

Consolidated Financial Statements of

**VANCOUVER COASTAL
HEALTH AUTHORITY**

Year Ended March 31, 2025

Statement of Management Responsibility

The financial statements of Vancouver Coastal Health Authority (the "Authority") for the year ended March 31, 2025 have been prepared by management in accordance with Canadian public sector accounting standards ("PSAS") issued by the Public Sector Accounting Board ("PSAB"), as required by Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia and in regard to the accounting for restricted contributions which is based on the Restricted Contributions Regulation 198/2011. The integrity and objectivity of these statements are management's responsibility. Management is also responsible for all the statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

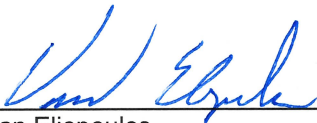
Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements.

The Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and exercises this responsibility through the Audit and Finance Committee of the Board. The Audit and Finance Committee meets with management and the internal auditor no fewer than four times a year and the external auditors a minimum of two times a year.

The Authority's internal auditor independently evaluates the effectiveness of internal controls on an ongoing basis and reports its findings to management and the Audit and Finance Committee.

The external auditors, BDO Canada LLP, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to management and the Audit and Finance Committee of the Board and meet with each on a regular basis.

On behalf of Vancouver Coastal Health Authority



Vivian Eliopoulos
President & Chief Executive Officer



Fernando Pica
Chief Financial Officer and VP, Strategic
Business Services

Vancouver, BC
June 26, 2025

Independent Auditor's Report

To the Board of Directors of Vancouver Coastal Health Authority, and
To the Minister of Health, Province of British Columbia

Opinion

We have audited the consolidated financial statements of the Vancouver Coastal Health Authority (the "Authority"), which comprise the Consolidated Statement of Financial Position as at March 31, 2025, the Consolidated Statements of Operations and Accumulated Surplus, changes in net debt, and cash flows (together, the "Financial Statements") for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, the accompanying Financial Statements of the Authority as at and for the year ended March 31, 2025 are prepared, in all material respects, in accordance with the accounting requirements of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia (the "Act").

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 Consolidated Financial Statements* section of our report. We are independent of the Authority 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.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the Financial Statements which describes the basis of accounting. The Financial Statements are prepared in order for the Authority to meet the reporting requirements of the Act referred to above. Our opinion is not modified in respect of this matter.

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 the Act, 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 Authority'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 Authority, or to cease operations, or has no realistic alternative but to do so.

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



Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority'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 Authority'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 Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

BDO Canada LLP

Chartered Professional Accountants
Vancouver, British Columbia
June 27, 2025

VANCOUVER COASTAL HEALTH AUTHORITY

Consolidated Statement of Financial Position
(Tabular amounts expressed in thousands of dollars)

As at March 31, 2025

	2025	2024
Financial assets		
Cash and cash equivalents (note 2)	\$ 635,338	\$ 691,565
Portfolio investments (note 3)	3,268	2,939
Accounts receivable (note 4)	323,084	307,686
Loans receivable (note 5)	7,605	3,814
Long-term disability and health and welfare benefits (note 12(b)(i))	118,287	74,703
Inventories held for sale	283	264
	<u>1,087,865</u>	<u>1,080,971</u>
Liabilities		
Accounts payable and accrued liabilities (note 7)	702,788	659,760
Deferred operating revenue (note 8)	4,861	4,900
Deferred research and designated revenue (note 9)	19,849	20,102
Debt (note 10)	84,399	88,407
Asset retirement obligations (note 11)	98,221	95,764
Retirement allowance (note 12(a))	160,350	149,775
Replacement reserves (note 13)	716	620
Deferred capital contributions (note 14)	2,241,616	2,151,563
	<u>3,312,800</u>	<u>3,170,891</u>
Net debt	<u>(2,224,935)</u>	<u>(2,089,920)</u>
Non-financial assets		
Tangible capital assets (note 15)	2,287,649	2,167,174
Inventories held for use (note 16)	14,464	14,126
Prepaid expenses (note 17)	54,326	38,983
	<u>2,356,439</u>	<u>2,220,283</u>
Accumulated surplus	<u>\$ 131,504</u>	<u>\$ 130,363</u>

Commitments and contingencies (note 18)

The accompanying notes are an integral part of these financial statements.

Approved on behalf of the Board:

 Director
William Duvall, Board Chair

 Director
John McLaughlin, Chair Audit & Finance Committee

VANCOUVER COASTAL HEALTH AUTHORITY

Consolidated Statement of Operations and Accumulated Surplus
(Tabular amounts expressed in thousands of dollars)

Year Ended March 31, 2025

	2025 Budget (note 1(q))	2025	2024
Revenues:			
Ministry of Health contributions	\$ 4,987,451	\$ 5,787,911	\$ 4,868,550
Medical Services Plan	409,319	464,870	396,389
Other contributions (note 19(a))	203,556	217,462	206,738
Patients, clients and residents (note 19(b))	170,314	206,631	182,565
Amortization of deferred capital contributions (note 14)	169,885	186,658	164,774
Recoveries from other health authorities and BC government reporting entities	100,848	123,286	244,181
Other (note 19(c))	38,435	88,754	58,017
Research and designated revenue (note 9)	20,000	22,726	21,273
Investment income	8,140	20,373	16,584
PharmaCare	4,194	4,617	5,772
	<u>6,112,142</u>	<u>7,123,288</u>	<u>6,164,843</u>
Expenses (note 19(d)):			
Acute	3,228,224	4,029,710	3,366,314
Long term care	807,668	906,205	860,561
Community care	647,567	725,339	615,533
Mental health and substance use	640,103	665,652	574,840
Corporate	641,433	644,086	597,793
Population health and wellness	147,147	151,155	148,735
	<u>6,112,142</u>	<u>7,122,147</u>	<u>6,163,776</u>
Annual surplus			
	\$ -	\$ 1,141	\$ 1,067
Accumulated surplus, beginning of year			
	130,363	130,363	129,296
Accumulated surplus, end of year			
	<u>\$ 130,363</u>	<u>\$ 131,504</u>	<u>\$ 130,363</u>

The accompanying notes are an integral part of these financial statements.

VANCOUVER COASTAL HEALTH AUTHORITY

Consolidated Statement of Changes in Net Debt
(Tabular amounts expressed in thousands of dollars)

Year Ended March 31, 2025

	2025 Budget (note 1(q))	2025	2024
Annual surplus	\$ -	\$ 1,141	\$ 1,067
Acquisition of tangible capital assets	(374,290)	(315,563)	(437,748)
Transfer of tangible capital assets	-	-	(2,787)
Amortization of tangible capital assets	174,419	195,088	176,687
	(199,871)	(119,334)	(262,781)
Acquisition of inventories held for use	-	(35,901)	(53,678)
Acquisition of prepaid expenses	-	(82,600)	(70,722)
Consumption of inventories held for use	-	35,563	53,097
Use of prepaid expenses	-	67,257	64,975
	-	(15,681)	(6,328)
Increase in net debt	(199,871)	(135,015)	(269,109)
Net debt, beginning of year	(2,089,920)	(2,089,920)	(1,820,811)
Net debt, end of year	\$ (2,289,791)	\$ (2,224,935)	\$ (2,089,920)

The accompanying notes are an integral part of these financial statements.

