

Financial Statements of

VGH & UBC HOSPITAL FOUNDATION

And Independent Auditor's Report thereon

Year ended March 31, 2025



KPMG LLP

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of VGH & UBC Hospital Foundation

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of VGH & UBC Hospital 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.

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

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



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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

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

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants

Vancouver, Canada
June 16, 2025

VGH & UBC HOSPITAL FOUNDATION

Statement of Financial Position

March 31, 2025, with comparative information for 2024

	2025	2024
Assets		
Current assets:		
Cash and cash equivalents	\$ 127,246,666	\$ 86,720,855
Restricted cash and cash equivalents	19,208,652	18,541,473
Portfolio investments (note 4)	173,476,193	156,265,648
Investment in preferred shares - current portion (note 6)	3,500,000	3,000,000
Accounts receivable and prepaids (note 5)	2,931,110	3,416,094
	326,362,621	267,944,070
Capital assets (note 7(a))	100,129,157	100,441,613
Investment in preferred shares (note 6)	3,333,000	6,386,000
Donated assets	7,779,398	7,732,418
Endowment portfolio investments (note 9(b))	159,123,537	143,275,830
Vancouver Foundation investments (note 9(c))	633,145	588,632
	\$ 597,360,858	\$ 526,368,563

Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities (note 11)	\$ 6,702,912	\$ 5,280,440
Due to Vancouver Coastal Health Authority (note 10)	20,909,615	12,127,691
Bank loan (note 8)	1,379,271	-
	28,991,798	17,408,131
Bank loan (note 8)	53,620,729	55,000,000
Deferred capital contributions	1,477,484	1,099,640
	84,090,011	73,507,771
Fund balances:		
General Fund:		
Invested in capital assets (note 7(b))	23,259,774	23,950,074
Vancouver Foundation Endowment Fund (note 9(c))	633,145	588,632
Unrestricted	72,341,132	63,902,759
	96,234,051	88,441,465
Restricted Funds:		
Internally restricted	7,184,372	-
Specific Purpose	230,336,988	200,751,598
Endowment (note 9(a))	179,515,436	163,667,729
	417,036,796	364,419,327
	513,270,847	452,860,792
Commitment (note 20)		
	\$ 597,360,858	\$ 526,368,563

See accompanying notes to financial statements.

Approved on behalf of the Board:



