

Financial Statements of

**COMMUNITY FOUNDATION OF THE  
SOUTH OKANAGAN SIMILKAMEEN**

And Independent Auditors' Report thereon

Year ended December 31, 2023



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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of Community Foundation of the South Okanagan Similkameen

### ***Opinion***

We have audited the financial statements of Community Foundation of the South Okanagan Similkameen (the Entity), which comprise:

- the statement of financial position as at December 31, 2023
- the statement of revenue, expenses and fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies (Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2023 and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### ***Basis for Opinion***

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

We are independent of the Entity 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing the Entity's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.



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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

***Report on Other Legal and Regulatory Requirements***

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting policies applied by the Entity 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 period.

A handwritten signature in black ink that reads 'KPMG LLP'. Below the signature is a long, horizontal, slightly curved line.

Chartered Professional Accountants

Kelowna, Canada

June 24, 2024

# COMMUNITY FOUNDATION OF THE SOUTH OKANAGAN SIMILKAMEEN

## Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 522,252	\$ 190,892
Restricted cash and cash equivalents	5,085,835	1,218,508
Accounts receivable	52,987	39,814
Deposits and prepaid expenses	11,759	16,790
	5,672,833	1,466,004
Investments, measured at fair value (note 2)	13,523,274	11,548,225
Investment in private company	28,504,900	-
Tangible capital assets (note 3)	3,456,836	3,482,632
	<b>\$ 51,157,843</b>	<b>\$ 16,496,861</b>
<b>Liabilities and Fund Balances</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 212,630	\$ 88,928
Security deposits	11,532	13,212
Deferred revenue	447,844	101,959
Current portion of long-term debt	56,830	2,155,677
Canada Emergency Business Account loan	-	40,000
	728,836	2,399,776
Long-term debt (note 4)	2,028,781	-
	2,757,617	2,399,776
<b>Fund balances</b>		
Unrestricted		
Invested in tangible capital assets	1,371,225	1,326,955
Unrestricted	(85,008)	3,397
	1,286,217	1,330,352
Restricted:		
Endowments	44,343,144	10,418,148
Retained returns from investments	1,054,386	1,225,605
Other	1,716,479	1,122,980
	47,114,009	12,766,733
	48,400,226	14,097,085
	<b>\$ 51,157,843</b>	<b>\$ 16,496,861</b>

See accompanying notes to financial statements.

Approved on behalf of the Board:

DocuSigned by:  
  
 Robin Robertson  
 1E0F8D526401497/... Director

DocuSigned by:  
  
 2635D2218D1041C... Director

# COMMUNITY FOUNDATION OF THE SOUTH OKANAGAN SIMILKAMEEN

Statement of Revenue, Expenses and Fund Balances

Year ended December 31, 2023, with comparative information for 2022

	Unrestricted	Restricted	2023	2022
<b>Revenue</b>				
<b>Investment, net</b>				
Investment income	\$ 38,000	\$ 340,997	\$ 378,997	\$ 451,697
Gains (loss) on investments (note 2)	-	720,480	720,480	(989,130)
Investment management fees	-	(66,495)	(66,495)	(65,218)
	38,000	994,982	1,032,982	(602,651)
<b>Contributions</b>				
Designated funds	-	33,924,996	33,924,996	316,003
Flow through	-	638,184	638,184	428,698
Grants and sponsorships	181,210	204,564	385,774	329,823
Other	71,234	562,594	633,828	71,762
	252,444	35,330,338	35,582,782	1,146,286
<b>Administration fees</b>				
Restricted funds	192,150	(192,150)	-	-
Other	-	-	-	488
	192,150	(192,150)	-	488
<b>Rental (note 5)</b>	322,334	-	322,334	344,502
<b>Fundraising</b>	9,485	-	9,485	945
<b>Other</b>	163,667	-	163,667	146
<b>Total revenue</b>	978,080	36,133,170	37,111,250	889,716
<b>Expenses</b>				
<b>Grants paid</b>	-	1,223,300	1,223,300	1,150,877
<b>Administrative</b>				
Amortization	965	-	965	1,705
Contract fees	58,904	-	58,904	23,495
Fundraising activities	2,848	33,000	35,848	-
Insurance	1,370	-	1,370	1,199
Licenses, dues and fees	32,029	-	32,029	31,712
Office and miscellaneous	43,974	109,645	153,619	10,296
Professional development	7,002	14,442	21,444	10,608
Professional fees	163,161	343,212	506,373	93,291
Public relations and communications	47,422	62,295	109,717	37,847
Rent	10,800	-	10,800	10,800
Salaries and wages (note 7)	369,847	-	369,847	318,891
Telephone	5,053	-	5,053	3,666
Travel	21,618	-	21,618	1,770
	764,993	562,594	1,327,587	545,280
<b>Rental (note 5)</b>	257,222	-	257,222	239,309
<b>Total expenses</b>	1,022,215	1,785,894	2,808,109	1,935,466
<b>Excess (deficiency) of revenue over expenses</b>	(44,135)	34,347,276	34,303,141	(1,045,750)
<b>Fund balances, beginning of year</b>	1,330,352	12,766,733	14,097,085	15,142,835
<b>Fund balances, end of year</b>	\$ 1,286,217	\$ 47,114,009	\$ 48,400,226	\$ 14,097,085

