income distributions from pooled funds, and realized gains and losses, net of related fees, is recorded in the statement of operations, except, to the extent that it relates to amounts earned on unspent restricted contributions, in which case it is recorded as a deferral on the statement of financial position related to the restriction placed on the unspent contributions received. Unrealized gains and losses are recorded in the statement of remeasurement gains until they are realized and then recognized in the statement of operations.

Cash and cash equivalents

Cash and cash equivalents include cash on deposit and short-term investments that have a term to maturity of approximately three months or less from the date of purchase unless they are held for investment rather than liquidity purposes, in which case they are classified as long-term investments.

Inventory

Inventories held for commercial sale are valued at the lower of cost and net realizable value. All other inventories are recorded at the lower of cost and current replacement value. All inventory is reviewed on a regular basis for obsolete, damaged and expired items, and any items that are found to be impaired are written off when such a determination is made.

Capital assets

Purchased capital assets are recorded at cost. Donated capital assets are recorded at fair market value at the date of contribution. Capital assets are amortized on a straight-line basis at annual rates based on the estimated useful lives of the assets as follows:

Buildings and improvements	5–50 years
Equipment and furniture	2–20 years
Other equipment and systems	5–15 years

Assets leased on terms that transfer substantially all of the benefits and risks of ownership to UHN are accounted for as capital leases as though the asset had been purchased and a liability incurred. All other leases are accounted for as operating leases.

Assets under development consist of construction costs, development costs and interest capitalized during the construction period. Other equipment and systems include hardware, software, development and other associated costs. No amortization is recorded until the assets are ready for productive use.

When a capital asset no longer has any long-term service potential to UHN, the excess of the carrying value over any residual value is recognized as an expense in the statement of operations.

Notes to financial statements

[all amounts are expressed in thousands of dollars, except where noted]

March 31, 2026

Asset retirement obligations

Asset retirement obligations are recorded in the period during which a legal obligation associated with the retirement of a capital asset is incurred and when a reasonable estimate of this amount can be made. The asset retirement obligation is initially measured at the best estimate of the amount required to retire a capital asset at the financial statement date. A corresponding amount is added to the carrying amount of the related capital asset and is then amortized over its remaining useful life. Changes in the liability due to the passage of time are recognized as accretion expense in the statement of operations, with a corresponding increase in the liability.

The estimated amounts of future costs to retire the assets are reviewed annually and adjusted to reflect the then-current best estimate of the liability. Adjustments may result from changes in the assumptions used to estimate the undiscounted cash flows required to settle the obligation, including changes in estimated probabilities, amounts and timing of settlement as well as changes in the legal requirements of the obligation, and in the discount rate. These changes are recognized as an increase or decrease in the carrying amount of the asset retirement obligation, with a corresponding adjustment to the carrying amount of the related asset. If the related capital asset is no longer in productive use, all subsequent changes in the estimate of the liability for asset retirement obligations are recognized as an expense in the period incurred.

UHN’s asset retirement obligations are not significant to the financial statements.

Employee benefit plans

UHN accrues its obligations under employee benefit plans and the related costs. UHN has adopted the following policies:

Multi-employer plans

Defined contribution accounting is applied for multi-employer pension plans, whereby contributions are expensed on an accrual basis.

Other defined benefit plans

The cost of non-pension post-employment and post-retirement benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management’s best estimate of retirement ages of employees and expected healthcare costs. The discount rate used to determine the accrued benefit obligation is determined by reference to UHN’s cost of borrowing. Actuarial gains and losses are amortized over the average remaining service period of active employees, which is 14 years [2025 – 16 years]. Past service costs and settlement gains (losses) are recognized when incurred.

Financial instruments

Financial instruments are classified in one of the following categories: [i] fair value; or [ii] cost or amortized cost. UHN determines the classification of its financial instruments at initial recognition.

Notes to financial statements

[all amounts are expressed in thousands of dollars, except where noted]

March 31, 2026

Financial instruments measured at fair value are classified according to a fair value hierarchy that reflects the importance of the data used to perform each valuation. The fair value hierarchy is made up of the following levels:

Level 1 – valuation based on quoted prices [unadjusted] in active markets for identical assets or liabilities;
Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data [unobservable inputs].

Investments reported at fair value comprise equity instruments that are quoted in an active market as well as investments in pooled funds, derivative contracts and any other investments where the investments are managed on a fair value basis and the fair value option is elected. Transaction costs are recognized in the statement of operations in the period during which they are incurred. Investments at fair value are remeasured at their fair value at the end of each reporting period. Any revaluation gains and losses are recognized in the statement of remeasurement gains and are cumulatively reclassified to the statement of operations upon disposal or settlement.

Investments in securities not designated to be measured at fair value are initially recorded at fair value plus transaction costs and are subsequently measured at amortized cost using the effective interest rate method, less any provision for impairment.

All investment transactions are recorded on a trade date basis.

A write-down is recognized in the statement of operations for a portfolio investment in either category when there has been a loss in the value of the investment considered as an “other than temporary” loss. Subsequent changes to the remeasurement of portfolio investments in the fair value category are reported in the statement of remeasurement gains. If the loss in value of a portfolio investment subsequently reverses, the write-down to the statement of operations is not reversed until the investment is sold.

