

Financial Statements of

**ROYAL OTTAWA FOUNDATION  
FOR MENTAL HEALTH**

And Independent Auditor's Report thereon

Year ended March 31, 2025



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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of the Royal Ottawa Foundation for Mental Health

### ***Opinion***

We have audited the financial statements of the Royal Ottawa Foundation for Mental Health (the Entity), which comprise:

- the statement of financial position as at March 31, 2025
- the statement of operations for the year then ended
- the statement of changes in fund balances for the year then ended
- the statement of cash flows for the year then ended;
- and notes to the financial statements, including a summary of significant accounting policies.

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at March 31, 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.



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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

May 29, 2025

# ROYAL OTTAWA FOUNDATION FOR MENTAL HEALTH

Financial Statements

Year ended March 31, 2025

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# ROYAL OTTAWA FOUNDATION FOR MENTAL HEALTH

## Statement of Financial Position

March 31, 2025, with comparative information for 2024

	2025	2024
<b>Assets</b>		
Current assets:		
Cash	\$ 4,121,638	\$ 3,583,553
Accounts and other receivables	56,036	92,155
Prepaid expenses	63,038	50,689
	<u>4,240,712</u>	<u>3,726,397</u>
Investments (note 3)	13,425,227	13,961,372
Tangible capital and intangible assets (note 4)	31,820	53,972
	<u>\$ 17,697,759</u>	<u>\$ 17,741,741</u>

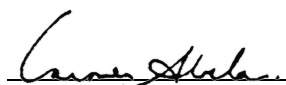
## Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities	\$ 253,375	\$ 164,957
Due to related entities (note 5)	1,196,297	1,703,603
	<u>1,449,672</u>	<u>1,868,560</u>
Fund balances:		
General - internally restricted (note 7)	380,672	241,409
General - unrestricted	4,769,960	4,761,843
Externally restricted - special purpose (note 8)	10,861,808	10,635,787
Externally restricted - endowment	235,647	234,142
	<u>16,248,087</u>	<u>15,873,181</u>
	<u>\$ 17,697,759</u>	<u>\$ 17,741,741</u>

See accompanying notes to financial statements.

Approved by the Board:

 Director

 Director

# ROYAL OTTAWA FOUNDATION FOR MENTAL HEALTH

## Statement of Operations

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

	General Fund	Special Purpose Fund	Endowment Fund	2025 Total	2024 Total
<b>Revenue:</b>					
Donations	\$ 3,136,625	\$ 3,887,831	\$ 1,200	\$ 7,025,656	\$ 5,668,861
<b>Expenses:</b>					
Administration	873,291	–	–	873,291	867,253
Fundraising	2,076,817	2,629	–	2,079,446	1,903,905
Amortization of tangible capital and intangible assets	22,152	–	–	22,152	32,063
	2,972,260	2,629	–	2,974,889	2,803,221
<b>Excess of revenue over expenses before other revenue</b>					
	164,365	3,885,202	1,200	4,050,767	2,865,640
<b>Other revenue (expense):</b>					
Interest and investment income	1,192,996	–	305	1,193,301	435,381
Unrealized gains (losses) on investments (note 3)	(238,714)	–	–	(238,714)	1,059,352
	954,282	–	305	954,587	1,494,733
<b>Excess of revenue over expenses before research, patient and education contributions</b>					
	1,118,647	3,885,202	1,505	5,005,354	4,360,373
<b>Research, patient and education contributions (notes 7 and 8)</b>					
	5,518	4,624,930	–	4,630,448	4,444,020
<b>Excess (deficiency) of revenue over expenses and contributions</b>					
	\$ 1,113,129	\$ (739,728)	\$ 1,505	\$ 374,906	\$ (83,647)

See accompanying notes to financial statements.

# ROYAL OTTAWA FOUNDATION FOR MENTAL HEALTH

## Statement of Changes in Fund Balances

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

	General Fund		Special Purpose Fund	Endowment Fund	2025 Total	2024 Total
	Internally restricted (note 7)	Unrestricted				
Fund balance, beginning of year	\$ 241,409	\$ 4,761,843	\$ 10,635,787	\$ 234,142	\$ 15,873,181	\$ 15,956,828
Excess (deficiency) of revenue over expenses and contributions	(5,518)	1,118,647	(739,728)	1,505	374,906	(83,647)
Interfund transfers	144,781	(1,110,530)	965,749	–	–	–
<b>Fund balance, end of year</b>	<b>\$ 380,672</b>	<b>\$ 4,769,960</b>	<b>\$ 10,861,808</b>	<b>\$ 235,647</b>	<b>\$ 16,248,087</b>	<b>\$ 15,873,181</b>

See accompanying notes to financial statements.



