

**OKANAGAN-SIMILKAMEEN
NEUROLOGICAL SOCIETY**

Financial Statements

Year Ended March 31, 2022

OKANAGAN-SIMILKAMEEN NEUROLOGICAL SOCIETY

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INDEPENDENT AUDITOR'S REPORT

To the Members of Okanagan-Similkameen Neurological Society

Report on the Financial Statements

Qualified Opinion

We have audited the financial statements of Okanagan-Similkameen Neurological Society (the Society), which comprise the statement of financial position as at March 31, 2022, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter 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 Society as at March 31, 2022, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Society derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Society. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2022, current assets and net assets as at March 31, 2022. Our audit opinion on the financial statements for the year ended March 31, 2021 was modified accordingly because of the possible effects of this limitation of scope.

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 report. We are independent of the Society in accordance with 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.

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 ASNPO, 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

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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 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 Society'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 Society'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 Society 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 of British Columbia, we report that, in our opinion, the accounting policies applied 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 year.

Omland Heal LLP
Chartered Professional Accountants

Penticton, BC
June 15, 2022

OKANAGAN-SIMILKAMEEN NEUROLOGICAL SOCIETY

Statement of Financial Position

March 31, 2022

	2022	2021
Assets		
Current		
Cash (Note 4)	\$ 232,718	\$ 168,021
Restricted cash (Note 5)	3,790	4,835
Accounts receivable (Note 6)	143,304	67,817
Prepaid expenses	5,306	14,663
	385,118	255,336
Tangible capital assets (Note 7)	572,360	621,616
Due from related party (Note 8)	33,195	-
	\$ 990,673	\$ 876,952

Liabilities and Net assets

Current		
Accounts payable and accrued liabilities	\$ 328,649	\$ 252,959
Deferred revenue (Note 9)	135,523	115,780
	464,172	368,739
Deferred capital contributions (Note 10)	321,911	347,506
	786,083	716,245
Net assets		
Invested in tangible capital assets (Note 11)	250,449	274,110
Unrestricted	(49,649)	(118,238)
Restricted	3,790	4,835
	204,590	160,707
	\$ 990,673	\$ 876,952

Commitments (Note 12)

Approved by the Directors

_____ Director

_____ Director

See notes to financial statements

OKANAGAN-SIMILKAMEEN NEUROLOGICAL SOCIETY

Statement of Operations

Year Ended March 31, 2022

	2022	2021
Revenues		
Operating grants	\$ 1,166,422	\$ 1,189,514
\$10 a Day ChildCare BC	928,066	779,339
Autism treatment services	437,801	246,947
WorkBC CWR Grant	219,117	-
General donations	130,934	285,395
Kinderbear daycare fees	102,565	84,891
Telethon donations	91,559	106,642
Special events	53,969	960
Kinderplace preschool fees	42,841	28,570
Special programs	21,184	8,618
Building rental	9,000	-
Interest and investment income	36	27
Ticket raffles	-	58,390
	3,203,494	2,789,293
Expenses		
Accounting and legal	16,487	18,185
Administrator expense	2,412	2,468
Amortization	65,329	71,914
Autism treatment services	358,789	222,709
Bad debts	-	111
Building maintenance	143,486	133,634
EIT program	759,814	714,570
Early Mental Health program	8,600	43,041
Fund raising	29,964	52,230
IHA SLP program	20,608	25,069
IHCAN-ASD assessment	34,431	29,784
IT equipment and support	26,056	30,366
Interest and bank charges	11,965	13,030
Interest on long term debt	-	906
Kinderbear program	781,730	548,259
Kinderplace program	199,725	211,209
Licences, dues and fees	2,220	2,331
Office and miscellaneous	18,624	22,518
Staff development	-	400
Take It Home project	23,311	22,445
Therapy aide	22,859	40,800
Wages and benefits - administration	413,215	389,798
WorkBC CWRG Expense	219,117	-
	3,158,742	2,595,777
Excess of revenues over expenses from operations	44,752	193,516
Other income (expenses)		
Loss on disposal of tangible capital assets	(869)	(92)
Canada Emergency Wage Subsidy	-	197,038
ECE Wage Enhancement	-	27,779
Temporary Wage Subsidy	-	25,000
	(869)	249,725
Excess of revenues over expenses	\$ 43,883	\$ 443,241