VANCOUVER COASTAL HEALTH AUTHORITY

Consolidated Statement of Cash Flows

(Tabular amounts expressed in thousands of dollars)

Year Ended March 31, 2025

	2025	2024
Cash flows from operating transactions:		
Annual surplus	\$ 1,141	\$ 1,067
Items not involving cash:		
Amortization of deferred capital contributions	(186,658)	(164,774)
Amortization of tangible capital assets	195,088	176,687
Transfer of tangible capital assets	-	(2,787)
Impairment on loan receivable	-	12,133
Accretion expense	2,457	2,906
Retirement allowance expense	18,020	18,895
Long term disability, health and welfare benefits expense	47,560	65,720
Interest expense	4,559	4,759
Investment income	(20,373)	(16,584)
	61,794	98,022
Net change in non-cash operating items (note 20)	11,734	140,910
Interest paid	(4,559)	(4,759)
Interest received	20,373	16,584
Retirement allowance contributions	(7,445)	(21,407)
Long term disability, health and welfare benefits contributions	(91,144)	(85,980)
Net change in cash from operating transactions	(9,247)	143,370
Capital transactions:		
Acquisition of tangible capital assets	(315,563)	(437,748)
Net change in cash from capital transactions	(315,563)	(437,748)
Investing transactions:		
Repayment of Pearson receivable	-	74,500
Repayment of loan receivable	1,008	415
Loan advances	(4,799)	(8,338)
Acquisition of portfolio investments	(329)	(431)
Net change in cash from investing transactions	(4,120)	66,146
Financing transactions:		
Principal repayments on debt	(4,008)	(3,600)
Capital contributions received	276,711	370,775
Net change in cash from financing transactions	272,703	367,175
Increase/(decrease) in cash and cash equivalents	(56,227)	138,943
Cash and cash equivalents, beginning of year	691,565	552,622
Cash and cash equivalents, end of year	\$ 635,338	\$ 691,565

Supplementary cash flow information (note 20)

The accompanying notes are an integral part of these financial statements.

VANCOUVER COASTAL HEALTH AUTHORITY

Notes to Consolidated Financial Statements
(tabular amounts expressed in thousands of dollars)

Year Ended March 31, 2025

Vancouver Coastal Health Authority (the "Authority") was created under the *Health Authorities Act of British Columbia* on December 12, 2001 with a Board of Directors appointed by the Ministry of Health (the "Ministry") and is one of six health authorities in British Columbia ("BC"). The Authority is dependent on the Ministry to provide sufficient funds to continue operations, replace essential equipment, and complete its capital projects. The Authority is a registered charity under the *Income Tax Act*, and as such, is exempt from income and capital taxes.

The role of the Authority is to promote and provide for the physical, mental and social well-being of people who live in the Vancouver Coastal region and those referred from outside the region.

1. Significant accounting policies:

The financial statements of the Authority are prepared by management in accordance with significant accounting policies as follows:

(a) Basis of accounting:

The financial statements have been prepared in accordance with Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of BC supplemented by Regulations 257/2010 and 198/2011 issued by the Province of BC Treasury Board, referred to as the financial reporting framework (the "framework").

The *Budget Transparency and Accountability Act* requires that the financial statements be prepared in accordance with the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada, or if the Treasury Board makes a regulation, the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada as modified by the alternate standard or guideline or part thereof adopted in the regulation.

Regulation 257/2010 requires all tax-payer supported organizations in the Schools, Universities, Colleges and Hospitals sectors to adopt Canadian public sector accounting standards ("PSAS") issued by the Canadian Public Sector Accounting Board ("PSAB") without any PS 4200 series.

Regulation 198/2011 requires that restricted contributions received or receivable are to be reported as revenue depending on the nature of the restrictions on the use of the funds by the contributors as follows:

- (i) Contributions for the purpose of acquiring or developing a depreciable tangible capital asset or contributions in the form of a depreciable tangible capital asset, in each case for use in providing services, are recorded and referred to as deferred capital contributions and recognized in revenue at the same rate that amortization of the related tangible capital asset is recorded. The reduction of the deferred capital contributions and the recognition of the revenue are accounted for in the fiscal periods during which the tangible capital asset is used to provide services. If the depreciable tangible capital asset funded by a deferred contribution is written down, a proportionate share of the deferred capital contribution is recognized as revenue during the same period.

VANCOUVER COASTAL HEALTH AUTHORITY

Notes to Consolidated Financial Statements
(tabular amounts expressed in thousands of dollars)

Year Ended March 31, 2025

1. Significant accounting policies (continued):

(a) Basis of accounting (continued):

- (ii) Contributions restricted for specific purposes other than those for the acquisition or development of a depreciable tangible capital asset are recorded as deferred contributions or deferred research and designated contributions, and recognized in revenue in the year in which the stipulation or restriction on the contributions have been met by the Authority.

For BC tax-payer supported organizations, these contributions include government transfers and externally restricted contributions.

The accounting policy requirements under Regulation 198/2011 are significantly different from the requirements of PSAS which requires that:

- government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with PS 3410, Government Transfers;
- externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with PS 3100, Restricted Assets and Revenue; and
- deferred contributions meet liability criteria in accordance with PS 3200, Liabilities.

As a result, revenue recognized in the statement of operations and certain related deferred capital contributions would be recorded differently under PSAS.

(b) Basis of presentation:

The Authority has collaborative relationships with certain foundations and auxiliaries, which support the activities of the Authority and/or provide services under contracts. As the Authority does not control these organizations, the financial statements do not include the assets, liabilities and results of operations of these entities (note 21(b)).

(c) Affiliated organization:

Within the Authority's geographical region, there is one denominational health care organization, Providence Health Care ("PHC", the "Affiliate"), which has the responsibility to manage the administration of certain health care facilities under affiliation agreements with the Authority. This Affiliate is a separate legal entity with a separate Board of Directors and accordingly, these financial statements do not include their assets, liabilities or results of operations. However, the funds received from the Ministry on behalf of this Affiliate are recorded as Ministry of Health contributions, and funds transferred to the Affiliate are recorded as expenses in the statement of operations. As the Authority's performance agreement with the Ministry includes the performance of this Affiliate, information on the equity and results of operations of the Affiliate is provided in note 21(c) of these financial statements.

VANCOUVER COASTAL HEALTH AUTHORITY

Notes to Consolidated Financial Statements
(tabular amounts expressed in thousands of dollars)

Year Ended March 31, 2025

1. Significant accounting policies (continued):

(d) Cash and cash equivalents:

Cash and cash equivalents include cash on hand, demand deposits and short-term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. These short-term investments have a maturity of three months or less at acquisition and are held for the purpose of meeting short-term cash commitments rather than for investing.

(e) Accounts receivable:

Accounts receivable are recorded at amortized cost less an amount for valuation allowance. Valuation allowances are made to reflect accounts receivable at the lower of amortized cost and the net recoverable value when risk of loss exists. Changes in valuation allowance are recognized in the statement of operations. Interest is accrued on loans receivable to the extent it is deemed collectible.

(f) Assets available for sale:

Assets available for sale are those expected to be sold within one year. They are valued at the lower of cost, less accumulated amortization, or expected net realizable value. Cost includes amounts to prepare the assets for sale.

(g) Employee benefits:

(i) Defined benefit obligations, including multiple employer benefit plans:

Liabilities, net of plan assets, are recorded for employee retirement allowance benefits and multiple employer long-term disability defined benefit plans as employees render services to earn the benefits.

The actuarial determination of the accrued benefit obligations uses the projected benefit method prorated on service which incorporates management's best estimate of future salary levels, other cost escalation, retirement ages of employees and other actuarial factors. Plan assets are measured at fair value.

The cumulative unrecognized actuarial gains and losses for retirement allowance benefits are amortized over the expected average remaining service period of active employees covered under the plan. The expected average remaining service period of the active covered employees entitled to retirement allowance benefits is 11 years (2024 - 12 years). Actuarial gains and losses from event-driven benefits such as long-term disability benefits that do not vest or accumulate are recognized immediately.

The discount rate used to measure obligation is based on the Province of BC's cost of borrowing if there are no plan assets. The expected rate of return on plan assets is the discount rate used if there are plan assets. The cost of a plan amendment or the crediting of past service is accounted for entirely in the year that the plan change is implemented.

(ii) Defined contribution plans and multi-employer benefit plans:

Defined contribution plan accounting is applied to multi-employer defined benefit plans and accordingly, contributions are expensed when they become payable.

VANCOUVER COASTAL HEALTH AUTHORITY

Notes to Consolidated Financial Statements
(tabular amounts expressed in thousands of dollars)

Year Ended March 31, 2025

1. Significant accounting policies (continued):

(g) Employee benefits (continued):

(iii) Accumulating, non-vesting benefit plans:

Benefits that accrue to employees that do not vest, such as sick leave banks for certain employee groups, are accrued as the employees render services to earn the benefits, based on estimates of the expected future settlements.

(iv) Non-accumulating, non-vesting benefit plans:

For benefits that do not vest or accumulate, a liability is recognized when an event that obligates the Authority to pay benefits occurs.

