Financial Statements of

VICTORIA HOSPICE AND PALLIATIVE CARE FOUNDATION

And Independent Auditor's Report thereon

Year ended March 31, 2026

KPMG LLP
St. Andrew's Square II
800-730 View Street
Victoria BC V8W 3Y7
Canada
Telephone 250 480 3500
Fax 250 480 3539

INDEPENDENT AUDITOR'S REPORT

To the Members of Victoria Hospice and Palliative Care Foundation

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Victoria Hospice and Palliative Care Foundation (the Foundation), which comprise:

- the statement of financial position as at March 31, 2026
- the statement of operations and changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Foundation as at March 31, 2026, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Foundation 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.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.

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

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

In preparing the financial statements, management is responsible for assessing the Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation'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 Foundation'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 Foundation'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 Foundation's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

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

KPMG LLP

Chartered Professional Accountants

Victoria, Canada
August 20, 2026

VICTORIA HOSPICE AND PALLIATIVE CARE FOUNDATION

Statement of Financial Position

March 31, 2026, with comparative information for 2025

	2026			2025		
	Operating Fund	Restricted Funds	Total	Operating Fund	Restricted Funds	Total
Assets						
Current assets						
Cash and cash equivalents	$ 1,083,793	$ 361,167	$ 1,444,960	$ 1,543,040	$ 361,167	$ 1,904,207
Receivable from Victoria Hospice Society	1,843,677	–	1,843,677	480,591	–	480,591
Accrued interest receivable	519,123	–	519,123	565,693	–	565,693
Prepaids	1,721	–	1,721	–	–	–
Term deposits (note 2)	3,000,000	8,000,000	11,000,000	2,000,000	5,000,000	7,000,000
	6,448,314	8,361,167	14,809,481	4,589,324	5,361,167	9,950,491
Marketable securities (note 3)	–	9,271,586	9,271,586	–	9,130,998	9,130,998
Term deposits (note 2)	–	–	–	–	3,000,000	3,000,000
Long-term receivable (note 4)	95,601	–	95,601	95,601	–	95,601
	$ 6,543,915	$ 17,632,753	$ 24,176,668	$ 4,684,925	$ 17,492,165	$ 22,177,090
Liabilities						
Deferred contributions from irrevocable trusts (note 4)	$ 95,601	$ –	$ 95,601	$ 95,601	$ –	$ 95,601
Payable to Victoria Hospice Society	–	–	–	–	–	–
	95,601	–	95,601	95,601	–	95,601
Fund Balances						
Unrestricted	6,448,314	–	6,448,314	4,589,324	–	4,589,324
Externally restricted endowments - donor contributions	–	2,105,890	2,105,890	–	2,105,890	2,105,890
Internally restricted - operating contingency reserve	–	7,526,863	7,526,863	–	7,386,275	7,386,275
Internally restricted - capital reserve	–	8,000,000	8,000,000	–	8,000,000	8,000,000
	6,448,314	17,632,753	24,081,067	4,589,324	17,492,165	22,081,489
	$ 6,543,915	$ 17,632,753	$ 24,176,668	$ 4,684,925	$ 17,492,165	$ 22,177,090

See accompanying notes to financial statements.

Approved on Behalf of the Board:

Director

Director

VICTORIA HOSPICE AND PALLIATIVE CARE FOUNDATION

Statement of Operations and Changes in Fund Balances

Year ended March 31, 2026, with comparative information for 2025

	2026			2025		
	Operating Fund	Restricted Funds	Total	Operating Fund	Restricted Funds	Total
Revenue:						
Donations from Victoria Hospice Society (note 5)	$ 2,028,000	$ –	$ 2,028,000	$ 620,000	$ –	$ 620,000
Interest and dividends (note 8)	658,255	–	658,255	840,254	–	840,254
Investment valuation gains (note 8)	409,727	–	409,727	834,151	–	834,151
	3,095,982	–	3,095,982	2,294,405	–	2,294,405
Expenses:						
Fundraising and administration	4,945	–	4,945	2,825	–	2,825
Education sponsorship – palliative care	5,491	–	5,491	–	–	–
Investment management fees	98,690	–	98,690	74,523	–	74,523
Donations to Victoria Hospice Society (note 5)	987,278	–	987,278	997,511	–	997,511
	1,096,404	–	1,096,404	1,074,859	–	1,074,859
Excess of revenue over expenses	1,999,578	–	1,999,578	1,219,546	–	1,219,546
Transfers (note 7):						
Investment income	(140,588)	140,588	–	(574,260)	574,260	–
Fund balances, beginning of year	4,589,324	17,492,165	22,081,489	3,944,038	16,917,905	20,861,943
Fund balances, end of year	$ 6,448,314	$ 17,632,753	$ 24,081,067	$ 4,589,324	$ 17,492,165	$ 22,081,489

See accompanying notes to financial statements.

