

AQUEDUCT FOUNDATION
FINANCIAL STATEMENTS
(EXPRESSED IN THOUSANDS OF DOLLARS)
DECEMBER 31, 2025

AQUEDUCT FOUNDATION
Financial Statements
(Expressed in thousands of dollars)
For the Year Ended December 31, 2025

Contents	
Independent Auditors' Report	
Statement of Financial Position	4
Statement of Operations and Changes in Net Assets	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 13



INDEPENDENT AUDITORS' REPORT

To the Directors,
Aqueduct Foundation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Aqueduct Foundation (the "Foundation"), which comprise the statement of financial position as at December 31, 2025, and the statements of operations and 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 and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2025, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our 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.

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.



INDEPENDENT AUDITORS' REPORT - Continued

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 auditors' 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 auditors' report. However, future events or conditions may cause the Foundation 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 control that we identify during our audit.



INDEPENDENT AUDITORS' REPORT - Continued

Report on Other Legal and Regulatory Requirements

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

Rolfe Benson LLP

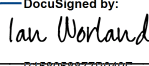
CHARTERED PROFESSIONAL ACCOUNTANTS

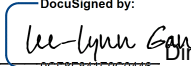
Vancouver, Canada
28 May 2026

AQUEDUCT FOUNDATION
Statement of Financial Position
(Expressed in thousands of dollars)
For the Year Ended December 31, 2025

	Administration Fund		Restricted Funds				Total	
			Purpose Fund		Capital Restricted Fund			
	2025	2024	2025	2024	2025	2024	2025	2024
	\$	\$	\$	\$	\$	\$	\$	\$
Assets								
Current								
Cash	254	67	16,753	18,196	-	-	17,007	18,263
GST receivable	284	243	-	-	-	-	284	243
	538	310	16,753	18,196	-	-	17,291	18,506
Investments in marketable securities (Note 3)	2,841	2,753	903,483	819,624	3,130	2,316	909,454	824,693
Investments in preferred shares (Note 3)	-	-	231,113	237,884	-	-	231,113	237,884
Charitable purposes property (Note 4)	-	-	3,348	-	-	-	3,348	-
Loan receivable (Note 5)	-	-	-	-	683	763	683	763
Dividends receivable (Note 6)	-	-	3,659	2,484	-	-	3,659	2,484
Cash surrender value of life insurance policies	-	-	7,126	6,234	-	-	7,126	6,234
	3,379	3,063	1,165,482	1,084,422	3,813	3,079	1,172,674	1,090,564
Liabilities								
Current								
Accounts payable and accrued liabilities	114	64	2,621	1,291	-	-	2,735	1,355
Net Assets								
Restricted	-	-	1,162,861	1,083,131	3,813	3,079	1,166,674	1,086,210
Unrestricted	3,265	2,999	-	-	-	-	3,265	2,999
	3,265	2,999	1,162,861	1,083,131	3,813	3,079	1,169,939	1,089,209
	3,379	3,063	1,165,482	1,084,422	3,813	3,079	1,172,674	1,090,564

APPROVED ON BEHALF OF THE BOARD:

DocuSigned by:

 Director

DocuSigned by:

 Director

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

AQUEDUCT FOUNDATION
Statement of Operations and Changes in Net Assets
(Expressed in thousands of dollars)
For the Year Ended December 31, 2025

	Administration Fund		Restricted Funds				Total	
			Purpose Fund		Capital Restricted Fund			
	2025	2024	2025	2024	2025	2024	2025	2024
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue								
Gifts - net (Note 7)	-	-	147,419	123,031	-	-	147,419	123,031
Gain on sale of marketable securities	80	49	17,767	13,196	-	-	17,847	13,245
Gain on sale of other investments	-	-	233	-	-	-	233	-
Dividends	18	30	9,802	11,489	-	-	9,820	11,519
Interest and other	123	108	11,116	12,293	-	-	11,239	12,401
Minister of Canadian Heritage grant	-	-	-	-	367	10	367	10
Unrealized gain on investments	138	93	44,643	45,761	-	-	44,781	45,854
	359	280	230,980	205,770	367	10	231,706	206,060
Expenses								
Investment management fees	6	-	2,974	2,739	-	-	2,980	2,739
Change in cash surrender value of life insurance policies net of premiums	-	-	818	1,405	-	-	818	1,405
Charitable purposes expense	-	-	102	84	-	-	102	84
Operating expenses (Note 8)	9,508	8,685	39	67	-	-	9,547	8,752
	9,514	8,685	3,933	4,295	-	-	13,447	12,980
Excess (deficiency) of revenue over expenses before grants and scholarships	(9,155)	(8,405)	227,047	201,475	367	10	218,259	193,080
Grants (Note 9)	-	-	136,935	112,592	-	-	136,935	112,592
Scholarships	-	-	594	487	-	-	594	487
	-	-	137,529	113,079	-	-	137,529	113,079
Excess (deficiency) of revenue over expenses, grants and scholarships	(9,155)	(8,405)	89,518	88,396	367	10	80,730	80,001
Fund transfer - expense recovery allocations (Note 2(b))	9,421	8,748	(9,421)	(8,748)	-	-	-	-
Fund transfer - other allocations	-	-	(367)	(10)	367	10	-	-
Net assets balance - beginning of year	2,999	2,656	1,083,131	1,003,493	3,079	3,059	1,089,209	1,009,208
Net assets balance - end of year	3,265	2,999	1,162,861	1,083,131	3,813	3,079	1,169,939	1,089,209

