

Non-Consolidated Financial Statements of

**ROYAL COLUMBIAN 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 Royal Columbian Hospital Foundation

### **Report on the Audit of the Non-Consolidated Financial Statements**

#### ***Opinion***

We have audited the non-consolidated financial statements of the Royal Columbian Hospital Foundation, (the "Entity"), which comprise:

- the non-consolidated statement of financial position as at March 31, 2025
- the non-consolidated statement of operations and changes in net assets for the year then ended
- the non-consolidated statement of cash flows for the year then ended
- and notes to the non-consolidated 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 non-consolidated results of operations and its non-consolidated 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 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 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 year.

A handwritten signature in black ink that reads 'KPMG LLP' in a cursive, stylized font. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants

Abbotsford, Canada  
June 25, 2025

# ROYAL COLUMBIAN HOSPITAL FOUNDATION

Non-Consolidated Statement of Financial Position

March 31, 2025, with comparative information for 2024

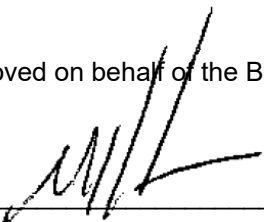
	2025	2024
<b>Assets</b>		
Current assets:		
Cash (note 3)	\$ 17,948,173	\$ 11,218,228
Accounts receivable	394,927	477,296
Prepaid expenses	53,326	210,602
Due from Fraser Health Authority (note 12)	3,774	3,724
	<u>18,400,200</u>	<u>11,909,850</u>
Tangible capital assets (note 5)	387,695	403,360
Long-term investments (note 4)	40,112,620	36,722,076
Investment in Fraser Clinical Trials (note 6)	1,050,500	1,079,683
Life insurance policy (note 11)	11,404	11,404
	<u>\$ 59,962,419</u>	<u>50,126,373</u>

## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 546,019	316,121
Due to Fraser Health Authority (note 12)	201,150	754,741
	<u>747,169</u>	<u>1,070,862</u>
Net assets:		
Unrestricted	8,075,470	8,933,445
Externally restricted (note 7)	49,406,463	38,454,534
Endowment (note 8)	1,733,317	1,667,532
	<u>59,215,250</u>	<u>49,055,511</u>
Commitments (note 10)		
	<u>\$ 59,962,419</u>	<u>\$ 50,126,373</u>

See accompanying notes to non-consolidated financial statements.

Approved on behalf of the Board:



Director



Director

# ROYAL COLUMBIAN HOSPITAL FOUNDATION

## Non-Consolidated Statement of Operations and Changes in Net Assets

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

	Externally Restricted Funds				Endowment Fund	2025 Total	2024 Total
	Unrestricted	Capital Fund	Designated Fund	Total			
<b>Revenue:</b>							
Donations	\$ 3,423,588	\$ -	\$ 13,408,521	\$ 13,408,521	\$ 5,265	\$ 16,837,374	\$ 16,402,251
Gaming income	340,515	-	102,113	102,113	-	442,628	396,256
Hospital parking lot	300,000	-	-	-	-	300,000	300,000
Investment income (note 9)	2,631,592	59,136	777,228	836,364	17,744	3,485,700	3,936,264
Equity gain (loss) from investment in Fraser Clinical Trials Inc. (note 6)	(29,183)	-	-	-	-	(29,183)	243,920
Other income	566,538	-	760,590	760,590	-	1,327,128	832,417
	7,233,050	59,136	15,048,452	15,107,588	23,009	22,363,647	22,111,108
<b>Expenses:</b>							
Amortization	15,664	-	-	-	-	15,664	15,664
Consulting and legal	323,112	8,528	154,630	163,158	2,500	488,770	506,950
Donor recognition and development	340,680	-	129,580	129,580	-	470,260	400,805
Office, stationery and miscellaneous	398,384	-	-	-	-	398,384	345,870
Postage and direct mail	21,885	-	-	-	-	21,885	36,128
Salaries, benefits and personnel services	3,151,345	-	-	-	-	3,151,345	2,606,284
Strata fees & property taxes	18,732	-	-	-	-	18,732	18,790
	4,269,802	8,528	284,210	292,738	2,500	4,565,040	3,930,491
Excess of revenue over expenses before contributions	2,963,248	50,608	14,764,242	14,814,850	20,509	17,798,607	18,180,617
Contributions to support Fraser Health Authority (note 12)	(897,295)	-	(6,741,573)	(6,741,573)	-	(7,638,868)	(10,833,566)
Excess of revenue over expenses and contributions	2,065,953	50,608	8,022,669	8,073,277	20,509	10,159,739	7,347,051
Net assets, beginning of year	8,933,445	5,704,129	32,750,405	38,454,534	1,667,532	49,055,511	41,708,460
Interfund transfers (notes 8(a) and 15)	(2,923,927)	-	2,878,651	2,878,651	45,276	-	-
Net assets, end of year	\$ 8,075,471	\$ 5,754,737	\$ 43,651,725	\$ 49,406,462	\$ 1,733,317	\$ 59,215,250	\$ 49,055,511

