

Central Okanagan Foundation
Financial Statements
August 31, 2025

Central Okanagan Foundation
Contents

For the year ended August 31, 2025

	Page
Management's Responsibility	
Independent Auditor's Report	
Financial Statements	
Statement of Financial Position.....	1
Statement of Operations.....	2
Statement of Changes in Net Assets.....	3
Statement of Cash Flows.....	4
Notes to the Financial Statements.....	5

Management's Responsibility

To the Board of Directors of Central Okanagan Foundation:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and Finance Committee are composed entirely of Directors who are neither management nor employees of the Foundation. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Finance Committee fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Committee is also responsible for recommending the appointment of the Foundation's external auditors.

MNP LLP is appointed by the Board to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Committee and management to discuss their audit findings.

December 3, 2025



Finance Manager

To the Board of Directors of Central Okanagan Foundation:

Opinion

We have audited the financial statements of Central Okanagan Foundation (the "Foundation"), which comprise the statement of financial position as at August 31, 2025, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at August 31, 2025, and the results of its 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 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 opinion.

Other Matter

The financial statements for the year ended August 31, 2024 were audited by another auditor who expressed an unmodified opinion on those statements on November 27, 2024.

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 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 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 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.

Kelowna, British Columbia

December 3, 2025

MNP LLP

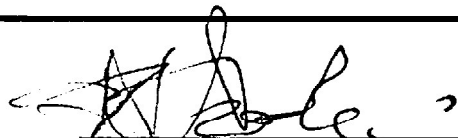
Chartered Professional Accountants

Central Okanagan Foundation
Statement of Financial Position
As at August 31, 2025

	2025	2024
Assets		
Current		
Cash and cash equivalents (Note 3)	3,134,329	3,693,646
Accounts receivable	32,271	7,028
Accrued interest receivable	693,054	681,778
Prepaid expenses (Note 4)	854,984	143,287
	4,714,638	4,525,739
Long-term investments (Note 5)	45,532,874	43,395,778
Life insurance policies (Note 6)	36,826	35,596
Impact investment (Note 7)	20,000	-
Capital assets	14,001	7,357
	50,318,339	47,964,470
Liabilities		
Current		
Accounts payable and accruals	101,370	51,037
Deferred contributions (Note 8)	2,516,767	2,541,931
	2,618,137	2,592,968
Net Assets		
Endowment funds (Note 9)	37,051,628	35,644,825
Investment returns and allocations (Note 10)	7,969,076	7,400,582
Invested in capital assets	14,001	7,357
Impact fund	1,040,622	924,533
Capacity allocation fund	1,624,875	1,394,205
	47,700,202	45,371,502
	50,318,339	47,964,470

Approved on behalf of the Board


 Director


 Director

Central Okanagan Foundation

Statement of Operations

For the year ended August 31, 2025

	2025	2024
Revenue		
Flow-through donations	2,189,249	1,875,414
Reaching Home	2,116,083	2,510,881
Grants	1,152,900	339,361
Unrestricted donations and fees	182,304	148,942
Donations in-kind	16,875	16,875
	5,657,411	4,891,473
Fund distributions	4,838,994	3,818,622
Excess of revenue over distributions before operating expenses	818,417	1,072,851
Expenses		
Amortization	3,642	7,790
Board and committee meetings	40,026	3,166
Communications and IT	68,428	60,614
Conferences and workshops	19,259	1,600
In-kind insurance fees	16,875	16,875
Insurance	5,715	3,829
Memberships	14,309	12,705
Office and printing	30,545	37,774
Professional fees	42,466	56,752
Publicity and promotion	77,181	51,354
Reaching Home - sub project costs	1,766,458	2,201,597
Rent	69,502	67,361
Special projects	51,496	-
Wages and benefits	627,464	612,128
	2,833,366	3,133,545
Deficiency of revenue over expenses before investment income	(2,014,949)	(2,060,694)
Investment income (expense)		
Realized and unrealized gains on investments	2,860,935	3,900,394
Investment income	1,493,819	1,422,362
Investment management fees	(320,466)	(296,438)
	4,034,288	5,026,318
Excess of revenue over expenses	2,019,339	2,965,624

