Victoria Cool Aid Society

Financial Statements

Year Ended March 31, 2026

Dusanj + Wirk CHARTERED PROFESSIONAL ACCOUNTANTS

Dusanj
+Wirk CHARTERED PROFESSIONAL ACCOUNTANTS

Independent Auditor's Report

To the Members of Victoria Cool Aid Society

Report on the Financial Statements

Opinion

We have audited the financial statements of Victoria Cool Aid Society (the Society), which comprise the statement of financial position as at March 31, 2026 and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

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 report. We are independent of the Society in accordance with 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

We draw attention to Note 2 to the financial statements, which describes the basis of accounting and the significant differences between such basis of accounting and Canadian accounting standards for not-for-profit organizations (ASNPO). Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal controls 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 Society’s internal controls.

- 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 Society’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 Society 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.

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

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Dusanj + Wirk CHARTERED PROFESSIONAL ACCOUNTANTS

Report on Other Legal and Regulatory Requirements

As required by the Societies Act of 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.

Dusanj & Wirk

Victoria, British Columbia
June 24, 2026

Chartered Professional Accountants

Victoria Cool Aid Society

Statement of Financial Position

March 31, 2026

	2026 $	2025 $
Assets		
Current		
Cash and short-term investments *(Note 3)*	11,443,779	9,344,239
Accounts receivable *(Note 4)*	1,075,529	1,658,600
Inventory	218,356	144,741
Prepaid expenses	557,345	651,539
Property held for sale *(Note 5)*	4,244,947	3,987,660
	17,539,956	15,786,779
Cash - restricted funds *(Note 6)*	2,651,801	2,516,422
Long-term accounts receivable *(Note 7)*	188,142	188,142
Funds held in trust *(Note 8)*	880,022	-
Prepaid lease *(Note 9)*	15,333	38,333
Property and equipment *(Note 10)*	82,044,994	84,329,038
Total assets	103,320,248	102,858,714
Liabilities		
Current		
Loans payable *(Note 11)*	210,515	20,936,509
Accounts payable and accrued liabilities	7,315,087	6,514,253
Government remittances payable	427,470	1,172,504
Security deposits	249,385	192,230
Deferred contributions *(Note 12)*	4,768,854	4,782,869
Current portion of long term debt *(Note 15)*	3,774,990	5,085,328
	16,746,301	38,683,693
Long term deferred contributions *(Note 12)*	2,472,505	2,553,226
Deferred contributions related to restricted funds	56,430	159,440
Deferred contributions related to property and equipment *(Note 14)*	24,457,626	22,323,583
Long term debt *(Note 15)*	39,965,593	16,042,775
Forgivable debt *(Note 16)*	17,081,738	21,069,398
Total liabilities	100,780,193	100,832,115
Net Assets		
Invested in property and equipment *(Note 18)*	935,825	929,302
Restricted replacement reserves *(Note 6)*	2,560,676	2,323,246
Internally restricted *(Note 19)*	1,571,591	1,756,163
Unrestricted	(2,528,037)	(2,982,112)
	2,540,055	2,026,599
Total liabilities and net assets	103,320,248	102,858,714

On behalf of the Board

Director

Director

The accompanying notes are an integral part of these financial statements

Victoria Cool Aid Society
Statement of Operations
Year Ended March 31, 2026

	2026 $	2025 $
Revenue		
BC Housing Management Commission	22,194,204	20,647,729
Island Health Authority	11,929,081	12,203,324
Rental income and occupancy fees	5,861,194	4,398,538
Pharmacy revenue	3,453,844	3,806,552
Donations and grants	2,090,174	2,210,514
Dental fees	640,225	585,851
Amortization of deferred contributions	522,478	485,845
Investment income	364,726	425,616
Research grants	186,596	280,439
Gaming grant	105,000	105,000
Gain on disposal of property and equipment *(Note 20)*	80,721	80,721
Other	62,191	120,491
Forensic Psychiatric Services Commission	2,973	1,093,659
Society and real estate development fees	-	160,998
	47,493,407	46,605,277
Expenses		
Salaries and benefits	28,255,313	29,139,150
Building occupancy costs	5,131,379	4,723,518
Physician & dentist fees	3,705,366	3,702,047
Supplies and equipment - health centre	2,393,022	2,729,733
Program expense and client support	2,303,267	2,072,016
Amortization	1,901,121	1,597,578
Mortgage interest and loan fees	1,489,008	673,012
Office supplies and equipment	507,068	423,232
Advertising, promotion, and fundraising	500,322	387,678
Amounts transferred to replacement reserves	438,759	402,346
Professional fees	326,524	290,558
Staff development and training	111,048	96,750
Travel and vehicle expenses	82,205	81,067
Bank charges and interest	46,171	40,094
Licenses, memberships and dues	40,810	38,723
Miscellaneous	2,081	29,562
Bad debts	-	374,432
	47,233,464	46,801,496
Excess (deficiency) of revenue over expenses from operations	259,943	(196,219)
Other loss		
Loss on transfer of social housing assets to Provincial Rental Housing Corporation *(Note 21)*	-	(2,317,033)
Excess (deficiency) of revenue over expenses	259,943	(2,513,252)