See accompanying notes to non-consolidated financial statements.

# ROYAL COLUMBIAN HOSPITAL FOUNDATION

## Non-Consolidated Statement of Cash Flows

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

	2025	2024
Cash (used in):		
Operating:		
Excess of revenue over expenses and contributions	\$ 10,159,739	\$ 7,347,051
Items not involving cash:		
Amortization	15,664	15,664
Unrealized gain on investments	(15,232)	(1,978,197)
Realized (gain) loss on investments	(899,028)	20,781
Equity loss (gain) from investment in Fraser Clinical Trials Inc.	29,183	(243,920)
Investments in kind	(528,042)	330,000
	8,762,284	4,831,379
Changes in non-cash operating working capital:		
Accounts receivable	82,369	(308,155)
Prepaid expenses	157,276	19,121
Accounts payable and accrued liabilities	229,898	(11,100)
Due from Fraser Health Authority	(50)	1,633
Due to Fraser Health Authority	(553,591)	385,110
	8,678,186	4,917,988
Investments:		
Purchase of investments, net	(1,948,241)	(3,169,749)
Increase in cash	6,729,945	1,748,239
Cash, beginning of year	11,218,228	9,469,989
Cash end of year	\$ 17,948,173	\$ 11,218,228

See accompanying notes to non-consolidated financial statements.

# ROYAL COLUMBIAN HOSPITAL FOUNDATION

Notes to the Non-Consolidated Financial Statements

Year ended March 31, 2025

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## 1. Operations:

Royal Columbian Hospital Foundation (the “Foundation”) is incorporated under the Societies Act (British Columbia). The Foundation’s principal purpose is to fund, facilitate and promote high quality patient care through the provision of financial support for development, education and research at Royal Columbian Hospital.

The Foundation receives gifts, bequests, funds and property which, in partnership with Fraser Health Authority (the “Authority”), are used to enhance the role of Royal Columbian Hospital. The Foundation is a registered charity under the Income Tax Act (the “Act”) and accordingly, is exempt from income taxes provided certain requirements of the Act are met and is authorized to issue donation receipts for income tax purposes.

## 2. Significant accounting policies:

### (a) Basis of presentation:

These non-consolidated financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations (“ASNPO”).

### (b) 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, restricted contributions are recorded as revenue of the restricted fund to which they relate. 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”). For financial reporting purposes, the accounts have been classified into the following funds:

#### (i) Unrestricted:

The unrestricted fund reflects the results of operating activities and includes undesignated revenue and donations received by the Foundation.

#### (ii) Externally restricted:

The externally restricted funds include donations and other funding received by the Foundation which has been designated for specific purposes by the donor or funder.

#### (iii) Endowment:

The endowment fund comprises donations that are permanently maintained in accordance with donor wishes. The annual investment income earned from these endowments is used for specific purposes, in a manner consistent with the endowment agreement.



# ROYAL COLUMBIAN HOSPITAL FOUNDATION

Notes to Non-Consolidated Financial Statements (continued)

Year ended March 31, 2025

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## 2. Significant accounting policies (continued):

### (c) Investments:

Short-term investments are comprised of investments with original terms to maturity of less than one year at the date of purchase. Fixed income investments maturing after one year from date of purchase and pooled investments with no maturity date are classified as long-term investments.