# ROYAL OTTAWA FOUNDATION FOR MENTAL HEALTH

## Statement of Cash Flows

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

	2025	2024
Cash provided by (used in):		
Operating activities:		
Deficiency of revenue over expenses and contributions	\$ 374,906	\$ (83,647)
Items not affecting cash:		
Amortization of tangible capital and intangible assets	22,152	32,063
Realized losses (gains) on disposition of investments	(1,481)	1,744
Unrealized losses (gains) on investments	238,708	(1,059,352)
Change in non-cash operating working capital (note 9)	(395,118)	482,697
	<u>239,167</u>	<u>(626,495)</u>
Financing activities:		
Acquisitions of tangible capital and intangible assets	–	(9,281)
Investing activities:		
Acquisitions of investments	(2,286,553)	(470,387)
Proceeds on disposition of investments	2,585,471	299,433
	<u>298,918</u>	<u>(170,954)</u>
Increase (decrease) in cash	538,085	(806,730)
Cash, beginning of year	3,583,553	4,390,283
Cash, end of year	<u>\$ 4,121,638</u>	<u>\$ 3,583,553</u>

See accompanying notes to financial statements.

# ROYAL OTTAWA FOUNDATION FOR MENTAL HEALTH

Notes to Financial Statements

Year ended March 31, 2025

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## 1. Nature of entity:

The Royal Ottawa Foundation for Mental Health (the "Foundation") was incorporated under the Canadian Corporation Act as a not-for-profit arms-length fundraising organization governed by a volunteer Board of Directors. Effective October 17, 2013, the Foundation continued its articles of incorporation under the Canada Not-for-Profit Corporations Act. As a registered charity, the Foundation is exempt from income taxes under subsection 149 (1)(f) of the Income Tax Act (Canada).

## 2. Significant accounting policies:

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

### (a) Fund accounting:

The Foundation follows the restricted fund method of accounting for contributions for not-for-profit organizations. Transfers between funds are recorded as approved by the Foundation's Board of Directors. For financial reporting purposes, the fund balances have been classified into three funds consisting of the following:

- (i) The General Fund includes the day-to-day transactions in regard to the operations of the Foundation. Unless otherwise specified, any interest earned is included in the General Fund.
- (ii) The Special Purpose Fund includes donations, the use of which is restricted by the donor for research, patient and education purposes.
- (iii) The Endowment Fund includes donations contributed for endowment as well as interest and investment income earned on Endowment Funds. It is intended that the original principal portion of the Endowment Fund be maintained intact.

### (b) Fund balances restricted by the Board:

Amounts internally restricted by directives of the Board of Directors for research, patient and education purposes are recorded as internal restrictions of the Foundation's resources. As related expenditures are made, amounts are transferred from Board restricted fund balances to unrestricted fund balances.

### (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 measured at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Foundation has elected to carry its investments at fair value. Sales and purchases of investments are recorded on the trade date.

# ROYAL OTTAWA FOUNDATION FOR MENTAL HEALTH

Notes to Financial Statements (continued)

Year ended March 31, 2025

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## 2. Significant accounting policies (continued):

### (c) Financial instruments (continued):

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. These costs are amortized using the effective interest rate method.

Financial assets are assessed for indicators of impairment on an annual basis. Where an indicator of impairment is present, 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 period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial impairment charge.

### (d) Capital assets - tangible and intangible assets:

Computer equipment, software, furniture and donor wall are recorded at cost and are amortized on a straight-line basis over their estimated useful services. When a tangible capital or intangible asset no longer contributes to the Foundation's ability to provide services, its carrying amount is written down to its residual value.