The accompanying notes are an integral part of these financial statements

Victoria Cool Aid Society
Statement of Changes in Net Assets
Year Ended March 31, 2026

	Invested in Property and Equipment (Note 18) $	Restricted Replacement Reserves (Note 6) $	Internally Restricted (Note 19) $	Unrestricted $	2026 $	2025 $
Balance, beginning of year	929,302	2,323,246	1,756,163	(2,982,112)	2,026,599	4,531,294
Allocation of income:						
Excess (deficiency) of revenues over expenses	-	-	-	259,943	259,943	(2,513,252)
Transfers between funds:						
Amortization of property and equipment, net	(1,355,643)	-	-	1,355,643	-	-
Interest income and bank charges	-	64,998	959	(65,957)	-	-
Investment in property and equipment	1,038,342	-	(185,531)	(852,811)	-	-
Interfund loan	323,824	-	-	(323,824)	-	-
Transfers between replacement reserves:						
Amounts expended to replacement reserve	-	(266,327)	-	81,081	(185,246)	(393,789)
Replacement reserve portion	-	438,759	-	-	438,759	402,346
Balance, end of year	935,825	2,560,676	1,571,591	(2,528,037)	2,540,055	2,026,599

Victoria Cool Aid Society
Statement of Cash Flows
Year Ended March 31, 2026

	2026 $	2025 $
Operating activities		
Excess (deficiency) of revenue over expenses	259,943	(2,513,252)
Items not affecting cash:		
Amortization	1,901,121	1,597,578
Amortization of deferred contributions	(522,478)	(488,835)
Transfers to replacement reserves	254,442	8,554
Gain on sale of property and equipment	-	-
Loss on transfer of social housing assets to Provincial Rental Housing Corporation	-	2,317,033
	1,893,028	921,078
Changes in non-cash working capital:		
Accounts receivable	583,071	2,870,477
Prepaid expenses	94,194	(219,571)
Inventory	(73,615)	(43,993)
Funds held in trust	(880,022)	-
Accounts payable and accrued liabilities	800,830	(4,291,914)
Government remittances payable	(745,034)	(966,128)
Security deposits	57,155	41,857
Deferred contributions	(14,015)	126,959
Long term deferred contributions	(80,721)	(80,722)
Deferred contributions related to restricted funds	(103,010)	3,624
	(361,167)	(2,559,411)
Cash flow from (used by) operating activities	1,531,861	(1,638,333)
Investing activities		
Construction and purchase of property and equipment	(3,839,952)	(9,136,289)
Proceeds on sale of property and equipment	-	16,263,450
Cash flow from (used by) investing activities	(3,839,952)	7,127,161
Financing activities		
Mortgage and construction financing	1,886,488	(6,547,677)
Deferred contributions related to property and equipment	2,656,522	2,404,616
Cash flow from (used by) financing activities	4,543,010	(4,143,061)
Increase in cash flow	2,234,919	1,345,767
Cash - beginning of year	11,860,661	10,514,894
Cash - end of year	14,095,580	11,860,661
Cash consists of:		
Cash and short-term investments *(Note 3)*	11,443,779	9,344,239
Cash - restricted funds *(Note 6)*	2,651,801	2,516,422
	14,095,580	11,860,661

The accompanying notes are an integral part of these financial statements

1. Purpose of the organization

The Victoria Cool Aid Society (the "Society") was incorporated October 28, 1976 under the Society Act of British Columbia and transitioned to the British Columbia Societies Act on June 21, 2017.