The Foundation applies the equity method as a basis of accounting for its investment in Fraser Clinical Trials Inc. ("FCT"), a controlled profit-oriented enterprise. Under the equity method, the Foundation records its investment initially at cost and the carrying amounts are adjusted thereafter to include FCT's post-acquisition earnings. The adjustments are included in the determination of excess of revenue over expenses and contributions by the Foundation, and the corresponding investment account is also adjusted accordingly. Dividend distributions received or receivable from FCT reduce the carrying amount of the investment.

### (d) Tangible capital assets:

Tangible capital assets are stated at cost, less accumulated amortization. Amortization of the building is provided on a straight-line basis over its estimated useful life of 30 years.

Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized.

Tangible capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the asset no longer has or has reduced long term service potential to the Foundation. If such conditions exist, an impairment loss is measured at the amount by which the carrying amount of the asset exceeds its fair value or replacement cost.

### (e) Revenue recognition:

The Foundation follows the restricted fund method of accounting for contributions. The capital fund includes the principal of donations received for capital projects and 10% of the investment income earned on the funds to maintain the principal. The endowment fund includes the principal of endowment donations and 10% of the investment income earned on the funds to maintain the principal. The designated fund includes all other restricted revenues and 90% of the investment income earned on the capital fund and endowment fund which is available to distribute to support the Authority in accordance with specific restrictions.

Contributions are recognized as revenue in the appropriate fund in the year received or receivable if the amount to be received can be reasonably established and collection is reasonably assured.

Investment income is recognized when earned.

Hospital parking lot revenue is unrestricted and recognized when earned, the amount can be reasonably estimated, and collection is reasonably assured.

# ROYAL COLUMBIAN HOSPITAL FOUNDATION

Notes to Non-Consolidated Financial Statements (continued)

Year ended March 31, 2025

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## 2. Significant accounting policies (continued):

### (f) Contributed materials and services:

Contributed materials are recorded at their fair market values where the amount is reasonably determinable, and the items would otherwise have been acquired.

Volunteers contribute an indeterminate number of hours to assist the Foundation in carrying out its activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the non-consolidated financial statements.

### (g) Measurement uncertainty:

The preparation of the non-consolidated financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the non-consolidated financial statements and the reported amounts of revenue and expenses during the reported period.

Estimates are based on the best information available at the time of preparation of the non-consolidated financial statements and are reviewed annually to reflect new information as it becomes available. Actual results could differ from those estimates.

### (h) 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 not elected to carry any other instruments at fair value.

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 the 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) Allocation of expenses:

The Foundation incurs costs to secure and manage gifts, provide recognition and manage the investment of the restricted funds. Accordingly, the Foundation allocates the costs of Foundation activities incurred up to 15% of any restricted fund donations received in the year to externally restricted funds, when agreed to by the donor.

# ROYAL COLUMBIAN HOSPITAL FOUNDATION

Notes to Non-Consolidated Financial Statements (continued)

Year ended March 31, 2025

## 2. Significant accounting policies (continued):

### (j) Allocation of expenses:

The Foundation incurs costs to secure and manage gifts, provide recognition and manage the investment of the restricted funds. Accordingly, the Foundation allocates the costs of Foundation activities incurred up to 15% of any restricted fund donations received in the year to externally restricted funds, when agreed to by the donor.

### (k) Life insurance policies:

Life insurance policies are recorded at the cash surrender value. Premiums are expensed as incurred. Any final pay-out received is recognized as revenue when realized.

### (l) Employee future benefits:

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

## 3. Cash:

Cash includes restricted gaming funds of \$730,801 (2024 - \$378,789).