See accompanying notes to financial statements.

# COMMUNITY FOUNDATION OF THE SOUTH OKANAGAN SIMILKAMEEN

## Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities		
Cash receipts from fundraising	9,485	-
Cash receipts from contributions and other revenues	2,133,642	916,922
Cash receipts from endowment contributions	5,390,096	316,003
Cash receipts from investment revenue	363,721	513,290
Cash receipts from rental revenue	318,394	326,398
Cash paid for rental expenses	(116,726)	(107,648)
Cash paid for administrative, fundraising and other expenses	(1,175,104)	(540,210)
Cash paid for grants	(1,223,300)	(1,150,877)
Cash paid for interest	(79,409)	(71,119)
	5,620,799	202,759
Financing activities:		
Increase (decrease) in restricted cash and cash equivalents	(3,867,327)	237,543
Repayment of long-term debt	(110,066)	(93,173)
	(3,977,393)	144,370
Investing activities:		
Purchase of tangible capital assets	(36,258)	(17,069)
Net increase in investments	(1,275,788)	(322,779)
	(1,312,046)	(339,848)
Increase in cash and cash equivalents	331,360	7,281
Cash and cash equivalents, beginning of year	190,892	183,611
Cash and cash equivalents, end of year	\$ 522,252	\$ 190,892
Non-cash transactions:		
Gift in kind donated	\$ 28,504,900	\$ 945

See accompanying notes to financial statements.

# COMMUNITY FOUNDATION OF THE SOUTH OKANAGAN SIMILKAMEEN

Notes to Financial Statements

Year ended December 31, 2023

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Community Foundation of the South Okanagan Similkameen (the "Foundation") is dedicated to building healthy, vibrant, and livable communities across the South Okanagan Similkameen. The Foundation makes beneficial and lasting improvements by connecting gifts of energy, ideas, time and money with the needs and opportunities of our communities.

The Foundation sees itself operating three "lines of business". As "brokers" we achieve our goals through supporting others to achieve their legacies, primarily by working with donors to fulfill their giving goals. As "catalysts" we act and engage in social change, working as philanthropic leaders to build a culture of giving, and proactively conducting research to better understand community needs. As "facilitators" we encourage others to join as groups to create their dreams by bringing diverse groups together to implement or fund social change.

The Foundation accepts donations received as contributions to its operations, endowment and restricted funds, as directed by donors. Grants are made to charitable organizations throughout the South Okanagan Similkameen using income earned from the investment of donated assets.

The Foundation was incorporated on December 18, 1991, and became a registered charity under the Income Tax Act on August 10, 1992. The Foundation operates under the Societies Act of British Columbia. As a result of its status as a charity, the Foundation is exempt from income taxes and may issue tax receipts to donors as long as it complies with the rules and regulations of the Income Tax Act.

## 1. Significant accounting policies:

The financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The Foundation's significant accounting policies are as follows:

### (a) Fund accounting:

The Foundation follows the restricted fund method of accounting for contributions, thereby recognizing contributions and investment income as revenue in the appropriate restricted funds as specified by donors. The fund classifications are:

#### (i) Unrestricted:

Unrestricted represents unrestricted contributions, investment income and fundraising proceeds, administrative fees charged to restricted funds, administrative expenses and community grants. The Foundation holds its investment in tangible capital assets and realizes related net revenue inside its unrestricted fund.