(h) Contaminated sites:

Liabilities for contaminated sites are recorded when contamination of a site or part of a site not in productive use exceeds an accepted environmental standard and the Authority is directly responsible, or accepts responsibility for the damage. Liabilities are measured at the Authority's best estimate of the costs directly attributable to remediation of the contamination.

(i) Asset retirement obligation:

Legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities, are required to be recorded as liabilities.

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

Changes in assumptions in subsequent years are reflected as changes to the liability amount and to the related asset in the year they arise.

The liability is adjusted yearly for accretion expense. The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. The amounts added to capital assets affected by the asset retirement obligations are amortized following the depreciation accounting policies outlined in note 1(l).

VANCOUVER COASTAL HEALTH AUTHORITY

Notes to Consolidated Financial Statements
(tabular amounts expressed in thousands of dollars)

Year Ended March 31, 2025

1. Significant accounting policies (continued):

(j) Public-private partnership projects:

Public-private partnership ("P3") projects are delivered by private sector partners selected to design, build, finance and maintain the assets. The cost of the assets under construction is estimated at fair value, based on construction progress billings verified by an independent certifier, and also includes other costs incurred directly by the Authority. The asset cost includes development and financing fees estimated at fair value, which require the extraction of cost information from the financial model embedded in the project agreement. The interest rate used is the project internal rate of return. When available for operations, the project assets are amortized over their estimated useful lives. Correspondingly, an obligation net of the contributions received is recorded as a liability and included in debt. Upon substantial completion, the private sector partner receives monthly payments over the term of the project agreement to cover the partner's operating costs, financing costs and a return of the capital.

(k) Investment in subsidiary:

The subsidiary is classified as an other government organization. The financial statements of the subsidiary are consolidated into the financial statements of the Authority (note 6).

(l) Non-financial assets:

(i) Tangible capital assets:

Tangible capital assets are recorded at cost, which includes amounts that are directly attributable to acquisition, construction, development, or betterment of the asset and overhead directly attributable to construction and development. Interest is capitalized over the development period whenever external debt is issued to finance the construction and development of tangible capital assets.

The cost, less residual value, of the tangible capital assets, excluding land, is amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Basis
Buildings	5 - 50 years
Equipment and information systems	3 - 20 years
Leasehold improvements	lease term
Buildings under capital lease	50 years

Assets under construction or development are not amortized until the asset is available for productive use.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Authority's ability to provide services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The write-downs of tangible capital assets are recorded in the statement of operations. Write-downs are not subsequently reversed.

VANCOUVER COASTAL HEALTH AUTHORITY

Notes to Consolidated Financial Statements
(tabular amounts expressed in thousands of dollars)

Year Ended March 31, 2025

1. Significant accounting policies (continued):

(l) Non-financial assets (continued):

(i) Tangible capital assets (continued):

Contributed tangible capital assets are recorded at their fair value on the date of contribution. Such fair value becomes the cost of the contributed asset. When the fair value of a contributed asset cannot be reliably determined, the asset is recorded at nominal value.

(ii) Leased tangible capital assets:

Tangible capital assets acquired under a lease which transfers substantially all of the benefits and risks incidental to ownership of property are recorded as leased tangible capital assets with an offsetting obligation under capital lease. All other leases are accounted for as operating leases and the related payments are charged to expense as incurred.

Obligations under capital leases are recorded at the present value of the minimum lease payments excluding executor costs. The discount rate used to determine the present value of the lease payments is the lower of the Authority's rate for incremental borrowing or the interest rate implicit in the lease.

(iii) Inventories held for use:

Inventories held for use are recorded at the lower of weighted average cost and replacement cost.

(iv) Inventories held for sale:

Inventories held for sale are recorded at the lower of costs and net recoverable amount.

(v) Prepaid expenses:

Prepaid expenses include cash disbursements for future events, and operational costs, which will be charged to expense when the future benefit is received or realized.

(m) Revenue recognition:

Under the *Hospital Insurance Act and Regulation* thereto, the Authority is funded primarily by the Province of BC in accordance with budget management plans and performance agreements established and approved by the Ministry.

Revenue from transactions with performance obligations is recognized when (at a point in time) or as (over a period of time) the Authority satisfies the performance obligations, which occurs when control of the benefits associated with the promised goods or services has passed to the payor.

Revenue from transactions without performance obligations is recognized at realizable value when the Authority has the right to claim or retain an inflow of economic resources received or receivable and there is a past transaction or event that gives rise to the economic resources.

VANCOUVER COASTAL HEALTH AUTHORITY

Notes to Consolidated Financial Statements
(tabular amounts expressed in thousands of dollars)

Year Ended March 31, 2025

1. Significant accounting policies (continued):

(m) Revenue recognition (continued):

Unrestricted contributions are recognized as revenue when receivable if the amounts can be estimated and collection is reasonably assured.

Externally restricted contributions are recognized as revenue depending on the nature of the restrictions on the use of the funds by the contributors as described in note 1(a).

Volunteers contribute a significant amount of their time each year to assist the Authority in carrying out its programs and services. Because of the difficulty of determining their fair value, contributed services are not recognized in these financial statements.

Contributions of assets, supplies and services that would otherwise have been purchased are recorded at fair value at the date of contribution, provided a fair value can be reasonably determined.

Contributions for the acquisition of land, or the contributions of land, are recorded as revenue in the period of acquisition or transfer of title.

(n) Measurement uncertainty:

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

Significant areas requiring the use of estimates include the valuation of financial instruments, valuation of asset retirement obligations, collectability of accounts receivables, collectability of loan receivables, the estimated useful lives of tangible capital assets, estimating provisions for contingent liabilities, and the future costs to settle employee benefit obligations.

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

(o) Foreign currency translation:

The Authority's functional currency is the Canadian dollar. Foreign currency transactions are translated at the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate prevailing at the financial statement date. Any gain or loss resulting from a change in rates between the transaction date and the settlement date or statement of financial position date is recognized in the statement of operations.

VANCOUVER COASTAL HEALTH AUTHORITY

Notes to Consolidated Financial Statements
(tabular amounts expressed in thousands of dollars)

Year Ended March 31, 2025

1. Significant accounting policies (continued):

(p) Financial instruments:

Financial instrument classification is determined upon inception and financial instruments are not reclassified into another measurement category for the duration of the period they are held.

Financial assets and financial liabilities, other than derivatives, equity instruments quoted in an active market and financial instruments designated at fair value, are measured at cost or amortized cost upon their inception and subsequent to initial recognition. Cash and cash equivalents are measured at cost. Accounts receivable are recorded at cost less any amount for valuation allowance. Portfolio investments are equity investments recorded at fair value. Loans receivable are recorded at cost less any amount for valuation allowance. All debt and other financial liabilities are recorded using cost or amortized cost.

Interest and dividends attributable to financial instruments are reported in the statement of operations.

All financial assets recorded at amortized cost are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations. A write-down of a financial asset to reflect a loss in value is not reversed for a subsequent increase in value.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

Transaction costs for financial instruments measured using cost or amortized cost are added to the carrying value of the financial instrument. Transaction costs for financial instruments measured at fair value are expensed when incurred.

A financial liability or its part is derecognized when it is extinguished.

Management evaluates contractual obligations for the existence of embedded derivatives and elects to either designate the entire contract for fair value measurement or separately measure the value of the derivative component when characteristics of the derivative are not closely related to the economic characteristics and risks of the contract itself. Contracts to buy or sell non-financial items for the Authority's normal purchase, sale or usage requirements are not recognized as financial assets or financial liabilities.

(q) Budget figures:

Budget figures have been provided for comparative purposes and have been derived from the Authority's Fiscal 2024/2025 budget approved by the Board of directors on July 16, 2024. The budget is reflected in the statement of operations and the statement of changes in net debt.

(r) Future accounting standards:

In October 2023, PSAB issued PS 1202, Financial Statement Presentation. PS 1202 proposes to increase the accountability value of financial statement in an understandable way, including changes on presentations and inclusion of financial statements to be included in the financial statement package. PS 1202 applies to fiscal years beginning on or after April 1, 2026. Management is in the process of assessing the impact of adoption of PS 1202 on the financial statements of the Authority.