## 4. Investments:

	2025	2024
Core active bond funds, held at fair value	\$ 12,819,159	\$ 10,415,449
Global equity pooled funds, held at fair value	7,196,700	13,060,975
Global equity funds, held at fair value	6,243,053	270,712
Canadian equity pooled fund, held at fair value	8,912,974	8,407,558
Canadian equity fund, held at fair value	79,573	70,131
Canadian income fund, held at fair value	63,868	56,368
Dividend income funds, held at fair value	194,103	170,474
Money Market fund, held at fair value	1,805,449	1,915,618
Multi credit fund, held at fair value	1,842,145	1,617,275
Bond funds, held at fair value	267,446	247,408
Rostrum Medical Shares	-	330,000
Ondine Biomedical Shares	385,377	-
Mindful Garden SAFE	300,200	150,000
Other Investments	2,573	10,108
	<u>\$ 40,112,620</u>	<u>\$ 36,722,076</u>

During the year, the Foundation entered into a collaborative research agreement with Ondine Biomedical Inc. ("Ondine") to provide support for specific research activities. The Foundation will receive a total compensation of \$855,000 of value of common share in capital stock on Ondine, which is listed on the AIM segment of the London Stock Exchange. The compensation will be recorded in various tranches as the related performance obligations as per the agreement are met. As of March 31, 2025, the Foundation has recorded receipt of \$426,431 worth of common shares received in the current year with a \$41,054 unrealized loss recorded on the investment.

# ROYAL COLUMBIAN HOSPITAL FOUNDATION

Notes to Non-Consolidated Financial Statements (continued)

Year ended March 31, 2025

## 5. Tangible capital assets:

			2025	2024
	Cost	Accumulated amortization	Net book value	Net book value
Building	\$ 469,933	\$ 88,238	\$ 387,695	\$ 403,360

## 6. Investment in FCT:

In December 2019, the Foundation acquired control of FCT by way of gifts of shares from five donors.

	2025	2024
Investment balance, March 31, 2024	\$ 1,079,683	\$ 835,763
Equity gain (loss)	(29,183)	243,920
Investment balance, March 31, 2025	\$ 1,050,500	\$ 1,079,683

Financial information for FCT for the year ended March 31, 2025 is summarized as follows:

	2025	2024
Total assets	\$ 1,257,890	\$ 1,305,063
Total liabilities	786,601	801,532
Shareholder's equity	\$ 471,289	\$ 503,531

	2025	2024
Total revenue	\$ 1,271,398	\$ 1,372,409
Total expenses	1,300,581	1,128,489
Net income (loss)	\$ (29,183)	\$ 243,920

	2025	2024
Cash flows from operations	\$ (95,128)	\$ (186,851)
Total cash flows	\$ (95,128)	\$ (186,851)

The Foundation received \$25,500 (2023 - \$30,000) of rental income from FCT which is included in other income. This transaction is considered to be in the normal course of operations and is measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties and is at or below fair value.

# ROYAL COLUMBIAN HOSPITAL FOUNDATION

Notes to Non-Consolidated Financial Statements (continued)

Year ended March 31, 2025

## 7. Externally restricted funds:

	2025	2024
Capital funds:		
Arthur & Irene Bourassa Fund	\$ 2,630,063	a\$ 2,606,976
William McKerracher Fund	1,204,439	1,193,844
Meehan Story Fund	1,114,720	1,104,893
Anne & Andrew Park Capital Fund	695,215	689,086
Tom & Mary Hobbis Capital Fund	110,300	109,330
	5,754,737	5,704,129
Designated funds	43,651,726	32,750,405
	\$ 49,406,463	\$ 38,454,534

The capital funds are externally restricted. Revenues earned on related investments shall be used for the purposes of the funds or added to the principal of the funds. The principal, designated by the donor, can be used for capital equipment acquisitions, renovations of facilities and staff and patient education at Royal Columbian Hospital, as set out in the bylaws of the Foundation. Board approval is required for the use and timing of use of the principal. The bylaws state the principal of the capital fund shall only be utilized after a written resolution of the Board is passed by a minimum of two thirds of the entire Board. The principal of the Arthur & Irene Bourassa Fund cannot be utilized until the year 2032.