Investments in for-profit entities that are subsidiaries or joint ventures, or where there is significant influence, are accounted for by the modified equity method. The modified equity method is a basis of accounting whereby the accounting principles of the invested entity are not modified to conform to those of UHN, and inter-organizational transactions and balances are not eliminated except for gains and losses on assets remaining within UHN at the reporting date.

Long-term debt is initially recorded at fair value and subsequently measured at amortized cost using the effective interest rate method.

Other financial instruments, including cash and cash equivalents, accounts receivable, loans receivable, long-term receivable, accounts payable and accrued liabilities and long-term payable, are initially recorded at their fair value and are subsequently measured at cost, net of any provisions for impairment.

Notes to financial statements

[all amounts are expressed in thousands of dollars, except where noted]

March 31, 2026

Public private partnerships

Public private partnerships ["P3s"] are recognized in the financial statements over the construction period for P3s:

- Between UHN and a private sector partner for infrastructure-project delivery;
- With risk allocation that provides for UHN control of the asset at any point during the arrangement; and
- In which the private sector partner [i] designs, builds, acquires or betters new or existing infrastructure, [ii] finances the transaction past the point where the infrastructure is ready for use, and [iii] operates and/or maintains the infrastructure.

For such P3s, UHN initially recognizes the constructed or acquired infrastructure asset at cost, which represents fair value at the date of recognition, and a corresponding liability at the same amount as the related infrastructure asset, reduced for any consideration previously provided to the private sector partner. The asset is subsequently measured in accordance with the policies for capital assets. Depending on the arrangement, consideration may be transferred from UHN to the private sector partner to settle the associated liability through a combination of the financial liability and the user-pay models. Associated contributions to be received from the MOH are included in long-term receivables.

Lifecycle payments under such P3s are determined to either be betterments or operating and maintenance expenses. Betterments are added to the carrying amount of the related infrastructure when the future economic benefits of the betterment are controlled by UHN. Operating and maintenance expenses are expensed in a rational and systematic manner that best corresponds to the benefit received from the services being provided over the term of the service contract.

Use of estimates

The preparation of 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 as at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Accounts requiring significant estimates include accounts receivable and the collectability thereof, useful life of capital assets, accrued liabilities, deferred revenue, employee future benefits and asset retirement obligations.

The amount of revenue recognized from the MOH, MOLTC and Ontario Health requires a number of estimates. UHN has entered into a number of accountability agreements with the MOH, MOLTC and Ontario Health that set out the rights and obligations of the two parties in respect of funding provided to UHN by the MOH, MOLTC and Ontario Health for the year ended March 31, 2026.

These accountability agreements set out certain performance standards and obligations that establish acceptable results for UHN's performance in a number of areas, such as margin, liquidity and operating volumes.

[all amounts are expressed in thousands of dollars, except where noted]

If UHN does not meet its performance standards or obligations, the MOH, MOLTC and Ontario Health have the right to adjust funding received by UHN. The MOH, MOLTC and Ontario Health are not required to communicate certain funding adjustments until after the submission of year-end data. Since this data is not submitted until after the completion of the financial statements, the amount of MOH, MOLTC and Ontario Health funding received during the year may be increased or decreased subsequent to year-end. The amount of revenue recognized in these financial statements represents management's best estimate of amounts that have been earned during the year.

Contributed services and materials

Volunteers contribute numerous hours to assist UHN in carrying out certain charitable aspects of its service delivery activities. The fair value of these contributed services is not readily determinable and, as such, they are not reflected in the financial statements. Contributed materials are also not recognized in the financial statements.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate in effect at year-end. Revenue and expenses are translated at the average exchange rate prevailing on the transaction dates. Realized gains or losses arising from these foreign currency transactions are included in the statement of operations. Unrealized gains or losses are included in the statement of remeasurement gains, except to the extent they relate to amounts held for other organizations and deferred contributions, in which case they are added to the balances.

3. Accounts receivable

Accounts receivable consist of the following:

	2026	**2025**
	$	$
MOH and Ontario Health	**106,246**	129,250
Research-related receivables	**58,871**	65,624
Patient receivables	**28,124**	30,324
Other receivables	**74,596**	68,411
PMC Foundation *[note 14[c]]*	**63,643**	54,849
UHN Foundation *[note 14[b]]*	**44,892**	40,172
Michener *[note 14[a]]*	**509**	778
West Park Foundation *[note 14[d]]*	**—**	5,556
	376,881	394,964

As at March 31, 2026, there is a provision for doubtful accounts of $46,382 [2025 – $41,207].

Notes to financial statements

[all amounts are expressed in thousands of dollars, except where noted]

March 31, 2026

4. Investments

[a] Short-term investments of $77,466 [2025 – $178,513] consist of guaranteed investment certificates with an average term to maturity of 192 days and an average yield of 3.15% [2025 – 151 days and 4.17%].