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

AQUEDUCT FOUNDATION
Statement of Cash Flows
(Expressed in thousands of dollars)
For the Year Ended December 31, 2025

	Administration Fund	Purpose Fund	Capital Restricted Fund	2025 Total	2024 Total
	\$	\$	\$	\$	\$
Cash provided by (used in):					
Operating activities					
Excess (deficiency) of revenue over expenses, grants and scholarships	(9,155)	89,518	367	80,730	80,001
Items not affecting cash					
Unrealized gain on investments	(138)	(44,643)	-	(44,781)	(45,854)
Increase in cash surrender value of life insurance policies	-	(892)	-	(892)	(1,050)
In-kind donation of other investments	-	(1,483)	-	(1,483)	-
Gain on sale of other investments	-	(233)	-	(233)	-
In-kind transfer of marketable securities (Note 9)	-	19,417	-	19,417	-
	(9,293)	61,684	367	52,758	33,097
Changes in non-cash working capital balances					
GST receivable	(41)	-	-	(41)	(16)
Dividends receivable	-	(1,175)	-	(1,175)	(1,242)
Accounts payable and accrued liabilities	50	1,330	-	1,380	(796)
	(9,284)	61,839	367	52,922	31,043
Investing activities					
(Increase) decrease in marketable securities	50	(58,633)	(814)	(59,397)	(38,921)
Redemption of preferred shares in private companies	-	6,771	-	6,771	1,090
Interest receivable	-	-	-	-	18
Principal repayment of loan receivable	-	-	80	80	79
Proceeds on settlement of life insurance policies - net	-	-	-	-	32
Purchase of charitable purposes property	-	(3,348)	-	(3,348)	-
Proceeds on disposition of other investments	-	1,716	-	1,716	-
Interfund transfers	9,421	(9,788)	367	-	-
	9,471	(63,282)	(367)	(54,178)	(37,702)
Net increase (decrease) in cash	187	(1,443)	-	(1,256)	(6,659)
Cash - beginning of year	67	18,196	-	18,263	24,922
Cash - end of year	254	16,753	-	17,007	18,263

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

AQUEDUCT FOUNDATION
Notes to the Financial Statements
(Amounts are expressed in thousands of dollars)
For the Year Ended December 31, 2025

1. Incorporation and Nature of Operations

Aqueduct Foundation (the "Foundation"), incorporated pursuant to the Societies Act (British Columbia), is a public foundation registered under the Income Tax Act (Canada) (the "Tax Act") and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes. To maintain its status as a public foundation registered under the Tax Act, the Foundation must meet certain requirements within the Tax Act. In the opinion of management, these requirements are being met.

The Foundation's activities and investments are administered by Bank of Nova Scotia Trust Company ("Scotiabank"). The Foundation receives gifts from donors and creates funds whereby a donor may make grant recommendations to the Foundation. The Foundation's revenue is derived from donor gifts and the investment income earned on these invested funds (Note 2(c)).

2. Summary of Significant Accounting Policies

The Foundation prepares its financial statements in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

(a) Financial Instruments

(i) Measurement of Financial Instruments

Financial assets and liabilities are initially recognized at fair value. After initial recognition, all financial assets and financial liabilities are measured at amortized cost, except for 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 and change in net assets.

Financial assets measured at amortized cost include cash, dividends receivable, loan receivable and investments in preferred shares.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Financial assets measured at fair value include investments in marketable securities.

Life insurance policies are measured at the cash surrender value.

(ii) Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations and changes in net assets. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations and changes in net assets.