The accompanying notes are an integral part of these financial statements

Central Okanagan Foundation
Statement of Changes in Net Assets
For the year ended August 31, 2025

	Endowment funds	Investment returns and allocations	Reaching Home fund	Invested in capital assets	Impact fund	Capacity allocation fund	2025	2024
Net assets, beginning of year	35,644,825	7,400,582	-	7,357	924,533	1,394,205	45,371,502	41,908,978
Excess of revenue over expenses	-	2,446,481	349,625	(3,642)	(5,352)	(767,773)	2,019,339	2,965,624
Endowment contributions (Note 9)	309,361	-	-	-	-	-	309,361	496,900
Administrative fee transfers (Note 11)	-	(487,626)	(349,625)	-	(13,262)	850,513	-	-
Purchase of capital assets	-	-	-	10,286	-	(10,286)	-	-
Allocation of investment income	1,139,769	(1,367,535)	-	-	112,368	115,398	-	-
Allocation to impact fund	-	(24,957)	-	-	24,957	-	-	-
Interfund transfers	(42,327)	2,131	-	-	(2,622)	42,818	-	-
Net assets, end of year	37,051,628	7,969,076	-	14,001	1,040,622	1,624,875	47,700,202	45,371,502

The accompanying notes are an integral part of these financial statements

Central Okanagan Foundation
Statement of Cash Flows
For the year ended August 31, 2025

	2025	2024
Cash provided by (used for) the following activities		
Operating		
Cash received from donors and grantors	5,590,128	6,172,097
Cash receipts from investment income	1,482,543	1,421,862
Cash paid to suppliers and grantees	(8,091,152)	(6,734,516)
Cash paid to employees	(593,430)	(609,521)
	(1,611,911)	249,922
Financing		
Endowment contributions	309,361	496,863
Investing		
Purchase of capital assets	(10,286)	-
Change in investments, net	753,519	(824,470)
	743,233	(824,470)
Decrease in cash and cash equivalents	(559,317)	(77,685)
Cash and cash equivalents, beginning of year	3,693,646	3,771,331
Cash and cash equivalents, end of year	3,134,329	3,693,646

The accompanying notes are an integral part of these financial statements

1. Incorporation and nature of the organization

The Central Okanagan Foundation (the "Foundation") is a society incorporated under the Societies Act of British Columbia whose purpose is improving the quality of life in its community through the stewardship of permanent funds and other gifts, and by grant making and community leadership.

The Foundation is registered as a charitable organization under the *Income Tax Act* (the "Act") and as such is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Association must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada. and include the following significant accounting policies:

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances held with banks and term deposits and guaranteed investment certificates with maturities of three months or less.

Life insurance policies

Life insurance policies owned by the Foundation and where the Foundation is the sole beneficiary are included in assets to the extent of their cash surrender value.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution plus all costs directly attributable to the acquisition.

Amortization is provided using rates intended to amortize the cost of assets over their estimated useful lives.

	Method	Rate
Computer hardware	Straight-line	5 years
Computer software	Straight-line	5 years
Furniture and equipment	Straight-line	5 years

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be significant. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the years in which they become known.

2. Significant accounting policies *(Continued from previous page)*

Net assets

The Foundation follows the deferral method of accounting for contributions, and maintains 5 reserve accounts: Endowment Funds, Investment Returns and Allocations, Invested in Capital Assets, Impact Fund and Capacity Allocation Fund.

Endowment contributions are reported in the Endowment Fund and are included in the investment portfolio.

Investment income earned on resources of the Endowment Fund is reported in the Investment Returns and Allocations Fund, depending on the nature of any restrictions imposed by contributors of funds for endowment. (Note 9)

Revenues and expenses, as well as costs incurred to purchase capital assets are reported in the Invested in Capital Assets Fund.

The Impact Fund supports the emerging needs of the Central Okanagan. Revenues designated to the Impact Fund and their related expenses are reported in the Impact Fund.

Revenues and expenses related to program delivery and administrative activities are reported in the Capacity Allocation Fund (previously named the Administrative Fund) which is established to support the operating needs of the Foundation.

