

Financial Statements of

**VANCOUVER ISLAND HEALTH AUTHORITY**

And Independent Auditor's Report thereon

Year ended March 31, 2025



## Statement of Management Responsibility

The financial statements of the Vancouver Island 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 implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

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

The external auditor, KPMG LLP, conducts an independent examination, in accordance with Canadian generally accepted auditing standards, and expresses their opinion on the financial statements. Their examination considers internal control relevant to management's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purposes of expressing an opinion on the effectiveness of the Authority's internal control. The external auditor has full and free access to the Finance and Audit Committee of the Board and meet with it on a regular basis.

On behalf of the Vancouver Island Health Authority

A handwritten signature in black ink, appearing to read "Kathryn E. MacNeil", written over a horizontal line.

Kathryn E. MacNeil  
President and Chief Executive Officer

A handwritten signature in blue ink, appearing to read "Kim Kerrone", written over a horizontal line.

Kim Kerrone  
Vice President - Chief Financial Officer

May 28, 2025



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## INDEPENDENT AUDITOR'S REPORT

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

### **Opinion**

We have audited the financial statements of Vancouver Island Health Authority (the Authority), which comprise:

- the statement of financial position as at March 31, 2025
- the statement of operations and accumulated deficit for the year then ended
- the statement of changes in net debt for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements as at and for the year ended March 31, 2025 of the Authority are prepared, in all material respects, in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

### **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 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 – Financial Reporting Framework***

We draw attention to Note 1(a) to the financial statements which describes the applicable financial reporting framework and the significant differences between that financial reporting framework and Canadian public sector accounting standards.

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 of the financial statements in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia 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 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 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.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*KPMG LLP*

Chartered Professional Accountants

Victoria, Canada  
May 29, 2025

# VANCOUVER ISLAND HEALTH AUTHORITY

Statement of Financial Position

(Financial statements and tabular amounts expressed in thousands of dollars)

As at March 31, 2025, with comparative information for 2024

	2025	2024
<b>Financial assets</b>		
Cash and cash equivalents (note 2)	\$ 330,495	\$ 391,199
Accounts receivable (note 3)	219,421	313,507
Inventories held for sale	1,252	1,071
Long-term disability and health and welfare benefits (note 8(b)(i))	135,476	85,636
	<u>686,644</u>	<u>791,413</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (note 4)	579,518	533,704
Deferred operating contributions (note 5)	2,500	2,326
Deferred research and designated contributions (note 6)	2,356	2,821
Debt (note 7)	353,718	362,948
Retirement allowance (note 8(a))	137,211	128,698
Asset retirement obligations (note 9)	50,227	46,690
Deferred capital contributions (note 10)	1,992,656	1,681,291
	<u>3,118,186</u>	<u>2,758,478</u>
<b>Net debt</b>	<u>(2,431,542)</u>	<u>(1,967,065)</u>
<b>Non-financial assets</b>		
Tangible capital assets (note 11)	2,235,029	1,814,095
Inventories held for use	29,068	26,024
Prepaid expenses	35,027	38,151
Restricted assets	231	231
	<u>2,299,355</u>	<u>1,878,501</u>
<b>Accumulated deficit</b>	<u>\$ (132,187)</u>	<u>\$ (88,564)</u>

Commitments and contingencies (note 12)

See accompanying notes to financial statements.

Approved on behalf of the Board:

  
 Leah Hollins Board Chair

  
 Harold Cull Director

# VANCOUVER ISLAND HEALTH AUTHORITY

Statement of Operations and Accumulated Deficit

(Financial statements and tabular amounts expressed in thousands of dollars)

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

	2025 Budget (note 1(n))	2025	2024
<b>Revenues:</b>			
Ministry of Health contributions	\$ 3,816,873	\$ 3,832,925	\$ 3,545,887
Medical Services Plan	267,579	321,963	267,087
Recoveries from other health authorities and BC government reporting entities	158,339	174,321	161,338
Amortization of deferred capital contributions (note 10)	96,531	90,700	89,633
Patients, clients and residents (note 13(a))	89,458	100,986	87,540
Other (note 13(b))	55,830	62,387	62,806
Other contributions (note 13(c))	5,738	1,742	2,726
Investment income	6,581	23,088	5,922
	<b>4,496,929</b>	<b>4,608,112</b>	<b>4,222,939</b>
<b>Expenses (note 13(d)):</b>			
Acute care	2,253,602	2,316,141	2,124,485
Long-term care	701,601	709,295	686,868
Community care	655,539	722,697	626,605
Mental health and substance use	368,428	368,888	346,276
Corporate	392,762	412,521	323,989
Population health and wellness	124,997	122,193	111,627
	<b>4,496,929</b>	<b>4,651,735</b>	<b>4,219,850</b>
Annual surplus (deficit)	-	(43,623)	3,089
Accumulated deficit, beginning of year	(88,564)	(88,564)	(91,653)
Accumulated deficit, end of year	\$ (88,564)	\$ (132,187)	\$ (88,564)

See accompanying notes to financial statements.

