

Financial Statements of

**COMMUNITY FOUNDATION OF THE
SOUTH OKANAGAN SIMILKAMEEN**

And Independent Auditors' Report thereon

Year ended December 31, 2024



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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, 2024
- 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, 2024 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. 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 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'. The signature is written in a cursive, slightly slanted style. Below the signature is a long, horizontal, slightly curved line that serves as a decorative underline.

Chartered Professional Accountants

Kelowna, Canada

June 24, 2025

COMMUNITY FOUNDATION OF THE SOUTH OKANAGAN SIMILKAMEEN

Statement of Financial Position

December 31, 2024, with comparative information for 2023


	2024	2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 750,089	\$ 522,252
Restricted cash and cash equivalents	2,430,558	5,085,835
Accounts receivable	404,480	52,987
Deposits and prepaid expenses	48,669	11,759
	<u>3,633,796</u>	<u>5,672,833</u>
Investments, measured at fair value (note 2)	19,825,075	13,523,274
Investment in private company	28,504,900	28,504,900
Tangible capital assets (note 3)	3,514,365	3,456,836
	<u>\$ 55,478,136</u>	<u>\$ 51,157,843</u>
Liabilities and Fund Balances		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 600,493	\$ 212,630
Security deposits	12,191	11,532
Deferred revenue (note 4)	280,000	447,844
Current portion of long-term debt	2,025,933	56,830
	<u>2,918,617</u>	<u>728,836</u>
Long-term debt (note 5)	-	2,028,781
	<u>2,918,617</u>	<u>2,757,617</u>
Fund balances		
Unrestricted		
Invested in tangible capital assets	1,488,432	1,371,225
Unrestricted	310,554	(85,008)
	<u>1,798,986</u>	<u>1,286,217</u>
Restricted:		
Endowments	46,725,538	44,343,144
Retained returns from investments	1,911,197	1,054,386
Other	2,123,798	1,716,479
	<u>50,760,533</u>	<u>47,114,009</u>
	<u>52,559,519</u>	<u>48,400,226</u>
	<u>\$ 55,478,136</u>	<u>\$ 51,157,843</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:

DocuSigned by:

 _____ Director
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Signed by:

 _____ Director
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COMMUNITY FOUNDATION OF THE SOUTH OKANAGAN SIMILKAMEEN

Statement of Revenue, Expenses and Fund Balances

Year ended December 31, 2024, with comparative information for 2023

	Unrestricted	Restricted	2024	2023
Revenue				
Investment, net				
Investment revenue	\$ 77,948	\$ 624,528	\$ 702,476	\$ 378,997
Dividends from investment in private company	-	425,000	425,000	-
Gains on investments (note 2)	-	1,529,974	1,529,974	720,480
Investment management fees	-	(84,995)	(84,995)	(66,495)
	77,948	2,494,507	2,572,455	1,032,982
Contributions				
Designated funds	-	2,382,394	2,382,394	33,924,996
Flow through	-	1,072,567	1,072,567	638,184
Grants and sponsorships	87,811	237,596	325,407	385,774
Other	288,798	422,398	711,196	633,828
	376,609	4,114,955	4,491,564	35,582,782
Administration fees				
Restricted funds	549,734	(549,734)	-	-
Rental (note 6)	364,461	-	364,461	322,334
Fundraising	9,750	-	9,750	9,485
Other	271,816	-	271,816	163,667
Total revenue	1,650,318	6,059,728	7,710,046	37,111,250
Expenses				
Grants paid	-	1,973,702	1,973,702	1,223,300
Administrative				
Amortization	394	-	394	965
Contract fees	33,444	-	33,444	58,904
Fundraising activities	-	-	-	35,848
Insurance	1,567	-	1,567	1,370
Licenses, dues and fees	13,912	-	13,912	32,029
Office and miscellaneous	23,460	75,723	99,183	153,619
Professional development	11,189	4,669	15,858	21,444
Professional fees	153,315	203,116	356,431	506,373
Public relations and communications	33,557	155,994	189,551	109,717
Rent	19,243	-	19,243	10,800
Salaries and wages (note 9)	506,809	-	506,809	369,847
Telephone	8,052	-	8,052	5,053
Travel	21,886	-	21,886	21,618
	826,828	439,502	1,266,330	1,327,587
Rental (note 6)	310,721	-	310,721	257,222
Total expenses	1,137,549	2,413,204	3,550,753	2,808,109
Excess of revenue over expenses	512,769	3,646,524	4,159,293	34,303,141
Fund balances, beginning of year	1,286,217	47,114,009	48,400,226	14,097,085
Fund balances, end of year	\$ 1,798,986	\$ 50,760,533	\$ 52,559,519	\$ 48,400,226

See accompanying notes to financial statements.

COMMUNITY FOUNDATION OF THE SOUTH OKANAGAN SIMILKAMEEN

Statement of Cash Flows

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operating activities		
Cash receipts from fundraising	9,750	9,485
Cash receipts from contributions and other revenues	2,186,646	2,133,642
Cash receipts from endowment contributions	2,382,394	5,390,096
Cash receipts from investment revenue	770,713	363,721
Cash receipts from rental revenue	354,586	318,394
Cash paid for rental expenses	(135,705)	(116,726)
Cash paid for administrative, fundraising and other expenses	(904,446)	(1,175,104)
Cash paid for grants	(1,973,702)	(1,223,300)
Cash paid for interest	(113,421)	(79,409)
	2,576,815	5,620,799
Financing activities:		
Decrease (increase) in restricted cash and cash equivalents	2,655,277	(3,867,327)
Repayment of long-term debt	(59,678)	(110,066)
	2,595,599	(3,977,393)
Investing activities:		
Purchase of tangible capital assets	(119,517)	(36,258)
Net increase in investments	(4,825,060)	(1,275,788)
	(4,944,577)	(1,312,046)
Increase in cash and cash equivalents	227,837	331,360
Cash and cash equivalents, beginning of year	522,252	190,892
Cash and cash equivalents, end of year	\$ 750,089	\$ 522,252
Non-cash transactions:		
Gift in kind donated	\$ -	\$ 28,504,900

See accompanying notes to financial statements.

