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November 14, 2024

Tina Perrault
 Treasurer
 Sunshine Coast Regional District
 1975 Field Road.
 Sechelt, BC
 V0N 3A1

Dear Tina:

Attached please find our budget submission for the 2025-26 fiscal year. We have provided:

1. A summary of the effect of COVID-19 on 2024 business and forecast for 2025.
2. Current 2024 financial position (budget vs actuals) – including Attachment A
3. 2025 draft budget plans (2025 – 2030 proposed financial plan) – see Attachment B
4. Capital project funding update and request – including Attachment C
5. An overview of the services and programs that will be delivered in 2025.

1. Effect of COVID-19 on business

Covid 19 continues to have a profound effect on the services and finances of the health centre.

Increased expenses: Of the many programs that were closed for months during Covid, they are continuing to operate at full capacity. The nursing clinic, providing ambulatory, urgent, home care and lab services, continues to operate and support the community. We continue to experience a significant increase in palliative care hours. This sometimes can take away from our other programs as we are still experiencing a staff shortage in the nursing area, resulting in fewer available nurse hours.

We continue to experience a substantial increase in the cost of medical supplies because of the need for personal protective equipment and disinfection of equipment. Janitorial costs continue to increase because of the need for greater frequency and intensity of cleaning in the building.

Financial losses: We have experienced losses of revenue from:

- Our donations, in particular from the Health Care Auxiliary. Their donations provide close to 1/10th of the operating budget. Fortunately, the Auxiliary is anticipating pre-covid revenues going forward.
- Additional costs are incurred to support our physician's practice.
- Many of our supplier costs have increased 6- 10 % and our use of supplies has increased as well.

2. Current 2024 financial position – and see Attachment A

Operational funding

Fiscal 2025-2026 will be a year with a request for an increase for this year and next year. We completed year three of the three- year catch-up program we presented to the SCRD board in 2016 but find that Covid-19 recovery continues to create additional costs. For 2024-2025 we received a base grant of \$175,040, a \$10,000 increase. That is very much appreciated. For 2024-2025 we are managing all discretionary expenses and delaying expenditures wherever possible. We expect that our expenses will be **\$207,345** against our submitted 2024-2025 budget of **\$181,861**. This is an unfavorable variance of **\$25,483** to the planned budget and will result in a deficit of **\$32,305** after applying for our operating grant. We continue to seek ways to reduce costs in all areas but have experienced overruns in 1) Insurance of \$1,545; 2) Janitorial and Office has increased \$2,923 and \$2,190 respectively mainly due to COVID 19; 3) Utilities have increased \$910; 4) Grounds maintenance is an unfavorable \$2,505 and 5) Repair & maintenance costs are unfavorable by \$8,129. 6) Waste disposal is an unfavorable \$78 and up mainly due to fuel surcharges; 7) Advertising has increased this year due to the recruitment fee to find a replacement for our current physician who has still not been found. We currently have a semi-retired doctor filing in until a full-time doctor can be found. We are projecting overall operational expenses for 2024-2025 at **\$207,345**, which does not reflect efforts to contain/reduce operating costs and is consistent with our five-year plan.

In grant funding for 2025-2026 we are requesting an increase of **\$10,000** from **\$175,040** to **\$185,040**. And for 2026-2027 we are requesting an increase of \$7,000. This is in line with our now two-year catch-up plan. A baseline of **\$198,216** will enable PHHC to hold the gap between operational expenses versus grant funding and result in a projected deficit of only (**\$13,176**). With the building renovations planned (see capital projects updated below) and the resulting reduction in costs as a result i.e., utilities etc. should allow this deficit to be reduced. See five-year operational funding projection, attachment (B)

3. 2024 Draft Budget Plans (2023-2028) – see Attachment B

4. Capital Projects Update and Request – and see Attachment C

- 1. Update - Garage for wheelchair accessible van** –We now have 4 volunteer drivers who currently are helping those in need of transportation to their medical appointments. We have recently received a grant from the United Way to provide transit service for seniors 2-3 days per week from Egmont to Sechelt.
- 2. Update – Capital Planning:** our current strategic plan includes refurbishing the physician wing of the health centre, while the plans for a new building are still on hold. The reason for this is that the Ministry of Health is not currently committing to new capital and operational funding requests, in light of the pandemic. We have a temporary part-time physician and are still actively searching for a full-time physician replacement. This gives us an opportunity to redesign the space and upgrade it with necessary infrastructure such as centralized heating and ventilation. With the need for greater infection control we will need to significantly upgrade this area of the building as it has no air flow. We will also be able to create more space for other community programming. We initiated a capital fundraising campaign at least two years ago. This has caused our advertising expense to increase this year as much as it has. We are still waiting to hear from the federal grant through **Green and Inclusive Community Buildings program** as we have expanded this capital project to include an upgrade for the whole building. This is our second attempt as our first application had been one of the last to be rejected so we have been able to reapply.