Director



Director

VGH & UBC HOSPITAL FOUNDATION

Statement of Operations and Changes in Fund Balances

Year ended March 31, 2025 with comparative information for 2024

	General Fund		Internally Restricted Funds		Restricted Fund Endowment		Restricted Funds – Special Purpose		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Revenue:										
Donations	\$ 9,186,413	\$ 6,774,491	\$ -	\$ -	\$ 3,958,163	\$ 17,497,461	\$ 66,635,819	\$ 41,064,948	\$ 79,780,395	\$ 65,336,900
Lotteries	-	-	-	-	-	-	30,247,142	29,119,128	30,247,142	29,119,128
Other fundraising	3,458,975	3,204,358	-	-	-	-	749,496	1,389,006	4,208,471	4,593,364
Rental income on properties (note 15)	6,192,227	6,097,199	-	-	-	-	-	-	6,192,227	6,097,199
Portfolio investment income (note 13)	12,015,597	9,713,280	-	-	1,320,205	1,331,321	10,303,092	7,940,465	23,638,894	18,985,066
Other income (note 14)	7,471,307	6,611,869	-	-	-	-	(977,128)	(3,387,774)	6,494,179	3,224,095
	38,324,519	32,401,197	-	-	5,278,368	18,828,782	106,958,421	76,125,773	150,561,308	127,355,752
Expenses:										
Foundation operations	15,238,539	14,485,945	-	-	-	-	-	-	15,238,539	14,485,945
Community awareness and public engagement	1,925,137	1,606,512	-	-	-	-	-	-	1,925,137	1,606,512
	17,163,676	16,092,457	-	-	-	-	-	-	17,163,676	16,092,457
Lotteries	-	-	-	-	-	-	16,843,625	16,793,980	16,843,625	16,793,980
Other fundraising	1,410,005	1,193,357	-	-	-	-	-	-	1,410,005	1,193,357
Expenses on properties	3,397,116	3,300,534	1,815,628	-	-	-	-	-	5,212,744	3,300,534
Transfer to qualified donees (note 3)	-	-	-	-	-	-	233,012	148,000	233,012	148,000
Grants to Vancouver Coastal Health Authority:										
Equipment and capital projects	-	-	-	-	-	-	25,527,798	19,328,069	25,527,798	19,328,069
Education, research, patient care and other	743,379	600,035	-	-	-	-	36,598,965	31,511,465	37,342,344	32,111,500
	743,379	600,035	-	-	-	-	62,126,763	50,839,534	62,870,142	51,439,569
	22,714,176	21,186,383	1,815,628	-	-	-	79,203,400	67,781,514	103,733,204	88,967,897
Excess (deficiency) of revenue over expenses before change in fair value of investments	15,610,343	11,214,814	(1,815,628)	-	5,278,368	18,828,782	27,755,021	8,344,259	46,828,104	38,387,855
Change in fair value of investments	5,638,579	4,287,463	-	-	7,943,372	8,598,522	-	-	13,581,951	12,885,985
Excess (deficiency) of revenue over expenses	21,248,922	15,502,277	(1,815,628)	-	13,221,740	27,427,304	27,755,021	8,344,259	60,410,055	51,273,840
Interfund transfers (note 19)	(13,456,336)	(4,293,278)	9,000,000	-	2,625,967	574,947	1,830,369	3,718,331	-	-
Net increase in fund balances	7,792,586	11,208,999	7,184,372	-	15,847,707	28,002,251	29,585,390	12,062,590	60,410,055	51,273,840
Fund balances, beginning of year	88,441,465	77,232,466	-	-	163,667,729	135,665,478	200,751,598	188,689,008	452,860,792	401,586,952
Fund balances, end of year	\$ 96,234,051	\$ 88,441,465	\$ 7,184,372	\$ -	\$ 179,515,436	\$ 163,667,729	\$ 230,336,988	\$ 200,751,598	\$ 513,270,847	\$ 452,860,792

See accompanying notes to financial statements.

VGH & UBC HOSPITAL 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	\$ 60,410,055	\$ 51,273,840
Items not involving cash:		
Change in fair value of investments	(13,581,951)	(12,885,985)
Change in fair value of preferred shares	(447,000)	(250,000)
Amortization of capital assets	1,013,725	947,987
Amortization on deferred capital contributions	(108,025)	(49,559)
Donated assets	(46,980)	(204,401)
Gain on disposal of investments	(994,648)	(252,196)
Management fees on investments	464,693	426,170
Receipt of investments as donations	(15,834,335)	(21,123,149)
	30,875,534	17,882,707
Changes in non-cash operating items:		
Accounts receivable and prepaids	484,984	(1,559,264)
Accounts payable and accrued liabilities	1,422,472	593,231
Due to Vancouver Coastal Health Authority	8,781,924	3,335,639
	41,564,914	20,252,313
Financing:		
Receipt of capital contributions	485,869	753,138
Investments:		
Reinvestment of investment income	(14,758,454)	(11,927,195)
Proceeds on redemption of preferred shares	3,000,000	3,500,000
Proceeds on sale of donated investments	15,834,335	20,644,608
Sale (purchase) of portfolio investments	(4,232,405)	304,545
Change in restricted cash and cash equivalents	(667,179)	1,290,088
Purchase of capital assets	(701,269)	(542,921)
	(1,524,972)	13,269,125
Increase in cash and cash equivalents	40,525,811	34,274,576
Cash and cash equivalents, beginning of year	86,720,855	52,446,279
Cash and cash equivalents, end of year	\$ 127,246,666	\$ 86,720,855

See accompanying notes to financial statements.

VGH & UBC HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2025

1. Organization:

The VGH & UBC Hospital Foundation (the "Foundation") was incorporated in 1980 and is registered under the *Societies Act* (British Columbia).

The Foundation is an independent charitable organization with a principal purpose to raise funds for furthering the interests and objectives of Vancouver Acute (the "Hospital", comprised of Vancouver General Hospital ("VGH"), UBC Hospital, GF Strong Rehab Centre, Vancouver Coastal Health Research Institute and related Health Care operations), a component of Vancouver Coastal Health Authority ("VCHA"), in its mission of patient care, teaching and research.