# VANCOUVER ISLAND HEALTH AUTHORITY

## Statement of Changes in Net Debt

(Financial statements and tabular amounts expressed in thousands of dollars)

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

	2025 Budget (note 1(n))	2025	2024
Annual surplus (deficit)	\$ -	\$ (43,623)	\$ 3,089
Acquisition of tangible capital assets	(648,860)	(523,145)	(359,728)
Amortization of tangible capital assets	108,000	102,211	101,665
	(540,860)	(464,557)	(254,974)
Acquisition of inventories held for use	-	(337,442)	(267,115)
Acquisition of prepaid expenses	-	(206,299)	(179,010)
Consumption of inventories held for use	-	334,398	263,527
Use of prepaid expenses	-	209,423	176,600
	-	80	(5,998)
Increase in net debt	(540,860)	(464,477)	(260,972)
Net debt, beginning of year	(1,967,065)	(1,967,065)	(1,706,093)
Net debt, end of year	\$ (2,507,925)	\$ (2,431,542)	\$ (1,967,065)

See accompanying notes to financial statements.

# VANCOUVER ISLAND HEALTH AUTHORITY

## Statement of Cash Flows

(Financial statements and tabular amounts expressed in thousands of dollars)

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

	2025	2024
Cash flows from (used in):		
Operating activities:		
Annual surplus (deficit)	\$ (43,623)	\$ 3,089
Items not involving cash:		
Amortization of deferred capital contributions	(90,700)	(89,633)
Amortization of tangible capital assets	102,211	101,665
Increase in asset retirement obligations	1,625	3,812
Asset retirement obligations accretion	1,912	65
Retirement allowance expense	16,921	16,503
Long-term disability and health and welfare benefits expense	47,333	62,176
Interest income	(23,088)	(5,922)
Interest expense	23,892	24,479
Net change in non-cash operating items (note 14)	139,508	178,398
Retirement allowance benefits paid	(8,408)	(9,585)
Long-term disability and health and welfare benefits contributions	(97,173)	(84,257)
Interest received	23,088	5,922
Interest paid	(23,892)	(24,479)
<b>Net change in cash from operating activities</b>	<b>69,606</b>	<b>182,233</b>
Capital activities:		
Acquisition of tangible capital assets	(523,145)	(359,728)
<b>Net change in cash from capital activities</b>	<b>(523,145)</b>	<b>(359,728)</b>
Financing activities:		
Repayment of debt	(9,230)	(8,849)
Capital contributions	402,065	364,363
<b>Net change in cash from financing activities</b>	<b>392,835</b>	<b>355,514</b>
Increase (decrease) in cash and cash equivalents	(60,704)	178,019
Cash and cash equivalents, beginning of year	391,199	213,180
<b>Cash and cash equivalents, end of year</b>	<b>\$ 330,495</b>	<b>\$ 391,199</b>

See accompanying notes to financial statements.

# VANCOUVER ISLAND HEALTH AUTHORITY

Notes to Financial Statements

(Financial statements and tabular amounts expressed in thousands of dollars)

Year ended March 31, 2025

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Vancouver Island 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 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 Island region and those referred from outside the region.

## 1. Significant accounting policies:

### (a) Basis of accounting:

The financial statements are prepared in accordance with the financial reporting provisions of 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 elections available for government not-for-profit organizations.

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 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 period 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.
- (ii) Contributions externally restricted for specific purposes other than those for the acquisition or development of a depreciable tangible capital asset are recorded as deferred operating 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.

# VANCOUVER ISLAND HEALTH AUTHORITY

Notes to Financial Statements

(Financial statements and tabular amounts expressed in thousands of dollars)

Year ended March 31, 2025

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## 1. Significant accounting policies (continued):

### (a) Basis of accounting (continued):

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 require 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;
- externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified; and
- deferred contributions meet the definition of a liability.

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

### (b) 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 investments generally 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.

### (c) Accounts receivable:

Accounts receivable are recorded at amortized cost less an allowance for doubtful accounts. 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 collectable.

### (d) Inventories held for sale:

Inventories held for sale are recorded at the lower of weighted average cost or net realizable value. Cost includes the purchase price, import duties and other taxes, transport, handling and other costs directly attributable to the acquisition. Net realizable value is the estimated selling price less any costs to sell.

Inventories held for sale include pharmaceutical and other medical supplies.

### (e) 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 defined long-term disability and health and welfare benefits plans as employees render services to earn benefits.

# VANCOUVER ISLAND HEALTH AUTHORITY

Notes to Financial Statements

(Financial statements and tabular amounts expressed in thousands of dollars)

Year ended March 31, 2025

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## 1. Significant accounting policies (continued):

### (e) Employee benefits (continued):

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

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 and health and welfare benefits that do not vest or accumulate are recognized immediately.

The discount rate used to measure an 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 due and payable.

#### (iii) Accumulating, non-vesting benefit plans:

Benefits that accrue to employees which 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.

### (f) Asset retirement obligations:

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.

# VANCOUVER ISLAND HEALTH AUTHORITY

Notes to Financial Statements

(Financial statements and tabular amounts expressed in thousands of dollars)

Year ended March 31, 2025

## 1. Significant accounting policies (continued):

### (f) Asset retirement obligations (continued):

Certain building and fuel tank assets contain hazardous materials, and it is the Authority's practice to, as necessary, remediate these hazardous materials either on disposal of a tangible capital asset or in the course of completing repairs and maintenance. The liability for the removal of asbestos and other hazardous material in some buildings owned by the Authority, and fuel tanks located on sites owned by the Authority, have been recognized based on estimated future expenses to remediate the sites.

Under the modified retrospective method, the assumptions used on initial recognition are those as of the date of adoption of the standard. Assumptions used in the subsequent calculations are revised annually. When the amount and timing of future cash flows of a remediation or demolition project are known, the liability is discounted using a present value calculation, and adjusted yearly for accretion expense up to the time the project commences.

