

Financial Statements of

**KELOWNA GENERAL
HOSPITAL FOUNDATION**

And Independent Auditor's Report thereon

Year ended March 31, 2025



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Kelowna General Hospital Foundation

Opinion

We have audited the financial statements of Kelowna General Hospital Foundation (the Entity), which comprise:

- the statement of financial position as at March 31, 2025
 - the statement of operations and changes in net assets 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 March 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 ***"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.



Page 3

- 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.
- 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.

Chartered Professional Accountants

Kelowna, Canada

June 24, 2025

KELOWNA GENERAL HOSPITAL FOUNDATION

Statement of Financial Position

As at March 31, 2025, with comparative information for 2024

	2025	2024
Assets		
Current assets:		
Cash and restricted cash (note 2)	\$ 2,079,804	\$ 1,006,720
Accounts receivable	779,879	310,194
Inventories	43,151	42,341
Prepaid expenses and deposits	150,937	96,061
	<u>3,053,771</u>	<u>1,455,316</u>
Cash surrender value of life insurance policies (note 3)	381,945	356,319
Investments (note 4)	52,118,260	50,002,469
Investment in Centre Holdings Inc.	10	-
Tangible capital assets (note 5)	4,041,074	4,591,768
	<u>\$ 59,595,060</u>	<u>\$ 56,405,872</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,219,985	\$ 1,092,508
Deferred revenue	30,500	30,500
	<u>1,250,485</u>	<u>1,123,008</u>
Deferred revenue (note 6)	399,131	403,469
	<u>1,649,616</u>	<u>1,526,477</u>
Net assets		
Invested in tangible capital assets	4,041,074	4,591,768
Restricted for specified purposes	20,424,740	20,988,399
Restricted for endowment purposes (note 7)	23,436,219	23,054,258
Unrestricted	10,043,410	6,244,969
	<u>57,945,443</u>	<u>54,879,394</u>
	<u>\$ 59,595,060</u>	<u>\$ 56,405,872</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:

 Director

 Director

KELOWNA GENERAL HOSPITAL FOUNDATION

Statement of Operations and Changes in Net Assets

Year ended March 31, 2025, with comparative information for 2024

	Invested in	Restricted for				
	tangible capital	Specified	Endowment	Unrestricted	2025	2024
	assets	purposes	purposes			
			(note 7)			
Revenue:						
Donations	\$ -	\$ 8,151,961	\$ 205,666	\$ 1,637,089	\$ 9,994,716	\$ 9,027,641
Special events and other	-	550,771	-	115,057	665,828	481,725
Business enterprises (note 8)	-	-	-	3,446,704	3,446,704	3,050,775
JoeAnna's House (note 9)	-	-	-	167,065	167,065	159,350
Gaming	-	-	-	1,618,055	1,618,055	1,417,085
Lake Life Lottery	-	-	-	-	-	1,184,354
	-	8,702,732	205,666	6,983,970	15,892,368	15,320,929
Investment	-	-	2,236,036	1,162,792	3,398,828	3,464,985
	-	8,702,732	2,441,702	8,146,762	19,291,196	18,785,915
Business enterprises expenses (note 8)	24,553	-	-	2,512,032	2,536,585	2,123,966
Community support expenses:						
JoeAnna's House (note 9)	231,673	-	-	618,072	849,745	839,675
Gaming	-	-	-	80,490	80,490	-
Lake Life Lottery	-	-	-	-	-	1,349,689
General and administrative expenses:						
Amortization	78,817	-	-	-	78,817	66,299
Fundraising and special events	-	828,630	-	363,688	1,192,318	621,728
Administrative	-	-	116,896	315,036	431,932	483,876
Salaries and benefits	-	-	-	2,466,652	2,466,652	2,310,684
Administrative recovery	-	1,490,421	269,604	(1,760,025)	-	-
	78,817	2,319,051	386,500	1,385,351	4,169,719	3,482,589
	(335,043)	6,383,681	2,055,202	3,550,817	11,654,657	10,989,996
Donation disbursements	-	8,892,561	1,673,241	99,218	10,665,020	7,292,521
Gain on disposal of tangible capital assets	2,076,412	-	-	-	2,076,412	-
Excess (deficiency) of revenue over expenses	1,741,369	(2,508,880)	381,961	3,451,599	3,066,049	3,697,475
Net assets, beginning of year	4,591,768	20,988,399	23,054,258	6,244,969	54,879,394	51,181,919
Net investment in tangible capital assets	66,463	(56,128)	-	(10,335)	-	-
Transfers (note 10)	(2,358,526)	2,001,349	-	357,177	-	-
Net assets, end of year	\$ 4,041,074	\$ 20,424,740	\$ 23,436,219	\$ 10,043,410	\$ 57,945,443	\$ 54,879,394