See notes to financial statements

OKANAGAN-SIMILKAMEEN NEUROLOGICAL SOCIETY

Statement of Changes in Net Assets

Year Ended March 31, 2022

	Invested in tangible capital assets (Note 11)	Unrestricted	Restricted	2022	2021
Net assets (deficiency) - beginning of year	\$ 274,110	\$ (118,238)	\$ 4,835	\$ 160,707	\$ (282,534)
Excess (deficiency) of revenues over expenses	(40,601)	85,529	(1,045)	43,883	443,241
Net change in investment in tangible capital assets	16,940	(16,940)	-	-	-
Net assets (deficiency) - end of year	\$ 250,449	\$ (49,649)	\$ 3,790	\$ 204,590	\$ 160,707

See notes to financial statements

OKANAGAN-SIMILKAMEEN NEUROLOGICAL SOCIETY

Statement of Cash Flows

Year Ended March 31, 2022

	2022	2021
Operating activities		
Excess of revenues over expenses	\$ 43,883	\$ 443,241
Items not affecting cash:		
Amortization of tangible capital assets	65,329	71,914
Loss on disposal of tangible capital assets	869	92
	110,081	515,247
Changes in non-cash working capital:		
Accounts receivable	(75,487)	(20,750)
Inventory	-	26,386
Restricted cash	1,045	2,279
Accounts payable and accrued liabilities	75,688	11,460
Deferred revenue	19,743	(83,042)
Prepaid expenses	9,357	(8,323)
	30,346	(71,990)
Cash flow from operating activities	140,427	443,257
Investing activity		
Purchase of tangible capital assets	(16,940)	(35,991)
Financing activities		
Advances to related party	(33,195)	-
Deferred capital contributions	(25,595)	(96,808)
Repayment of long term debt	-	(18,615)
Cash flow used by financing activities	(58,790)	(115,423)
Increase in cash flow	64,697	291,843
Cash (deficiency) - beginning of year	168,021	(123,822)
Cash - end of year	\$ 232,718	\$ 168,021

See notes to financial statements

OKANAGAN-SIMILKAMEEN NEUROLOGICAL SOCIETY

Notes to Financial Statements

Year Ended March 31, 2022

1. Purpose of the Society

Okanagan-Similkameen Neurological Society (the "Society") is a not-for-profit organization incorporated provincially under the Society Act of British Columbia. As a registered charity the Society is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The Society envisions compassionate communities where every child and youth gets what they need to thrive. The organization's mission is to optimize the health and well-being of every child, youth and family we serve

2. Impacts of COVID-19

Since March 2020, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The Society has determined that no adjustment is needed to reflect the impact on the March 31, 2022 financial position. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position results of the Society for future periods.

3. Summary of significant accounting policies

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Revenue recognition

The Society follows the deferral method of accounting for contributions, which include government grants, preschool fees, fundraising, donations and rental.

Operating contributions, including grants are recognized as revenue when received or receivable if the amount to be realized can be reasonably estimated and collection is reasonably assured. Operating contributions received for a future period are reported as deferred contributions and recognized as revenue in the period in which the related expenses are incurred.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Contributed services

The operations of the Society depend on the contribution of time by volunteers. The fair value of donated services cannot be reasonably determined and are therefore not reflected in these financial statements.

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OKANAGAN-SIMILKAMEEN NEUROLOGICAL SOCIETY

Notes to Financial Statements

Year Ended March 31, 2022

3. Summary of significant accounting policies *(continued)*

Contributed goods

The Society chooses not to recognize contributions of goods received for fundraising. Donation receipts are issued at the fair market value at the time of the donation, when it is determinable. During the year, \$nil in tangible capital assets were donated (2021 - \$nil).

Pledges

Pledges which are legally enforceable (less an allowance for amounts considered uncollectible) are recorded as receivable in the year made. Pledges to support current operations are recorded as operating fund receipts. Pledges made for the acquisition of property or to support future operations are recorded as deferred contributions.

Goods and services tax (GST)

Contributed materials and services are recoverable at 50% as a rebate. The unrecoverable portion is recorded as an expense with the rebate treated as a receivable.

Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives at the following rates and methods:

Buildings	20 years	straight-line method
Playgrounds	10 years	straight-line method
Computer equipment	30% - 55%	declining balance method
Furniture and equipment	20%	declining balance method

The Society regularly reviews its tangible capital assets to eliminate obsolete items.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Impairment of long lived assets

The Society tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

Net assets

- a) Net assets invested in tangible capital assets represents the organization's net investment in tangible capital assets which is comprised of the unamortized amount of tangible capital assets purchased.
- b) Restricted net assets are funds which have been designated for a specific purpose by the Society's Board of Directors or the donor.
- c) Unrestricted net assets comprise the excess of revenue over expenses accumulated by the organization each year, net of transfers, and are available for general purposes.

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OKANAGAN-SIMILKAMEEN NEUROLOGICAL SOCIETY

Notes to Financial Statements

Year Ended March 31, 2022

3. Summary of significant accounting policies (continued)

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in net income in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in net income over the life of the instrument using the straight-line method.

Financial assets measured at amortized cost on a straight-line basis include the cash, restricted cash, accounts receivable and due from related party.

Financial liabilities measured at amortized cost on a straight-line basis include accounts payable.

Use of estimates

Certain amounts in the financial statements are subject to measurement uncertainty and are based on the Society's best information and judgment. Actual results could differ from these estimates.

Examples of significant estimates include:

- providing for amortization of tangible capital assets;
- the estimated useful lives of assets;
- the allowance for doubtful accounts;
- the recoverability of tangible assets.

4. Cash

Included in cash is a line of credit with the Royal Bank of Canada that is due on demand, bears interest at prime plus 1.25% and has a current limit of \$200,000. At March 31, 2022 there is \$nil drawn on the line of credit (2021 - \$nil).

5. Restricted cash

The Keith Relief Fund are restricted funds designated for families in need due to medical crisis.

	2022	2021
Keith Relief Fund	\$ 3,790	\$ 4,835

OKANAGAN-SIMILKAMEEN NEUROLOGICAL SOCIETY

Notes to Financial Statements

Year Ended March 31, 2022

6. Accounts receivable

	2022		2021	
Trade receivables	\$	140,868	\$	64,465
Goods and services tax rebate		2,436		3,352
	\$	143,304	\$	67,817

7. Tangible capital assets

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Building	\$ 1,877,055	\$ 1,442,116	\$ 434,939	\$ 466,823
Office equipment	242,439	184,504	57,935	71,903
Playgrounds	110,775	37,744	73,031	72,993
Computer hardware	132,677	126,222	6,455	9,897
	\$ 2,362,946	\$ 1,790,586	\$ 572,360	\$ 621,616

8. Due from related party

Advances to the OSNS Legacy Foundation ("the Foundation") are non-interest bearing and have no set repayment terms. The Foundation is related by economic interest. During the year, the Society received income and paid expenses on behalf of the Foundation totaling \$5,000 and \$38,195 respectively.

9. Deferred revenue

	Balance - beginning of year	Funds received	Recognized as revenue	Balance - end of year
Community Gaming	\$ 89,500	\$ 60,300	\$ (89,500)	\$ 60,300
WorkBC CWR	-	271,700	(219,117)	52,583
Community Foundation of the South Okanagan	-	11,500	-	11,500
Ministry of Children and Family Development Child Care Health and Safety	15,166	21,440	26,366	10,240
Prepaid rental revenue	-	900	-	900
Duncan Keith Adventure Playground	11,114	-	(11,114)	-
	\$ 115,780	\$ 365,840	\$ 346,097	\$ 135,523

OKANAGAN-SIMILKAMEEN NEUROLOGICAL SOCIETY

Notes to Financial Statements

Year Ended March 31, 2022

10. Deferred capital contributions

The Society receives capital grants, donations to purchase tangible capital assets and donated tangible capital assets. These contributions are deferred and amortized on the same basis as the related purchased or donated assets.