Financial instruments

The Foundation recognizes financial instruments when the Foundation becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Foundation may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Foundation has made such an election during the year.

The Foundation subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Foundation's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in excess of revenue over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Financial asset impairment

The Foundation assesses impairment of all its financial assets measured at cost or amortized cost. The Foundation groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group; there are numerous assets affected by the same factors; no asset is individually significant, etc. Management considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments; etc. in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Foundation determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

The Foundation reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

Any impairment, which is not considered temporary, is included in current year excess of revenue over expenses.

2. Significant accounting policies *(Continued from previous page)*

Financial instruments *(Continued from previous page)*

The Foundation reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess of revenue over expenses in the year the reversal occurs.

Revenue recognition

The Foundation follows the deferral method of accounting for contributions. 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 materials and services

Contributions of materials are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Foundation's operations and would otherwise have been purchased.

Customer's accounting for cloud computing arrangement

The Foundation has applied the simplification approach to account for expenditures in a cloud computing arrangement. Under the simplification approach, the Foundation recognizes expenditures related to the elements in the cloud computing arrangement as an expense as incurred.

3. Cash and cash equivalents

	2025	2024
Cash	2,809,329	3,693,646
Guaranteed investment certificates with maturities of 3 months or less	325,000	-
	3,134,329	3,693,646

4. Prepaid expenses

	2025	2024
Prepaid expenses	31,181	24,488
Reaching Home - sub project advances	823,803	118,799
	854,984	143,287

Central Okanagan Foundation
Notes to the Financial Statements
For the year ended August 31, 2025

5. Long-term investments

Investments consist of the following:

	2025	2024
Measured at cost or amortized cost:		
Laddered bonds	7,607,267	7,017,104
Laddered exchange-traded fund (ETF)	309,840	239,081
Strip bonds	2,963,510	3,659,439
Guaranteed investment certificates	1,600,000	2,225,000
	12,480,617	13,140,624
Measured at fair value:		
Portfolio of marketable securities (cost - \$23,856,539 (2024 - \$22,041,847))	33,052,257	30,255,154
	45,532,874	43,395,778

Included in the statement of operations is \$512,806 (2024 - \$403,210) of investment revenue related to investments reported at cost and amortized cost, and \$3,706,851 (2024 - \$4,798,972) related to investments reported at fair market value. The remaining investment income represents interest earned on savings accounts.

6. Life insurance policies

The Foundation has been given life insurance policies under which it is the owner and sole beneficiary. The policies are treated as an investment and shown as an asset to the extent of the cash surrender values. The total coverage provided under the policies owned by the Foundation is approximately \$508,500 (2024 - \$508,500).

	2025	2024
Cash surrender value, beginning of year	35,596	34,286
Change in cash surrender value	1,230	1,310
	36,826	35,596

Premiums paid during the year by the insured donors were \$16,875 (2024 - \$16,875) and are recognized as both revenue and expense in the statement of operations.

7. Impact investment

Included in impact investment is a Propolis Housing Cooperative bond, recorded at cost, bearing simple interest at 3.5% (paid at end of term) and maturing March 31, 2028.

8. Deferred contributions

Deferred contributions represents grants and donations received that will be disbursed in future years. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made, and the obligations of the funding agreements are met.

Central Okanagan Foundation
Notes to the Financial Statements
For the year ended August 31, 2025

8. Deferred contributions *(Continued from previous page)*

The breakdown of deferred contributions (excluding the Reaching Home program) is as follows:

	2025	2024
Balance, beginning of year	2,051,908	1,187,507
Amount received during the year	2,745,149	3,086,938
Less: amount recognized as revenue during the year	(3,487,229)	(2,222,537)
Balance, end of year	1,309,828	2,051,908

Effective April 1, 2015, the Foundation partnered with Human Resources and Skills Development Canada on the Homelessness Partnering Strategy (HPS). This program, which ran until March 31, 2024, was renamed the Reaching Home (RH) program on April 1, 2019.

In January 2025 an amendment to the agreement was signed, extending the programming period to March 31, 2028.

