

Financial Statements of

VICTORIA HOSPITALS FOUNDATION

And Independent Auditor's Report thereon

Year ended March 31, 2025



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INDEPENDENT AUDITOR'S REPORT

To the Members of Victoria Hospitals Foundation

Report on the Financial Statements

Opinion

We have audited the financial statements of Victoria Hospitals Foundation ("the "Entity"), which comprise:

- the statement of financial position as at March 31, 2025
- the statement of operations and 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.



Other Information

Management is responsible for the other information. Other information comprises the information, other than the financial statements and the auditor's report thereon, included in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditor's report thereon, included in the Annual Report as at the date of this auditor's report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



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

We also:

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

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

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

Report on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting policies applied by Victoria Hospitals Foundation in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding period.

Chartered Professional Accountants

Victoria, Canada
October 2, 2025

VICTORIA HOSPITALS FOUNDATION

Statement of Financial Position

March 31, 2025, with comparative information for 2024

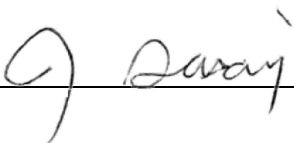
	2025	2024
Assets		
Current assets:		
Cash	\$ 5,051,989	\$ 5,217,419
Short-term investments (note 2)	7,000,000	—
Prepaid expenses and deposits	226,654	216,615
Other assets	1,156,171	1,076,699
	13,434,814	6,510,733
Investments (note 2)	28,080,869	25,217,356
	\$ 41,515,683	\$ 31,728,089

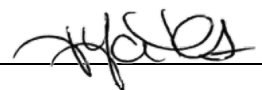
Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities	\$ 696,537	\$ 521,771
Disbursements due to Island Health	470,367	846,684
	1,166,904	1,368,455
Fund balances:		
General	24,967,209	17,704,618
Restricted	15,131,570	12,405,016
	40,098,779	30,109,634
Endowment	250,000	250,000
	40,348,779	30,359,634
Commitments (notes 4 and 8)		
	\$ 41,515,683	\$ 31,728,089

See accompanying notes to financial statements.

Approved on behalf of the Board:

 Director

 Director

VICTORIA HOSPITALS FOUNDATION

Statement of Operations and Changes in Fund Balances

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

	General Fund	Restricted Fund	Total 2025	Total 2024
Revenue:				
Donations	\$ 11,768,851	\$ 10,344,491	\$ 22,113,342	\$ 13,739,202
Gaming revenue, net of prizes awarded (note 5)	2,047,178	126,040	2,173,218	1,675,024
Investment income	1,799,607	13,760	1,813,367	1,287,133
Sales tax rebate	616,938	—	616,938	547,071
Other	3,178	—	3,178	4,000
	16,235,752	10,484,291	26,720,043	17,252,430
Expenses:				
Direct fundraising	876,234	64,713	940,947	951,112
Public relations	268,951	—	268,951	172,866
Salaries and benefits	2,970,527	—	2,970,527	2,621,917
Office and administration	251,357	5	251,362	246,916
Professional fees	65,848	—	65,848	47,506
	4,432,917	64,718	4,497,635	4,040,317
	11,802,835	10,419,573	22,222,408	13,212,113
Income (loss) from investments:				
Realized gain (loss)	36,481	(422)	36,059	6,879
Unrealized gain	1,486,249	—	1,486,249	1,570,175
Management fees	(89,530)	—	(89,530)	(81,409)
	1,433,200	(422)	1,432,778	1,495,645
Excess of revenue over expenses before disbursements	13,236,035	10,419,151	23,655,186	14,707,758
Disbursements to Island Health (note 4)	(7,411,261)	(6,200,458)	(13,611,719)	(10,121,643)
Care worker recognition	(54,322)	—	(54,322)	(52,617)
Excess of revenue over expenses	5,770,452	4,218,693	9,989,145	4,533,498
Balance, beginning of year	17,704,618	12,405,016	30,109,634	25,576,136
Interfund transfers (note 3)	1,492,139	(1,492,139)	—	—
Balance, end of year	\$ 24,967,209	\$ 15,131,570	\$ 40,098,779	\$ 30,109,634

See accompanying notes to financial statements.

VICTORIA HOSPITALS FOUNDATION

Statement of Cash Flows

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

	2025	2024
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses before disbursements	\$ 23,655,186	\$ 14,707,758
Items not involving cash:		
Realized gain on investments	(36,059)	(6,879)
Change in unrealized loss (gain) on investments	(1,486,249)	(1,570,175)
Changes in non-cash operating working capital:		
Prepaid expenses and deposits	(10,039)	(48,868)
Other assets	(79,472)	277,551
Accounts payable and accrued liabilities	174,766	6,369
	22,218,133	13,365,756
Disbursement activities to Island Health:		
Balance due, beginning of year	(846,684)	(4,001)
Disbursements approved and invoiced	(13,611,719)	(10,121,643)
	(14,458,403)	(10,125,644)
Balance due, end of year	470,367	846,684
Care worker recognition	(54,322)	(52,617)
	(14,042,358)	(9,331,577)
	8,175,775	4,034,179
Investing:		
Proceeds of disposal of investments	9,220,413	371,775
Purchase of short-term investments	(7,000,000)	—
Purchase of and reinvestment of investments	(10,561,618)	(1,295,099)
	(8,341,205)	(923,324)
Increase (decrease) in cash	(165,430)	3,110,855
Cash, beginning of year	5,217,419	2,106,564
Cash, end of year	\$ 5,051,989	\$ 5,217,419

See accompanying notes to financial statements.