[b] Long-term investments held for contingency funds or required to be restricted are recorded at amortized cost and consist of the following:

	2026 $	2025 $
Term deposits	**71,841**	56,566
Short-term securities	**15,083**	12,288
	86,924	68,854

The segregated fund of $15,083 [2025 – $15,083] has been established since 2004 to ensure patient services are not reduced due to financial pressures resulting from UHN's commitments to the MaRS Development Trust [the "MaRS Trust"] *[note 6]*. The fund will be terminated on the expiry of the 30-year term of the lease or earlier with the mutual agreement of the MOH and UHN.

Restricted assets consist of guaranteed investment certificates in the amount of $71,841 [2025 – $53,771] and represent unspent funds received from the MOH for the patient care building at West Park *[note 8]*. These funds are required to be segregated, and the use of these funds is restricted to the redevelopment project.

[c] Other long-term investments consist of the following:

	2026 $	2025 $
Cash	**577,556**	579,319
Term deposits *[note 17]*	**63,148**	51,831
Short-term securities *[note 17]*	**27,168**	18,707
Fixed income *[note 17]*	**98,996**	70,561
Canadian equities *[note 17]*	**27,432**	21,802
Global equities *[note 17]*	**35,647**	28,427
Other *[note 4[e]]*	**28**	82
	829,975	770,729

Cash and cash equivalents are included in other long-term investments to the extent required for investments to equal the total of deferred research contributions *[note 7]*, internally restricted net assets *[note 12]* and other funds set aside for future commitments.

[d] During the year, UHN earned investment income of $57,685 [2025 – $63,883], which is included in ancillary services and other revenue in the statement of operations.

Notes to financial statements

[all amounts are expressed in thousands of dollars, except where noted]

March 31, 2026

[e] UHN has interests in various other companies as a result of research-related transactions, the value of which is recorded as other investments. Shares of other entities received as a result of research-related transactions had no cost or have been written down to nil.

[f] The following table presents the investments measured at fair value *[notes 4[a], 4[b] and 4[c]]* classified according to the fair value hierarchy described above:

	2026			
	Level 1	**Level 2**	**Level 3**	**Total assets at fair value**
	$	$	$	$
Term deposits	**212,455**	**—**	**—**	**212,455**
Short-term securities	**15,083**	**27,168**	**—**	**42,251**
Fixed income	**—**	**98,996**	**—**	**98,996**
Canadian equities	**—**	**27,432**	**—**	**27,432**
Global equities	**—**	**35,647**	**—**	**35,647**
Other	**—**	**—**	**28**	**28**
	227,538	**189,243**	**28**	**416,809**
Cash				**577,556**
Total investments				**994,365**

	2025			
	Level 1	**Level 2**	**Level 3**	**Total assets at fair value**
	$	$	$	$
Term deposits	286,910	—	—	286,910
Short-term securities	12,288	18,707	—	30,995
Fixed income	—	70,561	—	70,561
Canadian equities	—	21,802	—	21,802
Global equities	—	28,427	—	28,427
Other	—	—	82	82
	299,198	139,497	82	438,777
Cash				579,319
Total investments				1,018,096

During the years ended March 31, 2026 and 2025, there were no transfers of assets between Level 1, Level 2 and Level 3.

Notes to financial statements

[all amounts are expressed in thousands of dollars, except where noted]

March 31, 2026

5. Capital assets

Capital assets consist of the following:

	2026		
	Cost	**Accumulated amortization**	**Net book value**
	$	$	$
Land	**19,195**	**—**	**19,195**
Buildings and improvements	**3,233,838**	**1,509,338**	**1,724,500**
Equipment and furniture	**1,514,540**	**1,270,139**	**244,401**
Other equipment and systems	**151,892**	**82,986**	**68,906**
Assets under development	**616,151**	**—**	**616,151**
	5,535,616	**2,862,463**	**2,673,153**

	2025		
	Cost	**Accumulated amortization**	**Net book value**
	$	$	$
Land	19,195	—	19,195
Buildings and improvements	3,190,659	1,397,118	1,793,541
Equipment and furniture	1,438,919	1,196,744	242,175
Other equipment and systems	151,892	27,861	124,031
Assets under development	369,391	—	369,391
	5,170,056	2,621,723	2,548,333

Buildings and improvements include $88,329 [2025 – $88,329] of costs and $61,109 [2025 – $58,082] of accumulated amortization related to assets under capital lease obligations *[note 6]*. During the year, UHN reduced the cost and accumulated amortization by $1,241 [2025 – $10,149] for capital assets that were fully amortized and no longer in use.

Included in assets under development is $239,012 [2025 – $129,059] related to costs incurred for Project Aspire for the new tower at the Toronto Western Hospital. The project is funded by the MOH and UHN Foundation with an estimated completion in fiscal year 2028.