VICTORIA HOSPICE AND PALLIATIVE CARE FOUNDATION

Statement of Cash Flows

Year ended March 31, 2026, with comparative information for 2025

	2026	2025
Operating activities:		
Excess of revenue over expenses:		
Operating Fund	$ 1,999,578	$ 1,219,546
Items not involving cash:		
Unrealized loss (gain) on marketable securities	57,686	(403,244)
Changes in non-cash operating working capital:		
Increase in receivable from Victoria Hospice Society	(1,363,086)	(480,591)
Decrease (increase) in accrued interest receivable	46,570	(249,597)
Increase in prepaids	(1,721)	–
Decrease in payable to Victoria Hospice Society	–	(134,061)
	739,027	(47,947)
Investing activities:		
Purchase of term deposits	(1,000,000)	(1,000,000)
Reinvested investment income, net of investment management fees	(595,504)	(563,956)
Distributions from marketable securities	397,230	392,940
	(1,198,274)	(1,171,016)
Decrease in cash and cash equivalents	(459,247)	(1,218,963)
Cash and cash equivalents, beginning of year	1,904,207	3,123,170
Cash and cash equivalents, end of year	$ 1,444,960	$ 1,904,207

See accompanying notes to financial statements.

The Victoria Hospice and Palliative Care Foundation (the "Foundation") was incorporated under the Society Act (British Columbia) on September 10, 1997 and is a public foundation under the Income Tax Act. The Foundation's principal activity is to manage endowment funds and other investments to fund the provision of palliative care, counseling, bereavement support, research and education.

The Foundation received initial funding by way of a specified donation from the Victoria Hospice Society (the "Society") on February 7, 1999.

On November 28, 2016, the new Societies Act (British Columbia) became effective. On April 13, 2018, the Foundation transitioned to the new Act.

1. Significant accounting policies:

The financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The following is a summary of the significant accounting policies.

(a) Fund accounting:

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

Operating Fund:

The Operating Fund includes:

(*i*) operating revenue and expenditure of the Foundation and

(*ii*) donations received for which there are no restrictions attached by the donor.

Restricted Funds:

(*i*) The Education Endowment Fund includes externally restricted donations which the donor specifies that the principal is to be held intact in perpetuity and has restricted their use to educational purposes.

(*ii*) The Butchart and Friends Endowment Fund, Barbara Steel Endowment Fund, Helen Sawyer Endowment Fund and General Endowment Fund include externally restricted donations for which the donors specify that the principal is to be held intact in perpetuity.

(*iii*) The Operating Contingency Reserve is internally restricted and is set aside for the Victoria Hospice Society to maintain continuity of essential care activities in the event that public contributions are significantly less than budget. The Operating Contingency Reserve was established to support operations in the case of a 50% shortfall in estimated non-contract revenue over a two year period.

(*iv*) The Capital Reserve fund is internally restricted and is set aside for the development and acquisition of a new Victoria Hospice facility.

(b) Revenue recognition:

The Foundation receives contributions from the Society and allows for restrictions on the use of those contributions.

1. Significant accounting policies (continued):

(c) Cash and cash equivalents:

Cash and cash equivalents consist of cash, short-term investments with original maturity dates of three months or less when acquired and investments in money market instruments.

(d) Investment income:

Investment income, less distributions and management fees earned relating to the Butchart and Friends Endowment, Barbara Steel Endowment, General Endowment and Helen Sawyer Funds totaling $55,246 (2025 - $226,059) is considered unrestricted and the income is recognized in the Operating Fund with no restriction placed on its expenditure.

Interest and dividend income earned relating to the Education Endowment Fund is considered restricted and the earnings recorded in the Operating Fund as deferred revenue with educational activity restrictions placed on its expenditure.

(e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Marketable securities consist of pooled fund investments, held with the Victoria Foundation, which are quoted in an active market and subsequently measured at fair value. Market value is based on the unit values supplied by the pooled fund administrator, which represent the Foundation's proportionate share of underlying net assets at fair values determined using market prices. Amounts invested by the Foundation in pooled funds cannot be retracted in the first three years, except once on the first anniversary. There are no retraction restrictions subsequent to the initial three-year period. A fee of up to 1% may be payable upon retraction.