# COMMUNITY FOUNDATION OF THE SOUTH OKANAGAN SIMILKAMEEN

Notes to Financial Statements (continued)

Year ended December 31, 2023

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## 1. Significant accounting policies (continued):

### (a) Fund accounting (continued):

#### (ii) Restricted

Restricted funds include endowment funds and other externally or internally restricted funds. Endowment fund represents funds that are permanently restricted by the donor; these funds must be maintained in perpetuity. Other restricted funds represent flow-through funds specifically designated by donors, grants designated for specific and non-specific charitable purposes as well as restricted investment income earned on the endowment funds. Administration fees are charged on all restricted funds in accordance with financial management policies of the Foundation.

### (b) Revenue recognition:

Contributions to the restricted or unrestricted fund are recognized as revenue when they are received or receivable, provided the amounts are measurable and collection is reasonably assured. Contributions received related to expenses for future periods or for which performance obligations have not been met are recorded in deferred revenue.

Investment income earned on restricted funds is recognized as revenue in the restricted fund in accordance with the terms of the restricted contribution. Investment income on unrestricted funds is recognized as revenue in the unrestricted fund.

Rental revenue is recognized in the unrestricted fund as revenue over the rental term provided the amounts are measurable and collection is reasonably assured.

### (c) Cash and cash equivalents:

Cash and cash equivalents includes cash and term deposits readily convertible into cash.

# COMMUNITY FOUNDATION OF THE SOUTH OKANAGAN SIMILKAMEEN

Notes to Financial Statements (continued)

Year ended December 31, 2023

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## 1. Significant accounting policies (continued):

### (d) Tangible capital assets:

Tangible capital assets are recorded at cost, less accumulated amortization. When the Foundation's management determines that certain tangible capital assets no longer contribute to its ability to provide services, their carrying amount is written down to its net recoverable amount. Tangible capital assets are amortized using the following methods and annual rates:

Asset	Method	Rate
Buildings	Straight-line	50 years
Furniture and equipment	Declining balance	20%
Computer equipment	Declining balance	20-55%

### (e) Investments:

Investments include pooled investment funds, and interest bearing investments. These investments are recorded at their fair values determined, on a settlement date basis, on the last business day of the fiscal period.

### (f) Investment in private company:

The Foundation owns 100% of the shares of a private company which is controlled by a separate board of directors. As the Foundation does not control or have significant influence in the entity's operations, the investment is measured using the cost basis.

### (g) Contributed services:

The Foundation receives services from volunteers each year and due to the difficulty of determining their value, contributed services of volunteers are not recognized in the financial statements. When the value of donated services can be reasonably estimated, the amount has been recorded at market value.

# COMMUNITY FOUNDATION OF THE SOUTH OKANAGAN SIMILKAMEEN

Notes to Financial Statements (continued)

Year ended December 31, 2023

## 1. Significant accounting policies (continued):

### (h) Financial instruments:

The Foundation measures cash and cash equivalents and investments at fair value and accounts receivable, security deposits, accounts payable and accrued liabilities, and long-term debt and other loans at amortized cost. Changes in fair value of cash and investments are recognized in the statement of revenues and expenses in the periods in which they arise.

### (i) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## 2. Investments:

	Cost	Fair value 2023	Fair value 2022
Pooled investments	\$ 11,454,564	\$ 13,523,274	\$ 11,548,225

Gains (losses) on investments for the year consisted of the following:

	2023	2022
Realized gains	\$ 25,025	\$ 126,323
Unrealized gains (losses)	695,455	(1,115,453)
	\$ 720,480	\$ (989,130)

# COMMUNITY FOUNDATION OF THE SOUTH OKANAGAN SIMILKAMEEN

Notes to Financial Statements (continued)

Year ended December 31, 2023

## 3. Tangible capital assets:

			2023	2022
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 687,220	\$ -	\$ 687,220	\$ 687,220
Buildings	3,072,733	306,921	2,765,812	2,790,232
Furniture and equipment	4,464	893	3,571	4,873
Computer equipment	10,989	10,756	233	307
	\$ 3,775,406	\$ 318,570	\$ 3,456,836	\$ 3,482,632

## 4. Long-term debt:

	2023	2022
Term loan, bearing interest at 6.32%, repayable in blended monthly payments of \$12,025 and maturing September 2028.	\$ 1,610,236	\$ 1,665,861
Term loan, bearing interest at 2.99%, repayable in blended monthly payments of \$2,400 and maturing November 2026.	475,375	489,816
	2,085,611	2,155,677
Current portion	56,830	2,155,677
	\$ 2,028,781	\$ -

The term loans are secured by the Foundation's land and buildings and an assignment of rents. The loans are subject to certain restrictive financial and non-financial covenants.