### (e) Revenue recognition:

Unrestricted donations and sponsorship contributions are recognized as revenue of the General Fund in the year received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Restricted contributions related to general operations are recognized as revenue of the General Fund when the conditions for the restriction have been met. Revenue from special events is recognized, net of applicable direct costs, in the year in which they occur in the appropriate restricted fund. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Contributions for endowment are recognized as revenue in the Endowment Fund in the year received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Interest and investment income earned on the Endowment Fund resources is recognized as revenue in the Endowment Fund. Other investment income is recognized as revenue of the General Fund when earned. Investment income includes dividend and interest income, realized gains and losses on disposal of investments, and if applicable charges for other than temporary impairment of investments.

# ROYAL OTTAWA FOUNDATION FOR MENTAL HEALTH

Notes to Financial Statements (continued)

Year ended March 31, 2025

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## 2. Significant accounting policies (continued):

### (e) Revenue recognition (continued):

Unrealized gains and losses on available-for-sale financial assets are included directly in the respective fund balances until disposal or impairment of the asset. At that time, the related gains and losses are reclassified and included in the statement of operations of their respective fund as investment income.

Bequests are recognized as revenue when received. Pledges are not recorded until the donations are actually received.

### (f) Expenses:

In the statement of operations, the Foundation presents its expenses by function.

Expenses are recognized in the year incurred and recorded in the function to which they are directly related. The Foundation allocates salary expenses between administrative and fundraising personnel.

### (g) Donations in-kind:

Donations of equipment and goods which are distributed to the Royal Ottawa Health Care Group or University of Ottawa Institute of Mental Health Research are not recorded in these financial statements.

### (h) Pension:

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

### (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 reporting periods. Actual results could differ from those estimates.

These estimates are reviewed annually and as adjustments become necessary, they are recognized in the financial statements in the period they become known.

# ROYAL OTTAWA FOUNDATION FOR MENTAL HEALTH

Notes to Financial Statements (continued)

Year ended March 31, 2025

### 3. Investments:

	2025	2024
Pooled investments	\$ 9,640,447	\$ 9,763,029
Other investments	3,784,780	4,198,343
	<b>\$ 13,425,227</b>	<b>\$ 13,961,372</b>

#### (a) Pooled investment management account:

March 31, 2025	Cost	Carrying and fair value
Fixed Income Fund	\$ 2,211,806	\$ 2,229,438
Canadian Equities Fund	2,357,816	2,667,260
Global Equities Fund	4,413,346	4,743,749
	<b>\$ 8,982,968</b>	<b>\$ 9,640,447</b>

March 31, 2024	Cost	Carrying and fair value
Fixed Income Fund	\$ 2,434,847	\$ 2,362,688
Canadian Equities Fund	2,080,324	2,434,535
Global Equities Fund	4,527,168	4,965,806
	<b>\$ 9,042,339</b>	<b>\$ 9,763,029</b>

#### (b) Other investments:

March 31, 2025	Cost	Carrying and fair value
Hamilton Lane GPA	\$ 600,000	\$ 876,568
RP Debt Opportunities	478,167	542,890
Hamilton Lane SCOPE	679,108	679,485
Waratah Core	389,150	408,643
Converium	264,195	316,188
White Crane	250,090	279,333
EdgePoint Opportunistic	677,743	681,673
	<b>\$ 3,338,453</b>	<b>\$ 3,784,780</b>

# ROYAL OTTAWA FOUNDATION FOR MENTAL HEALTH

Notes to Financial Statements (continued)

Year ended March 31, 2025

### 3. Investments (continued):

(b) Other investments (continued):

March 31, 2024	Cost	Carrying and fair value
Waratah One	\$ 560,771	\$ 640,615
Brookfield Real Estate	623,383	809,721
RP Debt Opportunities	451,026	513,695
Waratah AESG	850,000	915,176
Hamilton Lane	600,000	775,850
Converium	241,249	280,585
White Crane	250,090	262,701
	<b>\$ 3,576,519</b>	<b>\$ 4,198,343</b>

As at March 31, 2025, the fixed income fund consists of the Government of Canada bonds, Canadian Provincial bonds, Canadian Corporate bonds, preferred shares, and global bonds with interest range that range from 1.00% to 8.747% (2024 - 0.25% to 13.38%) and maturity dates from July 2025 to January 2084 (2024 - April 2024 to January 2084).