## 8. Endowment funds:

	2025	2024
Wintemute Family Memorial Fund	\$ 513,767	\$ 509,274
Blake & Alisa Rowson Fund (a)	358,317	355,152
Florence Leitch Cotton Education Fund (a)	272,148	263,280
J.S. (Jack) and Gertrude Dennis Family Endowment Fund	128,448	127,316
C.M. "Tip" Robertson Memorial Endowment Fund	114,871	113,859
Hazel Emerson Nursing Education Fund	113,752	112,749
Cardiovascular Epidemiology Research Fund	65,758	65,179
Dr. Andrew Tan Memorial Endowment Fund	38,779	38,437
Royal Columbian Hospital Nursing Alumnae G. MacPhail	20,854	20,671
Reginald Skelton Endowment Fund	15,944	15,803
Dr. Kathy Jones & Fred Withers Endowment Fund	30,806	25,565
Dr. Meghan Roberts Scholarship Endowment Fund	20,427	20,247
Dr. G. Simkus Honorary Scholarship Endowment Fund	39,446	-
	\$ 1,733,317	\$ 1,667,532

# ROYAL COLUMBIAN HOSPITAL FOUNDATION

Notes to Non-Consolidated Financial Statements (continued)

Year ended March 31, 2025

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## 8. Endowment funds (continued):

The endowment funds are to be held by the Foundation in perpetuity and any associated revenue is to be used for the designated purpose of each fund or added to the principal of the funds. Investment income from the funds is restricted as follows:

- The Wintemute Family Memorial Fund and the J.S. (Jack) and Gertrude Dennis Family Endowment Fund are for the purpose of capital expenditures for Royal Columbian Hospital.
- The Blake & Alisa Rowson Fund is to support the introduction of innovative health care services.
- The Florence Leitch Cotton Education Fund is to support professional development for nursing staff at Royal Columbian Hospital.
- The C.M. "Tip" Robertson Memorial Endowment Fund is for the acquisition of capital equipment and renovations of facilities at Royal Columbian Hospital.
- The Hazel Emerson Nursing Education Fund is to support registered nurses in the psychiatric and medical areas of Royal Columbian Hospital.
- The Cardiovascular Epidemiology Research Fund is to support patient education and awareness of cardiovascular diseases.
- The Dr. Andrew Tan Memorial Endowment Fund is to support the Intensive Care Unit at Royal Columbian Hospital.
- The Royal Columbian Hospital Nursing Alumnae G. MacPhail Fund is to support an employee of Royal Columbian Hospital who is actively pursuing a Baccalaureate of Nursing Degree, Masters of Nursing Degree, or Specialty Certification and assist with education costs.
- The Reginald Skelton Endowment Fund is to support the Interventional Cardiology Program at Royal Columbian Hospital.
- The terms of reference for the Dr. Kathy Jones & Fred Withers Endowment Fund are being developed.
- The Dr. Meghan Roberts Scholarship Endowment Fund is to assist with one psychiatry resident's education costs per year.
- The Dr. G. Simkus Honorary Scholarship Endowment Fund is to support cardiology residents or fellows at Royal Columbian Hospital.

### (a) Interfund transfer:

The terms and conditions of the Blake & Alisa Rowson Fund and Florence Leitch Cotton Education Fund specify that unspent investment income earned on the endowment funds should be capitalized as part of the principal balance. In 2025, the Foundation recognized an interfund transfer of \$6,520 (2024 - \$1,754) to transfer the unspent investment income allocated to the designated funds as per the Foundation's policies to the endowment funds.

# ROYAL COLUMBIAN HOSPITAL FOUNDATION

Notes to Non-Consolidated Financial Statements (continued)

Year ended March 31, 2025

## 9. Investment income:

Investment income earned by the Foundation for the year ended March 31 is comprised of the following:

	2025	2024
Investment Income	\$ 2,571,441	\$ 1,953,370
Realized Gain	899,028	4,697
Unrealized Gain	345,231	1,978,197
Write down of Rostrum shares	(330,000)	-
	<u>\$ 3,485,700</u>	<u>\$ 3,936,264</u>

## 10. Commitments:

During the 2024/25 fiscal year the Foundation made commitments to the Authority in order to purchase equipment, fund research and enhance patient care of \$8,670,622 (2024 - \$7,791,584). As of March 31, 2025, \$2,424,957 (2024 - \$1,393,203) of these commitments are still outstanding.