3. **Request** – Regarding the purchased flooring material for the entire building: - the balance is yet to be installed which includes the front office and physician wing. It will be completed when we renovate the physician wing. To date, we have spent \$47,000 on flooring (which is \$10,000 more than the grant funding we received from the SCRDR). This was due to the ever-increasing costs of materials and labour in construction. An additional expense came up when we renovated the public washrooms (with Federal funding). There was no shut-off on the water main outside the building and some expense was incurred to create one.

5. **Current services**

The services available at the Health Centre have not changed, with the exception that we have recruited a social worker and received Better at Home funding from the United Way. And have also recently hired a casual nurse for our team starting in January. This will help fill the gap we have had on our nursing side for the past couple of years. The physician clinic was very busy. There is a full practice and a wait list we are trying to fill with two doctors now. We are currently trying to recruit two physicians. We have the following:

Nursing services

- Ambulatory care
- Urgent care
- Lab services (venepuncture)
- Home care nursing (outreach)
- Palliative on-call care
- Public Health nurse – one day every two weeks
- Nurse practitioner - Women's wellness and youth clinics .2 FTE

Allied, specialized RN and community programming including:

- Dietician .2 FTE
- Diabetes RN .2 FTE
- LPN – Adult Day Program .2 FTE
- Chronic Disease Management RN .2 FTE
- Social Worker .5 FTE
- Mental health counsellor and psychiatrist once every two weeks (from VCH)
- Harbourside Friendships
- Pender Harbour Seniors Initiative.
- Better @ Home

Community programming includes the Harbourside Friendship group, Adult Day Program, Caregiver Support Group, Community Garden, Wheelchair accessible van and now Better @ Home. The facility is also used for community support groups such as 12 step groups, community education workshops, etc.

Fee for service professionals including:

- Physicians
- Dental clinic
- Foot care nurse
- Chiropractor
- Acupuncturist
- Registered Massage Therapists

- Hearing Clinic

We are now extending our two-year catch-up to a three-year plan to reduce our annual operational deficit and we have made good progress against targets, however our operations have still been adversely affected by the pandemic, as discussed above. We are still realizing a sizable operational deficit and have not been able to reduce that because of current economic factors (the enlarged capital project should enable us to get back on track). The deficit negatively impacts our ability to cover needed training, medical equipment and preventative health care program costs. The Health Centre funds these initiatives through fund raising and community support. We are very appreciative of any additional support that can be offered by the SCRD for our capital and operating budget.

Sincerely,



Nicholas Gaskin
Executive Director
Pender Harbour Health Centre

CC Leonard Lee
SCRD Director,
Area "A" - Pender Harbour/Egmont

Pender Harbour & District Health Centre
CURRENT FISCAL YEAR 2024-25

	SCRD BUDGET 2024-25	PHHC ACTUAL YEAR TO DATE Sep 30 2024	PROJECTED YEAR END TO 3/31/25	DIFFERENCE	SCRD BUDGET 2025-26
Administration Cost	\$ 27,955	\$ 13,978	\$ 27,955	\$ -	\$ 29,297
Advertising & Promotion	6,087	7,830	10,874	4,787	10,000
Garbage & Hazardous Waste Disposal	5,500	2,828	5,578	78	5,800
Professional Fees	10,000	9,545	12,000	2,000	11,000
Grounds Maintenance	4,300	4,655	6,805	2,505	4,300
Insurance	13,000	8,045	14,545	1,545	15,000
Janitor Contract & Expenses	34,600	20,223	37,523	2,923	38,000
Office & Small Asset Purchases	7,912	6,146	10,102	2,190	7,912
Postage	684	287	697	13	684
Repair & Maintenance	29,000	22,629	37,129	8,129	34,000
Phone/Fax/Internet	5,224	2,704	5,316	92	5,224
Utilities	28,000	10,710	28,910	910	32,000
Vehicle- Wheelchair Assessable	5,000	2,500	5,000	0	0
GST	4,600	2,612	4,912	312	5,000
TOTAL BUDGET	\$ 181,861	\$ 114,690	\$ 207,345	\$ 25,483	\$ 198,216
COMMITTED GRANT	\$ 175,040		\$ 175,040		\$ 185,040 Request
PLANNED DEFICIT	\$ 6,821		\$ 32,305		\$ 13,176
			18%		7%