Notes to financial statements

[all amounts are expressed in thousands of dollars, except where noted]

March 31, 2026

6. Due to MaRS Development Trust

In 2003, UHN entered into a 30-year agreement with the MaRS Trust to lease a 400,000-square-foot building, the Princess Margaret Cancer Research Tower. UHN is committed to an annual payment of $7,541, which commenced on August 1, 2005, at an implicit interest rate of 6.7%. UHN recognized an obligation of $100,000, consisting of a long-term capital lease obligation of $88,329 representing the cost of the building to the MaRS Trust *[note 5]*, and a further long-term obligation of $11,671 representing cash received from the MaRS Trust related to financing proceeds in excess of the cost of the building and leasehold inducements. The obligation has been reduced by payments made since August 1, 2005, when payments commenced. During 2026, interest paid amounted to $3,583 [2025 – $3,836], and interest expense recorded in the statement of operations amounted to $3,539 [2025 – $3,795].

The future minimum annual payments related to the amount due to the MaRS Trust consist of the following:

	$
2027	4,229
2028	4,518
2029	4,827
2030	5,157
2031	5,510
Thereafter	26,070
Due to MaRS Development Trust	50,311
Less current portion	4,229
	46,082

7. Deferred research contributions

Deferred research contributions represent unspent externally restricted grants and donations for research. The changes in the deferred research contributions balance are as follows:

	2026	**2025**
	$	$
Deferred research contributions, beginning of year	**521,207**	475,599
Externally restricted contributions *[note 14]*	**510,313**	498,101
Amounts recognized as revenue	**(479,037)**	(452,493)
Deferred research contributions, end of year	**552,483**	521,207

Notes to financial statements

[all amounts are expressed in thousands of dollars, except where noted]

March 31, 2026

8. Public private partnerships

UHN has a P3 related to the patient care centre at West Park, which opened on April 15, 2024. A project agreement was entered into with an independent contractor to design, build, finance and maintain the patient care centre at West Park for a 30-year term.

The balance due to the independent contractor of $207,507 [2025 – $211,946] related to the construction of the building is reported as a long-term payable, with a current portion of $4,609 [2025 – $4,439] and bears variable interest between 1.09% and 3.97% along with a variable equity distribution averaging $2,523 per year. The long-term payable, interest and equity distribution, operating and lifecycle costs are repayable in blended monthly installments of $1,641 and mature February 2053.

As part of the agreement, the independent contractor is responsible for providing operating and maintenance services; the base amount of $115,483 [2025 – $119,759] projected for operating costs is subject to formula-driven inflationary increases annually and recognized as expenses when incurred, and $64,462 [2025 – $64,782] for future lifecycle capital expenditures.

The loan receivable from the MOH amounts to $179,488 [2025 – $183,483], which represents 90% of the amount payable to the independent contractor over the 30-year term. Of this amount, $4,148 is recorded as the current portion of long-term receivable due from the MOH as at March 31, 2026 [2025 – $3,995].

During the year ended March 31, 2026, principal payments of $4,439 [2025 – $4,276] and interest payments of $10,652 [2025 – $10,815] were made on the long-term payable, with interest included in interest expense on the statement of operations.

The payments over the next five years and thereafter are as follows:

	Long-term payable $	**Interest and equity distribution** $	**Operating costs** $	**Lifecycle** $
2027	4,609	10,482	4,277	276
2028	4,785	10,306	4,277	777
2029	4,968	10,123	4,277	971
2030	5,158	9,933	4,277	1,995
2031	5,355	9,736	4,277	2,500
Thereafter	182,632	149,368	94,097	57,943
	207,507	199,948	115,482	64,462
Current	4,609	10,482	4,277	276
Long-term	202,898	189,465	111,206	64,186
	207,507	199,947	115,483	64,462

Notes to financial statements

[all amounts are expressed in thousands of dollars, except where noted]

March 31, 2026

9. Long-term debt

Long-term debt consists of the following:

	2026 $	2025 $
Equity loan *[note 9[a]]*	**312**	397
Other loan *[note 9[a]]*	**4,665**	5,066
Obligation under Ontario Financing Authority loan *[note 9[b]]*	**249,953**	249,953
Construction and equipment loan *[notes 9[c] and 9[f]]*	**50,100**	51,831
Drawing on credit facility *[note 16]*	**15,246**	15,882
	320,276	323,129
Less current portion	**2,984**	2,853
	317,292	320,276

[a] Two loans were obtained to fund the construction of the long-term care facility operated by UHN: an equity loan of $1,300 with a maturity date of 2029, bearing interest at 6.9% and blended monthly payments of principal and interest of $9; and a $14,200 loan with two agreements being amortized over periods ending in 2024 and 2034, bearing interest at a rate of 7.4% and blended monthly payments of principal and interest of $104 to 2024 and $64 to 2034. For the $1,300 loan, UHN has pledged certain assets as security. For the $14,200 loan, the following have been pledged as security: a debenture on a leasehold interest on the land related to the facility, an assignment of funds payable by the MOH for funding for construction and operation of the facility, an assignment of any insurance proceeds related to the facility, and all related buildings and equipment. During the year, interest paid and interest expense recorded in the statement of operations amounted to $388 [2025 – $423].