AQUEDUCT FOUNDATION
Notes to the Financial Statements
(Amounts are expressed in thousands of dollars)
For the Year Ended December 31, 2025

2. Summary of Significant Accounting Policies - continued

(a) Financial Instruments - continued

(iii) Transaction Costs

The Foundation recognizes its transaction costs in the statement of operations and changes in net assets in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

(b) Fund Accounting

The Foundation follows the restricted fund method of accounting for gifts. The Foundation ensures, as part of its fiduciary responsibilities, all funds received with a restricted purpose are expended for that purpose.

For financial reporting purposes, the accounts have been classified into the Administration Fund, Purpose Funds and Capital Restricted Funds, all described below. Interfund transfers include expense recovery allocations from the Purpose Funds to the Administration Fund. These expense recoveries are based on the market value of each fund. Other interfund transfers include donor gifts allocations from the Purpose Funds to the Capital Restricted Funds to meet matching requirements under a Minister of Canadian Heritage program.

(i) The Administration Fund

The Administration Fund accounts for the Foundation's program delivery and administrative activities. The general cost of supporting these activities are reported as expenses in the Administration Fund.

(ii) Restricted Funds

The Foundation currently maintains the following restricted funds:

a. Purpose Funds

The Purpose Funds are comprised of (a) donor advised funds, (b) legacy funds, and (c) charity designated funds. A donor advised fund is a fund where the donor retains the ability to recommend grants to registered charities, qualified and non-qualified donees based on the purpose of the fund. A legacy fund is a fund without a living donor, grant advisor, or successor advisor. A charity designated fund is a fund established by a charity or not-for-profit organization that supports the charity. All Purpose Funds are the property of the Foundation.

b. Capital Restricted Funds

These are funds where the donor has restricted the expenditure of capital. The capital is invested and the returns on this invested capital, including realized and unrealized gains (losses), are recorded in the corresponding Purpose Fund and expended in accordance with the terms of such fund.

AQUEDUCT FOUNDATION
Notes to the Financial Statements
(Amounts are expressed in thousands of dollars)
For the Year Ended December 31, 2025

2. Summary of Significant Accounting Policies - continued

(c) Revenue Recognition

Gifts received are considered contributions to the capital of the Foundation and are therefore reflected as revenue of the respective restricted fund. Gifts are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Gifts from estates are recognized when received and are based on the fair market value of the gift when received.

Investment income from both the Purpose Fund and Capital Restricted Fund is recorded in the Purpose Fund as these amounts are available for immediate distribution. Investment income, which is recorded on an accrual basis, includes interest income, dividends, realized gains or losses on the sale of securities and unrealized gains or losses from changes in the market value of securities.

Gifts of non-monetary investments and preferred shares of private companies are recorded in the statement of financial position at their estimated fair value on the date of donation, based on independent appraisals. These investments continue to be carried at these amounts which becomes the cost base of the investment (Note 2(d)).

Gifts of life insurance policies are recorded in the statement of operations and changes in net assets as gifts at the cash surrender value. The aggregate change in cash surrender value is presented in the statement of operations and changes in net assets netted against insurance premiums paid.

(d) Investments

The Foundation reports investments in marketable securities at fair value, determined on the basis of market value. Investments in preferred shares and land are carried at cost (based on fair value when the gift was received). If there is a decline in the fair value below cost, the investment is written down accordingly.

(e) Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and disclosure of contingencies at the date of the statement of financial position. Accounts subject to significant estimates include the redemption value of preferred shares in private companies. Management believes that estimates utilized in preparing its financial statements are prudent and reasonable; however, actual results could differ from those estimates.

(f) Legacy Accounts

Gifts are granted to the Foundation in the form of legacies contained in the wills of donors, insurance policy designations and named beneficiaries of remainder trusts. These amounts are not recognized and recorded in the financial statements until the death of the donor, at which time the amount of the donation can be quantified. At December 31, 2025 there were 775 (2024 - 750) legacy accounts.

AQUEDUCT FOUNDATION
Notes to the Financial Statements
(Amounts are expressed in thousands of dollars)
For the Year Ended December 31, 2025

3. Investments

Investments are made and retained in accordance with the Foundation's investment policy as approved by the Board. The goal of the policy is to ensure that funds are maintained and grown while achieving maximum returns consistent with prudent investment. The investment policy includes guidelines regarding the minimum and maximum amount of equity holdings, foreign equity holdings and a maximum to be invested in any one related group or industry.