See accompanying notes to financial statements.

KELOWNA GENERAL HOSPITAL FOUNDATION

Statement of Cash Flows

As at March 31, 2025, with comparative information for 2024

	2025	2024
Cash provided by (used in):		
Operating activities		
Cash received from donations	\$ 9,690,770	\$ 8,701,929
Cash received from business enterprises	934,672	948,172
Cash received from other sources	1,955,637	3,177,486
Cash paid for donation disbursements	(10,263,091)	(7,098,096)
Cash paid for expenses	(4,908,760)	(5,005,887)
	(2,590,772)	723,604
Investing and financing activities		
Endowment contributions	205,666	622,944
Centre Holdings Inc. investment	(10)	-
Net decrease in investments	(918,353)	(4,462,777)
Investment revenue received, net of fees	2,084,490	1,684,861
Proceeds on disposal of tangible capital assets	2,358,526	-
Purchase of tangible capital assets	(66,463)	(74,826)
	3,663,856	(2,229,798)
Increase (decrease) in cash and restricted cash	1,073,084	(1,506,194)
Cash and restricted cash, beginning of year	1,006,720	2,512,914
Cash and restricted cash, end of year	\$ 2,079,804	\$ 1,006,720
Supplemental information:		
Non-cash investing and financing activities:		
Net change in cumulative unrealized gain on investments	\$ 1,198,218	\$ 1,681,825
Gift-in-kind donations	93,945	40,499

See accompanying notes to financial statements.

KELOWNA GENERAL HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2025

The Kelowna General Hospital Foundation (the "Foundation") is a charitable organization incorporated under the Societies Act (British Columbia). The Foundation is an independent public foundation committed to enhancing the delivery of health care to communities within the referral area of Kelowna General Hospital. The Foundation is a registered charity under the Income Tax Act and, accordingly, is exempt from income taxes, provided certain requirements of the Income Tax Act are met. Donation disbursements made directly to the Interior Health Authority account for substantially all of the Foundation's donation disbursements in the year.

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) Revenue recognition:

The Foundation uses the deferral method of accounting for revenue.

- (i) Donation revenue is recorded when the funds are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.
- (ii) Staff 50/50 lottery, Heart of BC Lottery and special events and other includes revenue from the fundraising events, commissions, lotteries, raffles, and other sources. Gaming revenues are recognized when cash has been received and the draw for the gaming event has taken place. All other revenues are recorded when cash is received.
- (iii) Gifts in kind are recognized in the financial statements when the donated product is received and at fair value when a fair value can be reasonably established by independent documentation.
- (iv) The cash surrender value of life insurance policies and changes in the cash surrender value are recorded as donation revenue for those policies in which the Foundation is the owner and beneficiary.
- (v) Revenue received by the business enterprises are recorded at the point of sale and upon receipt of cash.
- (vi) Investment revenue is recognized when it is earned and includes interest, dividends, gains or losses on disposal of investments, and unrealized gains or losses.

(b) Inventories:

Inventories, consisting of goods for sale in business enterprises, are recorded at the lower of cost and net realizable value.

KELOWNA GENERAL HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2025

1. Significant accounting policies (continued):

(c) Investments:

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

Investments include amounts held in respect of restricted net assets and amounts not held for use in day-to-day operations for the upcoming year. Accordingly, the investments have been presented as non-current assets.