All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Foundation has not elected to carry any such financial instruments at fair value.

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

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

1. Significant accounting policies (continued):

(f) Charitable remainder trusts:

The Foundation has been named the capital beneficiary under charitable remainder trust arrangements. The Foundation's capital interests are actuarially valued at the time the trust arrangements are established and recorded as a long-term receivable and deferred contributions from irrevocable trusts. A receipt for income tax purposes is issued at that time based on the valuation. Due to the inability to accurately predict the timing of the future asset transfers, the Foundation records the revenue from a charitable remainder trust upon distribution of the trust assets to the Foundation.

(g) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditure during the period. Items subject to such estimates and assumptions include the carrying amount of the long-term receivable. Actual results could differ from those estimates.

2. Term deposits:

Term deposits consist of three guaranteed investment certificates of $ $7,000,000, $3,000,000, and $1,000,000 bearing interest at 2.45%, 5.15%, and 2.15% and with maturity dates of May 2026, November 2026,and December 2026 respectively.

3. Marketable securities:

The marketable securities are held by the Victoria Foundation and invested in the Victoria Foundation's Common Trust Fund. The Victoria Foundation determines fair value based on bid prices at year end. The Foundation receives the annual income from these funds and retains the right of retraction for these funds.

The Victoria Foundation publishes an annual fund listing to report the market value of funds held and invested on behalf of hosted and other organizations. The Foundation's marketable securities are reported in six named funds according to their original hosted organization fund agreements with the Victoria Foundation. The named fund balances with the Victoria Foundation contain both restricted and unrestricted funds of the Foundation. Details of the Foundation's restricted funds are provided in note 9.

4. Long-term receivable:

Long-term receivable includes $95,601 (2025 - $95,601) which represents the net present value of the Foundation's interest as capital beneficiary of charitable remainder trusts at the time the trusts were established. The receivable is not adjusted or realized until death of the donor and receipt of the assets.

5. Related organization:

Net donations (from) to the Victoria Hospice Society (the "Society"):

	2026	2025
Operating grant	$ 963,683	$ 958,783
Deferred operating grant	11,317	10,370
Capital grant	12,278	28,358
Donation from Society	(2,028,000)	(620,000)
	$ (1,040,722)	$ 377,511

During 2026, the Victoria Hospice Society made an unrestricted donation of $2,028,000 (2025 - $620,000).

Directors from the Society board constitute the majority of the board members of the Foundation board. The Society is incorporated under the Societies Act (British Columbia) and is a registered charity (exempt from income taxes) under the Income Tax Act.

The Society's principal activities are the operation of a not-for-profit facility that provides palliative care, counseling, bereavement support, research and education.

The Society provides certain administrative services without charge to the Foundation.

As at March 31, 2026, the Society's fund balances were $2,415,308 (2025 - $2,364,538).

6. Financial risks and concentration of credit risk:

(a) Credit risk:

Credit risk arises from cash held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The Foundation assesses the credit quality of the counter parties, dealing only with high credit quality financial institutions, taking into account their financial position, past experience, and other factors.

(b) Liquidity risk:

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

6. Financial risks and concentration of credit risk (continued):

(c) Market price risk:

Market price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

Market price risk is managed through the Victoria Foundation's Investment Policy which specifies the required asset mix and eligible securities permitted within its investment portfolio.

There has been no change to the risk exposures from 2025.

7. Interfund transfers:

Interfund transfers between the Operating Fund and the Restricted Funds are allocations of unrestricted investment income net of distributions and investment management fee expenses to each of the endowment funds and the operating funds held with the Victoria Foundation.

8. Investment income:

	2026	2025
Interest and dividends	$ 658,255	$ 840,254
Realized capital gains	467,413	430,907
Unrealized capital gains	(57,686)	403,244
	$ 1,067,982	$ 1,674,405

9. Restricted fund balances:

	2026	2025
Externally restricted endowments - donor contributions:		
Education Endowment Fund	$ 229,295	$ 229,295
Butchart and Friends Endowment Fund	150,000	150,000
Barbara Steel Endowment Fund	577,274	577,274
Helen Sawyer Endowment Fund	50,000	50,000
General Endowment Fund	1,099,321	1,099,321
	2,105,890	2,105,890
Internally restricted - Operating Contingency reserve	7,526,863	7,386,275
Internally restricted - Capital Reserve	8,000,000	8,000,000
	15,526,863	15,386,275
	$ 17,632,753	$ 17,492,165