2. Significant accounting policies:

These financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-For-Profit Standards in Part III of the CPA Canada Handbook - *Accounting* and include the following significant accounting policies:

(a) Revenue recognition and fund accounting:

In order to ensure observance of the limitations and restrictions placed on the use of resources available, the Foundation follows the restricted fund method of accounting for contributions. Under this method, 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. Externally restricted contributions and investment income are recognized as revenue of the Specific Purpose Fund to which they relate. Endowment contributions are recognized as revenue of the Endowment Fund. Accordingly, resources are classified for accounting and reporting purposes into funds. 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"). Contributions restricted for the purchase of capital assets are recorded as deferred capital contributions when spent under the General Fund and are amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets once amortization of the capital asset commences.

To meet the objectives of financial reporting and stewardship over the General, Internally Restricted, Endowment and Specific Purpose Funds, transfers between the funds are made when it is considered appropriate and approved by either the donor or the Board. These interfund transfers are recorded in the statement of operations and changes in fund balances.

VGH & UBC HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2025

2. Significant accounting policies (continued):

(a) Revenue recognition and fund accounting (continued):

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

(i) General Fund:

Donations not specifically designated by donors, unrestricted investment income, unrestricted investment income on specific purpose funds, unrestricted current fundraising event proceeds, administrative fees charged to restricted gifts and events (note 2(a)(ii)), and amounts held by the Vancouver Foundation but available for withdrawal (note 9(c)), are recorded in the General Fund. Administrative costs pertaining to the Foundation are primarily funded through the General Fund, with the remainder financed through investment income of certain Specific Purpose Funds.

General Fund also includes amounts invested in capital assets made up of tangible capital assets acquired by the Foundation less related accumulated amortization, debt and invested endowment funds (note 7(b)).

(ii) Internally Restricted Funds:

From time to time, the Board may impose certain restrictions on fund balances. These amounts are presented on the statement of financial position and statement of operations as Internally Restricted Funds.

(iii) Restricted Funds:

Restricted Funds relate to research, patient care, education, equipment and facility initiatives.

Specific Purpose Funds relate to funds specifically designated by donors, restricted current fundraising event proceeds, as well as restricted investment income earned on Endowment Funds.

Administration fees are charged to restricted gifts and events that are complex, requires naming recognition or individual plaques. These fees are recorded in other income in the General Fund at time the related gifts are received or at the time event has been completed.

Endowment Funds represent funds that are permanently restricted either by the donor or internally by the Foundation; encroachment of capital can only occur in accordance with the endowment agreement or Board policy, as applicable.

(b) Deferred revenue:

Unrestricted sponsorship or ticket sales revenue received in advance of the related fundraising event is deferred and recognized when the event is completed or the revenue is earned. Lease payments received in advance for the Foundation's owned properties (note 7(a)) is deferred and recognized in the period that is due per agreement. Deferred revenue is recorded in accounts payable and accrued liabilities.

VGH & UBC HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2025

2. Significant accounting policies (continued):

(c) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Foundation has elected to carry all its investments including preferred shares at fair value, except guaranteed investment certificates and private shares, which are held 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 and financing costs incurred on acquisition, which are amortized using the straight-line method.

Financial assets recorded at cost or amortized cost 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.

(d) Cash and cash equivalents:

Cash and cash equivalents and restricted cash and cash equivalents consist of cash and highly liquid investments with major financial institutions that are readily convertible to contracted amounts of cash and with maturities at the date of acquisition of less than three months. Restricted cash and cash equivalents are comprised of funds earned under lottery licenses issued by the Gaming Policy and Enforcement Branch to be used for specific purposes.

(e) Parkade Trust:

The Foundation has a controlling interest in 578583 B.C. Ltd., the bare trustee of the VGH Parkade Trust (the "Trust") (note 12). The Trust distributes the net revenue derived from the operation of the VGH's parking lot facility to the Foundation, which is recorded as revenue in the General Fund at the exchange amount. The Foundation does not consolidate 578583 B.C. Ltd.'s nor the Trust's financial statements. Accordingly, the assets, liabilities, revenue and expenses of these entities are not included in the Foundation's financial statements.