[b] A $250,000 loan from the Ontario Financing Authority was obtained to finance the Synapse project – a multi-year initiative of a new health information system. UHN established two facilities for the loan: Facility 1 and Facility 2. Facility 1 was a non-revolving loan facility comprising the advances made during the advance period and was priced at the three-month Ontario Treasury Bill Rate plus 3.2 basis points. Facility 2 is a 40-year $249,953 term loan priced at 2.758% plus 3.2 basis points compounded semi-annually with principal repayable to the lender in one payment on September 28, 2063. During 2026, interest expense and interest accrued amounted to $7,012 [2025 – $6,974]. As at March 31, 2026, UHN has invested funds of $36,500 [2025 – $30,415] to service future commitments, which may include the debenture retirement.

[c] A $53,500 unsecured credit agreement of Canadian overnight repo rate average ["CORRA"] based loans was obtained to fund the construction of the patient care building at West Park *[note 8]*. A $40,000 construction loan was drawn on March 15, 2024 with a maturity date of 2049, bearing interest at a rate of 4%. Further, a $13,500 equipment loan was drawn on March 28, 2024 with a maturity date of 2039, bearing interest at a rate of 3.53%. During the year, principal payments in the amount of $1,731 [2025 – $1,669] were made, and interest payments and stamping fees totalling $1,989 [2025 – $2,055] were expensed in interest on long-term liabilities in the statement of operations during the year.

Notes to financial statements

[all amounts are expressed in thousands of dollars, except where noted]

March 31, 2026

[d] The future minimum annual payments related to the long-term debt consist of the following:

	$
2027	2,984
2028	3,119
2029	3,264
2030	3,320
2031	3,451
Thereafter	304,138
	320,276

[e] On June 29, 2011, in order to manage the exposure to changes in interest rates on the demand bank indebtedness, UHN entered into a 30-year interest rate swap contract with a notional amount of $22,000, an effective date of June 1, 2012, and a fixed interest rate of 4.36%. The fair value of the interest rate swap is a loss of $1,001 [2025 – loss of $1,693] and is recorded in accounts payable and accrued liabilities in the statement of financial position. The change in the fair value of the interest rate swap is a gain of $691 [2025 – loss of $956] and is recorded in the statement of remeasurement gains.

[f] UHN has the following interest rate swap agreements in order to reduce the impact of fluctuating interest rates on its construction and equipment loan. These swaps effectively lock in the interest rate applicable on the long-term debt. The notional amount of UHN's interest rate swaps as at March 31, 2026 is $50,100 [2025 – $51,831].

Credit available $	**Notional interest rate swap amount** $	**Swap rate** %	**CORRA credit spread** %	**Commitment**	**Purpose**
38,027	38,027	2.96	0.72	20 years	Construction
12,073	12,073	2.86	0.35	15 years	Equipment
50,100	50,100				

The fair value of the interest rate swaps was calculated based on the present value of the estimated future cash flows using observable Canadian dollar interest rate swap yield curves obtained from dealer quotes. The fair value of the derivative is a gain of $1,875 [2025 – loss of $376 recorded in accounts payable and accrued liabilities] and is recorded in the accounts receivable section in the statement of financial position. The gain on fair value of the interest rate swap of $2,251 [2025 – loss of $3,472] is included in the statement of remeasurement gains.

During the year, no standby fees were expensed in interest on long-term liabilities in the statement of operations [2025 – $13].

Notes to financial statements

[all amounts are expressed in thousands of dollars, except where noted]

March 31, 2026

10. Employee benefit plans

UHN has a number of defined benefit plans and participates in a multi-employer plan providing pension, other retirement and post-employment benefits to most of its employees.

[a] Multi-employer plans

Substantially all of the employees of UHN are members of the Healthcare of Ontario Pension Plan [“HOOPP”], which is a multi-employer, defined benefit, final average earnings, contributory pension plan. HOOPP is accounted for as a defined contribution plan. UHN’s contributions to HOOPP during the year amounted to $125,360 [2025 – $122,211]. These amounts are included in compensation expense in the statement of operations. The most recent valuation for financial reporting purposes completed by HOOPP as at December 31, 2025 disclosed net assets available for benefits of $131,936,000 with pension obligations of $120,833,000, resulting in a surplus of $11,103,000.

[b] Other defined benefit plans

UHN offers various non-pension post-employment and post-retirement benefit plans to its employees that provide life insurance, medical and dental benefits. In addition, UHN offers a Supplemental Executive Retirement Plan [“SERP”] to certain employees. All of these plans are accounted for as defined benefit plans and are not funded by UHN.

Information about UHN’s other defined benefit plans is as follows:

	2026 $	**2025** $
Accrued benefit obligations	**46,230**	51,679
Unamortized actuarial gain	**12,114**	6,882
Recognition of unamortized gains as an offset to prior service	**—**	(219)
Employee future benefit liabilities	**58,344**	58,342

The employee future benefit liabilities include $12,766 [2025 – $12,091] related to the SERP.

The net expense for these plans is calculated as follows:

	2026 $	**2025** $
Current service cost	**1,295**	1,303
Interest cost	**2,248**	2,350
Amortization of prior service cost	**—**	(1,053)
Amortization of transitional obligations	**—**	(205)
Amortization of actuarial gains	**233**	1,552
	3,776	3,947

Notes to financial statements

[all amounts are expressed in thousands of dollars, except where noted]

March 31, 2026

The significant actuarial assumptions adopted in measuring UHN's accrued benefit obligations are as follows:

	2026 %	2025 %
Discount rate	**4.80**	4.40

The significant actuarial assumptions adopted in measuring UHN's expenses are as follows:

	2026 %	2025 %
Discount rate	**4.40**	4.65

Healthcare benefit costs are assumed to be 6.58% in 2026 and assumed to be 6.58% by 2030. Dental benefit costs are assumed to be 3.30% in 2026 and assumed to increase to 4.00% by 2030.