Pender Harbour & District Health Centre
PROPOSAL FOR THE 2025 -26 FISCAL YEAR

Administration Cost	\$ 29,297
Advertising & Promotion	10,000
Garbage & Hazardous Waste Disposal	5,800
Professional Fees	11,000
Grounds Maintenance	4,300
Insurance	15,000
Janitor Contract & Expenses	38,000
Office & Small Asset Purchases	7,912
Postage	684
Repair & Maintenance	34,000
Phone/Fax/Internet	5,224
Utilities	32,000
Vehicle -Handicapped	0
GST	5,000
TOTAL	\$ 198,216

REQUESTED GRANT: \$ 185,040

Anticipated Deficit: -\$ 13,177

Pender Harbour & District Health Centre
PROPOSAL FOR THE 2025-26 FISCAL YEAR

Administration Cost	\$	29,297
Advertising & Promotion		10,000
Garbage & Hazardous Waste Disposal		5,800
Professional Fees		11,000
Grounds Maintenance		4,300
Insurance		15,000
Janitor Contract & Expenses		38,000
Office & Small Asset Purchases		7,912
Postage		684
Repair & Maintenance		34,000
Phone/Fax/Internet		5,224
Utilities		32,000
Vehicle -Handicapped		-
GST		5,000

TOTAL \$ 198,216

REQUESTED GRANT: \$ 185,040

Anticipated Deficit: -\$ 13,177

Pender Harbour & District Health Centre

FIVE YEAR OPERATIONAL FUNDING PROJECTION

	2024-25 Current Year	2025-26	2026-27	2027-28	2028-29	2028-29
Administration Cost	27,955	29,297	29,736	30,182	30,635	31,095
Advertising & Promotion	6,087	10,000	10,150	10,302	10,457	10,614
Garbage & Hazardous Waste Disposal	5,500	5,800	5,887	5,975	6,065	6,156
Professional Fees	10,000	11,000	11,165	11,332	11,502	11,675
Grounds Maintenance	4,300	4,300	4,365	4,430	4,496	4,564
Insurance	13,000	15,000	15,225	15,453	15,685	15,920
Janitor Contract & Expenses	34,600	38,000	38,570	39,149	39,736	40,332
Office & Small Asset Purchases	7,912	7,912	8,031	8,151	8,273	8,398
Postage	684	684	694	705	715	726
Repair & Maintenance	29,000	34,000	34,510	35,028	35,553	36,086
Phone/Fax/Internet	5,224	5,224	5,302	5,382	5,463	5,545
Utilities	28,000	32,000	32,480	32,967	33,462	33,964
Vehicle-Wheel Chair Assessable	5,000	0	0	0	0	0
GST	4,600	5,000	5,075	5,151	5,228	5,307
OPERATING BUDGET	181,862	198,216	201,190	204,208	207,271	210,380
Budget figures are based on 1.5% increase/year from the 2025-2026 projected totals (Attachment A)						
INCREASE REQUESTED	10,000	10,000	7,000	5.0%	5.0%	4.0%
SCRD GRANT	175,040	185,040	192,040	201,642	201,642	209,708
DEFICIT	6,822	13,176	9,150	2,566	5,629	672
	0.04	0.07	0.05	0.01	0.03	0.00

Pender Harbour & District Health Centre

HISTORICAL OPERATIONAL FUNDING

	Bylaw Grant	Actual Costs	Deficits
2002 - 2007	80,000/year		
2008 - 2010	95,000/year		
2010-2011	\$ 97,533	\$ 120,228	\$ 22,695
2011-2012	103,149	131,681	28,532
2012-2013	103,312	134,054	30,742
2013-2014	105,874	131,583	25,709
2014-2015	107,125	128,259	21,134
2015-2016	108,844	132,789	23,945
2016-2017	110,040	134,887	24,847
2017-2018	118,040	139,109	21,068
2018-2019	126,040	143,976	17,936
2019-2020	134,040	147,786	13,746
2020-2021	142,040	148,846	6,806
2021-2022	150,040	174,187	24,147
2022-2023	158,040	180,223	22,183
2023-2024	165,040	201,996	36,956
2024-2025	175,040	181,861	6,821
2025-2026 projected	185,040	198,216	13,176
TOTALS	\$ 2,089,238	\$ 2,429,680	\$ 340,443

