

**South Okanagan Similkameen
Medical Foundation
Financial Statements
For the Year Ended March 31, 2019**



Tel: 250-492-6020
Fax: 250-492-8110
Toll-free: 1-800-279-3658
www.bdo.ca

BDO Canada LLP
102-100 Front Street
Penticton, BC
V2A 1H1

Independent Auditor's Report

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, 2019, and the statements of operations, changes in fund balances 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 South Okanagan Similkameen Medical Foundation as at March 31, 2019, 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 Qualified Opinion

In common with many not-for-profit organizations, the South Okanagan Similkameen Medical 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 South Okanagan Similkameen Medical 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, 2018 and 2019, current assets as at March 31, 2018 and 2019, and net assets as at April 1 and March 31 for both the 2018 and 2019 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) on page 15 of the Foundation's financial statements.

Other Matters - Comparative Information

The financial statements of the Foundation for the year ended March 31, 2018 were audited by another auditor who expressed a qualified opinion on those financial statements on June 28, 2018.

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.

BDO Canada LLP

Chartered Professional Accountants

Penticton, British Columbia
June 27, 2019

South Okanagan Similkameen Medical Foundation Statement of Financial Position

March 31	General Fund	Capital Asset Fund	Restricted Fund	Endowment Fund	2019 Total	2018 Total
Assets						
Current						
Cash	\$ 430,129	\$ -	\$ 56,337	\$ -	\$ 486,466	\$ 781,934
Investments - Note 2	-	-	13,674,622	-	13,674,622	16,561,152
Accounts receivable	679	-	244,677	-	245,356	141,264
Inventory	3,928	-	-	-	3,928	3,791
Prepaid expenses	8,419	-	-	-	8,419	26,110
Investment in partnership - Note 2	443,155	-	13,975,636	-	14,418,791	17,514,251
Endowment Investments - Note 2	60,179	-	-	-	60,179	58,320
Capital Assets - Note 3	-	277,120	-	2,342,450	2,342,450	2,302,106
Land Held - Note 4	-	-	1,520,000	-	1,520,000	15,711
	\$ 503,334	\$ 277,120	\$ 15,495,636	\$ 2,342,450	\$ 18,618,540	\$ 21,410,388
Liabilities and Fund Balances						
Current						
Accounts payable - Note 5	\$ 39,532	\$ -	\$ 9,113,487	\$ -	\$ 9,153,019	\$ 2,787,571
Wages payable	26,810	-	-	-	26,810	1,125
Payroll deductions payable	346	-	-	-	346	12,541
Deferred revenue	3,630	-	-	-	3,630	-
Obligation to KGH Foundation - Note 9	70,318	-	9,113,487	-	9,183,805	2,801,237
	-	-	150,000	-	150,000	-
	70,318	-	9,263,487	-	9,333,805	2,801,237
Fund Balances						
invested in capital assets	-	277,120	-	-	277,120	15,711
Externally restricted	-	-	6,232,149	2,342,450	8,574,599	17,974,885
Unrestricted	433,016	-	-	-	433,016	618,555
	433,016	277,120	6,232,149	2,342,450	9,284,735	18,609,151
	\$ 503,334	\$ 277,120	\$ 15,495,636	\$ 2,342,450	\$ 18,618,540	\$ 21,410,388

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	2019				2018	
	General Fund	Capital Asset Fund	Restricted Fund	Endowment Fund	Total	Total
Balance, beginning of the year	\$ 618,555	\$ 15,711	\$ 15,672,779	\$ 2,302,106	\$ 18,609,151	\$15,747,869
Excess (deficiency) of revenues over expenses	343,121	(3,408)	(9,664,129)	-	(9,324,416)	2,861,282
Interfund transfers (Note 11)	(528,660)	264,817	223,499	40,344	-	-
Balance, end of the year	\$ 433,016	\$ 277,120	\$ 6,232,149	\$ 2,342,450	\$ 9,284,735	\$18,609,151

On behalf of the Board:

_____ Director

_____ Director

South Okanagan Similkameen Medical Foundation Statement of Operations

For the year ended March 31	2019			2018	
	General Fund	Capital Asset Fund	Restricted Fund	Total	Total
Revenue					
Donations	\$ -	\$ -	\$ 5,088,506	\$ 5,088,506	\$ 6,556,434
Gifts in kind	-	-	147,871	147,871	888,198
Investment income- Note 2	563,897	-	-	563,897	726,283
Cafe revenue	290,526	-	-	290,526	286,935
Rental income	43,560	-	-	43,560	64,164
Promotional income	52,116	-	-	52,116	52,834
Equity in the Income of The Care Closet	51,859	-	-	51,859	44,630
	<u>1,001,958</u>	<u>-</u>	<u>5,236,377</u>	<u>6,238,335</u>	<u>8,619,478</u>
Expenses					
Donations to Health Care Facilities	-	-	14,742,494	14,742,494	4,904,807
Cafe cost of sales	142,060	-	-	142,060	141,164
Wages and benefits	444,467	-	-	444,467	395,200
Loss on realization of Charitable Remainder Trusts	-	-	-	-	147,557
Campaign costs	-	-	146,466	146,466	54,541
Investment fees	1,050	-	-	1,050	24,825
Professional fees	17,320	-	204	17,524	14,686
Office and postage	23,128	-	-	23,128	29,295
Utilities	-	-	504	504	8,847
Merchant fees	-	-	10,838	10,838	5,555
Advertising	4,682	-	-	4,682	4,546
Insurance	4,991	-	-	4,991	5,833
Amortization	-	3,408	-	3,408	4,063
Property management fee	-	-	-	-	3,721
Vehicle	3,304	-	-	3,304	2,947
Loss on disposal of capital assets	-	-	-	-	2,291
Training	6,868	-	-	6,868	1,533
Meetings and events	2,032	-	-	2,032	1,471
Licences, dues and fees	1,384	-	-	1,384	1,419
Interest and bank charges	2,021	-	-	2,021	1,989
Property taxes	-	-	-	-	1,028
Maintenance and repairs	5,530	-	-	5,530	878
	<u>658,837</u>	<u>3,408</u>	<u>14,900,506</u>	<u>15,562,751</u>	<u>5,758,196</u>
Excess (deficiency) of revenues over expenses	\$ 343,121	\$ (3,408)	\$ (9,664,129)	\$ (9,324,416)	\$ 2,861,282

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	2019	2018
Cash flows from operating activities		
Cash receipts from donations	\$ 5,101,529	\$ 6,545,842
Cash receipts from other revenues	\$ 386,359	\$ 404,177
Cash grants paid	(8,324,998)	(3,266,585)
Cash paid to suppliers and employees	(772,240)	(692,902)
Interest received	315,504	294,004
	<u>(3,293,846)</u>	<u>3,284,536</u>
Cash flows from investing activities		
Distributions from the Care Closet	50,000	43,825
Net proceeds from investments	3,094,579	(4,285,238)
Acquisition of property and equipment	(146,201)	-
Proceeds from Charitable Remainder Trusts	-	1,240,854
	<u>2,998,378</u>	<u>(3,000,559)</u>
Net (decrease) increase in cash	(295,468)	283,977
Cash, beginning of the Cash	781,934	497,957
Cash, end of the year	\$ 486,466	\$ 781,934

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