The Society envisions a community where no one is forced to sleep on the street or go hungry and everyone has the dignity that comes with home, health, and connection. Working with our partners in the Capital Region, we offer life-changing services to people who are impacted by poverty, colonization, stigma, and homelessness. These services include permanent housing, emergency shelter, health and dental care, employment assistance, and social and recreational opportunities.

The Society is a registered charity under the Income Tax Act and as such is not subject to taxation.

2. Significant accounting policies

Basis of presentation

The financial statements were prepared in accordance with the financial reporting provisions required by the BC Housing Management Commission ("BC Housing"). The basis of accounting used in these financial statements differs materially from Canadian accounting standards for not-for-profit organizations (ASNPO) because of the amortization policies noted under Property and equipment.

Revenue recognition

The Society follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Rental income, pharmacy revenue, and dental fees are recognized when services are rendered and complete.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned. Contributions to endowment funds held by a foundation of which the Society is a beneficiary are not recognized as revenue.

BC Housing replacement reserves

BC Housing replacement reserves are accounted for in accordance with the BC Housing Financial Responsibilities Guide. This requires that contributions from BC Housing for replacement reserves be recognized as revenue when they are received and then transferred to externally restricted replacement reserves. The replacement reserves are increased by interest earned on these funds and reduced by purchases of eligible items included in BC Housing's Standardized List of Replacement Reserve items.

Contributed materials and services

The Society receives contributions of both materials and services. However, due to the difficulty in determining their fair value, contributed materials and services are not recognized in the financial statements.

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are guaranteed investment certificates and are valued at cost. The carrying amounts approximate fair value because they have maturities at the date of purchase of less than ninety days.

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2. Significant accounting policies *(continued)*

Inventory

Inventory is measured at the lower of cost and net realizable value, with cost being determined using the specific identification method. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable variable selling costs.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Joint arrangement

The Society has an agreement with AVI Health & Community Services Society to jointly operate the Access Health Centre at 713 Johnson Street, a building owned by both parties. The Society recognizes its two-third share of the assets, liabilities, revenues, and expenses relating to the project in its statements of financial position and operations.

Property and equipment

Property and equipment are recorded at cost. Except for the housing developments under BC Housing's Homeless at Risk Housing Program, amortization is provided over the estimated useful life of the assets on a straight-line basis as follows:

210 Gorge Building	35 years
Building improvements	25 years
713/715 Johnson St. building	25 years
Pandora Gymnasium	25 years
Crosstown commercial units	25 years
Furniture and equipment	5 years
Vehicles	5 years
Computer hardware and software	3 years

At the time of acquisition, BC Housing required that amortization of the buildings on the following Homeless at Risk housing developments be equal to the principal reduction on the mortgage for the fiscal year: Swift & Store Street, Pandora, Johnson Manor, Fairway Woods, Hillside Terrace, Next Steps, Mike Gidora Place, and Crosstown. The Society continues to apply this amortization policy.

Deferred capital contributions related to property and equipment are amortized into income over the same period and using the same basis as the relating asset.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known. Actual results could differ from those estimates.

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2. Significant accounting policies *(continued)*

Financial instruments

The Society initially measures its financial assets and financial liabilities at fair value. The Society subsequently measures all its financial assets and financial liabilities at amortized cost, except for cash and investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include short-term investments and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, government remittances payable, bank loan payable, long-term debt and forgivable debt.

Employee future benefits

The Society and its employees contribute to the Municipal Pension Plan, a multi-employer plan for group benefits. Defined contribution plan accounting is applied to multi-employer defined benefit plans and accordingly, contributions to these plans are expensed.

3. Cash and short-term investments

Cash and short-term investments includes these investments:

	2026 $	2025 $
BCNPHA PIE deposit	1,912,578	2,091,301
Guaranteed investment certificates	4,500,634	-
	6,413,212	2,091,301

The BC Non-Profit Housing Association Pooled Increases Earnings Program (BCNPHA PIE) is earning interest at 1.95%. The PIE program is invested with Vancity Savings Credit Union. The investment has no fixed term, no notice requirements or withdrawal penalty.

The Guaranteed investment certificates are invested with TD Canada Trust with varying terms and maturity dates, earning interest at 2.58% and 2.59%.