VANCOUVER COASTAL HEALTH AUTHORITY

Notes to Consolidated Financial Statements
(tabular amounts expressed in thousands of dollars)

Year Ended March 31, 2025

2. Cash and cash equivalents:

	2025	2024
Provincial Treasury Central Deposit program (note 22(a))	\$ 355,938	\$ 439,121
Cash and cash equivalents	279,400	252,444
	635,338	691,565
Amounts restricted for capital purposes (note 14)	(285,949)	(317,343)
Amounts restricted for research and designated purposes	(20,419)	(20,484)
Amounts restricted for patient comfort funds	(1,144)	(906)
Amounts restricted for replacement reserves (note 13)	(716)	(620)
Unrestricted cash and cash equivalents	\$ 327,110	\$ 352,212

3. Portfolio investments:

On March 30, 2022, the Ministry of Health approved the transfer of operations and assets from Little Mountain Residential Care and Housing Society ("the Society") to the Authority. Included in the transfer are the portfolio investments held by the Society.

	2025	2024
Fixed income	\$ 2,416	\$ 2,200
Canadian equity	512	457
U.S. equity	307	265
Foreign equity	33	17
Total portfolio investments at fair value	\$ 3,268	\$ 2,939

4. Accounts receivable:

	2025	2024
Ministry of Health	\$ 128,913	\$ 168,672
Patients, clients and residents	124,102	102,222
Other health authorities and BC government reporting entities	86,200	73,665
Foundations and auxiliaries	39,299	23,466
Medical Services Plan	8,055	6,397
Federal government	7,397	3,661
WorkSafeBC	3,905	4,431
Other	43,702	22,856
	441,573	405,370
Allowance for doubtful accounts	(118,489)	(97,684)
	\$ 323,084	\$ 307,686

Of the amount of allowance for doubtful accounts, \$109.8M (2024 - \$93.1M) relates to patients, clients, and residents. The majority of this amount relates to Non-Residents of Canada and Uninsured Residents.

VANCOUVER COASTAL HEALTH AUTHORITY

Notes to Consolidated Financial Statements
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Year Ended March 31, 2025

5. Loans receivable:

	2025	2024
VGH Parkade Trust (a)	\$ 2,806	\$ 3,236
Seymour Health Centre Inc. (b)	-	578
Jewish Home For The Aged Of British Columbia (c)	2,800	-
Sunshine Coast Hospice Society (d)	1,999	-
Loans receivable	\$ 7,605	\$ 3,814

(a) VGH Parkade Trust

The loan consists of funds advanced to 578583 BC Ltd. who holds beneficial ownership in the VGH Parkade and earns the associated revenue.

578583 BC Ltd., a corporation, which is the trustee of the VGH Parkade Trust and is wholly owned by the VGH and UBC Hospital Foundation.

The agreement matures to December 31, 2030 and earns interest at a fixed rate of 3.70%.

(b) Seymour Health Centre Inc.

On September 16, 2022 the Authority entered into an agreement to make a loan available to Seymour Health Centre Inc.

During fiscal year 2023-2024, Seymour Health Centre Inc. defaulted on the loan. The company was placed in receivership on June 26, 2023. Ernst & Young Inc. was appointed Receiver. The loan receivable amount was \$12.7 million, of which, \$12.1 million was written down to reflect the net recoverable value.

Effective April 1, 2024, the Authority acquired control of Seymour Health Care Centre Inc. (note 6).

(c) Jewish Home for The Aged of British Columbia ("JHA")

A Memorandum of Agreement ("MOA") dated August 8, 2024 was signed between the Authority and JHA. The purpose of this MOA is to set out the expectation of the parties and terms that apply to the financial assistance to be provided by the Authority. The Authority provided funding to JHA, \$2.8M, solely for the purpose of settling their line of credit with TD bank for the redevelopment of the lands and existing buildings where it provides long-term care services to the Authority's clients.

(d) Sunshine Coast Hospice Society

On August 1, 2024, the Authority entered into an agreement with Sunshine Coast Hospice Society (the "Borrower") to assist in financing the acquisition of 3173 Mossy Rock Road, Roberts Creek, BC (the "Property") and construction of a hospice on the Property. The forgivable loan consists of a demand non-revolving acquisition and renovation loan of \$3.0M, the maximum loan amount approved by the Authority.

VANCOUVER COASTAL HEALTH AUTHORITY

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Year Ended March 31, 2025

5. Loans receivable (continued):

(d) Sunshine Coast Hospice Society (continued)

The terms of the agreement is 35 years from the first day of the next calendar month following the registration date of the Mortgage securing the loan (the "Commencement Date"). If the Borrower uses the Property for the intended purpose during the term of the loan and an event of default does not occur, the loan will be forgiven 1/20 each year, commencing on the 16th anniversary of the Commencement Date, until the loan is completely forgiven. If an event of default occurs, interest is payable on the balance of principal outstanding under the loan as at the date of the event of default at a rate equal to the prime rate plus 1.00% per annum, until the loan is repaid in full.

As the borrower has not yet commenced any of the activities that would result in the loan being forgiven, the amount is still considered to be receivable.

6. Acquisition of assets and operations of Seymour Health Care Centre Inc.

Effective April 1, 2024, the Authority acquired the assets and operations of Seymour Health Care Centre Inc. (Seymour). Seymour, a for-profit corporation, is now a wholly owned subsidiary of the Authority providing primary care services in Vancouver and is consolidated into these financial statements as of April 1, 2024. The acquisition and subsequent operations relating to Seymour had an immaterial impact on the balances and operation of the Authority.

7. Accounts payable and accrued liabilities:

	2025	2024
Trade accounts payable and accrued liabilities	\$ 346,135	\$ 318,425
Salaries and benefits payable	224,978	227,632
Accrued vacation pay	131,675	113,703
	<u>\$ 702,788</u>	<u>\$ 659,760</u>

8. Deferred operating revenue:

Deferred operating revenue represent externally restricted operating funding received for specific purposes, including grants from provincial ministries for various programs and community initiatives. Funds received for exchange transactions, environmental health permits and parking paid in advance, are recorded as deferred operating revenue and recognized throughout the fiscal year.

	2025	2024
Deferred operating revenue, beginning of year	\$ 4,900	\$ 5,782
Amounts received during the year	2,830	3,383
Amounts recognized as revenue in the year	(2,869)	(4,265)
Deferred operating revenue, end of year	<u>\$ 4,861</u>	<u>\$ 4,900</u>

VANCOUVER COASTAL HEALTH AUTHORITY

Notes to Consolidated Financial Statements
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Year Ended March 31, 2025

9. Deferred research and designated revenue:

Deferred research and designated revenue represent unspent funds received for research and other activities through the Vancouver Coastal Health Research Institute and the Prostate Research Centre. Contributions are received from pharmaceutical companies and other donors for various research projects to promote the health and well-being of residents within the region.

	2025	2024
Deferred research and designated contributions, beginning of year	\$ 20,102	\$ 20,475
Amounts received during the year	22,473	20,900
Amounts recognized as revenue in the year	(22,726)	(21,273)
Deferred research and designated contributions, end of year	\$ 19,849	\$ 20,102

10. Debt:

	2025	2024
Gordon & Leslie Diamond Health Care Centre, 30-year contract to August 2036 with Access Health Vancouver Ltd., payable in monthly payments including annual interest of 5.37%, payable in accordance with the project agreement terms	\$ 84,399	\$ 88,407
	\$ 84,399	\$ 88,407

Required principal repayments on P3 debt for the years ending March 31 are disclosed in note 18(e).

11. Asset retirement obligation:

The Authority's asset retirement obligation consists of the following obligations:

(a) Asbestos obligation:

The Authority owns and operates several buildings that are known to have asbestos, which represents a health hazard upon demolition of the building and there is a legal obligation to remove it. The buildings were originally purchased in various years, and the liability was measured when the liability was assumed.

VANCOUVER COASTAL HEALTH AUTHORITY

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Year Ended March 31, 2025

11. Asset retirement obligation (continued):

(b) Fuel tank obligation:

The Authority owns and operates a number of fuel tanks. The liability for the removal of fuel tanks has been recognized. The costs were based upon the presently known obligations that will exist at the financial reporting date.