The accrued benefit obligations of the other defined benefit plans are measured as at March 31, 2026 and are based on the actuarial valuation as at March 31, 2026.

Other information about UHN's defined benefit plans is as follows:

	2026 $	2025 $
Employer's contributions	**3,774**	3,801
Benefits paid	**3,774**	3,801

11. Deferred capital contributions

Deferred capital contributions represent the unamortized amount of contributions received for the purchase of capital assets. The changes in the deferred capital contributions balance are as follows:

	2026 $	2025 $
Deferred capital contributions, beginning of year	**1,683,003**	775,113
Deferred capital contributions transferred from West Park amalgamation	**—**	716,559
Contributions for capital purposes *[note 14]*	**364,245**	288,375
Amortization of deferred capital contributions	**(103,859)**	(97,044)
Deferred capital contributions, end of year	**1,943,389**	1,683,003

As at March 31, 2026, the deferred capital contributions include funds received but not yet spent of $120,741 [2025 – $70,353].

Notes to financial statements

[all amounts are expressed in thousands of dollars, except where noted]

March 31, 2026

12. Internally restricted net assets

Internally restricted net assets represent amounts set aside for future capital and other special projects.

Changes in internally restricted net assets, approved by the Board of Trustees, were as follows:

	2026 $	2025 $
Balance, beginning of year	**219,107**	156,586
Net assets transferred to UHN from West Park amalgamation	**—**	2,362
Transfers from		
Internally restricted to unrestricted net assets	**(108,186)**	(98,059)
Unrestricted to internally restricted net assets	**131,356**	158,218
Balance, end of year	**242,277**	219,107

13. Supplemental cash flow information

[a] The net change in non-cash working capital balances related to operations consists of the following:

	2026 $	2025 $
Accounts receivable	**20,334**	(23,516)
Inventory	**(250)**	(3,114)
Prepaid expenses	**(487)**	24
Accounts payable and accrued liabilities *[note 13[b]]*	**(99,760)**	60,941
	(80,163)	34,335

[b] Other information related to cash flows is as follows:

	2026 $	2025 $
Changes in capital asset purchases funded by accounts payable and accrued liabilities	**18,111**	922

[all amounts are expressed in thousands of dollars, except where noted]

[c] Cash and cash equivalents are represented as follows:

	2026	**2025**
	$	$
Cash	**357,023**	247,210
Cash equivalents	**357,913**	311,706
	714,936	558,916

14. Related parties

Controlled entities

[a] UHN has two entities that it controls. Ozmosis is a not-for-profit organization exempt from income taxes and was established to perform full-service clinical trials management. Transactions between UHN and Ozmosis, and the summarized assets, liabilities and results of operations of Ozmosis, are not significant to these financial statements.

Michener at UHN is a tax-exempt charity, incorporated under the laws of Ontario. Michener is dedicated to the education of pre-eminent applied health science practitioners capable of providing transformational leadership, performance and evidence-based best practice. UHN exercises control over Michener through a governance structure.

The business relationship between UHN and Michener is governed by service agreements pursuant to which certain senior management support is provided on a cost recovery basis. For the year ended March 31, 2026, UHN recognized $2,626 [2025 – $3,829] in ancillary services and other revenue in the statement of operations. As at March 31, 2026, UHN has receivables from Michener of $509 [2025 – $778] recorded in accounts receivable *[note 3]* and $412 [2025 – $393] in accounts payable and accrued liabilities.

Notes to financial statements

[all amounts are expressed in thousands of dollars, except where noted]

March 31, 2026

Similar to UHN, Michener prepares its financial statements in accordance with PSAS for government not-for-profit organizations as promulgated by CPA Canada. Michener has chosen to use the standards for government not-for-profit organizations that include Section PS 4200 to PS 4270. The summarized assets, liabilities and results of operations for Michener as at and for the year ended March 31 are as follows:

	2026	**2025**
	$	$
Financial position		
Total assets	**69,962**	59,431
Total liabilities	**38,871**	36,956
Net assets	**31,091**	22,475
	69,962	59,431

	2026	**2025**
	$	$
Results of operations		
Total revenue	**48,090**	43,579
Total expenses	**40,418**	38,919
	7,672	4,660

	2026	**2025**
	$	$
Cash flows provided by (used in)		
Operating activities	**11,432**	3,070
Financing activities	**1,524**	1,787
Capital activities	**(5,169)**	(2,137)
Net increase in cash during the year	**7,787**	2,720

Non-controlled entities

[b] The UHN Foundation is an independent corporation without share capital, which has its own Board of Directors. The UHN Foundation provides grants to UHN for capital, research and academic purposes from donations raised by the UHN Foundation. The UHN Foundation's accounts are not included in these financial statements. As at March 31, 2026, the UHN Foundation holds $1,391,282 [2025 – $1,274,444] in unrestricted, restricted and endowment funds. For the year ended March 31, 2026, grants of $158,157 [2025 – $219,147] were recorded by UHN as grants and donations for research, capital and other purposes, deferred research contributions or deferred capital contributions. As at March 31, 2026, UHN has receivables from the UHN Foundation of $44,892 [2025 – $40,172] recorded in accounts receivable *[note 3].* The UHN Foundation and UHN's accounting policy for grants results in timing differences between the recognition of grants payable recorded by the UHN Foundation and the receivable recorded by UHN.

