

April 12, 2023

To: The Chair and Board of Directors of the Peace River Regional District

From: The South Peace Health Services Society

RE: Annual Update - 2022

The current Board of Directors was elected in December 2021 after the resignation of the Board, which was elected in February 2021. A Special meeting was called by members to have a new Board of Directors elected. The current Board assumed responsibility for the South Peace Health Services Society (SPHSS) operations at that time.

The Board went about getting some of the foundational pieces of work underway, including the Directors' and Officers' Liability Insurance; the 2020 books were handed over the John Kurjata at Core Partners to have them brought up to date, which allowed for the Auditor, Dale Rose, of Sander Rose Bone Grindle Partners to complete the 2020 audited financial statements.

The Board was then able to begin to plan for the completion of the Bultery's House and the Carriage House, which was the most pressing issue faced by the Board. The Board had a \$17k liability to Celtic Construction for the Carriage House. Once this was settled, only minor work was outstanding, and the Carriage House was ready to be furnished. The Board undertook to furnish the Carriage House at the cost of approx. \$15k. The SPHSS then negotiated with Northern Health, who were very interested in leasing the Carriage House to accommodate the visiting agency nurses in Dawson Creek. A lease was completed, and the revenues from the lease provided operating revenue for the carriage house, such as utilities, internet, insurance, taxes etc.

The Bultery's House required extensive repairs to the basement before the construction moved forward due to the utilities being shut off for approximately two years. This resulted in water entering under the structure and freezing, causing significant heaving of the concrete floor. The Board negotiated the repairs with the contractor, Celtic Construction, for \$24k to fix the concrete basement floors. The decision was made then to remove the two bedrooms and bathroom planned for the basement, which resulted in a significant saving to the overall project budget. The office space and sitting room addition on the main floor was transformed into a fully accessible bathroom and bedroom, keeping the planned facility at six bedrooms and 4 ½ bathrooms.

The budget to complete the construction project was agreed to with Celtic Construction for

The budget to complete the construction project was agreed to with Celtic Construction for \$450k.



The Board successfully obtained an NDIT grant for \$300k, and the \$100k from the PRRD (2021) grant and other fundraising had sufficient capital to complete the project. The SPHSS also had other commitments from sponsors, which also provided the Board with the ability to move ahead and complete the Bultery's House.

The Board has negotiated a funding agreement with the Province of BC, Minister of Finance, to provide the operating funds for the Bultery's House. Once this funding was in place, the Board negotiated an operating agreement with the Dawson Creek Society for Community Living, which is now operating the facility.

Furnishing the Bultery's House was approximately \$30k as everything in the house was required to be replaced, including all the appliances, bedroom furniture, kitchen appliances etc.

Below is an overview of the expenses incurred in 2022 to get the Society in a position where the project was completed:

Basement repairs \$25k
Bulterys Completion \$450k
Furnishing (Carriage/Bulterys) \$45k
Insurance \$12k
Property taxes 2021 \$3500.00

This is a very high-level overview of some of the expenditures. Hopefully, to demonstrate the commitment of the Board to complete its responsibilities.

The Board have also negotiated a lease with the City of Dawson Creek for a house to provide accommodations for visiting locums in the city/region. The renovations to the house were approximately \$5k, along with insurance for roughly \$2k and furnishing the house was \$3500.00; therefore, the total expenditure of approximately \$10k so far. We are not charging any fee for the locums as it is an incentive to offer accommodations, and it has been very successful in the early days of having the house available.

The SPHSS hosted three Health Care appreciation events in 2022 in partnership with the City of Dawson Creek and Area D & E Directors. The total cost of the three events was approximately \$7500.00. The City of Dawson Creek provided \$2k for the appreciation events.

The Society arranged two vehicles donated from the local Car Dealerships, Browns Chevrolet and Bannister Ford. The vehicles are provided to the visiting locums in Dawson Creek and have been received exceptionally well by the Doctors.

The SPHSS would like to sincerely thank the Board of the Peace River Regional District and the Area Directors for their ongoing support of health care services in the region. The annual grant of \$100,000.00 has been significant in allowing us to continue to support the region in the retention and recruitment of Health Care Professionals.

