

**South Okanagan Similkameen Medical Foundation**  
**Financial Statements**  
**For the Year Ended March 31, 2024**

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## Independent Auditor's Report

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To the Board of Directors of South Okanagan Similkameen Medical Foundation

### Report on the Audit of the Financial Statements

#### Qualified Opinion

We have audited the accompanying financial statements of South Okanagan Similkameen Medical Foundation ("the Foundation"), which comprise the statement of financial position as at March 31, 2024, and the statements of changes in fund balances, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matters described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2024, and its results of operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

#### Basis for Qualified Opinion

In common with many not-for-profit organizations, the Foundation derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, the verification of these revenues was limited to the amounts recorded in the records of the Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2023 and 2024, current assets as at March 31, 2023 and 2024, and net assets as at April 1 and March 31 for both the 2023 and 2024 years.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibility* 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 qualified audit opinion.

### **Other Matters - Unaudited Information**

We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the supplementary schedule (Schedule 1) of the Foundation's financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these 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 Responsibility**

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

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

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

#### **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.

## South Okanagan Similkameen Medical Foundation Statement of Financial Position

March 31	General Fund	Restricted Fund	Endowment Fund	2024 Total	2023 Total
<b>Assets</b>					
<b>Current</b>					
Cash	\$ 369,814	\$ 1,020,659	\$ 61,695	\$ 1,452,168	\$ 1,098,931
Investments - Note 2	-	10,251,600	-	10,251,600	9,700,768
Accounts receivable	2,826	-	-	2,826	2,902
Inventory	9,975	-	-	9,975	9,951
Prepaid expenses	70,772	-	-	70,772	14,119
	<u>453,387</u>	<u>11,272,259</u>	<u>61,695</u>	<u>11,787,341</u>	<u>10,826,671</u>
Investment in partnership - Note 2	62,701	-	-	62,701	63,414
Endowment investments - Note 2	-	-	3,108,221	3,108,221	2,801,503
Land held - Note 3	-	1,520,000	-	1,520,000	1,520,000
	<u>\$ 516,088</u>	<u>\$ 12,792,259</u>	<u>\$ 3,169,916</u>	<u>\$ 16,478,263</u>	<u>\$ 15,211,588</u>
<b>Liabilities and Fund Balances</b>					
<b>Current</b>					
Accounts payable and accrued liabilities	\$ 105,448	\$ 630,232	\$ -	\$ 735,680	\$ 366,933
<b>Fund Balances</b>					
Externally restricted	-	12,162,027	3,169,916	15,331,943	14,797,086
Unrestricted	410,640	-	-	410,640	47,569
	<u>410,640</u>	<u>12,162,027</u>	<u>3,169,916</u>	<u>15,742,583</u>	<u>14,844,655</u>
	<u>\$ 516,088</u>	<u>\$ 12,792,259</u>	<u>\$ 3,169,916</u>	<u>\$ 16,478,263</u>	<u>\$ 15,211,588</u>

On behalf of the Board:

(19 (1))

Director

(19 (1))

Director

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

## South Okanagan Similkameen Medical Foundation Statement of Changes in Fund Balances

For the year ended March 31	2024			2023	
	General Fund	Restricted Fund	Endowment Fund	Total	Total
Balance, beginning of the year	\$ 47,569	\$ 11,939,993	\$ 2,857,093	\$ 14,844,655	\$ 13,218,919
Excess of revenues over expenses	675,894	222,034	-	897,928	1,625,736
Interfund transfers	(312,823)	-	312,823	-	-
Balance, end of the year	\$ 410,640	\$ 12,162,027	\$ 3,169,916	\$ 15,742,583	\$ 14,844,655

On behalf of the Board:

99 (1)

Director

99 (1)