VGH & UBC HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2025

2. Significant accounting policies (continued):

(f) Capital assets:

Capital assets are recorded at cost less accumulated amortization. When a capital asset no longer contributes to the Foundation's ability to provide services, the excess of the net carrying amount over the fair value or replacement cost is recognized as an expense in the statement of operations and changes in fund balances. Amortization is provided using the straight-line method over the estimated useful life, with amortization taken when the assets are put into use, as follows:

Asset	Years
Buildings:	
Long-term care property	15
Rental property	5
Furniture and fixtures	5
Computer equipment	3
Leasehold improvements	Over term of lease

(g) Donated assets:

Donated assets consist primarily of donated artwork. Donated assets are recorded at the appraised value at the date of receipt and are not depreciated. Donated artwork is used for display throughout the hospital to enhance the environment for the benefit of patients, their families, staff and visitors.

The Foundation manages and cares for its collection of artwork under the Art Collection Management policy and records such assets at either cost or nominal value. The cost of contributed artwork is deemed to be fair value at the date of contribution. When the cost cannot be reasonably determined for a contributed item, the item is recorded at nominal value. In addition, collections are written down when there is evidence that the carrying amount exceed fair value.

(h) Contributed materials and services:

The Foundation records the fair value of contributed materials that qualify for receipted in-kind donations, where such fair value is determinable, and would otherwise have been purchased, as revenue along with a corresponding expense.

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

(i) Income taxes:

The Foundation is a charitable organization registered under the *Income Tax Act* and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes.

VGH & UBC HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2025

2. Significant accounting policies (continued):

(j) Affiliated entity:

The Foundation does not consolidate the financial statements of Friends of VGH & UBC Hospital Foundation, an affiliated entity (note 16).

(k) Employee future benefits:

The employees of the Foundation are members of a multi-employer defined benefit plan and accordingly, related contributions by the Foundation are expensed as incurred (note 18).

(l) Foreign currency transactions:

Monetary items denominated in a foreign currency and non-monetary items carried at market are adjusted at the statement of financial position date to reflect the exchange rate in effect at that date. Non-monetary items are translated at rates of exchange in effect when the assets were acquired or obligations incurred. Revenues and expenses are translated at average rates of exchange during the year. Exchange gains and losses are included in the determination of excess of revenue over expenses for the period.

(m) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent asset and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Areas of estimation include the valuation of the investments held in preferred shares, art and other in-kind donations, and the estimated useful lives of capital assets for purposes of amortization. Actual results could differ from these estimates.

3. Transfer to qualified donees:

In the current year, transfers to the following qualified donees, which included Canadian Men's Health Foundation for \$170,012, BC Cancer Foundation for \$53,000, and Providence Health Research Institute for \$10,000 were made in accordance with directions from the donors. During fiscal 2024, there were transfers to the following qualified donees, which included Vancouver Association for the Survivors of Torture for \$100,000 and BC Cancer Foundation for \$48,000.

VGH & UBC HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2025

4. Portfolio investments:

	2025	2024
Investments held at fair value:		
Canadian money market funds	\$ 1,572,294	\$ 1,473,929
Canadian fixed income funds	103,266,159	89,003,992
Canadian equity funds	69,755,853	65,482,598
Global equity funds	81,676,324	72,014,892
Infrastructure funds	70,396,959	64,855,753
Endowment portfolio investments (note 9(b))	(159,123,537)	(143,275,830)
	167,544,052	149,555,334
Investments held at cost:		
Guaranteed investment certificates	5,532,141	6,310,314
Private shares	400,000	400,000
	5,932,141	6,710,314
Total portfolio investments	\$ 173,476,193	\$ 156,265,648

GIC's have maturity dates between May 2025 and September 2027 with yields ranging from 1.77% to 5.91% (2024 - 1.77% to 5.91%). The amounts recognized above are inclusive of accrued interest.