Notes to financial statements

[all amounts are expressed in thousands of dollars, except where noted]

March 31, 2026

During the year ended March 31, 2026, UHN made contributions of $40,457 [2025 – $75,993] to the UHN Foundation. As at March 31, 2026, UHN has payables to the UHN Foundation of $40,457 [2025 – $75,993] recorded in accounts payable and accrued liabilities.

[c] The PMC Foundation is an independent corporation without share capital, which has its own Board of Directors. The PMC Foundation provides grants to UHN for capital and operating purposes in connection with cancer research, education and treatment from donations raised by the PMC Foundation. The PMC Foundation's accounts are not included in these financial statements. As at March 31, 2026, the PMC Foundation holds $981,796 [2025 – $911,347] in unrestricted, restricted and endowment funds. For the year ended March 31, 2026, grants of $181,395 [2025 – $179,744] were recorded by UHN as grants and donations for research and other purposes, deferred contributions or deferred capital contributions. As at March 31, 2026, UHN has receivables from the PMC Foundation of $63,643 [2025 – $54,849] recorded in accounts receivable *[note 3]*. The PMC Foundation and UHN's accounting policy for grants results in timing differences between the recognition of grants payable recorded by the PMC Foundation and the receivable recorded by UHN.

During the year ended March 31, 2026, UHN made contributions of $18,023 [2025 – $55,505] to the PMC Foundation. As at March 31, 2026, UHN has payables to the PMC Foundation of $18,023 [2025 – $50,606] recorded in accounts payable and accrued liabilities. Effective October 22, 2019, the PMC Foundation entered into a lease agreement with UHN for office space that expires on December 31, 2035.

[d] The West Park Foundation is an independent corporation without share capital, which has its own Board of Directors. The West Park Foundation provides donations to UHN to support programs, services and capital needs. The West Park Foundation's accounts are not included in these financial statements. As at March 31, 2026, the West Park Foundation holds $7,519 [2025 – $3,968] in unrestricted, restricted and endowment funds. For the year ended March 31, 2026, grants of $2,324 [2025 – $2,304] were recorded by UHN as grants and donations for research and other purposes, deferred contributions or deferred capital contributions. The West Park Foundation and UHN's accounting policy for grants results in timing differences between the recognition of grants payable recorded by the West Park Foundation and the receivable recorded by UHN.

The West Park Foundation and UHN are party to an agreement [the "campaign advance"], initially in the amount of $1,000 and extended in 2024 with a limit of $4,500 expiring on July 31, 2026. As at March 31, 2025, the outstanding balance was $5,556, which exceeded the limit by $1,056. The amount was fully provided for through a provision for doubtful accounts *[note 3]* and forgiven on March 15, 2026 in anticipation of the formal amalgamation of the UHN Foundation and West Park Foundation.

Effective April 1, 2026, the West Park Foundation and the UHN Foundation have amalgamated. The newly amalgamated UHN Foundation has all of the assets, rights, liabilities and obligations of the two predecessor corporations.

[e] The de Souza Institute Foundation is inactive.

[all amounts are expressed in thousands of dollars, except where noted]

[f] Operating under a memorandum of understanding and funding letters from the MOH, UHN purchased COVID-19-related supplies, equipment and pharmaceuticals for flow through to various organizations. As at March 31, 2026, UHN has payables to the MOH of $113,450 [2025 – $69,819], specifically related to funds received for COVID-19 purchases and pharmaceuticals on behalf of the Province of Ontario that were not spent.

15. Commitments and contingencies

[a] UHN is subject to various claims and potential claims in connection with operations. Where the potential liability is able to be estimated, management believes that the ultimate disposition of the matters will not materially exceed the amounts recorded in the accounts. In other cases, the ultimate outcome of the claims cannot be determined at this time. Any additional losses related to claims will be recorded in the year during which the liability is able to be estimated or adjustments to the amount recorded are determined to be required.

[b] UHN participates in the Healthcare Insurance Reciprocal of Canada [“HIROC”]. HIROC is a pooling of the public liability insurance risks of its hospital members. All members of the HIROC pool pay annual premiums, which are actuarially determined. All members are subject to assessment for losses, if any, experienced by the pool for the years in which they were members. No assessments have been made for the year ended March 31, 2026.

[c] As at March 31, 2026, UHN’s Board of Trustees has approved expenditures for construction and renovation that will be paid in future periods of $1,243,678 [2025 – $1,315,162], which includes $641,620 [2025 – $662,554] with formal commitments and $602,058 [2025 – $652,608] where formal commitments have not been entered.