(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 their net recoverable amount. Tangible capital assets are amortized using the following methods and annual rates:

Asset	Method	Rate
Building	Straight-line	25 years
Computer and equipment	Straight-line	2 - 5 years

(e) Restricted donation revenue and net assets:

Donation revenue is considered restricted when the donor designates it be spent on a specific piece of equipment or project and the Board approves the designation or when the Board designates it be spent on a specific piece of equipment or project. The funds are retained as restricted net assets until the designated equipment is purchased or the designated project is completed, subject to approval by the Board.

KELOWNA GENERAL HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2025

1. Significant accounting policies (continued):

(f) Unrestricted donation revenue and net assets:

Donation revenue is considered unrestricted when the donor does not designate it towards a specific piece of equipment or project. The funds are retained as unrestricted net assets and may be used at the discretion of the Board.

(g) Contributed services:

The Foundation receives a significant amount of services from volunteers each year and due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

The Foundation receives administrative services from Interior Health Authority without charge. In addition, the Foundation's administrative offices are located in facilities owned by Interior Health Authority. No amounts are charged for premises rent. Due to the difficulty in determining the fair values of these services and rentals, no amount has been recorded in the financial statements.

(h) Financial instruments:

The Foundation measures cash and restricted cash and investments at fair value and accounts receivable, accounts payable and accrued liabilities at amortized cost. Changes in fair value of cash and restricted cash and investments are recognized in the statement of operations in the periods in which they arise.

(i) Use of estimates:

The preparation of the 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 revenue and expenses during the year. Items subject to such estimates and assumptions include the recoverable amounts of accounts receivable and the estimated lives of tangible capital assets. Actual results could differ from those estimates.

(j) Investment in Centre Holdings Inc.:

The Foundation measures the investment using the cost basis.

The investment in Centre Holdings Inc. 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.

KELOWNA GENERAL HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2025

2. Cash and restricted cash:

	2025	2024
Unrestricted	\$ 1,200,857	\$ 681,775
Restricted	878,947	324,945
	\$ 2,079,804	\$ 1,006,720

3. Cash surrender value of life insurance policies:

The Foundation has been named the beneficiary of four (2024 - three) life insurance policies with a total face value of \$2,733,309 (2024 - \$527,989). The annual premiums are treated as donation revenue from the insured parties. Life insurance policies have been gifted to the Foundation for planned future endowments or specified purposes. Accordingly, the cash surrender value of life insurance policies has been included in net assets restricted for specified purposes.

KELOWNA GENERAL HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2025

4. Investments:

	2025	2024
Restricted:		
Pooled investments	\$ 22,326,724	\$ 21,561,492
Interest-bearing investments	20,505,275	22,255,376
	42,831,999	43,816,868
Unrestricted:		
Interest-bearing investments	9,286,261	6,185,601
	\$ 52,118,260	\$ 50,002,469

Interest-bearing investments consists of term deposits, guaranteed investment certificates and other money market instruments with a weighted average interest rate of 3.68% (2024 - 4.01%).

5. Tangible capital assets:

			2025	2024
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ -	\$ -	\$ -	175,468
Building	4,942,248	1,056,959	3,885,289	4,203,914
Computer and equipment	907,555	786,713	120,842	212,386
Construction in-progress	34,943	-	34,943	-
	\$ 5,884,746	\$ 1,843,672	\$ 4,041,074	\$ 4,591,768

KELOWNA GENERAL HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2025

6. Deferred revenue:

	2025	2024
Beginning of year	\$ 433,969	\$ 96,238
Contributions received	-	425,000
Accrued interest	19,706	21,087
Amount recognized as revenue	(24,044)	(108,356)
	429,631	433,969
Current portion	30,500	30,500
End of year	\$ 399,131	\$ 403,469