4. Accounts receivable

	2026 $	2025 $
Trade and other receivables	374,203	356,899
Government assistance receivable	701,326	1,301,701
	1,075,529	1,658,600

5. Property held for sale and subsequent events

Prior to March 31, 2026, the Society committed to a plan to sell the property located at 650 Speed Avenue. The Society assessed the property for impairment as at March 31, 2026 and determined that no impairment adjustment was required. Subsequent to year end, on May 21, 2026, the conditions related to the sale of the property were removed. The sale is expected to close on August 19, 2026.

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5. Property held for sale and subsequent events *(continued)*

The Tally Ho building at 3020 Douglas Street was sold to the Provincial Rental Housing Corporation, acting as an agent of BC Housing, on April 15, 2025 for $10. Concurrently, there was a reduction in the forgivable loan on the property for $3,987,660. In the prior year, the combined net book value of land and building were written down to their net realizable value $3,987,660 which resulted in an impairment loss of $929,776 (Note 21).

6. Cash - restricted funds

	2026 $	2025 $
Replacement reserves - BC Housing	2,016,757	1,890,289
Replacement reserves - Internal	543,919	432,957
	2,560,676	2,323,246
Replacement reserves - Shelters	36,673	35,693
Mike Gidora Vision Fund	22,691	22,576
Carl Young Pets in Need	31,761	29,907
Gaming Fund	-	105,000
	2,651,801	2,516,422

Replacement reserves - BC Housing

Under the terms of the operating agreement with BC Housing, the Society is required to maintain a replacement reserve for major repair and furnishing replacements for the housing facilities. The replacement reserve accounts are to be credited in the amount determined by the annual budget plus interest earned and this is done by an annual transfer from operations. These funds along with the accumulated interest must be held in a separate bank account and may only be used for repairs and replacements in accordance with the operating agreement.

During the year, the BC Housing replacement reserves were fully funded and maintained according to the operating agreements and all interest accruing to them was recorded.

Replacement reserves - Internal

Under the terms of capital project agreements with BC Housing or Strata agreements, the Society is required to maintain replacement reserves or capital replacement funds for housing facilities.

Replacement reserves - Shelters

The Society maintains a replacement reserve for the purpose of providing extraordinary or major repairs and furnishing replacements for the shelter facilities. These funds earn interest and are maintained in a separate bank account.

Cash - Mike Gidora Vision Fund

The Mike Gidora Vision Fund was originally created within the Society to honour the memory and spirit of Mike Gidora. Mike believed that individuals can find strength within themselves to create positive change; he had the ability to see things, not only as they are, but as they could be. This fund supports Cool Aid clients who are struggling to create or sustain a positive change in their circumstance. These funds earn interest and are maintained in a separate bank account.

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6. Cash - restricted funds *(continued)*

Cash - Carl Young Pets In Need

The Society was the sole beneficiary of the estate of Carl Young. In keeping with the wishes of Mr. Young, the Society established the Carl Young Pets In Need Fund with a portion of the proceeds from his estate. The Fund will be available to assist current and former tenants and clients with pet expenses such as pet food and veterinary bills.

Cash - Gaming Fund

The Society maintains a fund received from Gaming and Enforcement Branch of the Provincial Government, and gaming fund contributions from other organizations for the purpose of assistance with the operating of the Wellness Program or as designated by the contributor. This fund balance earns interest and is maintained in a separate bank account.

7. Long-term accounts receivable

The Society has long-term accounts receivable from AVI Health & Community Services Society for amounts contributed by the Society to the Access Health Centre construction project of $188,142 (2025: $188,142). This amount is repayable by AVI Health & Community Services Society upon a sale of their interest in the building at 713 Johnson Street.

8. Funds held in trust

The Society maintains the Crosstown Trust Account, which was established from the difference between the approved project budget and the mortgage takeout financing related to the development of the Crosstown project. As of March 31, 2026, the balance of the trust account was $880,022.

The funds are restricted for capital repairs, replacements, and other expenditures intended to improve the overall livability and condition of the Crosstown building. To access these funds, the Society must submit a formal request to BC Housing outlining the proposed use of funds and providing supporting documentation, such as quotes, assessments, and other relevant information. Requests for the release of funds are subject to approval by BC Housing prior to any expenditure being incurred.

Any funds remaining unused will be applied against the outstanding mortgage principal upon renewal of the mortgage term.

9. Prepaid leases

The Society leases the property on which the 753/755/757 Pandora building and gymnasium were constructed. The $1,130,000 lease was prepaid by the Society and the lease expires on January 31, 2056.