Director

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

## South Okanagan Similkameen Medical Foundation Statement of Operations

For the year ended March 31	2024		2023	
	General Fund	Restricted Fund	Total	Total
<b>Revenue</b>				
Donations	\$ -	\$ 4,620,722	\$ 4,620,722	\$ 2,896,803
Investment income	1,007,995	-	1,007,995	72,795
Cafe revenue	482,135	-	482,135	427,539
Rental income	46,200	-	46,200	46,200
Other income	96,910	-	96,910	96,594
<sup>24 (1)</sup> income	55,787	-	55,787	63,083
	<b>1,689,027</b>	<b>4,620,722</b>	<b>6,309,749</b>	<b>3,603,014</b>
<b>Operating Expenses</b>				
Advertising	27,288	-	27,288	28,565
Cafe cost of sales	202,840	-	202,840	170,012
Campaign costs	-	216,085	216,085	106,243
Insurance	9,245	-	9,245	4,979
Interest and bank charges	118	-	118	63
Licences, dues and fees	2,323	-	2,323	3,078
Maintenance and repairs	1,485	-	1,485	693
Meetings and events	3,018	-	3,018	4,067
Merchant fees	-	17,899	17,899	15,032
Office and postage	95,292	-	95,292	92,273
Professional fees	63,771	-	63,771	20,755
Training and education	29,200	-	29,200	10,810
Utilities	-	2,947	2,947	6,383
Wages and benefits	578,553	-	578,553	601,941
	<b>1,013,133</b>	<b>236,931</b>	<b>1,250,064</b>	<b>1,064,894</b>
<b>Excess of revenues over expenses before funding</b>	<b>\$ 675,894</b>	<b>\$ 4,383,791</b>	<b>\$ 5,059,685</b>	<b>\$ 2,538,120</b>
<b>Funding to Health Care Facilities and Grants</b>	<b>-</b>	<b>4,161,757</b>	<b>4,161,757</b>	<b>912,384</b>
<b>Excess of revenues over expenses</b>	<b>\$ 675,894</b>	<b>\$ 222,034</b>	<b>\$ 897,928</b>	<b>\$ 1,625,736</b>

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

## South Okanagan Similkameen Medical Foundation Statement of Cash Flows

For the year ended March 31	2024	2023
<b>Cash flows from operating activities</b>		
Cash receipts from donations	\$ 4,620,722	\$ 2,896,803
Cash receipts from other revenues	625,321	569,482
Cash grants paid	(3,727,182)	(1,061,103)
Cash paid to suppliers and employees	(1,391,292)	(1,052,972)
Interest received	169,168	72,795
	<u>296,737</u>	<u>1,425,005</u>
<b>Cash flows from investing activities</b>		
Distributions from <sup>24(1)</sup>	56,500	65,600
Net change in investments	-	(2,580,269)
	<u>56,500</u>	<u>(2,514,669)</u>
<b>Net increase (decrease) in cash</b>	<b>353,237</b>	<b>(1,089,664)</b>
<b>Cash, beginning of the year</b>	<b>1,098,931</b>	<b>2,188,595</b>
<b>Cash, end of the year</b>	<b>\$ 1,452,168</b>	<b>\$ 1,098,931</b>

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



## South Okanagan Similkameen Medical Foundation Notes to Financial Statements

**March 31, 2024**

### 1. Significant Accounting Policies

**Nature and Purpose of Organization**

The South Okanagan Similkameen Medical Foundation (the "Foundation") was established in 1981 as the official fundraising body for the hospitals and health services facilities of the South Okanagan and Similkameen area. The Foundation's Articles of Incorporation, Constitution, and By-Laws restrict its purview to the South Okanagan Similkameen health care institutions, facilities and agencies, and other locations and facilities provided that it can be shown that they benefit residents of the South Okanagan Similkameen.

The Foundation is incorporated under the Province of British Columbia's Society Act as a non-profit organization, is a registered charitable organization under the Income Tax Act and is, therefore, exempt from income tax.

**Basis of Accounting**

The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

**Fund Accounting**

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

The General Fund accounts for the Foundation's administrative activities. This fund reports unrestricted resources and restricted administrative contributions including donations and investment income designated for administrative activities.

The Capital Asset Fund reports the assets, liabilities, revenues and expenses related to the Foundation's capital assets.

The Restricted Fund reports donations, fundraising expenses, and the related grants to South Okanagan Similkameen health care institutions, facilities, and agencies.

The Endowment Fund reports resources contributed for endowment. Investment income earned on resources of the Endowment Fund is reported in the appropriate restricted fund or the General Fund depending on the nature of any restrictions imposed by contributors of funds for endowment.

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## South Okanagan Similkameen Medical Foundation Notes to Financial Statements

March 31, 2024

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### 1. Significant Accounting Policies (continued)

#### Revenue Recognition

Unrestricted contributions are recognized as revenue into the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions are recognized as revenue of the appropriate restricted fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. However, if no appropriate restricted fund is presented, then the restricted contribution is recognized as revenue of the General Fund in the year in which the related expenses are incurred. Investment income earned on Restricted contributions is not restricted and is recorded as revenue into the General Fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions for endowments are recognized as revenue in the Endowment Fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Cafe, rental and promotional revenues are recorded when earned or when the amounts can be estimated and collection is reasonably assured.