VICTORIA HOSPITALS FOUNDATION

Notes to Financial Statements

Year ended March 31, 2025

Victoria Hospitals Foundation (the "Foundation") is incorporated under the Society Act (British Columbia) and transitioned to the new Societies Act on October 12, 2018. It is registered as a public foundation under business number 10793 5637 RR0001 with the Canada Revenue Agency.

The Foundation acts as the official fundraising arm for the Royal Jubilee, Victoria General and Gorge Rd. hospitals operated by Island Health. The Foundation receives certain administrative services without charge from Island Health. Donations received by the Foundation are used to enhance healthcare through equipment purchase, facility enhancement or by assisting in health-related research and education. Donations are not applied to hospital operating expenses.

1. Significant accounting policies:

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are as follows:

(a) Fund accounting:

The Foundation follows the restricted fund method of accounting for contributions.

For financial reporting purposes, the accounts have been classified into the following funds:

The General Fund accounts for the Foundation's general operating activities, donations that are not specifically designated by donors and investment income earned. Expenses are recorded in the General Fund except directly attributable processing fees related to donations directed by the donor.

The Restricted Fund comprises funds for which the purposes have been specifically designated by donors.

The Endowment Fund comprises amounts that are required to be maintained by the Foundation on a permanent basis. Investment income earned on the Endowment fund is reported in the Restricted Fund. There are no changes in assets or liabilities, revenues or expenses in the years presented, therefore a statement of operations and changes in fund balances have not been presented.

These funds are held in accordance with the objectives specified by the donors or in accordance with directives issued by the Board of Directors (the "Board").

Transfers between the funds are made when it is considered appropriate and authorized by the Board. To meet the objectives of financial reporting and stewardship over assets, certain interfund transfers are necessary to ensure the appropriate allocation of assets and liabilities to the respective funds. These interfund transfers are recorded in the statement of operations and changes in fund balances.

VICTORIA HOSPITALS FOUNDATION

Notes to Financial Statements

Year ended March 31, 2025

1. Significant accounting policies (continued):

(b) Revenue recognition:

Unrestricted contributions are recognized as revenue of the General Fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions related to general operations or for which no restricted fund exists are recognized as revenue of the General Fund in the year in which the related expenses are incurred.

All other restricted contributions are recognized as revenue in the Restricted Fund.

(c) Life insurance policies:

The Foundation is owner and beneficiary of various life insurance policies. The cash surrender value of these policies is reflected in other assets on the statement of financial position. The annual change in the aggregate cash value is recorded as other revenue.

(d) Contributed services and materials:

Donated materials and services are recognized in the financial statements when a fair value can be reasonably established in the market and when the materials and services are used in the normal course of operations and would otherwise have been purchased.

(e) Recognition of disbursements to Island Health:

Disbursements to Island Health are recorded when the purchase of equipment has been approved and invoiced to the Foundation.

(f) Employee benefits:

Sick leave is available to the Foundation's employees. The sick leave obligation is accrued based on projected benefits as the employees render services necessary to earn the future benefits.

The Foundation and its employees make contributions to the Municipal Pension Plan. Defined contribution plan accounting is applied to multi-employer defined benefit plans and, accordingly, contributions are expensed when due and payable.

(g) Cash and short-term investments:

Cash includes deposits in banks. Short-term investments include deposits that are highly liquid with original maturities of less than six months at the date of acquisition and readily convertible to cash.

VICTORIA HOSPITALS FOUNDATION

Notes to Financial Statements

Year ended March 31, 2025

1. Significant accounting policies (continued):

(h) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Investments that are quoted in an active market are subsequently measured at fair value and all changes in the fair value are recognized in the statement of operations in the period incurred. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Foundation has elected to carry all investments subsequently at fair value and all other financial instruments subsequently at cost.

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

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

(i) Use of estimates:

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 revenues and expenses during the year. Actual results could differ from those estimates.

VICTORIA HOSPITALS FOUNDATION

Notes to Financial Statements

Year ended March 31, 2025

2. Short-term investments and investments:

Short-term investments are comprised of fixed rate investments (non-redeemable guaranteed investment certificates) with the interest rate of 3.25%, and maturity date of July 21, 2025. To manage liquidity and meet outstanding commitments to Island Health (note 4), the Foundation maintains short-term investments as part of its cash flow management strategy.