The Society leases the property on which Johnson Manor was constructed. The $575,000 lease was prepaid by the Society and the lease expires on September 14, 2061.

The land leases are amortized over a 25-year period, to match the expected useful lives of the respective buildings. The Pandora lease has been fully amortized.

10. Property and equipment

	2026		2025	
	Cost $	Accumulated amortization $	Cost $	Accumulated amortization $
Land	6,532,637	-	8,113,637	-
Buildings	87,203,612	20,725,510	81,022,017	18,944,469
Furniture and equipment	1,315,929	1,280,730	1,315,929	1,265,043
Vehicles	472,033	275,047	472,033	198,948
Computer hardware and software	323,201	149,721	149,721	144,427
Redevelopment costs				
568/584 Burnside Road East	8,628,590	-	11,143,108	-
650 Speed Avenue	-	-	2,885,945	220,465
	104,476,002	22,431,008	105,102,390	20,773,352
Net book value	82,044,994		84,329,038	

The land values include property at 749 Pandora Avenue, 713 Johnson Street, 2317 Dowler Place, 210 Gorge Road East, and 568/584 Burnside Road East.

During the year, the Society reallocated costs from redevelopment into buildings upon the completion of commercial spaces for 560/572 Burnside Road East. During the year additional redevelopment costs were incurred that are still underdevelopment.

The Swift and Store Street building (467 Swift & 1634 Store Street) provides facilities for Swift House Apartments. The building is situated on property leased from the Provincial Rental Housing Corporation. The lease required a single payment of $377,800 in 1991, which was included in the cost of the building. The lease expires in 2051.

Mike Gidora Place is situated on property that includes a portion donated by the City of Victoria in 1999 with a fair market value of $393,000.

Fairway Woods, a supportive housing facility, is situated on property leased from the Island Health Authority for a dollar, with the use of land restricted to affordable housing.

The 713 Johnson Street building represents the Society’s share (in partnership with AVI Health & Community Services Society) of the site for the Access Health Centre, which houses Cool Aid’s Community Health Centre, Dental Clinic and Pharmacy. These financial statements reflect only the Society’s proportionate interest in the costs incurred.

Hillside Terrace, a senior’s supportive housing facility, is situated on property leased from the Island Health Authority for $10, with the first floor leased back to the Island Health Authority for $10.

11. Loans payable

	2026 $	2025 $
VANCITY, limit of $600,000, interest payable monthly at prime plus 1.00%	2	44,572
Demand loan - 568/584 Burnside Road East	-	20,681,424
Demand loan - 650 Speed Avenue	210,513	210,513
	210,515	20,936,509

The demand loan for 568/584 Burnside Road East was an advance from BC Housing received for redevelopment that converted to a mortgage on August 1, 2025.

The demand loan for 650 Speed Ave is a promissory note from BC Housing for preliminary development funding. As the redevelopment project was not approved by BC Housing, the demand loan will be forgiven three years from the loan acceptance date of July 28, 2023.

12. Deferred contributions

Deferred contributions represent contributions received that are related to a subsequent year. Changes in the deferred contributions balance are as follows:

	2026 $	2025 $
Current deferred contributions		
Beginning balance	4,782,869	4,655,911
Amounts recognized as revenue in the year	(4,675,300)	(3,984,322)
Amounts received related to following years	4,621,925	4,160,177
Current portion of deferred gain on sale of 210 Gorge (Note 20)	80,721	80,721
Amounts transferred to deferred capital contributions	-	(129,618)
Amounts returned to funders	(41,361)	-
Total current deferred contributions	4,768,854	4,782,869
Long term deferred contributions (Note 20)	2,472,505	2,553,226
Total deferred contributions	7,241,359	7,336,095

Government assistance of $2,077,960 (2025: $2,229,211) received in the year is included in deferred contributions.

13. Deferred contributions related to restricted funds

Deferred contributions represent contributions received that are related to a subsequent year and for a restricted purpose. Changes in the deferred contributions related to restricted fund balances are as follows:

	M. Gidora Vision Fund $	C. Young Pets in Need $	Gaming $	2026 $	2025 $
Beginning balance	22,630	31,374	105,436	159,440	155,816
Recognized as revenue	(500)	(715)	(105,436)	(106,651)	(106,701)
Deferred to following years	601	2,890	150	3,641	110,325
	22,731	33,549	150	56,430	159,440

Government assistance of $150 (2025: $105,436) received in the year is included in deferred contributions related to restricted funds.