HISTORICAL CAPITAL PROJECT FUNDING

		Total Cost	SCRD Support	PHHC Cost
Nurses' emergency call system		\$ 13,900		\$ 13,900
BC Hydro PowerSmart upgrade		11,754	3,500	8,254
24/7 generator		95,689	20,000	75,689
Sprinkler system		56,727	16,727	40,000
HVAC upgrade, 2015-16		14,476	14,476	0
HVAC upgrade, 2014-15		3,530		3,530
HVAC upgrade, 2013-14		6,342		6,342
HVAC upgrade, 2012-13		4,256		4,256
Community garden 2015		4,742		4,742
New furnace	2016	8,897		8,897
Physio office	2017	5,277		5,277
Bear Fence	2017	2,256		2,256
New Furnace	2018	6,420		6,420
Parking	2018	8,324		8,324
Flooring *	2018	0	0	0
Computer	2018	1,678		1,678
Medical Equip	2018	10,715		10,715
Medical Equip	2019	13,945		13,945
Computer	2019	9,252		9,252
Vehicle - Handicapped	2020	65,000		65,000
Vehicle - Secure Storage	2020	20,000	20,000	0.00
Bathroom Reno- Handicap	2023	110,702		110,702
Flooring *	2023	47,128	37,726	9,402
Roof	2025	92,250		
TOTALS		\$ 613,258	\$ 112,429	\$ 408,579

* Note : The flooring project has not started (total cost to replace flooring was \$47,127.60)

PENDER HARBOUR & DISTRICT HEALTH CENTRE

2024 - 2025 BUDGET

DESIGNATED REVENUE

VCH Contract	\$	363,304
SCRD Grant	\$	175,040
Tenant Income	\$	69,141
Seniors Health Diabetes		71,492
Other Programs		198,729
Harbourside Friendships		16,000
Pender Harbour Seniors Initiative		43,346
TOTALS	\$	937,052

NON DESIGNATED FUNDS

Donations & Bequests		60,000
Membership		600
Auxiliary		60,000
Marketing		0
Interest Income		3,800
Endowment Fund Interest		14,300
Tray Fees/Private Medical		200
TOTALS	\$	138,900

TOTAL REVENUE \$ **1,075,952**

MEDICAL EXPENSES

Courier	\$	7,500
Delivery / Fuel Surcharge	\$	1,500
Medical Supplies	\$	40,000
Office Expenses	\$	15,000
Home Care Mileage	\$	7,000
Staff Development	\$	6,500
Wages & Benefits	\$	447,000
TOTALS	\$	524,500

PHHC PROGRAMS

Harbourside Friendships, Aux. Support	\$	12,000
Harbourside Friendships Program		4,000
Pender Harbour Seniors Initiative Program		43,346
Better at Home Program		95,380
Hospice/Bereavement Programs		300
Adult Day Care Program		16,929
Palliative On Call		8,000
Women's Wellness/ NP Support		0
Youth Clinic		13,374
Seniors Health -Diabetes		71,492
Other Programs CC CDM ADP SW		73,046

PHSI Support	2,000
Additional Staff Development	6,000
Emergency Prep/Response Program	500
General Program Support	13,000
TOTALS	\$ 359,367

OPERATIONAL EXPENSES & SPECIAL PROJECTS

Administration Costs	\$ 172,000
Advertising & Publicity	\$ 18,000
Garbage	\$ 5,000
Hazardous Waste Disposal	\$ 900
Grounds Maintenance	\$ 3,000
Community Garden	\$ 400
Insurance	\$ 15,500
Janitor Contract	\$ 36,000
Janitorial Supplies	\$ 5,000
Office Exp, Supplies, Security, Dues, Fees	\$ 15,000
Postage	\$ 600
Mortgage Interest Payment, Property Tax	\$ 13,000
Legal, Accounting, Bank Charges	\$ 11,500
Repairs & Maintenance	\$ 35,000
Vehicle	\$ -
Phone/Fax/Internet	\$ 5,000
Utilities	\$ 27,000
TOTALS	\$ 362,900

TOTAL EXPENSES \$ 1,246,767

NET OPERATIONAL INCOME (DEFICIT) **-\$ 170,815**

CASH FLOW

Cash Flow From Operating Activities	-\$ 170,815
GST Recoverable	2,000
Capital Items	-420,000
Special Projects	420,000
Other?	-2,000
ACTUAL USE OF CASH	-\$ 170,815