Changes to the asset retirement obligation in the year are as follows:

Asset retirement obligation	Asbestos removal	Fuel tank removal	Balance at March 31, 2025
Opening balance	\$ 90,728	\$ 5,036	\$ 95,764
Accretion expense	2,300	157	2,457
Closing balance	\$ 93,028	\$ 5,193	\$ 98,221

The timing of the settlement of the underlying obligations is indeterminate and therefore the Authority will re-evaluate the carrying value of the asset retirement obligation on a periodic basis as circumstances require.

(c) Other:

The VGH site has a number of areas known to contain materials that will require remediation and/or disposal in accordance with legal requirements but are currently inaccessible. As the extent and timing of such remediation cannot be estimated at this time, no liability has been recorded. Any liability is not expected to be material and will be recorded at the time the amount is estimable.

12. Employee benefits:

(a) Retirement allowance:

Certain employees who meet a minimum of ten or twenty years of service and having reached a certain age are entitled to receive special payments upon retirement or as specified by collective or employee agreements. These payments are based upon accumulated sick leave credits and entitlements for each year of service.

The Authority's liabilities are based on an actuarial valuation as at the early measurement date of December 31, 2024 and extrapolated to March 31, 2025 from which the service cost and interest cost components of expense for the fiscal year ended March 31, 2025 are derived. The next required valuation will be as of March 31, 2028.

VANCOUVER COASTAL HEALTH AUTHORITY

Notes to Consolidated Financial Statements
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Year Ended March 31, 2025

12. Employee benefits (continued):

(a) Retirement allowance (continued):

Information about retirement allowance benefits is as follows:

	2025	2024
Accrued benefit obligation:		
Severance benefits	\$ 108,153	\$ 98,359
Sick leave benefits	69,277	67,101
	177,430	165,460
Unamortized actuarial loss	(17,080)	(15,685)
Accrued benefit liability	\$ 160,350	\$ 149,775

The accrued benefit liability for retirement allowance reported on the statement of financial position is as follows:

	2025	2024
Accrued benefit liability, beginning of year	\$ 149,775	\$ 152,287
Net benefit expense:		
Current service cost	11,146	11,635
Interest expense	5,942	6,161
Amortization of actuarial loss	932	1,099
Net benefit expense	18,020	18,895
Benefits paid	(7,445)	(21,407)
Accrued benefit liability, end of year	\$ 160,350	\$ 149,775

VANCOUVER COASTAL HEALTH AUTHORITY

Notes to Consolidated Financial Statements
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Year Ended March 31, 2025

12. Employee benefits (continued):

(a) Retirement allowance (continued):

The significant actuarial assumptions adopted in measuring the Authority's accrued retirement allowance liabilities are as follows:

	2025	2024
Accrued benefit obligation as at March 31:		
Discount rate	3.60%	3.49%
Rate of compensation increase		
2022:		4.17%
2023:		7.00%
2024:		3.00%
2025+:	2.50%	2.50%
Benefit costs for years ended March 31:		
Discount rate	3.49%	3.55%
Rate of compensation increase		
2022:		4.17%
2023:		7.00%
2024:	3.00%	3.00%
2025+:	2.50%	2.50%

(b) Healthcare Benefit Trust benefits:

The Healthcare Benefit Trust (the "Trust") administers long-term disability and group life insurance, accidental death and dismemberment, extended health and dental claims ("health and welfare benefits") for certain employee groups of the Authority and other provincially-funded organizations.

The Authority and all other participating employers are jointly responsible for the liabilities of the Trust should any participating employers be unable to meet their obligation to contribute to the Trust.

(i) Long-term disability and health and welfare benefits:

The Trust is a multiple employer plan, with the Authorities' assets and liabilities being segregated with regards to long-term disability benefits after September 30, 1997 and health and welfare benefits after December 31, 2014. Accordingly, the Authority's net trust assets are reflected in these financial statements. The Trust funding policy allows the Authority to request contribution holidays/reductions.

The Authority's assets as of March 31, 2025 are based on the actuarial valuation at December 31, 2024, extrapolated to March 31, 2025. The next expected valuation will be as of December 31, 2025.

Over the course of the fiscal year, the Authority's Trust pool achieved a performance gain of \$25.416M (note 19(d)).

VANCOUVER COASTAL HEALTH AUTHORITY

Notes to Consolidated Financial Statements
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Year Ended March 31, 2025

12. Employee benefits (continued):

(b) Healthcare Benefit Trust benefits (continued):

(i) Long-term disability and health and welfare benefits (continued):

The long-term disability and health and welfare benefits obligation reported on the statement of financial position is as follows:

	2025	2024
Fair value of plan assets	\$ 301,727	\$ 258,009
Accrued benefit obligation	(183,440)	(183,306)
Long-term disability and health and welfare benefits asset	\$ 118,287	\$ 74,703
	2025	2024
Long-term disability and health and welfare benefits asset, beginning of year	\$ 74,703	\$ 54,443
Net benefit expense:		
Long-term disability expense	(25,948)	(24,788)
Actuarial gain (loss)	19,210	(5,884)
Health and welfare benefit expense	(54,043)	(44,590)
Interest expense	(10,569)	(9,852)
Contributions adjustment	(208)	556
Ancillary business units	6,567	4,772
Expected return on assets	15,097	13,449
Transfer of health and welfare benefits net surplus	2,334	617
Net benefit expense	(47,560)	(65,720)
Contributions to the plan - VCH	91,144	85,980
Long-term disability and health and welfare benefits asset, end of year	\$ 118,287	\$ 74,703

VANCOUVER COASTAL HEALTH AUTHORITY

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Year Ended March 31, 2025

12. Employee benefits (continued):

(b) Healthcare Benefit Trust benefits (continued):

(i) Long-term disability and health and welfare benefits (continued):

Plan assets consists of:

	2025	2024
Debt securities	37%	37%
Foreign equities	35%	36%
Equity securities and other	28%	27%
Total	100%	100%

The significant actuarial assumptions adopted in measuring the Authority's accrued long-term disability and health and welfare benefits asset are as follows:

	2025	2024
Accrued benefit asset as at March 31:		
Discount rate	5.70%	5.80%
Rate of benefit increase	2024: 3.00%	3.00%
	2025+: 2.25%	2.25%
Benefit costs for years ended March 31:		
Discount rate	5.80%	5.90%
Rate of benefit increase	2023: 7.00%	7.00%
	2024: 3.00%	3.00%
	2025+: 2.25%	2.25%
Expected future inflationary increases	2.00%	2.00%
Expected long-term rate of return on plan assets	5.70%	5.80%

Actual long-term rate of return on plan assets was 12.06% for the year ended December 31, 2024 (December 31, 2023 – 9.61%).

(ii) Joint benefit trusts:

Effective April 1, 2017, management of the long-term disability and health and welfare benefits being provided to Health Science Professionals Bargaining Association, Community Bargaining Association, and Facilities Bargaining Association employees transitioned to joint benefit trusts. Employer contributions to the joint benefit trusts are based on a specified percentage of payroll costs. During the year ended March 31, 2025, the Authority made contributions to these joint benefit trusts totaling \$75.1M (2024 - \$72.6M).

VANCOUVER COASTAL HEALTH AUTHORITY

Notes to Consolidated Financial Statements
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Year Ended March 31, 2025

12. Employee benefits (continued):

(c) Employee pension benefits:

The Authority and its employees contribute to the Municipal Pension Plan and the Public Service Pension Plan (jointly trusted pension plans). The plans are multi-employer defined benefit plans governed by the *BC Public Sector Pension Plans Act*.

Employer contributions to the Municipal Pension Plan of \$156.3 million (2024 - \$149.7 million) were expensed during the year. Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The most recent actuarial valuation for the plan at December 31, 2021 indicated a funding surplus of approximately \$3,761.0 million. The actuary does not attribute portions of the surplus to individual employers. The plan covers approximately 256,000 active members, of which 26,258 are employees of the Authority. The next expected actuarial valuation will be as of December 31, 2024, with results available in 2025.

Employer contributions to the Public Service Pension Plan of \$0.4 million (2024 - \$0.4 million) were expensed during the year. 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 for the plan at March 31, 2023, indicated a surplus of approximately \$4,491.0 million. The actuary does not attribute portions of the surplus to individual employers. The plan covers approximately 76,000 active members, of which 49 are employees of the Authority. The next actuarial valuation date will be as of March 31, 2026.