The breakdown of RH deferred contributions is as follows:

	2025	2024
Balance, beginning of year	490,023	105,841
Amount received during the year	2,832,999	2,895,063
Less: recognized special projects revenue	(349,625)	(309,284)
Less: sub-project costs	(1,766,458)	(2,201,597)
Balance, end of year	1,206,939	490,023

The allocation of deferred contributions is as follows:

	2025	2024
Grants:		
City of Kelowna	-	15,000
Community Foundations of Canada - Community Prosperity	98,000	954,000
Donations:		
Okanagan Rail Trail	840,914	840,914
Other restricted donations	370,914	241,994
	1,309,828	2,051,908
Reaching Home	1,206,939	490,023
	2,516,767	2,541,931

Donations are collected by the Foundation on behalf of the Okanagan Rail Trail. These donations support the design, development and building of the Okanagan Rail Trail and are disbursed as needed to cover the Okanagan Rail Trail costs. There have been \$nil (2024 - \$32,446) disbursements made during the current fiscal year.

9. Endowment funds

The principal contributed by donors is to be held as a permanent endowment in separate funds. Investment returns earned on these endowment funds are allocated, as directed by the fund donor for designated funds or as determined by the Foundation's Directors for discretionary funds and distributed in amounts determined annually by the Foundation's Directors. For the current fiscal year, the allocation rate was set at 4% (2024 - 4%) based on the investment portfolio performance during the 2025 fiscal year.

Central Okanagan Foundation
Notes to the Financial Statements
For the year ended August 31, 2025

10. Investment returns and allocations

Included in the investment returns and allocations fund are internally restricted amounts allocated to the following:

	2025	2024
Stability reserve	3,670,583	1,959,736
Funds available to distribute	1,269,134	1,296,476
Investment returns for allocation	3,029,359	4,144,370
	7,969,076	7,400,582

The Stability reserve is made up of excess returns allocated to each endowment fund to be used to ensure that distributions can continue in the event of investment returns not meeting the full threshold for expected annual distributions.

Funds available to distribute are funds available to grant from endowment fund returns.

The Investment returns for allocation is the income earned on the Foundation's investment portfolio that is allocated each year between endowment funds, impact fund and the capacity allocation funds.

11. Administrative fee transfers

A Board approved administration fee of 1.2% (2024 - 1.2%) of the combined Stability reserve and weighted average balance of endowment funds and a 2% (2024 - 2%) administrative fee on flow-through donations to help cover operating costs

12. Commitments

The Foundation has committed to distributing multi-year grants as follows. Grants payable are expected to be paid as follows:

2026	311,410
2028	115,350

Additionally, the Foundation has entered into a commitment for the lease of property at Suite 306-1726 Dolphin Avenue. The minimum annual payments for the following two years are estimated as follows:

2026	62,939
2027	31,470
	94,409

13. British Columbia Societies Act

The Societies Act (British Columbia) requires certain information to be reported with regards to remuneration of employees, contractors and directors. Included in wages and benefits on the statement of operations is three employees (2024 - one) with remuneration over \$75,000. No honoraria were paid to members of the Board of Directors for the current year or the prior year.

14. Financial instruments

The Foundation, as part of its operations, carries a number of financial instruments. It is management's opinion that the Foundation is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Foundation is exposed to fluctuations in equity markets on its investments which are invested in bond mutual funds and equity mutual funds. A 1% increase or decrease in market prices would result in \$330,523 (2024 - \$302,552) change in the excess of revenues over expenses respectively. The Foundation's risk management strategies are described below.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Foundation is exposed to other price risk through its investments in marketable securities. The Foundation manages other price risk through asset allocation and maintaining a portfolio that is well diversified. There have not been any changes in the risk from the prior year.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Foundation is exposed to changes in interest rates relating to its interest-bearing investments. The Foundation's primary objective is to ensure the security of principal amounts invested and provide a high degree of liquidity, while achieving satisfactory return. The Foundation mitigates interest rate risk on investments by diversifying the fixed-income investments that are held at any given time. There have been no changes to the Foundation's financial instrument risk exposure from the prior year.