SOUTH PEACE HEALTH SERVICES SOCIETY Financial Statements Year Ended December 31, 2021

Index to Financial Statements

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 3
FINANCIAL STATEMENTS	
Statement of Financial Position	4
Statement of Revenues and Expenditures	5
Statement of Changes in Net Assets	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 11



CHARTERED PROFESSIONAL ACCOUNTANTS

Partners

- * Ben Sander, B. Comm., FCPA, FCA
- * Dale J. Rose, CPA, CA
- * Alan Bone, B. Comm., CPA, CA
- * Jason Grindle, B. Comm., CPA, CA
- * Jaron Neufeld, B. Comm., CPA, CA

813 - 103rd AVENUE, DAWSON CREEK, BC V1G 2G2 TEL: (250) 782-3374 • FAX: (250) 782-3379 • dc@srbg.ca

10208 - 99th AVENUE, FORT ST. JOHN, BC V1J 1V4 TEL: (250) 785-5645 • FAX: (250) 785-0064 • fsj@srbg.ca

203 - 9815 - 97th STREET, GRANDE PRAIRIE, AB T8V 8B9 TEL: (780) 532-8303 • FAX: (780) 532-8374 • gp@srbg.ca

INDEPENDENT AUDITOR'S REPORT

To the Members of South Peace Health Services Society

Report on the Financial Statements

Qualified Opinion

We have audited the financial statements of South Peace Health Services Society (the Society), which comprise the statement of financial position as at December 31, 2021, and the statements of revenues and expenditures, 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 December 31, 2021, 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 donations and 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 donation or fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2021, current assets and net assets as at December 31, 2021. Our audit opinion on the financial statements for the year ended December 31, 2020 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.

(continues)



Independent Auditor's Report to the Members of South Peace Health Services Society (continued)

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.

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.

(continues)

Sander Rose Bone Grindle LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Independent Auditor's Report to the Members of South Peace Health Services Society (continued)

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.

Dawson Creek, BC

CHARTERED PROFESSIONAL ACCOUNTANTS



Statement of Financial Position

December 31, 2021

Accounts receivable Goods and services tax recoverable Current portion of deposit - Development Permit Prepaid expenses - 99,290 TANGIBLE CAPITAL ASSETS (Note 3) DEPOSIT - DEVELOPMENT PERMIT - 40,33 LIABILITIES AND NET ASSETS CURRENT Accounts payable \$ 37,092 \$ 47,33		2021		2020
Cash \$ 16,217 \$ 40,59 Accounts receivable 30,043 6 Goods and services tax recoverable 12,717 10,79 Current portion of deposit - Development Permit 40,313 - Prepaid expenses - 99,290 52,90 TANGIBLE CAPITAL ASSETS (Note 3) 855,160 777,89 DEPOSIT - DEVELOPMENT PERMIT - 40,31 LIABILITIES AND NET ASSETS CURRENT Accounts payable \$ 37,092 \$ 47,32	ASSETS		7	
Accounts receivable Goods and services tax recoverable Current portion of deposit - Development Permit Prepaid expenses - 99,290 TANGIBLE CAPITAL ASSETS (Note 3) DEPOSIT - DEVELOPMENT PERMIT - 40,313 - 99,290 52,90 \$ 55,160 777,80 \$ 954,450 \$ 871,00 CURRENT Accounts payable \$ 37,092 \$ 47,33	CURRENT			
Current portion of deposit - Development Permit			\$	40,591
Current portion of deposit - Development Permit Prepaid expenses 40,313 - 98 Prepaid expenses 99,290 52,90 TANGIBLE CAPITAL ASSETS (Note 3) 855,160 777,85 DEPOSIT - DEVELOPMENT PERMIT - 40,31 LIABILITIES AND NET ASSETS CURRENT Accounts payable \$ 37,092 \$ 47,32				614
Prepaid expenses - 99 TANGIBLE CAPITAL ASSETS (Note 3) 855,160 777,85 DEPOSIT - DEVELOPMENT PERMIT - 40,35 LIABILITIES AND NET ASSETS CURRENT Accounts payable \$ 37,092 \$ 47,35				10,730
TANGIBLE CAPITAL ASSETS (Note 3) 855,160 777,85 DEPOSIT - DEVELOPMENT PERMIT - 40,37 \$ 954,450 \$ 871,07 LIABILITIES AND NET ASSETS CURRENT Accounts payable \$ 37,092 \$ 47,32		-		951
TANGIBLE CAPITAL ASSETS (Note 3) 855,160 777,85 DEPOSIT - DEVELOPMENT PERMIT - 40,37 \$ 954,450 \$ 871,07 LIABILITIES AND NET ASSETS CURRENT Accounts payable \$ 37,092 \$ 47,32		00.200		F2 006
DEPOSIT - DEVELOPMENT PERMIT - 40,37 \$ 954,450 \$ 871,07 LIABILITIES AND NET ASSETS CURRENT Accounts payable \$ 37,092 \$ 47,32		99,290		52,906
\$ 954,450 \$ 871,07 LIABILITIES AND NET ASSETS CURRENT Accounts payable \$ 37,092 \$ 47,32	TANGIBLE CAPITAL ASSETS (Note 3)	855,160		777,856
CURRENT Accounts payable LIABILITIES AND NET ASSETS \$ 37,092 \$ 47,32	DEPOSIT - DEVELOPMENT PERMIT	-		40,313
CURRENT Accounts payable LIABILITIES AND NET ASSETS \$ 37,092 \$ 47,32		054.450	Φ.	074 075
CURRENT Accounts payable \$ 37,092 \$ 47,32		\$ 954,450	Ъ	8/1,0/5
CURRENT Accounts payable \$ 37,092 \$ 47,32	LIADILITIES AND NET ASSETS			
Accounts payable \$ 37,092 \$ 47,32				
		\$ 37,092	\$	47 320
			Ψ	185,000
				· · · · · · · · · · · · · · · · · · ·
222,092 232,32		222,092		232,329
NET ASSETS	NET ASSETS			
	A SANCH SECOND CONTRACTOR OF SANCE	77,600		60,064
		654,758		578,682
732,358 638,74		732,358		638,746
		•	¢	871,075