5. Accounts receivable and prepaids:

	2025	2024
Parkade Trust (note 12)	\$ 1,801,806	\$ 1,541,080
Prepaid expenses	421,883	485,979
Sales tax rebates	366,833	1,158,114
Other	340,588	230,921
	\$ 2,931,110	\$ 3,416,094

6. Investment in preferred shares held at fair value:

	2025	2024
Donated preferred shares, opening balance	\$ 9,386,000	\$ 12,636,000
Fair value adjustment in year	447,000	250,000
Less redemption in year	(3,000,000)	(3,500,000)
Donated preferred shares, ending balance	6,833,000	9,386,000
Current portion	(3,500,000)	(3,000,000)
Long-term portion	\$ 3,333,000	\$ 6,386,000

VGH & UBC HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2025

6. Investment in preferred shares held at fair value (continued):

On September 15, 2017, the Foundation received a donation of preferred shares of a private entity. These shares will be redeemed over a nine-year period, once per year, at predetermined amounts totaling \$22,500,000. The preferred shares were initially recorded at their appraised fair value. As \$3,500,000 is scheduled to be redeemed in the next fiscal year, this amount has accordingly been classified as a current investment (2024 - \$3,000,000).

7. Capital assets and net assets invested in capital assets:

(a) Capital assets:

			2025	2024
	Cost	Accumulated amortization	Net book value	Net book value
Land:				
Long-term care property	\$ 72,966,696	\$ -	\$ 72,966,696	\$ 72,966,696
Rental property	18,246,054	-	18,246,054	18,246,054
	91,212,750	-	91,212,750	91,212,750
Buildings:				
Long-term care property	9,880,224	(1,811,038)	8,069,186	8,235,684
Rental property	903,177	(541,906)	361,271	541,906
	10,783,401	(2,352,944)	8,430,457	8,777,590
Furniture and fixtures	647,278	(367,340)	279,938	262,253
Computer equipment	165,320	(76,061)	89,259	36,836
Leasehold improvements	174,668	(57,915)	116,753	147,210
Construction in progress	-	-	-	4,974
	\$ 102,983,417	\$ (2,854,260)	\$ 100,129,157	\$ 100,441,613

On March 29, 2022, the Foundation completed the purchase of a property consisting of a long-term care facility and a rental property for total purchase cost of \$100,353,021. The purchase was funded through \$55,000,000 bank debt (note 8), \$20,391,899 in endowment funds invested (note 9(b)), and \$24,961,122 in unrestricted funds.

(b) Invested in capital assets:

	2025	2024
Capital assets	\$ 100,129,157	\$ 100,441,613
Amounts financed by:		
Bank loan (note 8)	(55,000,000)	(55,000,000)
Invested endowment funds (note 9(b))	(20,391,899)	(20,391,899)
Deferred capital contributions	(1,477,484)	(1,099,640)
	\$ 23,259,774	\$ 23,950,074

VGH & UBC HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2025

7. Capital assets and net assets invested in capital assets (continued):

(c) Changes in fund balance invested in capital assets are as follows:

	2025	2024
Opening balance	\$ 23,950,074	\$ 25,058,719
Amortization on capital assets	(1,013,725)	(947,987)
Additions of capital assets	701,269	542,921
Deferred capital contributions received	(485,869)	(753,138)
Amortization on deferred capital contributions	108,025	49,559
Ending balance	\$ 23,259,774	\$ 23,950,074

8. Bank loan:

	2025	2024
Fixed rate term loan payable to TD Bank, bearing interest at 2.83% to 2027 renewal date	\$ 55,000,000	\$ 55,000,000
Less current portion	(1,379,271)	-
	\$ 53,620,729	\$ 55,000,000

During fiscal 2022, the Foundation entered into a bank loan agreement with TD Bank to finance the property purchase as disclosed in note 7. The term loan of \$55,000,000 requires interest only payments for the first 36-months at a fixed rate of 2.83% per annum, after which time principal and interest payments to commence to effect repayment within 30-years of initial drawdown and maturing on March 29, 2052. In fiscal 2025 the Foundation incurred \$1,555,628 (2024 - \$1,551,389) of interest expense which has been included in Foundation Operations expenses in the statement of operations and changes in fund balance.