The recognition of the asset retirement obligations resulted in an accompanying increase to the respective tangible capital assets. The increase in building and fuel tank assets is being amortized in accordance with the amortization accounting policies outlined in note 1(g)(i). Fuel tanks are considered building service equipment and are presented within the building capital asset account.

### (g) 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
Land improvements	5 – 25 years
Buildings	5 – 50 years
Equipment	3 – 20 years
Information systems	3 – 10 years
Assets under capital lease and leasehold improvements	Lease term

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

# VANCOUVER ISLAND HEALTH AUTHORITY

Notes to Financial Statements

(Financial statements and tabular amounts expressed in thousands of dollars)

Year ended March 31, 2025

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## 1. Significant accounting policies (continued):

### (g) Non-financial assets (continued):

#### (i) Tangible capital assets (continued):

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 is 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.

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

#### (ii) Purchased intangibles:

Purchased intangible assets are initially recorded at cost, which includes the purchase price and any directly attributable costs.

Purchased intangibles with finite lives are amortized over their estimated useful lives, which are reviewed annually for impairment, or whenever events or changes in circumstances indicate that the benefits associated with the intangible asset are less than their net book value. Purchased intangibles with indefinite useful lives are not amortized but are tested for impairment annually, or whenever events or changes in circumstances indicate the net book value exceeds the value of the purchased intangible. The write-downs of purchased intangible assets are recorded in the statement of operations. Write-downs are not subsequently reversed.

#### (iii) Inventories held for use:

Inventories held for use are recorded at the lower of weighted average cost and replacement cost. Certain inventory items are held on consignment and are not included in inventory.

#### (iv) Prepaid expenses:

Prepaid expenses are recorded at cost and amortized over the period the service benefits are received.

### (h) 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.

Revenues from transactions with performance obligations are 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.

# VANCOUVER ISLAND HEALTH AUTHORITY

Notes to Financial Statements

(Financial statements and tabular amounts expressed in thousands of dollars)

Year ended March 31, 2025

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## 1. Significant accounting policies (continued):

### (h) Revenue recognition (continued):

Revenues from transactions without performance obligations are 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.

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.

### (i) Measurement of 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.

Areas requiring the use of estimates include the estimated useful lives of tangible capital assets, amounts to settle asset retirement obligations, 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.

### (j) Restricted assets:

Restricted assets are comprised of endowment contributions which are externally restricted in their use. Endowment contributions are recorded as revenue in the period of acquisition. Use of these funds is limited to the terms of reference.

### (k) 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 is recognized in the statement of operations.

# VANCOUVER ISLAND HEALTH AUTHORITY

Notes to Financial Statements

(Financial statements and tabular amounts expressed in thousands of dollars)

Year ended March 31, 2025

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## 1. Significant accounting policies (continued):

### (l) 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 amortized cost less any allowance for doubtful accounts. Portfolio investments, other than equity investments quoted in an active market, are reported at cost less any write-downs associated with a loss in value that is other than a temporary decline. All debt and other financial liabilities are recorded using cost or amortized cost.

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 portfolio investment 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 liabilities.

### (m) Capitalization of 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 are 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. Interest during construction is also included in the asset cost and is calculated on the P3 asset value, less contributions received and amounts repaid, during the construction term. 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 contributions received, is recorded as a liability and included in debt.

# VANCOUVER ISLAND HEALTH AUTHORITY

Notes to Financial Statements

(Financial statements and tabular amounts expressed in thousands of dollars)

Year ended March 31, 2025

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## 1. Significant accounting policies (continued):

### (m) Capitalization of public-private partnership projects (continued):

Upon substantial completion, the private sector partner receives monthly payments over the term of the project agreement to cover the partners' operating costs, financing costs and a return of their capital.

### (n) 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 June 26, 2024. The budget is reflected in the statement of operations and accumulated deficit and the statement of changes in net debt.

### (o) Future accounting standards:

- (i) In 2010, PSAB undertook a project to review and update the conceptual framework for the Public Sector Accounting Handbook to ensure it is still relevant. In June 2022, the revised conceptual framework was approved by PSAB. The revised conceptual framework will replace the existing conceptual framework which consists of PS 1000, Financial Statement Concepts and PS 1100, Financial Statement Objectives. The revised conceptual framework will be effective for fiscal years beginning on or after April 1, 2026. Management is in the process of assessing the impact of adoption of the revised conceptual framework on the financial statements of the Authority.
- (ii) On October 2, 2023, PSAB issued a new financial reporting model in section PS 1202, Financial Statement Presentation ("PS 1202"), which will replace the current section PS 1201, Financial Statement Presentation. PS 1202 will apply to fiscal years beginning on or after April 1, 2026 with early adoption permitted if the revised conceptual framework (note 1(o)(i)) is adopted at the same time. The new standard includes various changes to the presentation of the financial statements and common terminology. Management is in the process of assessing the impact of adoption of PS 1202 on the financial statements of the Authority.