### 4. Tangible capital and intangible assets:

			2025	2024
	Cost	Accumulated amortization	Net book value	Net book value
Donor wall	\$ 12,135	\$ 12,135	\$ –	\$ –
Computer equipment	15,651	15,651	–	313
Furniture	92,289	92,289	–	899
Software	113,477	81,657	31,820	52,760
<b>Total</b>	<b>\$ 233,552</b>	<b>\$ 201,732</b>	<b>\$ 31,820</b>	<b>\$ 53,972</b>

During the year, the Foundation wrote off assets with a cost of \$17,938 (2024 - \$Nil) and accumulated amortization of \$17,938 (2024 - \$Nil).

At March 31, 2024, cost and accumulated amortization amounted to \$251,490 and \$197,518, respectively.

# ROYAL OTTAWA FOUNDATION FOR MENTAL HEALTH

Notes to Financial Statements (continued)

Year ended March 31, 2025

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## 5. Related entities:

The Foundation raises, manages and disburses funds to support the Royal Ottawa Health Care Group (the "Group") and the University of Ottawa Institute of Mental Health Research (the "Institute") in support of the best possible patient care and leading edge research. The Foundation's funds are used to purchase equipment for capital projects, to support research, and to contribute to the improvement of patient care.

### (a) Royal Ottawa Health Care Group:

At March 31, 2025, the Foundation has an amount owing to the Group in the amount of \$1,196,297 (2024 - \$1,703,603) relating to inter-entity charges of \$3,255,064 and repayments of \$2,058,767 (2024 - charges of \$3,621,590 and repayments of \$1,917,987) during the year. The balance is non-interest bearing, has no fixed terms of repayment and is repayable on demand.

During the year, the Foundation transferred an amount of \$2,837,958 (2024 - \$2,859,025) towards the improvement of patient care.

### (b) University of Ottawa Institute of Mental Health Research:

At March 31, 2025, the Foundation has an amount owing to the Institute in the amount of \$Nil (2024 - \$Nil). The balance is non-interest bearing, has no fixed terms of repayment and is repayable on demand.

During the year, the Foundation contributed a total of \$1,792,490 in support of the Institute's leading edge research (2024 - \$1,584,880).

### (c) Friends of Royal Ottawa Foundation, Inc.:

The purpose of the Friends of Royal Ottawa Foundation, Inc. ("Friends"), is to further educational, scientific, and charitable purposes pursuant to the provisions of the Delaware General Corporation Law (the "DGCL") and other applicable laws.

The Foundation has an economic interest in Friends as the Foundation provides certain administrative support services. At March 31, 2025, the Foundation has an amount receivable from Friends of \$Nil (2024 - \$Nil).

# ROYAL OTTAWA FOUNDATION FOR MENTAL HEALTH

Notes to Financial Statements (continued)

Year ended March 31, 2025

## 6. Fund balances:

The Foundation's overall objective for its fund balances is to fund future projects and ongoing operations.

The Foundation manages its fund balances by appropriating amounts to internally restricted fund balances for anticipated future projects. These allocations are disclosed in note 7.

The Foundation also considers its special purpose funds and endowments, as disclosed in the significant account policy note 2(a)(ii), to be part of its fund balances. The Foundation's objective with regards to these funds is to maintain the resources as stipulated by the externally imposed restrictions and to maximize investment income to increase funding available for use for research, patient, and educational purposes.

The Foundation is not subject to any other externally imposed capital requirements and its approach to capital management remains unchanged from the prior year.

## 7. Internally restricted:

During the year, the Foundation's Board of Directors approved the following restrictions from unrestricted net assets and expenditures out of the previously restricted net assets:

	Balance, beginning of year	Interfund transfer	Net expenditures	Balance, end of year
Annual Gala Raffle	\$ 177,136	\$ 7,212	\$ 3,885	\$ 180,463
Classic car raffle	11,986	893	–	12,879
United We Care Fund	1,013	–	–	1,013
Royal Ottawa Health Care Group	51,274	–	–	51,274
FRAYME Proceeds	–	136,676	1,633	135,043
	<u>\$ 241,409</u>	<u>\$ 144,781</u>	<u>\$ 5,518</u>	<u>\$ 380,672</u>



# ROYAL OTTAWA FOUNDATION FOR MENTAL HEALTH

Notes to Financial Statements (continued)