The Foundation is subject to a number of restrictive covenants, including a financial ratio and non-financial criteria, that require compliance. As at and during the year ended March 31, 2025, the Foundation was in compliance with all covenants.

The bank loan is secured by:

- (i) a property-specific general security agreement, from the Foundation, representing a first charge on the real properties acquired using the proceeds from the bank loan;
- (ii) continuing collateral mortgage and assignment of rents, representing a first charge on the real properties acquired using the proceeds from the bank loan; and,
- (iii) specific assignment of lease between the Foundation and VCHA (note 15(a)), and assignment of all service contracts necessary for the normal operations of the long term care property.

VGH & UBC HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2025

8. Bank loan (continued):

Anticipated annual principal repayments over the next two years up to the current bank loan agreement expiry in 2027 and to be renegotiated at that time, are as follows:

2026	\$ 1,379,271
2027	53,620,729
	<u>\$ 55,000,000</u>

9. Endowment funds:

(a) The Foundation holds endowment funds for purposes as outlined below:

	2025	2024
Specific Purpose (note 2(a)(iii)):		
Education	\$ 4,820,843	\$ 4,558,220
Equipment	183,935	174,062
Patient care	1,047,761	1,289,465
Research	120,213,156	108,790,356
Other	53,249,741	48,855,626
<u>Endowment funds</u>	<u>\$ 179,515,436</u>	<u>\$ 163,667,729</u>

(b) Endowment funds are invested as follows:

	2025	2024
Portfolio investments (note 4)	\$ 159,123,537	\$ 143,275,830
Amounts invested in capital assets (note 7(a))	20,391,899	20,391,899
<u>Endowment funds</u>	<u>\$ 179,515,436</u>	<u>\$ 163,667,729</u>

(c) Under an agreement with the Vancouver Foundation, an endowment fund, managed by the Vancouver Foundation, was established in 1981. The original \$475,100 capital of the Vancouver Foundation Endowment Fund (the "Fund") consists of \$260,000 contributed by the Foundation, \$210,000 contributed by the Vancouver Foundation and \$5,100 received from other contributors. Subsequent to the initial capital, \$37,406 was received from other contributors.

The Fund is invested in the Vancouver Foundation's pooled investment balanced fund. At March 31, 2025, the Fund has a fair value of \$1,067,253 (2024 - \$1,037,293), of which \$633,145 (2024 - \$588,632) is available for withdrawal by the Foundation.

VGH & UBC HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2025

9. Endowment funds (continued):

(c) (continued):

Any income distributed from the fund is recognized as investment income in the General Fund.

The rights of withdrawal from this Fund, in any particular year, are restricted to 20% of the units representing the portion of the Fund's balance accumulated through the Foundation's contributions, provided such contributions have been a part of the Fund for at least 10-years. The amount contributed by the Vancouver Foundation is not available to be withdrawn by the Foundation. Currently, all amounts in this endowment fund contributed by the Foundation have been held for the minimum 10-year period and are thus eligible for withdrawal at 20% per year. However, of the initial capital contribution made by the Foundation, \$10,000 is excluded from the amount subject to withdrawal as it is to be retained permanently by the Vancouver Foundation. No withdrawals have been made as of March 31, 2025 (2024 - nil).

10. Due to Vancouver Coastal Health Authority:

The amount due to VCHA relates to unpaid, non-reciprocal, irrevocable obligations for qualifying expenditures made by VCHA. The amount is without interest or specific terms of maturity.

11. Accounts payable and accrued liabilities:

	2025	2024
Accrued liabilities	\$ 3,822,226	\$ 2,610,590
Payroll and benefits remittances liabilities	1,406,305	1,431,425
Deferred lease revenue and liabilities	1,460,881	1,223,425
Deferred event revenue	13,500	15,000
	\$ 6,702,912	\$ 5,280,440

Included in accounts payable and accrued liabilities are government remittances payable of \$156,528 (2024 - \$291,511), which includes amounts payable for payroll related taxes and contributions. At March 31, 2025, all federal payroll remittances payable are current.

12. VGH Parkade Trust:

The Trust was created by agreement between VCHA and the Foundation. The current agreement expires March 29, 2031. The bare trustee of the Trust is 578583 B.C. Ltd., a corporation in which the Foundation has a controlling interest. As at March 31, 2025, \$1,801,806 receivable from the Trust (2024 - \$1,541,080) is included in accounts receivable (note 5).