# VANCOUVER ISLAND HEALTH AUTHORITY

## Notes to Financial Statements

(Financial statements and tabular amounts expressed in thousands of dollars)

Year ended March 31, 2025

### 2. Cash and cash equivalents:

	2025	2024
Cash and cash equivalents	\$ 330,495	\$ 391,199
Less amounts restricted for:		
Capital purposes	(101,059)	(222,139)
P3 projects	(40,189)	(38,384)
Future operating purposes	(2,500)	(2,326)
Research and designated purposes	(2,356)	(2,821)
Patient comfort funds	(650)	(545)
Amounts internally restricted	(1,600)	(1,544)
Unrestricted cash and cash equivalents	\$ 182,141	\$ 123,440

### 3. Accounts receivable:

	2025	2024
Medical Services Plan	\$ 102,010	\$ 50,565
Other health authorities and BC government reporting entities	33,530	40,605
Ministry of Health	28,491	178,591
Patients, clients and residents	27,209	22,280
Regional Hospital Districts	12,983	10,785
Foundations and auxiliaries	3,576	4,682
Federal government	5,045	7,941
WorkSafe BC	1,690	1,482
Other	14,546	9,418
	229,080	326,349
Allowance for doubtful accounts	(9,659)	(12,842)
	\$ 219,421	\$ 313,507

### 4. Accounts payable and accrued liabilities:

	2025	2024
Salaries and benefits payable	\$ 208,194	\$ 220,765
Trade accounts payable and accrued liabilities	246,979	198,766
Accrued vacation pay	124,345	114,173
	\$ 579,518	\$ 533,704

# VANCOUVER ISLAND HEALTH AUTHORITY

## Notes to Financial Statements

(Financial statements and tabular amounts expressed in thousands of dollars)

Year ended March 31, 2025

### 5. Deferred operating contributions:

Deferred operating contributions represent externally restricted operating funding received for specific purposes.

	2025	2024
Deferred operating contributions, beginning of year	\$ 2,326	\$ 2,402
Contributions received	586	3,263
Amounts recognized as revenue	(412)	(3,339)
Deferred operating contributions, end of year	\$ 2,500	\$ 2,326

### 6. Deferred research and designated contributions:

Deferred research and designated contributions represent unspent contributions received to fund research and other activities. Contributions are received from external sources for specific clinical research projects and specific educational purposes.

	2025	2024
Deferred research and designated contributions, beginning of year	\$ 2,821	\$ 2,302
Contributions received	663	1,123
Amounts recognized as revenue	(1,128)	(604)
Deferred research and designated contributions, end of year	\$ 2,356	\$ 2,821

### 7. Debt:

	2025	2024
Public-private partnerships (P3):		
Royal Jubilee Hospital (RJH) Patient Care Centre, 30 year contract to December 1, 2040 with ISL Health, payable in monthly payments of \$1,229 including annual interest of 6.31%, payable in accordance with the project agreement terms.	\$ 147,012	\$ 152,305
Campbell River and Comox Valley Hospitals, 30 year contract to April 1, 2047 with Tandem Health Partners, payable in monthly payments of \$1,526 including annual interest of 6.94%, payable in accordance with the project agreement terms.	206,706	210,537
	353,718	362,842

# VANCOUVER ISLAND HEALTH AUTHORITY

Notes to Financial Statements

(Financial statements and tabular amounts expressed in thousands of dollars)

Year ended March 31, 2025

## 7. Debt (continued):

	2025	2024
Bank loans:		
Royal Bank of Canada, payable in monthly payments of \$15 including annual interest of 2.59%, matured in November 2024	-	106
	<u>\$ 353,718</u>	<u>\$ 362,948</u>

Required principal repayments on P3 debt over the years ending March 31 are disclosed with public-private partnerships and commitments in note 12(e).

## 8. Employee benefits:

### (a) Retirement allowance:

Certain employees with 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 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.

Information about retirement allowance benefits is as follows:

	2025	2024
Accrued benefit obligation:		
Severance benefits	\$ 99,990	\$ 85,227
Sick leave benefits	43,785	56,427
	<u>143,775</u>	<u>141,654</u>
Unamortized actuarial loss	(6,564)	(12,956)
Accrued benefit liability	<u>\$ 137,211</u>	<u>\$ 128,698</u>

# VANCOUVER ISLAND HEALTH AUTHORITY

Notes to Financial Statements

(Financial statements and tabular amounts expressed in thousands of dollars)

Year ended March 31, 2025

## 8. Employee benefits (continued):

### (a) Retirement allowance (continued):

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

	2025	2024
Accrued benefit liability, beginning of year	\$ 128,698	\$ 121,780
Net benefit expense:		
Current service cost	11,262	10,905
Prior year service cost	170	-
Interest expense	5,127	4,945
Amortization of actuarial gain (loss)	362	653
Net benefit expense	16,921	16,503
Benefits paid	(8,408)	(9,585)
Accrued benefit liability, end of year	\$ 137,211	\$ 128,698

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

	2025	2024
Accrued benefit obligation, as at March 31:		
Discount rate	3.60%	3.49%
Rate of compensation increase (% per annum)		
2024	3.00%	3.00%
2025	2.50%	2.50%
Thereafter	2.50%	2.50%
Benefit costs for years ended March 31:		
Discount rate	3.49%	3.55%
Rate of compensation increase (% per annum)		
2024	3.00%	3.00%
2025	2.50%	2.50%
Thereafter	2.50%	2.50%
Expected future inflationary increases	2.00%	2.00%

Individuals may be eligible for normal merit and promotional increases in addition to the rate of compensation increase.

# VANCOUVER ISLAND HEALTH AUTHORITY

Notes to Financial Statements

(Financial statements and tabular amounts expressed in thousands of dollars)

Year ended March 31, 2025

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## 8. Employee benefits (continued):

### (b) Healthcare Benefit Trust benefits:

The Healthcare Benefit Trust (the "Trust") administers long-term disability benefits 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 Authority's 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) liabilities are reflected in these financial statements.