DETAIL RE: CAPITAL ITEMS AND SPECIAL PROJECTS

Medical Equipment (Capital)	\$ -
Building Improvement- Floors	-420,000
EMR Transition (Special)	0
Parking (Special)	-2,000
TOTALS	-\$ 422,000

Restricted funds are indicated by red font

Pender Harbour & District Health Centre Society

Financial Statements

(Unaudited)

March 31, 2024

Pender Harbour & District Health Centre Society
Table of Contents

March 31, 2024

(Unaudited)

	Page
Independent Practitioner's Review Engagement Report	2
Statement of Financial Position	3
Statement of Operations and Changes in Fund Balances	4
Statement of Fund Balances	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 15

Independent Practitioner's Review Engagement Report

To the Members of Pender Harbour & District Health Centre Society

We have reviewed the accompanying financial statements of Pender Harbour & District Health Centre Society (the "Society"), which comprise the statement of financial position as at March 31, 2024, and the statement of operations and changes in fund balances and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Pender Harbour & District Health Centre Society as at March 31, 2024, 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.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act of British Columbia, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Crowe MacKay LLP

Sechelt, British Columbia
September 26, 2024

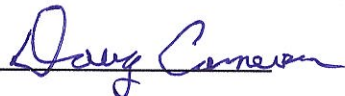
Chartered Professional Accountants


Pender Harbour & District Health Centre Society
Statement of Financial Position

(Unaudited)

As at March 31	General Fund	Capital Fund	2024	2023
Assets				
Current				
Cash and cash equivalents	\$ 414,105	\$ -	\$ 414,105	\$ 129,150
Term deposits (Note 3)	739,968	-	739,968	718,049
Accounts receivable	20,674	-	20,674	12,624
GST recoverable	6,496	-	6,496	2,547
Prepaid expenses	9,868	-	9,868	16,221
	1,191,111	-	1,191,111	878,591
Externally restricted cash (Note 4)	4,568	162,837	167,405	255,222
Tangible capital assets (Note 5)	-	1,342,606	1,342,606	1,216,842
Deposit	2,500	-	2,500	2,500
	\$ 1,198,179	\$ 1,505,443	\$ 2,703,622	\$ 2,353,155
Liabilities				
Current				
Accounts payable and accrued liabilities (Note 6)	\$ 85,936	\$ -	\$ 85,936	\$ 95,314
Deferred contributions (Note 8)	144,120	387,163	531,283	514,247
Mortgage payable (Note 9)	-	179,475	179,475	179,475
Canada Emergency Business Account	-	-	-	40,000
	230,056	566,638	796,694	829,036
Fund Balances				
Internally restricted (Note 10)	968,123	-	968,123	600,976
Invested in capital assets	-	938,805	938,805	923,143
	968,123	938,805	1,906,928	1,524,119
	\$ 1,198,179	\$ 1,505,443	\$ 2,703,622	\$ 2,353,155

Approved on behalf of the Board of Directors:

Director 

Director 

Pender Harbour & District Health Centre Society
Statement of Operations and Changes in Fund Balances

(Unaudited)

For the year ended March 31	General Fund	Capital Fund	2024	2023
Revenues				
Donations (Notes 7 & 12)	\$ 610,703	\$ -	\$ 610,703	\$ 610,468
VCHA Contract	367,567	-	367,567	307,269
Membership and miscellaneous	195	-	195	920
Other grants (Note 8)	264,553	16,830	281,383	260,835
Rentals and fees	113,827	-	113,827	103,727
Interest income	29,625	-	29,625	15,161
Operating allowance	168,846	-	168,846	159,818
	1,555,316	16,830	1,572,146	1,458,198
Expenditures				
Accounting and legal	9,713	-	9,713	12,901
Advertising and promotion	17,245	-	17,245	10,785
Amortization	-	56,969	56,969	66,028
Courier	9,236	-	9,236	7,960
Insurance	20,706	-	20,706	15,157
Interest on long-term debt	-	7,367	7,367	4,908
Medical supplies	48,408	-	48,408	50,750
Office	68,759	-	68,759	43,793
Program costs	122,393	-	122,393	73,487
Property taxes	1,097	-	1,097	921
Repairs and maintenance	70,115	-	70,115	75,771
Telephone	4,969	-	4,969	5,030
Training	855	-	855	1,156
Travel and accommodation	1,078	-	1,078	-
Utilities	32,377	-	32,377	23,577
Wages and benefits (Note 14)	718,050	-	718,050	610,358
	1,125,001	64,336	1,189,337	1,002,582
Excess (deficiency) of revenue over expenditures	\$ 430,315	\$ (47,506)	\$ 382,809	\$ 455,616