VANCOUVER COASTAL HEALTH AUTHORITY

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Year Ended March 31, 2025

13. Replacement reserves:

Under the terms of mortgage agreements with Canada Mortgage and Housing Corporation ("CMHC") and BC Housing Management Commission ("BC Housing"), the Authority is required to set aside certain amounts each year as a replacement reserve. Use of the reserve funds requires approval of CMHC or BC Housing, respectively. The Authority complies with these provisions.

The change in the replacement reserves is calculated as follows:

		2025		2024
Replacement reserves, beginning of year	\$	620	\$	570
Provision for replacement reserve funding		96		50
Replacement reserves, end of year	\$	716	\$	620

The replacement reserves by facility are as follows:

		2025		2024
Shorncliffe Intermediate Care ⁽¹⁾	\$	216	\$	216
Kiwanis Intermediate Care ⁽¹⁾		172		172
Little Mountain Residential Care and Housing Society		161		65
Cedarview Lodge ⁽¹⁾		92		92
Hilltop House ⁽¹⁾		75		75
	\$	716	\$	620

⁽¹⁾ Kiwanis Intermediate Care, Cedarview Lodge, Shorncliffe Intermediate Care, and Hilltop House mortgages were paid in full. The Authority is no longer required to increase the reserves, and the balance remaining will be used for future maintenance.

VANCOUVER COASTAL HEALTH AUTHORITY

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14. Deferred capital contributions:

Deferred capital contributions represent externally restricted contributions and other funding received for the purchase of tangible capital assets.

	2025	2024
Deferred capital contributions, beginning of year	\$ 2,151,563	\$ 1,945,562
Capital contributions received:		
Ministry of Health	191,482	278,789
Foundations and auxiliaries	82,952	56,660
Regional hospital districts	812	2,803
Other	1,465	32,523
	276,711	370,775
	2,428,274	2,316,337
Amortization for the year	(186,658)	(164,774)
Deferred capital contributions, end of year	\$ 2,241,616	\$ 2,151,563

Deferred capital contributions are comprised of the following:

	2025	2024
Contributions used to purchase tangible capital assets	\$ 1,955,667	\$ 1,834,220
Unspent contributions	285,949	317,343
	\$ 2,241,616	\$ 2,151,563

VANCOUVER COASTAL HEALTH AUTHORITY

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Year Ended March 31, 2025

15. Tangible capital assets:

Cost	2024	Additions	Disposals	Transfers	2025
Land	\$ 70,311	\$ 3,760	\$ -	\$ -	\$ 74,071
Buildings	2,000,638	-	(2,614)	349,846	2,347,870
Equipment	801,903	82,267	(118,302)	-	765,868
Information systems	916,640	86	-	49,192	965,918
Leasehold improvements	92,063	12,986	(1,491)	-	103,558
Buildings under capital lease	111,805	-	-	-	111,805
Construction in progress	470,234	166,089	-	(349,846)	286,477
Equipment and information systems in progress	64,391	50,375	-	(49,192)	65,574
	\$ 4,527,985	\$ 315,563	\$ (122,407)	\$ -	\$ 4,721,141

Accumulated amortization	2024	Amortization	Disposals	Transfers	2025
Buildings	\$ 1,177,956	\$ 66,765	\$ (2,614)	\$ -	\$ 1,242,107
Equipment	682,816	46,386	(118,302)	-	610,900
Information systems	403,195	70,941	-	-	474,136
Leasehold improvements	57,633	8,761	(1,491)	-	64,903
Buildings under capital lease	39,211	2,235	-	-	41,446
	\$ 2,360,811	\$ 195,088	\$ (122,407)	\$ -	\$ 2,433,492

Cost	2023	Additions	Disposals	Transfers	2024
Land	\$ 17,656	\$ 52,655	\$ -	\$ -	\$ 70,311
Buildings	1,890,896	-	-	109,742	2,000,638
Equipment	766,703	47,955	(15,542)	2,787	801,903
Information systems	832,427	-	-	84,213	916,640
Leasehold improvements	89,632	2,431	-	-	92,063
Buildings under capital lease	111,805	-	-	-	111,805
Construction in progress	330,802	249,174	-	(109,742)	470,234
Equipment and information systems in progress	63,071	85,533	-	(84,213)	64,391
	\$ 4,102,992	\$ 437,748	\$ (15,542)	\$ 2,787	\$ 4,527,985

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Notes to Consolidated Financial Statements
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Year Ended March 31, 2025

15. Tangible capital assets (continued):

Accumulated amortization	2023	Amortization	Disposals	Transfers	2024
Buildings	\$ 1,117,701	\$ 60,255	\$ -	\$ -	1,177,956
Equipment	660,366	37,992	(15,542)	-	682,816
Information systems	334,138	69,057	-	-	403,195
Leasehold improvements	50,485	7,148	-	-	57,633
Buildings under capital lease	36,976	2,235	-	-	39,211
	\$ 2,199,666	\$ 176,687	\$ (15,542)	\$ -	2,360,811

Net book value	2025	2024
Land	\$ 74,071	70,311
Buildings	1,105,763	822,682
Equipment	154,968	119,087
Information systems	491,782	513,445
Leasehold improvements	38,655	34,430
Buildings under capital lease	70,359	72,594
Construction in progress	286,477	470,234
Equipment and information systems in progress	65,574	64,391
	\$ 2,287,649	2,167,174

Tangible capital assets are funded as follows:

	2025	2024
Deferred capital contributions	\$ 1,955,667	1,834,220
Debt	84,399	88,407
Internally funded	247,583	244,547
Tangible capital assets	\$ 2,287,649	2,167,174

VANCOUVER COASTAL HEALTH AUTHORITY

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16. Inventories held for use:

		2025		2024
Pharmaceuticals	\$	13,120	\$	12,850
Medical supplies		1,344		1,276
	\$	14,464	\$	14,126

17. Prepaid expenses:

		2025		2024
Contracted services	\$	29,368	\$	20,461
Maintenance contracts		8,758		6,889
Rent and operating costs		6,796		6,672
Nurses Membership Fees		3,566		1,760
Zoning application		990		-
Other		4,848		3,201
	\$	54,326	\$	38,983

18. Commitments and contingencies:

(a) Construction, equipment and information systems projects in process:

As at March 31, 2025, the Authority had outstanding commitments for construction, equipment and information systems in progress of \$119.1 million (2024 - \$95.7 million).

(b) Contractual obligations:

The Authority has entered into contracts for various services within the normal course of operations. The estimated contractual obligations under these contracts for the years ending March 31 are as follows:

	2026	2027	2028	2029	2030	Thereafter	Total
Physicians compensation	\$ 409,603	\$ 400,677	\$ 392,445	\$ 404,246	\$ 416,441	\$ 429,005	\$ 2,452,417
Laundry	23,496	24,553	-	-	-	-	48,049
Waste management	1,669	278	220	-	-	-	2,167
Inventory management	16,203	16,203	16,203	-	-	-	48,609
Software licenses/equipment rental/support services	90,482	42,075	40,677	959	94	-	174,287
	\$ 541,453	\$ 483,786	\$ 449,545	\$ 405,205	\$ 416,535	\$ 429,005	\$ 2,725,529

Certain of the contractual commitments are in relation to services that are critical to the operations of the Authority. As these contracts approach their termination dates, they will be renewed or tendered in accordance with the Authority's procurement policies.

VANCOUVER COASTAL HEALTH AUTHORITY

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Year Ended March 31, 2025

18. Commitments and contingencies (continued):

(c) Long term care contracts:

The Authority has entered into contracts with 36 service providers to provide long-term care services. The aggregate annual estimated commitment for these contracts is \$484.2 million for 2025 (2024 – 36 service providers, \$456.5 million).