Approved by

_____ Director
_____ Director

SOUTH PEACE HEALTH SERVICES SOCIETY Statement of Revenues and Expenditures

		2021		2020
			4	·
INCOME				
Donations - cash	\$	634	\$	121,104
Donations - in-kind		19,534	, T	21,057
Grant Revenues		105,000		116,616
Interest Income				110
Memberships	_ `	260		20
		125,428		258,907
EXPENSES				
Advertising and promotion		<u></u>		284
Consulting fees		4,486		-
Insurance	4	2,419		3,329
Interest and bank charges		154		271
Interest on long term debt		5,972		8,454
Management fees		-		1,367
Office		3,256		2,792
Professional fees		9,709		9,964
Property taxes		2,865		3,122
Repairs and maintenance		2,000		440
Utilities		955		5,901
		04.040		05.004
		31,816		35,924
EXCESS OF INCOME OVER EXPENSES	\$	93,612	\$	222,983

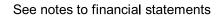
Statement of Changes in Net Assets

	Invested in Tangible					>		
	(Operating	Ca	oital Assets		2021		2020
NET ASSETS - BEGINNING OF YEAR	\$	60,064	\$	578,682	\$	638,746	\$	415,763
Excess of income over expenses		93,612		-		93,612		222,983
Transfers, net		(76,076)		76,076	4			-
Long term debt payments		-		-		<u> </u>		-
NET ASSETS - END OF YEAR	\$	77,600	\$	654,758	\$	732,358	\$	638,746



Statement of Cash Flows

		2021	2020
			\
OPERATING ACTIVITIES			
Excess of income over expenses	\$	93,612	\$ 222,983
Changes in non-cash working capital (Note 5)	PR.	(40,682)	38,429
Cash flow from operating activities		52,930	261,412
INVESTING ACTIVITY			
Purchase of tangible capital assets		(77,304)	(96,072)
FINANCING ACTIVITY			
Repayment of long term debt		-	(140,000)
INCREASE (DECREASE) IN CASH FLOW		(24,374)	25,340
Cash - beginning of year		40,591	15,251
CASH - END OF YEAR	\$	16,217	\$ 40,591



Notes to Financial Statements

Year Ended December 31, 2021

1. PURPOSE OF THE SOCIETY

South Peace Health Services Society (the "Society") is a not-for-profit organization. The purpose of the Society is to enhance health care services in the South Peace region by helping find and retain health care professionals and to provide affordable accommodations for health care professionals and patients receiving medical treatments. The Society is located and operated in Dawson Creek, British Columbia. The South Peace Health Services Society is incorporated under the Societies Act of British Columbia as a not-for-profit organization. The Society is exempt from income tax under the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

Cash and cash equivalents

Cash is defined as cash on hand, cash on deposit and short term deposits with maturity date of less than 90 days net of cheques issued and outstanding at the reporting date.