14. Deferred contributions related to property and equipment

Deferred contributions related to property and equipment represent contributions restricted to acquiring property and equipment. Deferred contributions are amortized on the same basis as the related property and equipment. The changes in the deferred contributions balance for the year are as follows:

	2026 $	2025 $
Beginning balance	22,323,583	20,407,803
Adjustment related to prior year	-	(2,991)
Contributions related to property and equipment	2,656,521	2,404,616
Amortization of deferred contributions	(522,478)	(485,845)
	24,457,626	22,323,583

The balance includes total contributions for the Crosstown development consisting of affordable, supportive, and commercial units totaling $16,873,757 (2025: $15,016,233). Contributions include funding from BC Housing, Canada Mortgage and Housing Corporation, Province of British Columbia, City of Victoria, and contributions from members of the community.

The Society’s share of total contributions received for the construction of the Access Health Centre of $2,965,076 (2025: $2,964,409) have been deferred as part of deferred contributions related to property and equipment for the year. These contributions include funding from the Island Health Authority, the Capital Regional Hospital District (CRHD), the Province of British Columbia, United Way of Greater Victoria, Victoria Foundation, City of Victoria, BC Housing, Civic Heritage Trust, Coast Capital Savings Credit Union, and contributions from members of the community.

Government assistance of $250,000 (2025: $2,219,808) received in the year is included in deferred contributions related to property and equipment.

15. Long term debt

Lender	Building	Interest Rate	Maturity Date	2026 $	2025 $
BC Housing	Store Street	1.130%	March 1, 2026	-	143,871
BC Housing	Swift Street	1.130%	March 1, 2026	-	91,983
BNS	Swift Street	3.751%	March 1, 2035	1,299,113	1,345,302
MCAP	Swift Street	3.979%	July 1, 2032	1,755,659	1,807,138
Peoples Group	Dowler Place	2.965%	September 1, 2027	292,591	306,164
MCAP	210 Gorge	4.295%	April 1, 2034	612,885	634,935
BNS	Pandora Avenue	5.540%	November 1, 2028	951,454	1,068,315
BNS	Fairway Woods	4.230%	August 1, 2033	1,243,243	1,318,018
Vancity	Mike Gidora Place	4.030%	September 1, 2035	1,368,595	1,456,680
MCAP	Johnson Manor	2.840%	January 1, 2030	1,118,449	1,205,489
BNS	Hillside Terrace	4.010%	February 1, 2033	3,329,026	3,489,395
Vancity	650 Speed Avenue	5.950%	March 31, 2026	2,680,035	2,731,849
BNS	210 Gorge	3.580%	June 1, 2033	5,440,354	5,528,964
IAIFS	Crosstown	4.120%	August 1, 2035	23,649,179	-
				43,740,583	21,128,103
Amounts payable within one year				(3,774,990)	(5,085,328)
				39,965,593	16,042,775

Mortgages are secured by a first charge on property, buildings, contents, leasehold interest, and/or an assignment of rents.

Principal repayment terms are approximately:

	Assuming no mortgage renewal $	Assuming mortgage renewal $
2027	3,774,990	1,146,217
2028	1,404,312	1,194,718
2029	1,732,312	1,245,347
2030	1,820,176	1,298,201
2031	1,017,777	1,353,383
Thereafter	33,991,017	37,502,717
	43,740,583	43,740,583

Principal repayments include payments relating to mortgages that will be renewed and funded by BC Housing.

The mortgage for 650 Speed will rollover at the same rate until the expected closing date of the sale on August 19, 2026.

16. Forgivable debt

	2026 $	2025 $
BC Housing forgivable loan 3020 Douglas Street – payments on account of principal and interest under the loan will be forgiven, provided the property is continuously used for the intended purpose and no default under the loan or operating agreement. The loan will be forgiven 1/10 each year, commencing in the 11th year. Term 20 years, to end March 31, 2036.	6,472,738	10,274,186
BC Housing forgivable loan 3020 Douglas Street – payments on account of principal and interest under the loan will be forgiven, provided the property is continuously used for the intended purpose and no default under the loan or operating agreement. The loan will be forgiven 1/10 each year, commencing January 1, 2029. Term 10 years, to end January 1, 2038.	-	186,212
BC Housing forgivable loan 584 Burnside Road East – payments on account of principal and interest under the loan will be forgiven, provided the property is continuously used for the intended purpose and no default under the loan or operating agreement. The loan will be forgiven 1/25 each year, commencing the 11th year. Term 35 years, to end March 12, 2057.	10,609,000	10,609,000
	17,081,738	21,069,398

In the current year, the balance of the BC Housing forgivable loans relating to 3020 Douglas Street were reduced by $3,987,660 in relation to the sale of the Tally Ho building to the Provincial Rental Housing Corporation as described in Note 5.