## South Okanagan Similkameen Medical Foundation Notes to Financial Statements

March 31, 2024

### 1. Significant Accounting Policies (continued)

#### Financial Instruments

Financial Instruments are recorded at fair value at initial recognition.

Charitable Remainder Trusts are subsequently measured at amortized cost determined by an actuary using several relevant factors. Income from financial assets measured at amortized cost and realized gains and losses are reported in net income. Transaction costs on financial assets measured at amortized costs are capitalized.

Investments in equity instruments that are quoted in an active market are subsequently measured at fair value based on quoted market prices. Income from financial assets measured at fair value and gains and losses, whether realized or unrealized, are reported in net income. Transaction costs on financial assets measured at fair value are expensed when incurred.

Financial assets are tested 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, management 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 realized 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. Impairment losses, if any, are reported in net income in the year the impairment is identified.

#### Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, balances with banks and short-term deposits with original maturities of three months or less. Cash balances held in investment accounts are excluded from cash and cash equivalents.

#### Valuation of Inventory

Inventory is measured at the lower of cost and net realizable value. Cost is determined using the first-in-first-out method.

#### Investment in Partnership

The investment in <sup>24 (1)</sup> consists of a one-third interest in the partnership and is reported using the equity method. Under this method, the investment was initially recorded at cost and then adjusted to recognize the Foundation's share of earnings or losses and reduced by distributions received. By virtue of the Foundation's investment in <sup>24 (1)</sup>, the two entities are considered related parties.

## South Okanagan Similkameen Medical Foundation Notes to Financial Statements

March 31, 2024

### 1. Significant Accounting Policies (continued)

#### Capital Assets

Purchased capital assets are reported at cost, or deemed cost. Contributed capital assets are recorded at the fair market value of the asset at the date of contribution if the fair market value can be reasonably estimated. Amortization is provided annually at the following rates and methods which have been established by estimates of useful lives of the assets.

Furniture and equipment	20% declining balance
Computer equipment	30% declining balance

#### Donated Supplies and Services

The Foundation benefits from the value of volunteer time which has not been recognized in the financial statements. The Foundation also receives office space and services from Interior Health for which no amount has been recorded in the financial statements. The value of donated supplies and services, when the amount can be reasonably estimated has been recorded at fair market value.

#### Use of Estimates

When preparing financial statements in accordance with ASNPO, management is required to make estimates and assumptions relating to the:

- Reported amounts of revenue and expenses for the year;
- Reported amounts of assets and liabilities; and
- Disclosure of contingent assets and liabilities at the report date.

These assumptions are based on a number of factors, including historical experience, current events and actions that the Foundation may undertake in the future, and other assumptions believed reasonable under the circumstances. Management periodically reviews these estimates and, accordingly, adjustments made to these estimates are taken into income in the year in which it is determined. These estimates are subject to measurement uncertainty, and actual results may therefore differ from those estimates.

## South Okanagan Similkameen Medical Foundation

### Notes to Financial Statements

March 31, 2024

#### 2. Investments

Investments reported as current assets consist of a portfolio of interest bearing securities and equity instruments. These investments are valued at fair market value and have a cost of \$9,862,822 (2023 - \$9,584,408); of which \$25,000 is presented under cash. There is a restriction on the investments by a contributor that the amount of \$25,000 be held until October 2026 or the date of death of the contributor, whichever is later. Investment income includes realized gains of \$239,956 (2023 - realized losses of \$198,901) and unrealized gains of \$446,778 (2023 - unrealized gains of \$209,355).

Investments reported as non-current are as follows:

	2024	2023
<b>Investment in partnership</b>	<b>\$ 62,701</b>	<b>\$ 63,414</b>
The investment in the partnership represents a one-third interest in <span style="border: 1px solid black; padding: 0 20px;">24 (1)</span> and is reported using the equity method.		
<b>Endowment investments</b>	<b>3,108,221</b>	<b>2,801,503</b>
The endowment investments consist of a portfolio of interest bearing securities and equity instruments. They are reported at fair market value and have a cost of \$2,704,082 (2023 - \$2,797,343 ).		