	Balance - beginning of year	Funds received	Recognized as revenue	Balance - end of year
Ministry of Children and Family Development	\$ 152,431	\$ -	\$ (11,810)	\$ 140,621
PEACHES assets	114,760	-	(7,172)	107,588
BC Capital Grants	53,276	-	(3,134)	50,142
Capital gifts in kind	11,439	-	(754)	10,685
Corporate donations	6,140	-	(587)	5,553
Telethon donations	6,143	-	(1,229)	4,914
Maurer Construction	1,600	-	(320)	1,280
David Kampe and Peters Bros Construction, technology equipment	1,717	-	(589)	1,128
	\$ 347,506	\$ -	\$ (25,595)	\$ 321,911

11. Net assets invested in tangible capital assets

Change in net assets invested in tangible capital assets is calculated as follows:

	2022	2021
Net assets invested in tangible capital assets is calculated as follows:		
Tangible capital assets	\$ 572,360	\$ 621,616
Amounts financed by deferred capital contributions	(321,911)	(347,506)
	\$ 250,449	\$ 274,110
Deficiency of revenue over expenses:		
Amortization of tangible capital assets	\$ (65,329)	\$ (71,914)
Amortization of deferred capital contributions	25,597	96,807
Loss on disposal of tangible capital assets	(869)	(92)
	\$ (40,601)	\$ 24,801
Net change in investment in tangible capital assets:		
Purchase of tangible capital assets	\$ 16,940	\$ 35,991

OKANAGAN-SIMILKAMEEN NEUROLOGICAL SOCIETY

Notes to Financial Statements

Year Ended March 31, 2022

12. Commitments

The Society leases a Toyota Rav4 automobile from KWP Carriage Inc. (dba Penticton Toyota) with monthly lease payments of \$313 plus GST and PST, expiring March 2023.

The Society leases two multifunction copier from Xerox Canada Ltd. with quarterly lease payments of \$1,401 plus GST and PST expiring September 2024.

The Society lease the premises at 103-350 Carmi Avenue Penticton, BC, from Interior Health under a 99 year lease that expires on February 28, 2095. Under the terms of this lease agreement, the Society must use the premises and buildings for the primary purpose of operating a child and youth development centre and related services and uses, including a day-care centre. The Society must pay all costs of any kind whatsoever associated with the use of the premises and buildings. Additionally, if the Society terminates the lease early they may be responsible for the costs and expenses associated with the destruction and removal of the building.

Future minimum fiscal year end lease payments for the Rav4 and copiers are as follows:

2023	\$	9,906
2024		6,135
2025		1,534
		<hr/>
	\$	<u>17,575</u>

13. Government remittances payable other than income tax

Government remittances (other than income taxes) include, for example, federal and provincial sales taxes, payroll taxes, health taxes, and workers' safety insurance premiums. The following government remittances were payable at year end:

	2022		2021	
Employer health tax	\$	5,150	\$	-
Workers' safety insurance premiums		2,893		2,384
	\$	8,043	\$	2,384

OKANAGAN-SIMILKAMEEN NEUROLOGICAL SOCIETY

Notes to Financial Statements

Year Ended March 31, 2022

14. Pension plan

The Society and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan, "the Plan"). The board of trustees, representing plan members and employers, is responsible for administering the Plan, including investment of assets and administration of benefits. The Plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2020, the Plan has about 220,000 active members and approximately 112,000 retired members. Active members include approximately 42,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the Plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the Plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the Plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent valuation for the Plan as at December 31, 2018, indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis.

The Society paid \$159,546 (2021 - \$140,961) for employer contributions to the Plan in fiscal 2022.

The next valuation will be as at December 31, 2021, with results available in 2022.

Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the Plan.

15. Economic dependence

Operating grants received from the Province of British Columbia's Ministry of Children and Family Development account for 74% (2021 - 68%) of total revenue in the current year.

OKANAGAN-SIMILKAMEEN NEUROLOGICAL SOCIETY

Notes to Financial Statements

Year Ended March 31, 2022

16. Financial instruments

The Society is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Society's risk exposure and concentration as of March 31, 2022.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, line of credit, contributions to the pension plan and accounts payable.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Society manages exposure through its normal operating and financing activities. The Society is exposed to interest rate risk primarily through its floating interest rate line of credit.

Unless otherwise noted, it is management's opinion that the Society is not exposed to significant other price risks arising from these financial instruments.

17. Societies Act of British Columbia

As required by the Societies Act of British Columbia, it must be disclosed if any employee's remuneration exceeded \$75,000 in the fiscal year ending March 31, 2022. The Society paid a total sum of \$457,291 to 5 employees.