The Authority's net asset as of March 31, 2025 is based on the actuarial valuation at December 31, 2024, extrapolated to March 31, 2025. The net asset as of March 31, 2024 is based on the actuarial valuation at December 31, 2023 and extrapolated to March 31, 2024.

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

	2025	2024
Fair value of plan assets	\$ 337,702	\$ 287,763
Accrued benefit obligation	202,226	202,127
Net asset	\$ (135,476)	\$ (85,636)

# VANCOUVER ISLAND HEALTH AUTHORITY

Notes to Financial Statements

(Financial statements and tabular amounts expressed in thousands of dollars)

Year ended March 31, 2025

## 8. Employee benefits (continued):

(b) Healthcare Benefit Trust benefits (continued):

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

	2025	2024
Long-term disability and health and welfare benefits asset, beginning of year	\$ (85,636)	\$ (63,555)
Net benefit expense:		
Long term disability expense	34,470	29,771
Health and welfare benefit expense	41,446	36,388
Interest expense	11,682	11,050
Actuarial gain	(24,285)	(905)
Employee payments	898	931
Expected return on assets	(16,878)	(15,059)
Net benefit expense	47,333	62,176
Contributions to the plan	(96,379)	(84,048)
Transfer of health and welfare benefits net surplus	(794)	(209)
Total contributions	\$ (97,173)	\$ (84,257)
Long-term disability and health and welfare benefits asset, end of year	\$ (135,476)	\$ (85,636)
Benefits paid to claimants	\$ (78,037)	\$ (71,579)

Plan assets consist of:

	December 31, 2024	December 31, 2023
Debt securities	37.00%	36.40%
Foreign equities	35.30%	36.30%
Canadian equities and other	27.70%	27.30%
Total	100.00%	100.00%

# VANCOUVER ISLAND HEALTH AUTHORITY

Notes to Financial Statements

(Financial statements and tabular amounts expressed in thousands of dollars)

Year ended March 31, 2025

## 8. Employee benefits (continued):

### (b) Healthcare Benefit Trust benefits (continued):

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

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

	2025	2024
Accrued benefit liability, as at March 31:		
Discount rate	5.70%	5.80%
Benefit indexing (% per annum)		
2024	3.00%	3.00%
2025	2.25%	2.25%
Thereafter	2.25%	2.25%
Benefit costs for years ended March 31:		
Discount rate	5.80%	5.90%
Rate of compensation increase		
benefit indexing (% per annum)		
2024	3.00%	3.00%
2025	2.25%	2.25%
Thereafter	2.25%	2.25%
Expected future inflationary increases (Consumer Price Index)	2.00%	2.00%
Expected long-term rate of return on plan assets	5.70%	5.80%

Benefit indexing is applicable except where negotiated wage increases are known. Where negotiated wage increases are known, they apply.

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 totalling \$90.3 million (2024 – \$81.8 million).

### (c) Employee pension benefits:

The Authority and its employees contribute to the Municipal Pension Plan and the Public Service Pension Plan, multi-employer defined benefit plans governed by the *BC Public Sector Pension Plans Act*.

# VANCOUVER ISLAND HEALTH AUTHORITY

Notes to Financial Statements

(Financial statements and tabular amounts expressed in thousands of dollars)

Year ended March 31, 2025

## 8. Employee benefits (continued):

### (c) Employee pension benefits (continued):

Employer contributions to the Municipal Pension Plan of \$151.0 million (2024 – \$140.6 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 December 31, 2021, indicated a funding surplus of approximately \$3,761 million. The actuary does not attribute portions of the unfunded liability/surplus to individual employers. The plan covers approximately 256,000 active members of which approximately 23,500 are employees of the Authority. The next expected valuation date will be as of December 31, 2024 with results available in 2025.

Employer contributions to the Public Service Plan of \$0.8 million (2024 – \$0.9 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 million. The actuary does not attribute portions of the unfunded liability/surplus to individual employers. The plan covers approximately 76,000 active members, of which approximately 140 are employees of the Authority. The next actuarial valuation date will be as of March 31, 2026.

## 9. Asset retirement obligations:

The Authority owns and operates some buildings that are known to contain asbestos and other hazardous materials, which represents a health hazard when undergoing certain repairs and maintenance work and upon demolition of the building. Additionally, some sites owned by the Authority contain fuel tanks. As there is a legal obligation to remove hazardous materials, the Authority has recognized a liability relating to the removal and post-removal care of the asbestos and other hazardous materials in these buildings, and fuel tanks on these sites. Due to the longevity of many of the Authority's buildings outlasting the estimated useful lives for accounting purposes, many buildings that are fully amortized are still in productive use for the foreseeable future. Once an approved project plan is in place, the timing and amount of future cash flows can then be reasonably estimated and the corresponding liability for that asset is updated to reflect the anticipated costs for removal and post-removal care of hazardous materials. Post-closure care is estimated to extend for up to one year after the closure of the building, while demolition and construction continues. Such estimated costs have been discounted to the present value using a discount rate of 3.60% per annum (2024 – 3.49%) which is the Authority's cost of borrowing.