17. Financial instruments and risk management

At March 31, 2026, the estimated fair value of cash, accounts receivable, accounts payable and accrued liabilities approximated their respective carrying values due to their short-term nature.

Short-term investments are recorded at market value based on quoted market prices at the statement of financial position date. Any unrealized gains and losses arising from the adjustment to market value are recognized in the statement of operations for the current period.

The carrying values of the bank loan payable and long-term debt approximate their fair values because interest charges under the terms of the loans are based on current Canadian bank lending rates.

The Society has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include credit risk, currency risk, interest rate risk, liquidity risk and other price risk. There have been no significant changes in the Society's risk exposure from the prior year.

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17. Financial instruments and risk management *(continued)*

Credit risk

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation. Financial instruments that potentially subject the Society to credit risk consist primarily of accounts receivable. Accounts receivable are not concentrated with any single party, and therefore the Society is not subject to any significant concentration of credit risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Society is not exposed to significant currency risks arising from its financial instruments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial instruments that potentially subject the Society to interest rate risk consist primarily of long-term debt. The Society manages this risk by having a substantial amount of its long-term debt at fixed rates of interest.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Cash flow from operations provides a substantial portion of the Society's cash requirements. Additional cash requirements are met with bank borrowings under long-term credit arrangements. The Society is not exposed to significant liquidity risks.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Society is not exposed to significant other price risk

18. Net assets invested in property and equipment

The Society's investment in property and equipment is calculated as follows:

	2026 $	2025 $
Property and equipment (Note 10)	82,044,994	84,329,038
Property and equipment - Held for Sale	4,244,947	3,987,660
Less amounts financed by:		
Accounts payable	(176,544)	(1,967,832)
Loan and mortgage payable	(60,475,031)	(62,527,242)
Direct increase in net assets related to land	251,249	251,249
Deferred capital contributions (Note 14)	(24,457,626)	(22,323,583)
Interfund loan	(496,164)	(819,988)
	935,825	929,302

19. Net assets internally restricted

Internally restricted funds include a reserve for Health Services expansion and new initiatives, a Building and Equipment reserve to cover renovations and furniture replacements for programs that are not covered by other reserves, a Shelter Facilities reserve for providing major repairs and furnishing replacements, and a Housing Development fund to support the strategic goals of the Society to end homelessness through housing development initiatives.

The balance of net assets internally restricted is comprised of the following:

	Building & Equipment	Health Services Fund	Shelter Reserve	Housing Development Fund	2026	2025
	$	$	$	$	$	$
Beginning balance	95,094	625,291	35,778	1,000,000	1,756,163	1,686,760
Amounts used in the year	-	-	-	-	-	-
Interest income	-	-	959	-	959	1,403
Contribution (transfer)	-	(185,531)	-	-	(185,531)	68,000
	95,094	439,760	36,737	1,000,000	1,571,591	1,756,163

20. Gain on sale of property

In 2022, thirty units at 210 Gorge Road East were sold to the Provincial Rental Housing Corporation, acting as an agent of BC Housing. The units are operated by the Society as supportive housing and subsidized units under an operating agreement. There was a gain on the sale of this property which was directed to fund program operations for the redevelopment project at 210 Gorge through repayment of a portion of the construction loan provided by BC Housing. The total gain on the sale of the units is $2,825,246. This gain has been deferred and will be recognized as revenue over the estimated useful life of the property which is 35 years. At year end, the balance in deferred contributions relating to the gain is $2,553,226, and $2,472,505 of that amount is presented as long-term. The amount recognized as revenue in the year is $80,721.