VGH & UBC HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2025

12. VGH Parkade Trust (continued):

During the year, the Trust distributed \$1,630,813 (2024 - \$1,358,592) to the Foundation and it is recorded as other income (note 14) in the Statement of Operations and changes in fund balances.

The Trust's financial position as at March 31, 2025 and results of operations for the year ended March 31, 2025 are as follows:

	2025	2024
Total assets	\$ 5,003,789	\$ 5,128,099
Total liabilities	4,366,234	4,650,108
Net assets	\$ 637,555	\$ 477,991
Statement of operations:		
Total revenue	\$ 3,452,053	\$ 3,410,909
Total expenses	1,277,636	1,599,453
Distribution – VCHA portion	543,604	452,864
Net earnings distributable to the Foundation	\$ 1,630,813	\$ 1,358,592

13. Investment income:

Investment income is comprised of the following:

	2025	2024
Interest and dividends	\$ 22,644,246	\$ 18,732,870
Net realized gain on investments	994,648	252,196
	\$ 23,638,894	\$ 18,985,066

14. Other income (expense):

	2025		2024	
	General Fund	Restricted Funds - Specific Purpose	Total	Total
Distributions from Trust (note 12)	\$ 1,630,813	\$ -	\$ 1,630,813	\$ 1,358,592
Restricted fund management fees	4,684,136	(4,684,136)	-	-
Fundraising recoveries	276,240	-	276,240	525,956
Other income	880,118	3,707,008	4,587,126	1,339,547
	\$ 7,471,307	\$ (977,128)	\$ 6,494,179	\$ 3,224,095

VGH & UBC HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2025

15. Related party transactions:

(a) Vancouver Coastal Health Authority:

The Foundation receives administrative support from VCHA without charge. In addition, the Foundation's administrative offices are located in facilities owned by VCHA. No amounts are charged for premises rent. Due to the difficulty in determining the fair values of these services and rentals, no related amount has been recorded in these financial statements.

The Foundation entered into an agreement with VCHA to lease and operate the long-term care facility (note 7), with an effective commencement date of March 29, 2022 and lease term of 10-years expiring on March 31, 2032. VCHA pays a base rent per annum plus operating costs and cap-ex amounts as defined under the agreement. The base rent schedule for years 1 to 3 is \$5,000,000, years 4 to 7 is \$5,120,000, and years 8 to 10 is \$5,240,000. Total lease income of \$5,908,608 (2024 - \$5,802,640) has been recorded as rental income on properties in the statement of operations and changes in fund balances.

(b) Directors and Officers:

During the year, the directors and officers of the organization made donations totaling \$1,067,972 (2024 - \$1,121,468) to the Foundation.

16. Affiliated organization:

Friends of VGH & UBC Hospital Foundation:

The Foundation established a non-profit corporation, Friends of VGH & UBC Hospital Foundation ("Friends"), in Washington State, USA, in 1998. Friends is recognized as a charitable organization under section 501(c)(3) of the U.S. Internal Revenue Service code and is able to provide written substantiation of gifts in order to allow donors to Friends to deduct their donations for U.S. federal income tax purposes. Donated funds raised by Friends, with unanimous ratification by its board of directors, are granted to the Foundation. Friends' financial position and results of operations are not included in the Foundation's financial statements. As at March 31, 2025, Friends had no significant assets or liabilities.

During the year, the Foundation received grants of \$107,172 (2024 - \$903,495) from Friends.

17. Disclosure of remuneration:

For the fiscal year ending March 31, 2025, the Foundation paid total remuneration of \$7,884,593 (2024 - \$7,114,422) to 54 (2024 - 52) employees and contractors for services, each of whom received total remuneration of \$75,000 or greater. No remuneration was paid to any members of the Board with the exception of the Secretary who is also an employee of the Foundation. The Secretary's remuneration is included in the above employee remuneration disclosure and no other remuneration amounts are paid in addition.