Year ended March 31, 2025

## 8. Special Purpose Fund:

The Special Purpose Fund represents unspent resources restricted by donors for research, patient and education purposes. The changes in the Special Purpose Fund balances are as follows:

	Balance, beginning of year	Restricted interest and donor contributions	Expenditures on charitable activities	Interfund transfers	Balance, end of year
E.J.(Jennie) James Depr. Res.	\$ 1,387,554	\$ 88,422	\$ –	\$ –	\$ 1,475,976
Daron Fund (The)	905,792	153,537	–	–	1,059,329
Regional Psychosis Clinic	455,234	659,018	843,446	–	270,806
Women’s Mental Health	963,130	2,142	–	–	965,272
eRimh	593,488	–	593,488	–	–
Other funds	6,330,589	2,982,083	3,187,996	965,749	7,090,425
	<u>\$ 10,635,787</u>	<u>\$ 3,885,202</u>	<u>\$ 4,624,930</u>	<u>\$ 965,749</u>	<u>\$ 10,861,808</u>

## 9. Change in non-cash operating working capital:

	2025	2024
Accounts and other receivables	\$ 36,119	\$ (3,025)
Prepaid expenses	(12,349)	5,817
Accounts payable and accrued liabilities	88,418	(26,893)
Due to related entities	(507,306)	506,798
	<u>\$ (395,118)</u>	<u>\$ 482,697</u>

## 10. Healthcare of Ontario Pension Plan:

Substantially all full time employees of the Foundation are eligible to be members of the Healthcare of Ontario Pension Plan (the “Plan”). This Plan is a multi-employer defined benefit pension plan. Employer contributions to the Plan during the year amounted to \$164,565 (2024 - \$147,710).

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

Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members. The most recent triennial actuarial valuation of the Plan as at December 31, 2022 indicates the Plan is fully funded.

# ROYAL OTTAWA FOUNDATION FOR MENTAL HEALTH

Notes to Financial Statements (continued)

Year ended March 31, 2025

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## 11. Financial risks:

The Foundation is subject to the following risks from its financial instruments.

### (a) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors.

#### (i) Currency risk:

Foreign currency exposure arises from the Foundation's holdings of foreign cash balances, equities and bonds. Included in investments (note 3) is \$ 5,339,270 (2024 - \$5,509,092) which is exposed to foreign currency movements. The Foundation monitors foreign equity and bond holdings on an ongoing basis with the assistance of its investment advisors. The Foundation does not use derivative financial instruments to mitigate the foreign currency risk.

#### (ii) Interest rate and other price risks:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. As at March 31, 2025, a 1% change to the market interest rate with all other variables held constant would have an estimated effect of \$109,242 (2024 - \$103,958) on the value of the bond portfolio.

Financial assets and financial liabilities with variable interest rates expose the Foundation to cash flow interest rate risk. The Foundation is exposed to this risk through to its interest bearing investments. The Foundation's investments, including interest-bearing securities, are disclosed in note 3.

At March 31, 2025, a 10% movement in the stock markets with all other variables held constant would have an estimated effect on the fair values of the Foundation's equities of approximately \$741,101 (2024 - \$740,035).

### (b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Foundation is exposed to this risk relating to its cash, investments, accounts and other receivables, and due from/to related entities. The Foundation holds its cash accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation.

# ROYAL OTTAWA FOUNDATION FOR MENTAL HEALTH

Notes to Financial Statements (continued)

Year ended March 31, 2025

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## 11. Financial risks (continued):

### (b) Credit risk (continued):

Accounts receivable are ultimately due from the large publicly funded organizations. The Institute measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance has not been set up based on the Institute's historical experience regarding collections of its receivables.

Investments are made under the approved investment policy that limit the concentration of investments by issuer and industry as well as providing guidance on liquidity and credit ratings of investments.

### (c) Liquidity risk:

Liquidity risk is the risk that the Institute will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Foundation mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cash outflows arise. Accounts payable are kept current throughout the year.

Accounts payable and accrued liabilities are generally due within 30 days of receipt of an invoice.

These risks have increased in 2025 due to market fluctuations in interest rates and market prices. Aside from the changes in interest and market risk, there have been no changes from the prior year in the Foundation's risk exposures from its financial instruments or the policies, procedures and methods used to manage these risks.