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

	Buildings (Asbestos and hazardous materials removal)	Fuel tanks	Total 2025
Asset retirement obligations, beginning of year	\$ 44,270	\$ 2,420	\$ 46,690
Increase in asset retirement obligations	1,524	101	1,625
Accretion	1,825	87	1,912
Asset retirement obligations, end of year	\$ 47,619	\$ 2,608	\$ 50,227

# VANCOUVER ISLAND HEALTH AUTHORITY

Notes to Financial Statements

(Financial statements and tabular amounts expressed in thousands of dollars)

Year ended March 31, 2025

## 9. Asset retirement obligations (continued):

	Buildings (Asbestos and hazardous materials removal)	Fuel tanks	Total 2024
Asset retirement obligations, beginning of year	\$ 40,603	\$ 2,210	\$ 42,813
Increase in asset retirement obligations	3,602	210	3,812
Accretion	65	-	65
Asset retirement obligations, end of year	\$ 44,270	\$ 2,420	\$ 46,690

## 10. 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	\$ 1,681,291	\$ 1,406,561
Capital contributions received:		
Ministry of Health	277,517	242,122
Regional hospital districts	100,232	88,736
Foundations and auxiliaries	20,163	17,612
Other	4,153	15,893
	402,065	364,363
Amortization of deferred capital contributions	(90,700)	(89,633)
Deferred capital contributions, end of year	\$ 1,992,656	\$ 1,681,291

Deferred capital contributions are comprised of the following:

	2025	2024
Contributions used to purchase tangible capital assets	\$ 1,891,597	\$ 1,459,152
Unspent contributions	101,059	222,139
	\$ 1,992,656	\$ 1,681,291

# VANCOUVER ISLAND HEALTH AUTHORITY

Notes to Financial Statements

(Financial statements and tabular amounts expressed in thousands of dollars)

Year ended March 31, 2025

## 11. Tangible capital assets:

Cost	2024	Additions	Disposals	Transfers	2025
Land	\$ 23,597	\$ -	\$ -	\$ -	\$ 23,597
Land improvements	25,935	63	-	950	26,948
Buildings	1,973,244	3,495	-	24,763	2,001,502
Equipment	519,498	9,943	(14,513)	10,914	525,842
Information systems	285,863	172	-	10,759	296,794
Leasehold improvements	45,071	181	-	7,425	52,677
Construction in progress	477,441	443,155	-	(30,844)	889,752
Equipment and information systems in progress	139,585	66,136	-	(23,967)	181,754
<b>Total</b>	<b>\$ 3,490,234</b>	<b>\$ 523,145</b>	<b>\$ (14,513)</b>	<b>\$ -</b>	<b>\$ 3,998,866</b>

Accumulated amortization	2024	Amortization	Disposals/transfers	2025
Land improvements	\$ 19,804	\$ 1,118	\$ -	\$ 20,922
Buildings	975,615	53,680	-	1,029,295
Equipment	422,514	24,984	(14,513)	432,985
Information systems	231,853	17,360	-	249,213
Leasehold improvements	26,353	5,069	-	31,422
<b>Total</b>	<b>\$ 1,676,139</b>	<b>\$ 102,211</b>	<b>\$ (14,513)</b>	<b>\$ 1,763,837</b>

# VANCOUVER ISLAND HEALTH AUTHORITY

Notes to Financial Statements

(Financial statements and tabular amounts expressed in thousands of dollars)

Year ended March 31, 2025

## 11. Tangible capital assets (continued):

Cost	2023	Additions	Disposals	Transfers	2024
Land	\$ 23,597	\$ -	\$ -	\$ -	\$ 23,597
Land improvements	24,907	81	-	947	25,935
Buildings	1,953,148	6,774	-	13,322	1,973,244
Equipment	520,212	6,623	(17,236)	9,899	519,498
Information systems	276,859	561	-	8,443	285,863
Leasehold improvements	40,505	150	-	4,416	45,071
Construction in progress	215,182	280,813	-	(18,554)	477,441
Equipment and information systems in progress	93,332	64,726	-	(18,473)	139,585
<b>Total</b>	<b>\$ 3,147,742</b>	<b>\$ 359,728</b>	<b>\$ (17,236)</b>	<b>\$ -</b>	<b>\$ 3,490,234</b>

Accumulated amortization	2023	Amortization	Disposals/transfers	2024
Land improvements	\$ 18,803	\$ 1,001	\$ -	\$ 19,804
Buildings	924,005	51,610	-	975,615
Equipment	413,793	25,957	(17,236)	422,514
Information systems	212,901	18,952	-	231,853
Leasehold improvements	22,208	4,145	-	26,353
<b>Total</b>	<b>\$ 1,591,710</b>	<b>\$ 101,665</b>	<b>\$ (17,236)</b>	<b>\$ 1,676,139</b>

Net book value	2025	2024
Land	\$ 23,597	\$ 23,597
Land improvements	6,026	6,131
Buildings	972,207	997,629
Equipment	92,857	96,984
Information systems	47,581	54,010
Leasehold improvements	21,255	18,718
Construction projects in progress	889,752	477,441
Equipment and information systems in progress	181,754	139,585
<b>Total</b>	<b>\$ 2,235,029</b>	<b>\$ 1,814,095</b>

# VANCOUVER ISLAND HEALTH AUTHORITY

Notes to Financial Statements

(Financial statements and tabular amounts expressed in thousands of dollars)

Year ended March 31, 2025

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## 11. Tangible capital assets (continued):

Tangible capital assets are funded as follows:

	2025	2024
Deferred capital contributions	\$ 1,891,597	\$ 1,459,152
Debt	313,529	324,458
Internally funded	29,903	30,485
Tangible capital assets	\$ 2,235,029	\$ 1,814,095

## 12. Commitments and contingencies:

(a) Construction, equipment, and information projects in progress:

As at March 31, 2025, the Authority had outstanding commitments for construction and information systems projects in progress of \$695.4 million (2024 – \$994.2 million). Included in this amount is \$633.0 million relating to the Cowichan District Hospital build (2024 – \$934.4 million).