COMMUNITY FOUNDATION OF THE SOUTH OKANAGAN SIMILKAMEEN

Notes to Financial Statements

Year ended December 31, 2024

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 four "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. As "advocates" we engage leaders in imagining and pursuing a better world for all.

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 revenue 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, 2024

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 revenue earned on restricted funds is recognized as revenue in the restricted fund in accordance with the terms of the restricted contribution. Investment revenue 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, 2024

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%
Leasehold improvements	Straight-line	Term of the lease

(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. While the Foundation does not have control, they do have the ability to exert significant influence over the entity's operations. The Foundation has chosen to measure the investment using the cost basis.

The investment in private company is reviewed for impairment on a periodic basis. When management concludes that its investment is impaired, impairment losses are recorded in the statement of revenue, expenses and fund balances. Impairment losses are not reversed for a subsequent increase in value.

(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, 2024

1. Significant accounting policies (continued):

(h) Financial instruments:

The Foundation measures cash and cash equivalents and pooled investments at fair value and accounts receivable, security deposits, investment in private company, 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.

Financial instruments are tested for impairment whenever changes in circumstances indicate that the carrying value may exceed its fair value. When the carrying amount exceeds its fair value, an impairment loss is recognized in an amount equal to the excess. An impairment loss is not subsequently reversed.

(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. Items subject to estimates and assumptions include the fair value of investments and whether there has been indicators of impairment with respect to the Foundation's investments in private company and tangible capital assets. Actual results could differ from those estimates.

2. Investments:

	Cost	Fair value 2024	Fair value 2023
Pooled investments	\$ 16,335,272	\$ 19,825,075	\$ 13,523,274

Gains on investments for the year consisted of the following:

	2024	2023
Realized gains	\$ 55,256	\$ 25,025
Unrealized gains	1,474,718	695,455
	\$ 1,529,974	\$ 720,480

COMMUNITY FOUNDATION OF THE SOUTH OKANAGAN SIMILKAMEEN

Notes to Financial Statements (continued)

Year ended December 31, 2024

3. Tangible capital assets:

			2024	2023
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 687,220	\$ -	\$ 687,220	\$ 687,220
Buildings	3,086,729	368,516	2,718,213	2,765,812
Furniture and equipment	11,602	1,054	10,548	3,571
Computer equipment	-	-	-	233
Leasehold improvements	98,384	-	98,384	-
	\$ 3,883,935	\$ 369,570	\$ 3,514,365	\$ 3,456,836

4. Deferred revenue:

	2024	2023
Grants	\$ 280,000	\$ -
Other contributions	-	447,844
	\$ 280,000	\$ 447,844

5. Long-term debt:

	2024	2023
Term loan, bearing interest at 6.32%, repayable in blended monthly payments of \$12,025 and maturing September 2028.	\$ 1,565,394	\$ 1,610,236
Term loan, bearing interest at 2.99%, repayable in blended monthly payments of \$2,400 and maturing November 2026.	460,539	475,375
	2,025,933	2,085,611
Current portion	2,025,933	56,830
	\$ -	\$ 2,028,781

COMMUNITY FOUNDATION OF THE SOUTH OKANAGAN SIMILKAMEEN

Notes to Financial Statements (continued)

Year ended December 31, 2024

5. Long-term debt (continued):

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. As at December 31, 2024, the Foundation was not in compliance with one of these covenants. Accordingly, the term loans have been presented as current liabilities.

Scheduled principal repayments on the term loans to maturity, provided repayment is not demanded as a result of the covenant non-compliance, are as follows:

2025	\$	61,766
2026		494,873
2027		52,789
2028		1,416,505
	\$	<u>2,025,933</u>

6. Rental revenue and expenses:

	2024	2023
Revenue	\$ 364,461	\$ 322,334
Expenses:		
Administration	46,663	32,458
Amortization	61,595	61,088
Interest on long-term debt	113,422	79,409
Repairs and maintenance	59,958	52,761
Utilities	29,083	31,506
	<u>310,721</u>	<u>257,222</u>
Excess of revenue over expenses	\$ 53,740	\$ 65,112

7. Commitments:

The Foundation rents premises under a long-term lease that expires August 31, 2027. The annual rent is \$25,790 and the future minimum lease payments to the expiry date are as follows:

COMMUNITY FOUNDATION OF THE SOUTH OKANAGAN SIMILKAMEEN

Notes to Financial Statements (continued)

Year ended December 31, 2024

7. Commitments (continued):

2025	\$	25,790
2026		25,790
2027		17,194
	\$	68,774

8. 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, 2024

8. 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 2024.

(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. Liquidity risk for the year ended December 31, 2024 was impacted by non-compliance with financial covenants related to a term loan (note 5).

(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, 2024

8. 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.

9. 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.