# COMMUNITY FOUNDATION OF THE SOUTH OKANAGAN SIMILKAMEEN

Notes to Financial Statements (continued)

Year ended December 31, 2023

## 4. Long-term debt (continued):

Principal repayments are due as follows:

2024	\$	58,475
2025		61,766
2026		494,928
2027		52,789
2028		1,417,653
	\$	2,085,611

## 5. Rental revenue and expenses:

	2023	2022
Revenue	\$ 322,334	\$ 344,502
Expenses:		
Administration	32,458	33,987
Amortization	61,088	60,543
Interest	79,409	71,119
Repairs and maintenance	52,761	43,728
Utilities	31,506	29,932
	257,222	239,309
Excess of revenue over expenses	\$ 65,112	\$ 105,193

## 6. Financial risks and concentration of risk:

The Foundation invests its funds according to an investment policy approved by the Board. The Foundation manages credit, liquidity and market risk associated with its financial instruments by investing in a diversified portfolio managed by an investment firm approved by the Board of Directors. The Foundation's investment policy outlines the objectives, policies and processes relating to investment activities and applies to all investments of the Foundation.

The Board of Directors has overall responsibility for the establishment and oversight of the Foundation's risk management framework, including risks related to financial management of assets.

# COMMUNITY FOUNDATION OF THE SOUTH OKANAGAN SIMILKAMEEN

Notes to Financial Statements (continued)

Year ended December 31, 2023

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

The Foundation has exposure to the following risks from its use of financial instruments:

(a) Credit risk:

Credit risk is the risk that a counterparty to a financial instrument fails to meet its contractual obligations. Such risks arise principally from certain financial assets held by the Foundation. The maximum credit risk exposure for the Foundation's financial assets is the carrying value of the assets. There has been no change to the Foundation's credit risk in 2023.

(b) Liquidity risk:

Liquidity risk is the risk that the Foundation will not be able to meet its financial obligations as they come due. With the exception of the investment in private company shares, the majority of the Foundation's assets are investments traded in active markets that can be readily liquidated. In addition, the Foundation aims to retain a sufficient cash position to manage liquidity in order to meet its obligations on a timely basis. There has been no change to the Foundation's liquidity risk in 2023 other than the investment in private company shares.

(c) Market risk:

Market risk is the risk that changes in market prices, as a result of changes in interest rates and equity prices, will affect the Foundation's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while attempting to maximize the potential return.

(i) Interest rate risk:

Interest rate risk relates to the risk that changes in interest rates will affect the fair value or future cash flows of financial instruments held by the Foundation. The Foundation is invested in several fixed income pooled investment funds and attempts to manage this risk by maintaining a mix of investments across a variety of asset classes.

(ii) Equity price risk:

Equity price risk is the risk that the fair value of equity financial instruments will fluctuate due to changes in market prices. The Foundation is exposed to equity price risk on its indirect investments in preferred and common stock. The objective of the Foundation's investment policy is to manage equity price risk by maintaining a portfolio which is diversified across geographic and industry sectors.

# COMMUNITY FOUNDATION OF THE SOUTH OKANAGAN SIMILKAMEEN

Notes to Financial Statements (continued)

Year ended December 31, 2023

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

### **(iii) Valuation risk:**

The Foundation is subject to valuation risk through its indirect investment in alternative assets including infrastructure and real estate. These assets are regularly reviewed and valuations are updated accordingly.

## **7. Remuneration paid to directors, employees and contractors:**

In accordance with the Societies Act (British Columbia) Section 36.1 and Societies Regulation 9.2(b):

- The Directors of the Foundation receive no remuneration for the performance of their responsibilities as Directors.
- The Foundation paid total annual remunerations of \$75,000 or greater to one employee.