Financial instruments policy

The Society initially measures financial instruments at fair value when acquired or issued. In subsequent periods, the Society measures all of its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash and receivables.

Financial liabilities measured at amortized cost include payables and current portion of long-term debt.

Revenue recognition

South Peace Health Services Society 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.

Contributed goods are recorded at their estimated fair market value on the date of acquisition.

(continues)

Notes to Financial Statements

Year Ended December 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates

The preparation of these financial statements is in conformity with Canadian accounting standards for Not-for-Profit Organizations which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the current period. Significant estimates include those used when accounting for receivables, contributions in kind, and payables. All estimates are reviewed periodically and adjustments are made to the statements of operations as appropriates in the year they become known.

Prepaid expenses

Prepaid expenses consist of prepaid construction expenses which will be expensed in the periods expected to benefit from them.

Tangible capital assets

Tangible capital assets are stated at cost, or if donated, at estimated fair market value at the time of contribution. They are amortized using the straight-line method over the useful life of the assets. Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Expenditures for maintenance and repairs are charged to operating expenses as incurred. Significant expenditures for improvements are capitalized.

The carrying amount of an item of tangible capital assets is tested for recoverability whenever events or changes in circumstances indicates that the carrying amount may not be recoverable. An impairment loss is recognized when the asset's carrying amount is not recoverable and exceeds its fair value.

3. TANGIBLE CAPITAL ASSETS

		Cost	cumulated nortization	2021 et book value	1	2020 Net book value
oment ing - work in pr	ogress	\$ 105,257 6 749,897	\$ - - -	\$ 105,257 6 749,897	\$	105,257 6 672,593
		\$ 855,160	\$ -	\$ 855,160	\$	777,856

During the year the Society received contributed tangible capital assets totaling \$13,562; (2020 \$14,174).

Notes to Financial Statements

Year Ended December 31, 2021

4.	LONG TERM DEBT	2021	2020
	Lake View Credit Union Term Loan loan bearing interest at 3.23% per annum. The loan becomes due on December 31, 2022 and is secured by property located at 1225 - 113 Ave Dawson Creek, BC comprised of land and a building which has a carrying value of \$855,154, assignment of rents, and all present and after-acquired personal property of the Society registered under the Personal Property Secuirty Act for 5		
	years.	\$ 185,000	\$ 185,000
	Amounts payable within one year	(185,000)	(185,000)
2		\$ 	\$ -

During the year the Society received contributed interest of \$5,972; (2020 \$6,882).

5. CHANGES IN NON-CASH WORKING CAPITAL

		2021	2020
Accounts receivable - (increase) decrease GST receivable - (increase) Prepaid expenses - decrease Accounts payable - (decrease) increase	\$	(29,429) (1,967) 951 (10,237)	\$ 12,014 (2,347) 24,049 4,713
	\$	(40,682)	\$ 38,429

6. 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 December 31, 2021.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The maximum exposure to credit risk is the carrying value of cash and trade receivables on the statement of financial position. The Society has limited exposure to this type of risk.

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 contributors and other related sources, accounts payables and long-term debt. The Society monitors its cash flows from operations by preparing and monitoring cash flows against budget and anticipated future requirements based on their needs. The Society has limited exposure to this type of risk.

(continues)

Notes to Financial Statements

Year Ended December 31, 2021

6. FINANCIAL INSTRUMENTS (continued)

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 rate risk, interest rate risk and other price risk. The Society is mainly exposed to currency risk and interest rate risk.

Currency risk

Currency risk is the risk to the Society's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Society has very minimal exposure to this type of risk.

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. The Society's interest bearing assets include cash. The Society's cash and cash equivalents are generally of a demand nature which minimizes the impact of fluctuations in market interest rates. These assets are held with Lake View Credit Union.

The Society has a fixed rate on its debt obligation with a renewal date occurring on December 31, 2021. At that time it is management's intention to select a fixed rate again. Consequently, the Society's exposure to fluctuations in future cash flows with respect to fixed rates is limited.

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

7. EXCEPTIONAL ITEM

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

Management is uncertain of the effects of these changes on its financial statements and believes that any disturbance may be temporary; however, there is uncertainty about the length and potential impact of the disturbance.

As a result, we are unable to estimate the potential impact on the Society's operations as at the date of these financial statements.