[d] Commitments related to operating leases, including various operating costs and contracted utility services, are as follows:

	$
2027	35,007
2028	32,113
2029	30,409
2030	27,963
2031	27,973
Thereafter	268,020

[e] UHN has outstanding letters of credit to various organizations totalling $3,150 [2025 – $3,150].

Notes to financial statements

[all amounts are expressed in thousands of dollars, except where noted]

March 31, 2026

16. Credit facilities

UHN has the following credit facilities:

[a] A demand, unsecured revolving operating facility up to $100,000 by way of a combination of prime rate loans, Term CORRA loans and letters of credit to a maximum aggregate amount of $10,000;

[b] A demand, revolving amortizing credit facility up to $80,000 by way of any combination of prime rate loans, Term CORRA loans and Daily Compounded CORRA loans;

[c] A treasury risk management facility to hedge interest rate risk through interest rate swaps to a maximum notional risk amount of $15,000 with a maximum term of 31 years; and

[d] A demand, unsecured operating line of credit to a maximum of $5,000 that bears interest at the prime rate.

For facilities [a] and [b], interest is at prime rate minus 0.55%, which is 3.90% as at March 31, 2026 [2025 – 4.40%], or the Term CORRA loan rate plus 0.35% and credit spread adjustment of 0.29%, which is 2.93% as at March 31, 2026 [2025 – 3.40%]. During the year, interest of $734 [2025 – $758] was paid and recorded in the statement of operations.

As at March 31, 2026, there are drawings on facility [b] of $15,246 [2025 – $15,882], which are classified as long-term as UHN has received confirmation from the lender that the lender will not require repayment in the next fiscal year *[note 9]*.

17. Financial instruments and risk management

UHN is exposed to various financial risks through its transactions in financial instruments.

Credit risk

UHN is exposed to credit risk in connection with its accounts receivable including the event of non-performance by patients for non-insured services and services provided to non-resident patient and investments because of the risk that one party to the financial instrument may cause a financial loss for the other party by failing to discharge an obligation.

UHN manages and controls credit risk with respect to accounts receivable by dealing primarily with recognized, creditworthy third parties *[note 3]*. In addition, receivable balances are monitored on an ongoing basis. UHN attempts to mitigate this credit risk by obtaining pre-approval from insurance providers of coverage of non-insured services and/or written confirmation from the patient that they will be responsible for the payment of any non-insured services.

The maximum exposure to credit risk relating to investments is outlined in note 4. UHN manages credit risk for investments through an investment policy that establishes criteria for the selection of investments that include benchmarks for the creditworthiness of entities. UHN's investment policy specifies that no investments rated below investment grade by any of the rating agencies will be held, unless the original rating is likely to be restored within a reasonable period of time.

Notes to financial statements

[all amounts are expressed in thousands of dollars, except where noted]

March 31, 2026

There have been no significant changes to credit risk exposure from 2025.

Liquidity risk

UHN is exposed to the risk that it will encounter difficulty in meeting obligations associated with its financial liabilities. UHN derives a significant portion of its operating revenue from the Ontario government and other funders with no firm commitment of funding in future years. To manage liquidity risk, UHN keeps sufficient resources readily available to meet its obligations. In addition, UHN has available lines of credit that are used when sufficient cash flow is not available from operations to cover operating and capital expenditures.

Accounts payable mature within six months. The maturities of other financial liabilities are provided in the notes to the financial statements related to these liabilities.

Interest rate risk

UHN is exposed to interest rate risk with respect to its investments in fixed income investments because the fair value will fluctuate due to changes in market interest rates. In addition, UHN is exposed to interest rate risk with respect to advances on its demand credit facilities because cash flows will fluctuate because the interest rate is linked to the bank's prime rate, which changes from time to time. UHN has entered into an interest rate swap contract to fix the rate of interest on its operating line of credit *[note 9[e]]*.

UHN's investments in term deposits have an average term to maturity of 48 months and an average yield of 4.20%. A 1% change in the interest rates, with all other variables held constant, would have a $2,099 impact on excess (deficiency) of revenue over expenses for the year.

A change in the interest rate on UHN's long-term debt would have no impact on the financial statements since the debt is measured at amortized cost and has a fixed rate of interest. A change in the interest rate on the advance on the demand credit facility has no impact on excess (deficiency) of revenue over expenses for the year since UHN has entered into an interest rate swap contract to manage this risk.

There have been no significant changes to interest rate risk exposure from 2025.

Other price risk

UHN is exposed to other price risk through changes in market prices [other than changes arising from interest rate risk or currency risk] in connection with its investments in equity and pooled funds, whether those changes are caused by factors specific to the individual investment or factors affecting all securities traded in the market.

Since all other variables are held constant in assessing other price risk sensitivity, it is possible to extrapolate a 10% absolute change in the fair value to any absolute percentage change in fair value. As at March 31, 2026, the impact on accumulated remeasurement gains of a 10% absolute change in the fair value of the investments that are exposed to other price risk would be $54,751 [2025 – $42,485].