21. Loss on transfer of social housing assets to Provincial Rental Housing Corporation

On March 31, 2025, fifty-six units of supportive housing at 560 Burnside were sold to the Provincial Rental Housing Corporation, acting as an agent of BC Housing. The units are operated by the Society as supportive housing units under an operating agreement. The related Crosstown demand loan was reduced by $16,263,450 from the sale, which is the construction cost of these units. Land relating to this building was also transferred as part of the sale with the book value of $1,387,257, resulting in a loss on disposal equal to the land value.

This loss is presented alongside the impairment loss on the sale of the Tally Ho to the Provincial Rental Housing Corporation after year end as described in Note 5.

	2026	2025
	$	$
Loss on disposal of land - Crosstown	-	(1,387,257)
Impairment loss - Tally Ho (Note 5)	-	(929,776)
	-	(2,317,033)

These losses are the result of capital assets transferred to the Provincial Rental Housing Corporation at partial or no consideration, while the related forgivable loans were not fully forgiven. The Society retains the full forgivable loan balances per BC Housing's instruction but no longer owns or controls the underlying assets.

22. Endowment funds

The Society established a Hosted Endowment Fund (Cool Aid Housing, Health, and Shelter & Community Services Fund) with the Victoria Foundation in 2008. The funds are managed for the benefit of the Society and are held permanently. Gifts are made from time to time as determined by the Society or in accordance with the wishes of contributors. The Fund earns investment income in accordance with the Investment Policy of the Victoria Foundation. Distributions from the fund are determined by the Distribution Policy of the Victoria Foundation.

In 2015, the Society established a Hosted Endowment Fund with the Vancouver Foundation. Management and intention of this fund are the same as those of the Victoria Foundation Endowment Fund. The purpose of this fund is to enhance giving opportunities for those contributors outside of the Victoria area.

In 2016, the Society established a Hosted Endowment fund with the Victoria Foundation for the operation of the Pets In Need Fund (Carl Young). The initial gift for this fund was provided by the Carl Young estate. In keeping with Mr. Young's wishes, the fund was established to assist current and former tenants and clients with pet expenses such as pet food and veterinary bills.

Contributions, investment income and grants paid are reported in the Cool Aid Housing, Health, Shelter & Community Fund by the Victoria Foundation and Vancouver Foundation and the Pets In Need Fund (Carl Young) by the Victoria Foundation.

	Victoria Foundation $	Vancouver Foundation $	Victoria Foundation Pets in Need $	2026 $	2025 $
Beginning balance	284,437	17,508	36,313	338,258	314,073
Contributions	-	-	-	-	1,500
Grants paid	(13,460)	-	(1,732)	(15,192)	(14,208)
Net investment returns	17,698	1,384	2,259	21,341	36,892
	288,675	18,892	36,840	344,407	338,257

Fund values are reported at market value as at March 31, 2026.

23. Economic dependence

The Society receives government assistance from BC Housing, Island Health Authority, Forensic Psychiatric Services Commission (2025 only), and other government agencies to fund its operations. During the year $34,481,546 (2025: $34,353,618) of government assistance received was recognized as revenue. Revenue from government grants represent 73% (2025: 74%) of total revenue.

24. Tenant rent

The Society has on file verification of the income and assets of tenants as required by the operating agreements with BC Housing. The tenant rent contributions, as approved by BC Housing, are being charged correctly to the rent-geared-to-income tenants.

25. Employee future benefits

The Society and its employees are members in the Municipal Pension Plan (the "pension plan"), a joint trustees pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined.

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25. Employee future benefits *(continued)*

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 valuation was December 31, 2024, with the final report published in September 2025 and indicated the plan is fully funded on the basis that current contributions continue. During the year the Society paid $1,619,743 (2025: $1,687,750) for employer contributions to the plan.

The employer contribution rate has been static at 9.31% of pensionable earnings since January 1, 2022.

26. Remuneration of employees and contractors

Under the British Columbia Societies Act, societies must disclose remuneration paid to directors, and to employees and contractors whose remuneration was at least $75,000 for the fiscal year.

During the year, there were 100 employees who met this criterion, and the total amount of remuneration paid to these persons was $9,498,395. During the prior year, there were 96 employees who met this criterion, and the total amount of remuneration paid to these persons was $9,319,630.

During the year, there were 18 contractors who met this criterion, and the total amount of remuneration paid to these contractors was $3,491,873. During the prior year, there were 17 contractors who met this criterion, and the total amount of remuneration paid to these contractors was $3,279,764.

27. Comparative figures

Some of the comparative figures have been reclassified to conform to the current year's presentation.