(b) Contractual obligations:

The Authority has entered into various contracts for services within the normal course of operations. The estimated contractual obligations under these contracts (including physician services contracts) are as follows:

2026	\$ 513,094
2027	272,991
2028	133,934
2029	37,516
2030	21,270
Thereafter	17,686
	\$ 996,491

# VANCOUVER ISLAND HEALTH AUTHORITY

Notes to Financial Statements

(Financial statements and tabular amounts expressed in thousands of dollars)

Year ended March 31, 2025

## 12. Commitments and contingencies (continued):

(c) Long-term care contracts:

The Authority has entered into contracts with 42 service providers to provide long-term care services. The aggregate annual commitments for these contracts are as follows:

2026	\$	353,280
2027		255,947
2028		250,683
2029		211,430
2030		166,638
Thereafter		1,635,283
	\$	2,873,261

(d) Operating leases:

The aggregate minimum future annual rentals under operating leases are as follows:

2026	\$	50,459
2027		40,935
2028		34,869
2029		26,148
2030		20,501
Thereafter		123,353
	\$	296,265

(e) Public-private partnerships and commitments:

The Authority has entered into multiple-year contracts to design, build, finance, and maintain the Royal Jubilee Hospital Patient Care Centre, the Campbell River Hospital and the Comox Valley Hospital. The information presented below shows the anticipated cash outflow for future obligations under these contracts for the capital cost and financing of the asset, the facility maintenance ("FM") and the lifecycle costs. The asset values are recorded as tangible capital assets and the corresponding liabilities are recorded as debt and disclosed in note 7. Facilities management and lifecycle payments to the private partner are contingent on specified performance criteria and include an estimation of inflation, where applicable.

	Capital and financing	FM and lifecycle	Total payments
2026	\$ 33,011	\$ 13,621	\$ 46,632
2027	33,007	16,027	49,034
2028	33,003	14,352	47,355
2029	32,999	18,579	51,578
2030	32,995	18,237	51,232
Thereafter	469,770	368,163	837,933
	\$ 634,785	\$ 448,979	\$ 1,083,764

# VANCOUVER ISLAND HEALTH AUTHORITY

Notes to Financial Statements

(Financial statements and tabular amounts expressed in thousands of dollars)

Year ended March 31, 2025

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## 12. Commitments and contingencies (continued):

- (e) Public-private partnerships and commitments (continued):

Required principal repayments on this debt over the years ending March 31 are as follows:

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2026	\$	9,741
2027		10,401
2028		11,106
2029		11,858
2030		12,662
Thereafter		297,950
	\$	353,718

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- (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 are provided based on management's best estimate of the ultimate settlement.

- (g) St. Joseph General Hospital ("SJGH") ongoing maintenance costs:

The Authority agreed to reimburse SJGH, now Providence Living Society, for ongoing maintenance of the vacant facilities as outlined in the 2017 Asset Transfer Agreement.

# VANCOUVER ISLAND HEALTH AUTHORITY

Notes to Financial Statements

(Financial statements and tabular amounts expressed in thousands of dollars)

Year ended March 31, 2025

## 13. Statement of operations:

(a) Patients, clients and residents revenues:

	2025	2024
Long-term and extended care	\$ 44,064	\$ 41,351
Residents of BC self pay	18,253	14,956
Non-residents of Canada	20,289	14,837
WorkSafe BC	12,215	11,239
Federal government	4,940	3,917
Other	1,225	1,240
	<u>\$ 100,986</u>	<u>\$ 87,540</u>

(b) Other revenues:

	2025	2024
Recoveries from sales of goods and services	\$ 50,211	\$ 49,009
Parking	7,416	7,449
Other	4,760	6,348
	<u>\$ 62,387</u>	<u>\$ 62,806</u>

(c) Other contributions:

	2025	2024
Federal government	\$ 29	\$ 71
Other	1713	2,655
	<u>\$ 1,742</u>	<u>\$ 2,726</u>

# VANCOUVER ISLAND HEALTH AUTHORITY

Notes to Financial Statements

(Financial statements and tabular amounts expressed in thousands of dollars)

Year ended March 31, 2025

## 13. Statement of operations (continued):

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

	2025	2024
Compensation:		
Compensation	\$ 2,551,152	\$ 2,270,225
Employee benefits	591,987	527,252
Gain on event driven employee benefits	(24,285)	(905)
	<u>3,118,854</u>	<u>2,796,572</u>
Referred-out and contracted services:		
Health and support services providers	659,109	614,623
Other health authorities and BC government reporting entities	27,576	34,122
	<u>686,685</u>	<u>648,745</u>
Supplies:		
Medical and surgical	157,159	141,999
Drugs and medical gases	108,718	96,565
Diagnostic	30,254	29,550
Food and dietary	27,108	25,329
Laundry and linen	14,646	15,479
Printing, stationary and office	6,064	6,103
Housekeeping	5,825	5,696
Other	25,612	24,982
	<u>375,386</u>	<u>345,703</u>
Amortization of tangible capital assets	102,211	101,665
Equipment and building services:		
Equipment	140,203	126,517
Rent	37,273	34,635
Plant operations (utilities)	21,412	21,727
Building and ground service contracts	20,756	19,254
Other	11,383	9,998
	<u>231,027</u>	<u>212,131</u>
Sundry:		
Travel	22,334	18,299
Professional fees	36,762	14,044
Communication and data processing	10,451	10,758
Patient transport	8,091	7,681
Other	36,042	39,773
	<u>113,680</u>	<u>90,555</u>
Interest on debt	23,892	24,479
	<u>\$ 4,651,735</u>	<u>\$ 4,219,850</u>