Pender Harbour & District Health Centre Society
Statement of Fund Balances

(Unaudited)

For the year ended March 31	General Fund	Capital Fund	2024	2023
Balance, beginning of year	\$ 600,976	\$ 923,143	\$ 1,524,119	\$ 1,068,503
Excess (deficiency) of revenue over expenditures	430,315	(47,506)	382,809	455,616
Interfund transfers (Note 10)	(63,168)	63,168	-	-
Balance, ending of year	\$ 968,123	\$ 938,805	\$ 1,906,928	\$ 1,524,119

Pender Harbour & District Health Centre Society
Statement of Cash Flows

(Unaudited)

For the year ended March 31	2024	2023
Operating activities		
Excess of revenue over expenditures	\$ 382,811	\$ 455,615
Adjustments for		
Amortization	56,969	66,028
Accrued interest on term deposits	(8,050)	(12,320)
Total adjustments	48,919	53,708
	431,730	509,323
Change in non-cash working capital items		
GST recoverable	(3,949)	237
Accounts payable and accrued liabilities	(9,379)	21,548
Deferred contributions	17,036	116,940
Prepaid expenses	6,353	(245)
	441,791	647,803
Investing activities		
Purchase of tangible capital assets	(182,733)	(14,737)
Decrease (increase) in restricted cash	87,816	(116,975)
Increase in term deposits	(21,919)	(713,996)
	(116,836)	(845,708)
Financing activity		
Repayment of CEBA loan	(40,000)	-
Increase (decrease) in cash	284,955	(197,905)
Cash, beginning of year	129,150	327,055
Cash, end of year	\$ 414,105	\$ 129,150

Pender Harbour & District Health Centre Society
Notes to the Financial Statements

(Unaudited)

March 31, 2024

1. Nature of operations

Pender Harbour & District Health Centre Society (the "Society") is incorporated under the Society Act of British Columbia as a non-profit organization, and is a registered charity under the Income Tax Act. The Society's major activity is operating the local community health centre in Madeira Park, BC.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

(a) Fund accounting

The Society follows fund accounting principles. The General Fund accounts for the Society's general operations of operating the community health centre. The Capital Fund reports the assets, liabilities, revenues and expenditures related to the Society's tangible capital assets.

(b) Revenue recognition

The Society follows the deferral method of accounting for contributions.

Unrestricted contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions for future expenses are recognized as revenue in the year in which the related expenditures are incurred.

Restricted contributions for the purchase of tangible capital assets are recognized as revenue on the same basis as the amortization expense related to the acquired tangible capital assets.

Interest, rental and other revenues are recognized using the accrual method.

(c) Tangible capital assets

Tangible capital assets are recorded at the original cost. The Society provides for amortization using straight line basis over the expected useful lives of the assets at the rates indicated below:

Buildings	Straight-line	2.5%
Equipment	Straight-line	10%
Vehicles	Straight-line	30%
Paving and expansion design	Straight-line	8%
Computer equipment	Straight-line	20%

Pender Harbour & District Health Centre Society
Notes to the Financial Statements

March 31, 2024

(Unaudited)

2. Significant accounting policies, continued

(d) 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 undiscounted 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 carrying value exceeds its fair value.

(e) Income taxes

As a registered charity, the Society is exempt from taxes under Section 149 of the Income Tax Act and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity, the Society must meet certain requirements laid out in the Income Tax Act. In management's opinion, these requirements have been met.

(f) Financial instruments

Initial measurement

Financial assets originated or acquired or financial liabilities issued or assumed in an arm's length transaction are initially measured at their fair value. In the case of a financial asset or financial liability not subsequently measured at its fair value, the initial fair value is adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption. Such fees and costs in respect of financial assets and liabilities subsequently measured at fair value are expensed.

Financial assets or liabilities originated or exchanged in related party transactions except for those that involve parties whose sole relationship with the Society is in the capacity of management, are initially measured at cost. The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. If the instrument does, the cost is determined using the instruments undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. Otherwise cost is determined using the consideration transferred or received by the Society in the transaction.

Transactions, with parties whose sole relationship with the Society is in the capacity of management, are accounted for as arm's length transactions.