VGH & UBC HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2025

18. Employee pension plan:

The Foundation and its employees contribute to the Municipal Pension Plan (the “Plan”), a jointly trusted pension plan. The board of trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits provided are based on a formula. The Plan has approximately 256,000 active members and approximately 128,000 retired members. Active members include approximately 92 (2024 - 101) employees of the Foundation.

The most recent actuarial valuation as at December 31, 2021 indicated a \$3,761 million funding surplus for basic pension benefits. The next valuation will be as at December 31, 2024 with results available in 2025. Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan, in aggregate, with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to the individual employers participating in the Plan.

The Foundation paid \$813,587 (2024 - \$745,130) for employer contributions to the Plan in fiscal 2025.

19. Interfund transfers:

During fiscal 2025, the Board approved a restriction of \$9,000,000 from the General Fund of which \$3,000,000 was for the 900 Block Redevelopment Project and \$6,000,000 was for Strategic Opportunities to support VCHA initiatives to organizational capacity building, research, strategic partnering opportunities and new or expanded initiatives, such as pilot initiatives to grow healthcare impact. These amounts have been classified as Internally Restricted Funds.

20. Financial risks:

(a) Liquidity risk:

Liquidity risk is the risk that the Foundation will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Foundation manages its liquidity risk by monitoring its operating requirements, including fulfilling its planned contributions to VCHA and other qualified donees. The Foundation prepares an annual budget and quarterly cash forecasts to ensure it has sufficient funds to fulfill its obligations.

(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 credit risk with respect to cash and cash equivalents, investments, and accounts receivable.

VGH & UBC HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2025

20. Financial risks (continued):

(b) Credit risk (continued):

The Foundation assesses accounts and other amounts receivable for impairment and makes provisions as required. Cash and cash equivalents and investments are held with major banks and other reputable financial institutions and therefore not exposed to significant credit risk.

Within the Foundation's investment portfolio, primarily fixed income securities and mortgages are subject to credit risk. The maximum exposure to credit risk on these instruments is their carrying value. The Foundation manages risk by outlining its risk appetite in its Statement of Investment Policy which is reviewed annually by the Foundation's Board. The Foundation retains professional investment managers who act in accordance with the Foundation's policy which outlines asset mix guidelines and minimum investment grade levels.

The Foundation regularly assesses accounts and other amounts receivable for impairment and makes provisions as required.

(c) Market risks:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks include currency risk, interest rate risk, and other price risks.

(i) Currency risk:

Investments in securities denominated in another currency apart from the Canadian dollar are exposed to currency risk due to fluctuations in foreign exchange rates.

The Foundation is exposed to currency risk through its holdings of funds invested in foreign market common shares and foreign infrastructure investments. The Foundation manages its foreign currency risk by maintaining a geographically diversified portfolio.

Occasionally, the Foundation and/or its external investment fund managers may hold cash balances in cash and cash equivalents denominated in non-Canadian currencies. The currency risk related to these balances is not significant.

(ii) Interest rate risk:

Interest rate risk is where changes in market interest rates will affect the fair value or future cash flows of financial instruments held by the Foundation. The Foundation is exposed to credit risk on its fixed interest rate investments and bank loan. The Foundation is exposed to this risk from its investments in money market and fixed income funds, guaranteed investment certificates (note 4) and the outstanding bank loan (note 8).

VGH & UBC HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2025

20. Financial risks (continued):

(c) Market risks (continued):

(iii) Other price risk:

Other price risk is where the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from fluctuations in currency or interest rates. Equity price risk is where the fair value of equity financial instruments will fluctuate from changes in market prices. The Foundation is exposed to equity price risk on its investments in its equity fund holdings. The Foundation manages equity price risk by maintaining a well diversified portfolio across geographic and industry sectors. The portfolio is actively monitored and rebalanced when required. The investment performance is measured against set benchmarks.

The investment held in preferred shares is not exposed to any significant market risks as they are subject to set scheduled redemption amounts.

The risks associated with investments are managed through the Foundation's established investment policy.

There has been no change to the financial risks from the prior year.

21. Commitment:

The Foundation has entered into an operating lease commitment for office premises. The minimum annual lease payments are as follows:

2026	\$	167,373
2027		167,373
2028		176,672
2029		176,672
		<hr/>
		\$ 688,090