The major components of investments are as follows:

March 31, 2025	Market	Cost	Unrealized gain (loss)
Cash and cash equivalents	\$ 632,314	\$ 632,314	\$ —
Short-term investments	7,000,000	7,000,000	—
Bond funds	12,165,651	12,615,787	(450,136)
Canadian equity funds	4,941,425	3,419,917	1,521,508
US equity funds	4,234,288	2,475,434	1,758,854
Foreign equity funds	4,126,402	3,331,729	794,673
Global equity funds	1,980,788	1,615,210	365,578
	\$ 35,080,868	\$ 31,090,391	\$ 3,990,477

March 31, 2024	Market	Cost	Unrealized gain (loss)
Cash and cash equivalents	\$ 1,820,138	\$ 1,820,138	\$ —
Bond funds	9,335,850	10,073,059	(737,209)
Canadian equity funds	4,371,274	3,282,758	1,088,516
US equity funds	3,940,211	2,475,434	1,464,777
Foreign equity funds	3,767,756	3,331,729	436,027
Global equity funds	1,982,127	1,730,011	252,116
	\$ 25,217,356	\$ 22,713,129	\$ 2,504,227

3. Interfund transfers:

To meet the objectives of financial reporting and stewardship over the general, restricted and endowment funds, transfers between the funds are made when it is considered appropriate and approved by either the donor or the Board, depending on restrictions. These interfund transfers are recorded in the statement of operations and changes in fund balances.

VICTORIA HOSPITALS FOUNDATION

Notes to Financial Statements

Year ended March 31, 2025

4. Commitments:

The Foundation has a policy of disbursing funds to Island Health once an invoice for equipment has been received. There can be a long and unpredictable timeline from the date of commitment to the time of invoicing due to equipment trial periods and delivery times. Pledges are not included in the commitments listing.

The following is a summary of commitments made and invoices recognized during the year:

	Cumulative commitments outstanding at March 31, 2024	Commitments made during the fiscal year	Approved and invoiced during the fiscal year	Cumulative commitments outstanding at March 31, 2025
Capital	\$ 8,479,971	19,795,154	12,041,624	16,233,501
Education	1,147,293	1,394,810	1,021,059	1,521,044
Research	25,002	522,312	458,312	89,002
Special projects	2,684,601	(28,952)	90,724	2,564,925
Balance, end of year	\$ 12,336,867	21,683,324	13,611,719	20,408,472

5. Gaming revenue:

Gaming revenue includes a public raffle, public 50/50 raffle draws, 50/50 raffle draws with hospital staff, event raffles and amounts from other organizations that raise funds on the Foundation's behalf. Gross revenue was \$4,245,695 (2024 - \$3,273,400), and prizes of \$2,072,477 (2024 - \$1,598,376) were awarded during the year.

VICTORIA HOSPITALS FOUNDATION

Notes to Financial Statements

Year ended March 31, 2025

6. Municipal Pension Plan:

The Foundation and its employees contribute to the Municipal Pension Plan (the Plan), a jointly trustee pension plan. The Board of Trustees, representing plan members and employers, is responsible for administering the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2023, the plan has about 256,000 active members and approximately 129,000 retired members.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of the plan funding. The most recent actuarial valuation as at December 31, 2021 indicated a \$3,761 million funding surplus for basic pension benefits. The actuary does not attribute portions of the unfunded liability/surplus to individual employers. The next valuation will be as at December 31, 2024 with results available later in 2025.

The Foundation paid \$196,691 for employer contributions to the Plan in 2025 (2024 - \$176,820).

7. Financial risks and concentration of risk:

The Foundation is exposed to interest, currency or credit risks arising from its financial instruments. Risks related to market value fluctuation of investments are mitigated by the Foundation's investment policies regarding portfolio mix. Investments are purchased and sold during the year to comply with the Foundation's Board approved investment policy regarding permitted asset mix. The market value and composition of investments is disclosed in note 2.

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

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

8. Other information:

American Friends of the Victoria Hospitals Foundation ("AFVHF") is a US non-profit corporation that qualifies as a charity under US tax law. AFVHF provide donations to the Foundation in the following areas of interest: medical and scientific research and education activities, promoting wellness and care of the sick and disabled. In fiscal 2025, the Foundation did not receive any donations from American Friends of the Victoria Hospitals Foundation (2024 - \$1,000,000 USD). The Foundation has an administrative operating agreement with the American Friends of the Victoria Hospitals Foundation. The Board approved to pay for operating costs of AFVHF up to \$15,000 (2024 - \$20,000) USD. During the year, the Foundation directly paid operating costs of \$170 (2024 - \$829) USD, included in office and administration and professional fees, while AFVHF paid operating costs of \$6,863 (2024 - \$10,577) USD. These transactions are recorded at exchange value.

VICTORIA HOSPITALS FOUNDATION

Notes to Financial Statements

Year ended March 31, 2025

9. Employee and contractor remuneration:

The BC Societies Act came into effect on November 28, 2016. The Act has a requirement for the disclosure in the financial statements of the remuneration of directors, employees and contractors for financial statements prepared after November 28, 2016.

For employee and contractor remuneration the requirement is to disclose amounts paid to individuals whose remuneration, including salaries and benefits, was greater than \$75,000. For the fiscal year ending March 31, 2025, the Foundation paid remuneration, including salaries and benefits, to ten (10) employees (2024 - ten (10) employees) each of whom received total annual remuneration of \$75,000 or greater; and the total amount paid was \$1,206,842 (2024 - \$1,132,384).