Pender Harbour & District Health Centre Society
Notes to the Financial Statements

March 31, 2024

(Unaudited)

2. Significant accounting policies, continued

Subsequent measurement

The Society subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in debt instruments, equity instruments and forward exchange contracts that are quoted in an active market, which are measured at fair value without any adjustment for transaction costs. Changes in fair value are recognized in net income in the period in which they occur.

Financial assets measured at cost or amortized cost include cash and cash equivalents, externally restricted cash, term deposits, and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, and mortgage payable.

Transaction costs

Transaction costs attributable to financial instruments subsequently measured at fair value and to those originated or exchanged in a related party transaction are recognized in income in the period incurred. Transaction cost for financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at amortized cost are recognized in the original cost of the instrument and recognized in income over the life of the instrument using the straight-line method

Impairment

At the end of each reporting period, management assesses whether there are any indications that financial assets measured at cost or amortized cost may be impaired. If there is an indication of impairment, management determines whether a significant adverse change has occurred in the expected timing or the amount of future cash flows from the asset, in which case the asset's carrying amount is reduced to the highest expected value that is recoverable by either holding the asset, selling the asset or by exercising the right to any collateral. The carrying amount of the asset is reduced directly or through the use of an allowance account and the amount of the reduction is recognized as an impairment loss in operations. Previously recognized impairment losses may be reversed to the extent of any improvement. The amount of the reversal, to a maximum of the related accumulated impairment charges recorded in respect of the particular asset, is recognized in operations.

(g) Measurement uncertainty

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 disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reported period. Actual results could differ from those estimates.

The significant estimates relate to estimated useful lives of tangible capital assets.

Pender Harbour & District Health Centre Society
Notes to the Financial Statements

March 31, 2024

(Unaudited)

2. Significant accounting policies, continued

(h) Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments with maturities of three months or less from their date of acquisition, which are readily convertible into a known amount of cash, and are subject to an insignificant risk to changes in their fair value.

(i) Government assistance

Government and other grants related to capital assets are accounted for as deferred government assistance and amortized on the same basis as the related tangible capital assets. Operating grants are accounted for as a reduction of operating expenses.

3. Term deposits

	2024	2023
Term deposits	\$ -	\$ -
Term deposit, at cost: interest rate of 3.25%, maturing April 24, 2024	276,468	-
Term deposit, at cost: interest rate of 4.60%, maturing August 4, 2024	463,500	-
Term deposit, at cost: matured May 19, 2023	-	268,049
Term deposit, at cost: matured August 4, 2023	-	450,000
	\$ 739,968	\$ 718,049

4. Restricted cash

The \$4,568 (2023 - \$3,180) of externally restricted cash in the operating fund is the residual amount of VCHA SMART grant received during the past few years for the purpose of financing future operating expenses of the Pender Harbour Seniors Initiative program.

The externally restricted cash of \$162,837 (2023 - \$252,042) in the capital fund relates to future purchases of medical equipment and building expansion, and renovations pursuant to the restriction of a specific donation or grant.

Pender Harbour & District Health Centre Society
Notes to the Financial Statements

March 31, 2024

(Unaudited)

5. Tangible capital assets

	Cost	Accumulated amortization	2024 Net Book Value	2023 Net Book Value
Land	\$ 513,987	\$ -	\$ 513,987	\$ 513,987
Buildings	1,449,153	690,922	758,231	625,085
Equipment	182,954	135,173	47,781	46,862
Vehicles	63,989	63,989	-	6,399
Paving and expansion design	27,361	10,873	16,488	18,677
Computer equipment	47,071	40,952	6,119	5,832
	\$ 2,284,515	\$ 941,909	\$ 1,342,606	\$ 1,216,842

6. Accounts payable and accrued liabilities

	2024	2023
Accounts payable and accrued liabilities	\$ 27,083	\$ 15,516
Wages payable	26,825	47,840
Vacation payable	32,028	31,958
	\$ 85,936	\$ 95,314

7. Capital Campaign

The Society is in the development phase of the healthy building fund project to improve the building in order to better serve the community. Announced publicly in September 2021, the Society hopes to raise \$1.3 million for this project. The project will support the development of a strong, healthy community that will benefit Pender Harbour residents. See note 10 for current balance.