7. Net assets restricted for endowment purposes:

	2025	2024
Contributed principal:		
Contributed principal, beginning of year	\$ 17,105,959	\$ 16,178,789
Donations received	205,666	622,944
Transfer	-	304,226
Undisbursed income reinvested	94,398	-
Contributed principal, end of year	17,406,023	17,105,959
Undisbursed income	6,030,196	5,948,299
	\$ 23,436,219	\$ 23,054,258

KELOWNA GENERAL HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2025

8. Business enterprises:

	2025	2024
Revenue	\$ 3,446,704	\$ 3,050,775
Expenses:		
Direct costs	1,829,853	1,543,203
Operations and administrative including salaries and benefits	682,179	559,400
Amortization	24,553	21,363
	(2,536,585)	(2,123,966)
	\$ 910,119	\$ 926,809

9. JoeAnna's House operations:

	2025	2024
Revenue	\$ 167,065	\$ 159,350
Expenses:		
Salaries and benefits	497,622	481,364
Operations and administrative	120,450	116,118
Amortization	231,673	242,193
	849,745	839,675
	(682,680)	(680,325)
Invested in tangible capital assets - amortization	231,673	242,193
Transfer from restricted for specified purposes	451,007	438,132
	\$ -	\$ -

KELOWNA GENERAL HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2025

10. Transfers of net assets:

	Invested in tangible capital assets	Restricted for specified purposes	Restricted for endowment purposes	Unrestricted
2025				
Transfer from restricted to unrestricted	\$ -	\$ (451,007)	\$ -	\$ 451,007
Transfer from unrestricted to restricted	-	949,825	-	(949,825)
Transfer from restricted to unrestricted	-	(35,034)	-	35,034
Transfer from invested in tangible capital assets to unrestricted	(2,358,526)	-	-	2,358,526
Transfer from unrestricted to restricted	-	1,537,565	-	(1,537,565)
	\$ (2,358,526)	\$ 2,001,349	\$ -	\$ 357,177

	Invested in tangible capital assets	Restricted for specified purposes	Restricted for endowment purposes	Unrestricted
2024				
Transfer from restricted to unrestricted	\$ -	\$ (438,132)	\$ -	\$ 438,132
Transfer from unrestricted to restricted	-	908,442	-	(908,422)
Transfer from restricted to endowment	-	(304,226)	304,226	-
	\$ -	\$ 166,084	\$ 304,226	\$ (470,290)

KELOWNA GENERAL HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2025

11. 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.

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 2025.

(b) Liquidity risk:

Liquidity risk is the risk that the Foundation will not be able to meet its financial obligations as they come due. 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 2025.

(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. There has been no significant change in the interest rate risk in 2025.

KELOWNA GENERAL HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2025

11. Financial risks and concentration of risk: (continued):

(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. There has been no significant change in the price risk in 2025.

(iii) Currency risk:

Investments in foreign securities are exposed to currency risk due to fluctuations in foreign exchange rates. The Foundation is exposed to currency risk on its foreign investments, as the prices denominated in foreign currencies are converted to Canadian dollars in determining fair value. The objective of the Foundation's investment policy is to control currency risk by maintaining a geographically diversified portfolio. There has been no significant change in the currency risk in 2025.

12. Comparative information:

Certain comparative information have been reclassified from those previously presented to conform to the presentation of the 2025 financial statements.

13. 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.

For fiscal year ending March 31, 2025, the Foundation paid total remuneration of \$2,615,576 (2024 - \$2,514,676) to twenty-two (2024 - twenty-two) employees for services, each of whom received total annual remuneration of \$75,000 or greater. Remuneration includes salaries and taxable benefits.

KELOWNA GENERAL HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2025

14. Related party transactions:

From time to time the Foundation carries out business transactions with suppliers of goods and professional services whose owners, partners, officers, or senior managers are also directors of the Foundation. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties and which, in management's opinion is comparable to amounts that would have been paid to non-related parties.

During the fiscal year ended March 31, 2025, the Foundation contracted professional services where one member (2024 – three) of the Board of Directors were owners, partners, officers, or senior managers of the service provider. This totaled \$2,153 (2024 – \$45,410) where the organizations in which they participate provided the service.