#### 3. Land Held

The Foundation received a gift of land in 2012 with a fair market value of \$1,520,000. The terms of the gift include a restriction that the land shall not be used for any purpose other than the treatment and care of sick, wounded, infirm or aged persons, including ancillary uses therefore, which may include parking lot or parking structure. The restrictive covenant is perpetual. In addition the terms of the gift give the donor the right of first refusal on any sale of the land until September 2091. The Foundation has no immediate plans to develop the land. The donor supports the current leasing of the land.

The Foundation has a lease agreement for the land with 24 (1) expiring June 30, 2025 although there is a clause that allows for earlier termination. Rent is set at \$90,000 per annum.

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## South Okanagan Similkameen Medical Foundation

### Notes to Financial Statements

March 31, 2024

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#### 4. Endowments

The Endowment Fund is made up of the proceeds from charitable remainder trusts and a donation from a specific estate in the amount of \$125,816, which is included in the assets of the endowment fund.

The terms of the endowment from the estate call for the principal of the endowment to be held in perpetuity and any income earned to be used for diagnostic equipment. The income earned on this endowment is reported in the restricted fund.

The terms of the charitable remainder trusts called for the funds to be held in a permanent endowment fund named the Castellarin Memorial Fund. Income earned from the endowment is to be used for the general purposes of the Foundation and is reported in the general fund.

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#### 5. Salaries, Honoraria and Benefits

The Society Act (British Columbia) requires certain information to be reported with regards to remuneration of employees, contractors and directors.

Included in wages and benefits is four employees with remuneration over \$75,000. No honoraria were paid to member of the Board of Directors for the 2024 and 2023 years.

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#### 6. Financial Instrument Risks

The Foundation is exposed to various risks through its financial instruments, without being exposed to any concentrations of risk. The main areas of risk are:

**Credit risk:**

Credit risk is the risk that one party to a financial asset will cause a loss for the Foundation by failing to discharge an obligation. The Foundation is not subject to significant credit risk as it does not grant credit on a regular basis and only recognizes in the financial statements pledges that have been received at the date of completion of the financial statements.

**Market risk:**

Market risk is the risk that the fair value or future cash flows of the Foundation's financial instruments will fluctuate because of changes in market prices. Market risk comprises interest rate risk and other price risk. Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates. Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of market prices other than interest rate risk. Some of the Foundation's financial instruments expose it to market risk. The Foundation reduces this risk by investing in high quality equity and interest bearing instruments.

## South Okanagan Similkameen Medical Foundation Notes to Financial Statements

March 31, 2024

### 7. Related Party Transactions

During the year, the Foundation received \$56,500 (2023 - \$65,600) in donations through a related party, <sup>24 (1)</sup>. The donations have been recorded as a reduction to the investment in partnership.

### 8. Commitments and Pledges

The following commitments are owed by the Foundation and the pledges are owed to the Foundation. Included in the commitments are encumbrances to approved funds with Interior Health and are not accrued unless the Foundation has been invoiced or there is sufficient information available to support that Interior Health has incurred the respective costs at the year end.

#### Commitments

	2024	2023
Tower	\$ -	\$ 821,756
CT Scanner	391,062	2,573,124
Oncology	8,651,679	10,000,000
Remaining encumbrances	219,087	640,832
	<u>\$ 9,261,828</u>	<u>\$ 14,035,712</u>

#### Pledges

	2024	2023
CT Scanner funding (Penticton Regional Hospital)	\$ -	\$ 1,275,000
Oncology campaign	1,725,979	2,168,000
	<u>\$ 1,725,979</u>	<u>\$ 3,443,000</u>

**South Okanagan Similkameen Medical Foundation**  
**Schedule 1 - Cafe Net Income**  
**Unaudited**

For the year ended March 31	2024	2023
Cafe revenue	\$ 482,135	\$ 427,539
Cost of goods sold	<u>202,840</u>	<u>170,012</u>
Gross profit	279,295	257,527
Expenses		
Advertising and promotion	1,802	2,364
Equipment maintenance	1,485	693
Insurance	3,240	1,740
Interest and bank charges	6,481	4,826
Licences, dues and fees	205	150
Office and postage	3,049	2,074
Supplies	33,575	28,047
Telephone	1,086	2,492
Wages and benefits	<u>166,343</u>	<u>132,480</u>
	217,266	174,866
Income before other income	<u>62,029</u>	<u>82,661</u>
Other income		
Interest income	<u>25,104</u>	<u>11,995</u>
Net income	<u>\$ 87,133</u>	<u>\$ 94,656</u>