Pender Harbour & District Health Centre Society
Notes to the Financial Statements

March 31, 2024

(Unaudited)

8. Deferred contributions

Related to operating activities:

	<u>2024</u>	<u>2023</u>
Balance, beginning of the year	\$ 147,981	\$ 134,040
Plus: amounts received related to the future years	949,682	718,471
Less: amounts recognized as revenue during the year	(953,543)	(704,530)
Balance, end of the year	\$ 144,120	\$ 147,981

Related to capital purchases:

	<u>2024</u>	<u>2023</u>
Balance, beginning of the year	\$ 366,266	\$ 263,267
Plus: amounts received related to the future years	37,727	126,032
Less: amounts recognized as revenue during the year	(16,830)	(23,033)
Balance, end of year	\$ 387,163	\$ 366,266

9. Mortgage payable

The Society holds a mortgage of \$179,475 (2023 - \$179,475) used to finance the acquisition of the adjacent land. The terms of the mortgage were renewed on November 25, 2023 maturing December 1, 2025; bearing fixed interest of 6.99% per annum (2023 - 2.75%), repayable in monthly interest-only payments, due on demand.

Pender Harbour & District Health Centre Society
Notes to the Financial Statements

March 31, 2024

(Unaudited)

10. Internal restrictions

The board of directors of the Society allocated funding for a contingency reserve to provide financing for future operating costs for internal programs. The Society also set aside funding for the purposes of establishing a contingency fund to provide funds for planned capital expansion or expansion of services. Internally restricted funds include part of the GIC investment. The Society may not use these internally restricted amounts for any other purpose without the approval of the board of directors.

	2024	2023
Internally restricted cash	\$ -	\$ -
Capital expansion project fund	851,985	484,926
Contingency reserve fund	16,139	16,050
Contingency reserve guaranteed investment certificate	100,000	100,000
	\$ 968,124	\$ 600,976

11. Endowment gift

During the year, the Society transferred \$Nil (2023 - \$Nil) to the Sunshine Coast Foundation to fund the Pender Harbour & District Health Centre Society Endowment which is an agency fund held in perpetuity by the Foundation for the benefit of the Society. As at March 31, 2024, the balance of the endowment fund capital was \$333,487 (2023 - \$312,645).

The endowment fund assets belong to the Foundation and accordingly are not recognized as an asset of the Society. The endowment fund capital is held permanently and invested in accordance with the Foundation's investment policies. Distributable earnings from the endowment fund will be paid to the Society at least once a year. Should the Society discontinue its operations, ownership of the fund will remain with Sunshine Coast Community Foundation which will use the fund to benefit other health related organizations within Area A of the Sunshine Coast Regional District. If the Foundation ceases operations, the balance of the endowment fund would be returned to the Society.

The grants of distributable earnings from the endowment fund of \$14,490 (2023 - \$16,090) were recognized during the year.

12. Related party transaction

The Society received a donation of \$470,000 (2023 - \$37,000) from The AMS Foundation Ltd. which is controlled by one of the Directors of the Society.

This transaction is in the normal course of operations and has been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Pender Harbour & District Health Centre Society
Notes to the Financial Statements

March 31, 2024

(Unaudited)

13. Economic dependence

The Society's operations are economically dependent on the continued support of the Vancouver Coastal Health Authority and the Sunshine Coast Regional District.

14. Management remuneration

During the year the Society had three (2023 - two) employees with total remuneration over \$75,000, for a total of \$329,381 (2023 - \$182,014). No remuneration was paid to any member of the Board of Directors. This disclosure is provided in accordance with the requirements of the Societies Act (BC).

15. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether the factors are specific to the instrument or all instruments traded in the market. The Society is exposed to market risk through its exposure to interest rate risk.

Increased economic uncertainty and changing inflation rates due to a range of economic factors has resulted in a change in market rate risk from the prior year. Uncertain economic conditions including events may result in a change in prime lending rates both nationally and internationally. The Society cannot predict changes in prime lending rates.

Pender Harbour & District Health Centre Society
Notes to the Financial Statements

March 31, 2024

(Unaudited)

(b) Liquidity risk

The Society is subject to liquidity risk in the accounts payable and accrued liabilities of \$85,935 (2023 - \$95,314) and loans of \$179,475 (2023 - \$219,475). Liquidity risk is the risk that the Society cannot repay its obligations when they became due to its creditors. The Society reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due; maintains an adequate cash on hand balance to repay trade creditors and repays long-term debt interest as they become due. In the opinion of management the liquidity risk exposure to the Society is low.

Increased economic uncertainty and changing in inflation rates due to a range of economic factors has resulted in a change in liquidity risk from prior year. Uncertain economic conditions including events may result in a change in prime lending rates both nationally and internationally and create increased pressure on the Society's cash flows due to increase in inflation rates.

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

16. Comparative amounts

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.