# VANCOUVER ISLAND HEALTH AUTHORITY

Notes to Financial Statements

(Financial statements and tabular amounts expressed in thousands of dollars)

Year ended March 31, 2025

## 14. Supplementary cash flow information:

Net change in non-cash operating items:

	2025	2024
Accounts receivable	\$ 94,086	\$ 97,788
Inventories held for sale	(181)	48
Accounts payable and accrued liabilities	45,814	86,139
Deferred operating contributions	174	(76)
Deferred research and designated contributions	(465)	519
Replacement reserves	-	(22)
Inventories held for use	(3,044)	(3,588)
Prepaid expenses	3,124	(2,410)
	\$ 139,508	\$ 178,398

## 15. Related parties and other agencies:

The following are types of related parties. Disclosure of values for related party transactions is required if the values are different from that which would have been arrived at if the parties were unrelated. No significant differences exist for such related party transactions.

(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.

(b) Key management personnel:

The Authority has deemed the Board of Directors and Senior Executive Team, their close family members or entities controlled by them to be key management personnel based on the PS 2200, Related Party Disclosures definition.

(c) Foundations and auxiliaries:

Within the Authority area, there are 30 separate health care foundations and auxiliaries, which were established to raise funds for their respective hospitals and/or community health services organizations. The foundations and auxiliaries are separate legal entities incorporated under the Societies 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. As the Authority does not control these organizations, the financial statements do not include the assets, liabilities and results of operations of these entities. During the year, the foundations granted \$22.0 million (2024 – \$18.9 million) to various facilities within the Authority.

## 16. 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 below by type of risk.

# VANCOUVER ISLAND HEALTH AUTHORITY

Notes to Financial Statements

(Financial statements and tabular amounts expressed in thousands of dollars)

Year ended March 31, 2025

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## 16. Risk management (continued):

### (a) Credit risk:

The Authority's exposure to and management of credit risk has not changed since March 31, 2024.

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

The Authority manages credit risk by holding balances of cash and cash equivalents with reputable top rated financial institutions.

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 \$9.7 million (2024 – \$12.8 million).

The Authority is not exposed to significant credit risk with respect to the amounts receivable from the Ministry, other health authorities and BC government reporting entities.

### (b) Liquidity risk:

The Authority's exposure to and management of liquidity risk has not changed since March 31, 2024.

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 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 ISLAND HEALTH AUTHORITY

Notes to Financial Statements

(Financial statements and tabular amounts expressed in thousands of dollars)

Year ended March 31, 2025

## 16. 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	\$	330,495	\$	-	\$	-	\$	330,495
Accounts receivable		171,347		44,640		3,434		219,421
<b>Total financial assets</b>	<b>\$</b>	<b>501,842</b>	<b>\$</b>	<b>44,640</b>	<b>\$</b>	<b>3,434</b>	<b>\$</b>	<b>549,916</b>

2025 Financial liabilities		Up to 1 year		1 to 5 years		Over 5 years		Total
Accounts payable and accrued liabilities	\$	571,810	\$	7,589	\$	119	\$	579,518
Debt		9,741		46,027		297,950		353,718
<b>Total financial liabilities</b>	<b>\$</b>	<b>581,551</b>	<b>\$</b>	<b>53,616</b>	<b>\$</b>	<b>298,069</b>	<b>\$</b>	<b>933,236</b>

2024 Financial assets		Up to 1 year		1 to 5 years		Total
Cash and cash equivalents	\$	391,199	\$	-	\$	391,199
Accounts receivable		284,262		25,972		313,507
<b>Total financial assets</b>	<b>\$</b>	<b>675,461</b>	<b>\$</b>	<b>25,972</b>	<b>\$</b>	<b>704,706</b>

2024 Financial liabilities		Up to 1 year		1 to 5 years		Total		
Accounts payable and accrued liabilities	\$	526,892	\$	6,812	\$	-	\$	533,704
Debt		9,229		43,106		3		362,948
<b>Total financial liabilities</b>	<b>\$</b>	<b>536,121</b>	<b>\$</b>	<b>49,918</b>	<b>\$</b>	<b>3</b>	<b>\$</b>	<b>896,652</b>

Debt pertaining to P3 projects is funded through the ongoing annual operating grants received from the Ministry.

# VANCOUVER ISLAND HEALTH AUTHORITY

Notes to Financial Statements

(Financial statements and tabular amounts expressed in thousands of dollars)

Year ended March 31, 2025

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## 16. Risk management (continued):

(c) Foreign exchange risk:

The Authority's exposure to and management of foreign exchange risk has not changed since March 31, 2024.

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 Canadian dollars. The results of the Authority's operations are subject to currency transaction and translation risks.

The Authority makes payments denominated in US dollars, and other currencies. Currencies most contributing to the foreign exchange risk are US dollars.

Comparative foreign exchange rates as at March 31 are as follows:

	2025		2024	
US dollar per Canadian dollar	\$	0.696	\$	0.738

The Authority has not entered into any agreements or purchased any foreign currency hedging arrangements to hedge possible currency risks, as management has assessed that the foreign exchange risk derived from currency conversions is not significant. The foreign currency financial instruments are short-term in nature and do not give rise to significant foreign currency risk.