(a) Marketable Securities, presented at market value

	2025	2024
Pooled funds and marketable securities	\$ 909,053	\$ 824,312
GICs	401	381
	<u>\$ 909,454</u>	<u>\$ 824,693</u>

(b) Preferred Shares, presented at cost

	2025	2024
Preferred shares of private companies	<u>\$ 231,113</u>	<u>\$ 237,884</u>

The Foundation receives gifts that include preferred shares of private companies with fixed redemption amounts. The preferred shares of private companies are recorded at cost which represents their estimated redemption value (Note 2(e)).

4. Charitable Purposes Property

	2025	2024
Land	<u>\$ 3,348</u>	<u>\$ -</u>

During the year, the Foundation purchased land which is being held by the Foundation for charitable purposes. The land is not used in the Foundation's operations.

5. Loan Receivable

	2025	2024
Loan receivable is unsecured, due on maturity date, 31 October 2032 and bears interest at 5% per annum.	<u>\$ 683</u>	<u>\$ 763</u>

The loan was granted in 2017 in the amount of \$1,000. There is no fixed repayment schedule and the loan is due in full on the maturity date.

AQUEDUCT FOUNDATION
Notes to the Financial Statements
(Amounts are expressed in thousands of dollars)
For the Year Ended December 31, 2025

6. Dividends Receivable

As at December 31, 2025, the Foundation has dividends receivable of \$3,659 (2024 - \$2,484) related to its holdings of certain preferred shares. Under the terms of the shareholders agreement, cumulative dividends are calculated annually at a fixed rate of 1% on the redemption value of shares, with the first dividend recognized as at December 31, 2023. All accrued dividends are due in full by 2036. Consequently, they are classified as non-current assets on the statement of financial position.

7. Gifts

	2025	2024
Total gifts received	\$ 147,419	\$ 123,282
Less: estimated fair value of life insurance policies in excess of cash surrender value at the time of donation (Note 2(c))	-	(251)
	<u>\$ 147,419</u>	<u>\$ 123,031</u>

In the prior year, the Foundation received life insurance policies with estimated fair values exceeding their cash surrender values. No similar policies were received in the current year.

8. Operating Expenses

	2025	2024
Foundation management fees	\$ 8,479	\$ 7,873
Consulting	364	318
Software subscription	219	190
Compensation	125	-
Accounting, legal and other	121	110
Directors costs	120	169
Office costs	111	83
Insurance	8	9
	<u>\$ 9,547</u>	<u>\$ 8,752</u>

9. Grants

Included in grants expense is \$19,417 which is the fair value of marketable securities transferred in-kind to another charitable foundation that assumed management of these funds during the year.

AQUEDUCT FOUNDATION
Notes to the Financial Statements
(Amounts are expressed in thousands of dollars)
For the Year Ended December 31, 2025

10. Financial Instruments

The Foundation is exposed to various risks through its financial instruments. The following analysis provides a measure of the Foundation's risk exposure and concentrations at the statement of financial position date, December 31, 2025.

(a) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. The Foundation manages liquidity risk by maintaining adequate cash and highly liquid investments. There has been no change to the risk exposure from the prior year.

(b) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Foundation's main credit risks relate to its cash, investments, dividends receivable and loan receivable. The Foundation manages credit risk by holding balances of cash and cash equivalents with a reputable top rated financial institution. The Foundation periodically reviews its investments and is satisfied with the credit rating of the financial institution. In addition, the loan receivable and the dividends receivable are assessed for collectibility and security on a regular basis. There has been no change to the risk exposure from the prior year.

(c) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Foundation is exposed to all three types of risk.

(d) 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 Foundation's currency risks arise from marketable securities denominated in a foreign currency. There has been no change to the risk assessment from the prior year.

(e) 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. The Foundation is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-rate instruments subject the Foundation to a fair value risk while the floating-rate instruments subject it to a cash flow risk. There has been no change to the risk exposure from the prior year.

AQUEDUCT FOUNDATION
Notes to the Financial Statements
(Amounts are expressed in thousands of dollars)
For the Year Ended December 31, 2025

10. Financial Instruments - continued

(f) 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 risk or 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 Foundation is exposed to other price risk through its investments. There has been no change to the risk exposure from the prior year.

11. Remuneration of Directors, Employees and Contractors

For the fiscal year ended December 31, 2025, the amounts paid to directors of the Foundation for acting in their noted capacity was \$Nil (2024 - \$Nil). With respect to employees and contractors, one individual (2024 - one) received remuneration of \$125 and is included in compensation expense (2024 - \$118 included in consulting expense).