(d) Operating leases:

The aggregate minimum future annual rentals under operating leases for the years ending March 31 are as follows:

2026	\$	54,757
2027		47,049
2028		39,135
2029		32,706
2030		30,254
Thereafter		108,215
	\$	312,116

(e) Public private partnerships:

The Authority entered into a multi-year P3 contract with the private sector partner AHV Access Health Vancouver Ltd. ("AHV"). Under the agreement, AHV designed, constructed, financed and will maintain the Gordon & Leslie Diamond Health Care Centre facilities until the end of the term of the agreement in August 2036. Payment guarantees have been provided by the Province for the payment obligations to AHV.

The information presented below shows the anticipated cash outflow for future obligations under this contract for the capital cost and financing of the asset, the facility maintenance (FM), and the lifecycle costs. FM and lifecycle payments to AHV are contingent on specified performance criteria and include an estimation of inflation. Required principal repayments on P3 debt are disclosed below as capital commitments:

	Capital	Financing	FM and lifecycle	Total payments
2026	\$ 4,444	\$ 4,332	\$ 3,678	\$ 12,454
2027	4,908	4,088	6,288	15,284
2028	5,403	3,818	5,107	14,328
2029	5,930	3,522	4,165	13,617
2030	6,492	3,196	5,169	14,857
Thereafter	57,222	10,555	38,966	106,743
	\$ 84,399	\$ 29,511	63,373	\$ 177,283

VANCOUVER COASTAL HEALTH AUTHORITY

Notes to Consolidated Financial Statements
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Year Ended March 31, 2025

18. Commitments and contingencies (continued):

(f) Litigation and claims:

Risk management and insurance services for all health authorities in BC are provided by the Risk Management and Government Security Branch of the Ministry of Finance.

The nature of the Authority's activities is such that there is litigation pending or in progress at any time. With respect to unsettled claims at March 31, 2025, management is of the opinion that the Authority has valid defenses and appropriate insurance coverage in place, or if there is unfunded risk, such claims are not expected to have material effect on the Authority's financial position. Outstanding contingencies are reviewed on an ongoing basis and any unfunded risk is provided for based on management's best estimate of the ultimate settlement.

(g) Guarantees:

The Authority provided a guarantee to the City of Vancouver in respect of the Providence Health Care Society's obligation to construct two Childcare Facilities on the new St. Paul's Hospital and Health Campus, pursuant to the Childcare Facilities Construction and Use Agreement between the Providence Health Care Society and the City of Vancouver dated January 4, 2021. The estimated cost of constructing the two Childcare Facilities is \$25.3 million.

The Authority further provided a guarantee to the City of Vancouver dated November 3, 2022 in respect of the stated above up to the amount of \$40.0M for completion, post-completion maintenance and all associated costs within the timelines set out.

There are no expectations that VCH will have to pay out amounts under the guarantee.

19. Statement of operations:

(a) Other contributions:

	2025	2024
Provincial Health Services Authority ("PHSA")	\$ 173,363	\$ 171,012
BC government reporting entities	15,659	16,115
Other	28,440	19,611
	<u>\$ 217,462</u>	<u>\$ 206,738</u>

VANCOUVER COASTAL HEALTH AUTHORITY

Notes to Consolidated Financial Statements
(tabular amounts expressed in thousands of dollars)

Year Ended March 31, 2025

19. Statement of operations (continued):

(b) Patients, clients and residents revenue:

	2025	2024
Non-residents of Canada	\$ 65,505	\$ 53,025
Long-term and extended care	49,058	49,504
Non-residents of BC	44,927	37,523
WorkSafe BC	26,631	21,708
Residents of BC self pay	12,621	12,354
Uninsured residents	3,193	4,556
Preferred accommodation	1,699	1,915
Other	2,997	1,980
	\$ 206,631	\$ 182,565

(c) Other revenue:

	2025	2024
Recoveries from sales of goods and services	\$ 28,955	\$ 9,424
Compensation recoveries	19,397	18,378
Food Services	8,590	4,337
Parking	5,110	4,930
Other	26,702	20,948
	\$ 88,754	\$ 58,017

VANCOUVER COASTAL HEALTH AUTHORITY

Notes to Consolidated Financial Statements
(tabular amounts expressed in thousands of dollars)

Year Ended March 31, 2025

19. Statement of operations (continued):

(d) The following is a summary of expenses by object:

	2025	2024
Employee related:		
Compensation	\$ 2,618,006	2,390,916
Employee benefits	548,897	506,482
Loss (Gain) on event driven employee benefits	(25,416)	266
	<u>3,141,487</u>	<u>2,897,664</u>
Referred-out and contracted services:		
Other health authorities and BC government reporting entities (notes 21(a), 21(c))	2,104,621	1,506,943
Health and support services providers	876,008	859,864
	<u>2,980,629</u>	<u>2,366,807</u>
Supplies:		
Medical and surgical	175,201	162,198
Drugs and medical gases	99,734	96,349
Diagnostic	36,154	30,391
Food and dietary	29,243	10,392
Housekeeping	8,467	5,892
Printing, stationery and office	5,873	5,732
Laundry and linen	5,643	6,401
Other	33,560	31,897
	<u>393,875</u>	<u>349,252</u>
Amortization of tangible capital assets (note 15)	195,088	176,687
Equipment and building services:		
Equipment	107,089	98,113
Building and grounds service contracts	45,462	39,201
Rent	41,928	36,450
Plant operations (utilities)	26,009	25,411
Other	14,543	11,844
	<u>235,031</u>	<u>211,019</u>
Sundry:		
Professional fees	46,731	38,332
Bad debt expense	28,891	24,191
Travel	14,931	19,335
Communication and data processing	14,221	14,258
Patient transport	10,165	7,646
Other	33,813	32,553
	<u>148,752</u>	<u>136,315</u>
Research	22,726	21,273
Interest on debt and capital leases	4,559	4,759
	<u>\$ 7,122,147</u>	<u>\$ 6,163,776</u>

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Notes to Consolidated Financial Statements
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Year Ended March 31, 2025

20. Supplementary cash flow information:

Net change in non-cash operating items:

	2025	2024
Accounts receivable	\$ (15,398)	\$ 204,666
Pearson receivable	-	(550)
Accounts payable and accrued liabilities	43,028	(55,601)
Deferred operating revenue	(39)	(882)
Deferred research and designated revenue	(253)	(373)
Replacement reserves	96	50
Inventories held for sale	(19)	(72)
Inventories held for use	(338)	(581)
Prepaid expenses	(15,343)	(5,747)
	\$ 11,734	\$ 140,910

21. Related parties and other agencies:

Disclosure of values for related party transactions is only required if the values are different from that which would have been arrived at if the parties were unrelated. The following are identified related parties:

(a) BC government reporting entities:

The Authority is related through common control to all Province of BC ministries, agencies, Crown corporations, school districts, health authorities, hospital societies, universities and colleges that are included in the provincial government reporting entity. Transactions with these organizations, unless disclosed otherwise, are considered to be in the normal course of operations and are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Referred out and contracted services expenses as outlined in note 19(d) are measured at the exchange amount, which is the amount established and agreed to by the related parties, and differs from fair market value.

The health authorities provide various services to each other relating to the provision of healthcare and other support services. The related revenues and expenses are reflected in the statement of operations and are recorded on a cost recovery basis, as the entities would have otherwise delivered the services themselves. As a result, the values recorded in the financial statements approximate fair market value.

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21. Related parties and other agencies (continued):

(b) Foundations, regional hospital districts and auxiliaries:

There are 18 separate health care foundations, regional hospital districts, and auxiliaries, which were established to raise funds for their respective hospitals and/or community health services organizations within the Authority area. The foundations and auxiliaries are separate legal entities incorporated under the *Society Act of British Columbia* with separate governance structures. The foundations and some of the auxiliaries are registered charities under the provisions of the *Income Tax Act* of Canada. The financial and non-financial assets and liabilities and results from operations of the foundations and auxiliaries are not included in the financial statements of the Authority. During the year, the foundations granted \$107.2 million (2024 - \$91.5 million) to the Authority.

(c) Affiliated organization:

The contributions from the Ministry on behalf of PHC is \$1,528.5 million (2024 - \$936.4 million) and funds transferred to PHC are recorded as expenses, \$1,705.0 million (2024 - \$1,103.0 million). The increases in contributions and expenses in fiscal year 2024-2025 are related to the development of the new St. Paul's Hospital. The financial statements of the affiliate, PHC, are not consolidated with the Authority. The annual surplus and accumulated (deficit) of PHC is \$1.1 million (2024 - \$1.4 million), and \$(94.6) million (2024 - \$(96.3) million), respectively.