In addition, the Foundation has committed a minimum campaign target of \$39,100,000 to assist in the redevelopment of the Royal Columbian Hospital. Funds raised through donations that are specified by the donors to be used towards the redevelopment are held in the externally restricted fund. As at March 31, 2025, the Foundation has received a total of \$40,338,898 (2024 - \$28,726,376) in donations and an additional \$19,345,830 (2024 - \$26,839,750) in pledges have been made for the redevelopment. The Foundation has disbursed a total of \$11,930,259 (2024 - \$10,164,602) to the Authority for the redevelopment to date.

## 11. Life insurance policy:

The Foundation is the beneficiary of one life insurance policy with a total expected final settlement value of \$100,000. The cash surrender value on the life insurance policy at March 31, 2025 is \$11,404 (2024 - \$11,404). The annual premium payment for the policy is paid by the donor on behalf of the Foundation.

## 12. Related party transactions and balances:

The amounts due from the Authority consist of donations collected by the Authority on behalf of the Foundation that are owing at year end.

The amounts due to the Authority consist of contributions that are unpaid as at year end.

In fiscal 2025, the Foundation contributed \$251,731 (2024 - \$432,264) of in-kind marketing and communication services to the Authority, and \$627,470 (2024 - \$474,237) of in-kind research innovation. These costs are classified as contributions to support the Authority in the non-consolidated statement of operations.

All amounts paid to or received from the Authority are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties and are at or below fair value.

# ROYAL COLUMBIAN HOSPITAL FOUNDATION

Notes to Non-Consolidated Financial Statements (continued)

Year ended March 31, 2025

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## 13. Financial risks and concentration of risks:

### (a) Credit risk:

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Foundation is exposed to credit risk with respect to cash, investments, and accounts receivables. The Foundation's receivables are not significant. The Foundation assesses amounts receivable for impairment and makes provisions as required. Cash, and investments are held with major banks and other reputable financial institutions. Thus, the Foundation is not considered to be significantly exposed to credit risk.

### (b) Liquidity risk:

Liquidity risk is the risk that the Foundation will encounter difficulty in meeting obligations associated with financial liabilities.

The Foundation is exposed to liquidity risk with respect to its accounts payable and accrued liabilities. The Foundations mitigates this risk by budgeting and monitoring expenditures through the year.

Additionally, the Foundation believes it is not exposed to significant liquidity risk as all investments are held in pooled fund instruments that are highly liquid.

### (c) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as market prices change. The Foundation manages its investment portfolio to earn investment income and invests according to an Investment Policy Statement approved by the Board. The Foundation is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments for trading purposes. The Foundation manages interest-rate, market, credit, foreign currency and cash flow risk from its investments by investing in a diversified portfolio.

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

## 14. Employee Pension Benefits:

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 provided are based on a formula. As at December 31, 2024, the Plan has about 256,000 active members and approximately 129,000 retired members. Active members include 27 contributors from the Foundation.



# ROYAL COLUMBIAN HOSPITAL FOUNDATION

Notes to Non-Consolidated Financial Statements (continued)

Year ended March 31, 2025

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## **14. Employee Pension Benefits (continued):**

Every three years, an actuarial valuation is performed to assess the financial position of the Plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the Plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the Plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent actuarial valuation as at December 31, 2021 indicated a \$3.761 million funding surplus for basic pension benefits on a going concern basis. The next valuation will be December 31, 2024, with results available later 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.

During fiscal 2025, the Foundation paid \$254,066 (2024 - \$201,784) for employer contributions to the Plan.

## **15. Interfund transfers:**

The Foundation made transfers from the unrestricted fund to the designated fund of \$2,878,651 (2024 - \$1,415,000) and to the endowment fund of \$45,276 (2024 - \$1,754) for purposes as approved by the Board.

## **16. Remuneration of directors, employees, and contractors:**

For the fiscal year ending March 31, 2025, the Foundation paid total remuneration of \$3,313,191 (2024 - \$2,289,172) to nineteen (2024 - sixteen) employees, each of whom received total annual remuneration of \$75,000 or greater.

The Foundation did not pay any remuneration to its Board of Directors.