VCH will not assume responsibility for any past or current accumulated deficits or for any operating or working capital deficit incurred in PHC's ongoing operations.

(d) Key management personnel:

The Authority has deemed the Board of Directors and Senior Executive Team to be key management personnel based on the PS 2200 definition. A declaration is completed by the key management personnel annually to confirm whether there are any related party transactions. There are no related party transactions to disclose.

22. Risk management:

The Authority is exposed to credit risk, liquidity risk and foreign exchange risk from its financial instruments. Qualitative and quantitative analysis of the significant risks from the Authority's financial instruments is provided by type of risk below.

(a) Credit risk:

Credit risk primarily arises from the Authority's cash and cash equivalents, portfolio investments, accounts receivable, and loan receivable. The risk exposure is limited to their varying amounts at the date of the statement of financial position.

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22. Risk management (continued):

(a) Credit risk (continued):

The Authority manages credit risk by holding balances of cash and cash equivalents with reputable top rated financial institutions. The Authority has entered into an offset banking agreement with the Province under the Central Deposit Program in February 2014. The Central Deposit Program provides interest compensation and account administration to the Authority on the excess cash balances that the Authority contributed and held with the Province under the program. The Authority has \$355.9 million (2024 - \$439.1 million) held in the Central Deposit Program under the BC government. Funds can be requested and received within three business days.

Accounts receivable primarily consist of amounts receivable from the Ministry, other health authorities and BC government reporting entities, patients, clients and agencies, hospital foundations and auxiliaries, grantors, etc. To reduce the risk, the Authority periodically reviews the collectability of its accounts receivable and establishes an allowance based on its best estimate of potentially uncollectible amounts. As at March 31, 2025, the amount of allowance for doubtful accounts was \$118.5 million (2024 - \$97.7 million).

The Authority is not exposed to significant credit risk with respect to the portfolio investments, and amounts receivable from the Ministry, other health authorities and senior government reporting entities or foundations and auxiliaries. The portfolio investments are low risk and immaterial.

(b) Liquidity risk:

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they become due. It is the Authority's intention to meet its financial obligations through the collection of current accounts receivable, cash and cash equivalents on hand and future funding from the Ministry.

The Authority's principal source of funding is from the Ministry. The Authority is not subject to debt covenants or any other capital requirements with respect to operating funding. Funding received for designated purposes must be used for the purpose outlined in the funding letter or grant documentation. The Authority has complied with the external restrictions on the funding provided.

VANCOUVER COASTAL HEALTH AUTHORITY

Notes to Consolidated Financial Statements
(tabular amounts expressed in thousands of dollars)

Year Ended March 31, 2025

22. Risk management (continued):

(b) Liquidity risk (continued):

The tables below show when various financial assets and liabilities mature:

2025 Financial assets	Up to 1 year	1 to 5 years	Over 5 years	Total
Cash and cash equivalents	\$ 635,338	\$ -	\$ -	\$ 635,338
Portfolio investments	3,268	-	-	3,268
Accounts receivable	323,084	-	-	323,084
Loan receivable	446	1,959	5,200	7,605
Financial assets	\$ 962,136	\$ 1,959	\$ 5,200	\$ 969,295

2025 Liabilities	Up to 1 year	1 to 5 years	Over 5 years	Total
Accounts payable and accrued liabilities	\$ 702,788	\$ -	\$ -	\$ 702,788
Debt	4,444	22,733	57,222	84,399
Financial liabilities	\$ 707,232	\$ 22,733	\$ 57,222	\$ 787,187

2024 Financial assets	Up to 1 year	1 to 5 years	Over 5 years	Total
Cash and cash equivalents	\$ 691,565	\$ -	\$ -	\$ 691,565
Portfolio investments	2,939	-	-	2,939
Accounts receivable	307,686	-	-	307,686
Loan receivable	1,008	2,406	400	3,814
Financial assets	\$ 1,003,198	\$ 2,406	\$ 400	\$ 1,006,004

2024 Liabilities	Up to 1 year	1 to 5 years	Over 5 years	Total
Accounts payable and accrued liabilities	\$ 659,760	\$ -	\$ -	\$ 659,760
Debt	4,008	20,684	63,715	88,407
Financial liabilities	\$ 663,768	\$ 20,684	\$ 63,715	\$ 748,167

The maturity dates of the remaining financial assets and liabilities cannot be determined and therefore, are excluded from the above amounts.

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Year Ended March 31, 2025

22. Risk management (continued):

(c) Foreign currency risk:

The Authority's operating results and financial position are reported in Canadian dollars. As the Authority operates in an international environment, some of the Authority's financial instruments and transactions are denominated in currencies other than the Canadian dollar. The results of the Authority's operations are subject to currency fluctuations. The foreign currency financial instruments are short-term in nature and do not give rise to significant foreign currency risk.

The Authority makes payments denominated in US dollars and other currencies. The currency most contributing to the foreign exchange risk is the US dollar. US dollar balances at March 31, 2025 are not material.

The Authority is subjected to indirect foreign exchange risk, potential tariff impacts, and uncertainties arising from contracts that the Authority's service provider, PHSA has entered into.

The Authority has not entered into any agreements or purchased any foreign currency hedging arrangements to hedge possible currency risks, as management believes that the foreign exchange risk derived from currency conversions is not significant.

(d) Future service capacity risk:

VCH's ability to provide service to our patients, clients, and residents is contingent upon the condition of our facilities, equipment, and information systems. While VCH works to maintain facilities, equipment, and information systems in good repair, there are several older facilities that are part of everyday health care operations which are fully depreciated with no remaining book value. While the risk of facility, equipment or information system failure is small, the potential impact of a failure of facilities, equipment or information systems could be significant and result in temporary service delivery delays.

(e) Dependency risk:

The Authority relies on a number of service providers to deliver services to its patients, clients and residents. The Authority does not have direct information on the financial condition of the service providers nor their ability to continue delivering the contracted services for the duration of the service delivery contracts. There is a risk that certain of these service providers may not be able to fulfill their obligations under the contracts. As such, the Authority is at risk of services not being provided and/or having to incur additional costs to ensure the services are delivered.

23. Government partnership:

VCH has entered into an agreement with PHC and PHSA to fund and develop the Clinical and Systems Transformation project (CST). The CST project is a multi-year initiative designed to improve the safety, quality and consistency of patient care across these three organizations. CST is intended to replace multiple aging existing systems with a single common clinical information system.

VANCOUVER COASTAL HEALTH AUTHORITY

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23. Government partnership (continued):

The agreement maps out the oversight structure for the project and the roles and responsibilities of the three organizations including their funding responsibilities and ownership rights. Under this agreement VCH pays 75% of shared project costs and PHSA pays the remaining 25%. Each organization is then responsible to pay costs that are unique to their organization. Ownership of CST and its related intellectual property is allocated on the same basis as costs. Generally this means that VCH owns 75% of CST and PHSA owns the remaining 25%.

During the fiscal year ended March 31, 2023, the CST system was deemed substantially completed by all organizations and amortization for the system began in November 2022.

As at March 31, 2025, VCH has capitalized CST development costs, of which \$611.5M (2024 - \$591.0M) are included in "Equipment, buildings, construction in progress, and information systems in progress" in note 15 of these financial statements.

24. Potential Tariff Impact and Uncertainty:

As of the reporting date, the Authority is actively monitoring the potential impact of tariffs and trade restrictions that may arise from ongoing global trade negotiations. These factors could result in increased costs for medical and surgical supplies, drugs and medical gases, equipment and other supplies, as well as changes in supply chain operations. The Authority is exposed to the risk of potential tariffs on products imported from other countries. While the Authority has undertaken efforts to manage these risks, including sourcing alternatives, there remains uncertainty regarding the full extent of future tariff changes and their impact on financial position and results in operations. The Authority cannot currently estimate the precise financial effect of these potential tariff changes due to the lack of clarity regarding the timing, scope, and finality of any new tariffs or trade restrictions.

25. Comparative figures:

Certain comparative figures have been reclassified to conform to the current year's financial statement presentation.