

# Financial Statements

ANKORS - AIDS Network Outreach and  
Support Society

March 31, 2026

*Draft - June 22, 2026, 11:51 AM*

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*Draft - June 22, 2026, 11:51 AM*

# Independent Auditor's Report

To the Board of Directors of  
ANKORS - AIDS Network Outreach and Support Society

## Qualified opinion

We have audited the financial statements of ANKORS - AIDS Network Outreach and Support Society, which comprise the statement of financial position as at March 31, 2026, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for qualified opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2026, 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 qualified opinion

In common with many not-for-profit organizations, the Society derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Society. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2026 and 2025, current assets as at March 31, 2026 and 2025, and net assets as at April 1 and March 31 for both the 2026 and 2025 years. Our audit opinion on the financial statements for the year ended March 31, 2025 was modified accordingly because of the possible effects of this limitation in 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 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 qualified opinion.

## Other matter

The financial statements of the Society for the year ended March 31, 2025 were audited by another auditor who expressed a qualified opinion on those financial statements on June 19, 2025.

## 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 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.

# Independent Auditor's Report (continued)

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Report on other legal and regulatory requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements have been applied on a basis consistent with that of the preceding year.

Nelson, Canada  
Date to be determined

Chartered Professional Accountants

# ANKORS - AIDS Network Outreach and Support Society

## Statement of Financial Position

March 31	2026	2025
<b>Assets</b>		
Current		
Cash	\$ 1,531,841	\$ 1,362,964
Accounts receivable	51,385	100,880
Goods and services tax recoverable	9,862	6,750
Prepaid expenses	<u>2,950</u>	<u>95,704</u>
	<b>1,596,038</b>	1,566,298
Tangible capital assets (Note 3)	<u>1,292,609</u>	<u>1,148,460</u>
	<b><u>\$ 2,888,647</u></b>	<b><u>\$ 2,714,758</u></b>
<b>Liabilities</b>		
Current		
Accounts payable and accrued liabilities	\$ 55,401	\$ 33,798
Government remittances payable	35,392	46,123
Wages and benefits payable	174,133	168,828
Deferred revenue (Note 4)	1,033,407	1,046,239
Current portion of mortgage payable (Note 5)	<u>19,077</u>	<u>18,157</u>
	<b>1,317,410</b>	1,313,145
Mortgage payable (Note 5)	806,801	829,358
Forgivable loan (Note 6)	98,760	102,963
Deferred capital contributions (Note 7)	<u>286,195</u>	<u>92,821</u>
	<b>1,191,756</b>	1,025,142
	<b>2,509,166</b>	2,338,287
<b>Fund balances</b>		
Unrestricted	297,704	271,307
Invested in tangible capital assets	<u>81,777</u>	<u>105,164</u>
	<b>379,481</b>	376,471
	<b><u>\$ 2,888,647</u></b>	<b><u>\$ 2,714,758</u></b>

On behalf of the Board

\_\_\_\_\_ Member

\_\_\_\_\_ Member

# ANKORS - AIDS Network Outreach and Support Society

## Statement of Operations

Year ended March 31	2026	2025
Revenues		
Interior Health Authority	\$ 1,555,427	\$ 1,599,045
Grants	1,310,870	959,580
Rental income	32,581	27,013
Donations and other income	<u>9,284</u>	<u>27,662</u>
	<u>2,908,162</u>	<u>2,613,300</u>
Expenditures		
Advertising and promotion	2,010	12,569
Amortization	122,312	90,965
Equipment rental	4,687	4,498
Harm reduction, support supplies	70,059	73,436
Honorariums	56,842	75,031
Insurance	15,512	11,703
Interest and bank charges	126	33,000
Interest on long-term debt	37,881	24,492
Memberships, licenses, dues	9,129	5,100
Occupancy costs	113,715	110,294
Office	40,475	42,427
Professional fees	22,436	30,811
Program supplies	273,437	208,647
Security	10,602	-
Staff development	6,782	5,029
Telecommunications	37,198	38,404
Travel	119,646	59,133
Wages and benefits	<u>1,962,303</u>	<u>1,778,131</u>
	<u>2,905,152</u>	<u>2,603,670</u>
Excess of revenues over expenditures	<u>\$ 3,010</u>	<u>\$ 9,630</u>

## ANKORS - AIDS Network Outreach and Support Society

### Statement of Changes in Net Assets

Year ended March 31

	Unrestricted	Invested in tangible capital assets	Total 2026	Total 2025
Balance, beginning of year	\$ 271,307	\$ 105,164	\$ 376,471	\$ 366,841
Excess (deficiency) of revenues over expenditures	54,372	(51,362)	3,010	9,630
Capital asset purchases	(266,459)	266,459	-	-
Repayment of debt relating to capital assets	(21,637)	21,637	-	-
Acquisition of deferred capital contribution	260,121	(260,121)	-	-
Balance, end of year	<b><u>\$ 297,704</u></b>	<b><u>\$ 81,777</u></b>	<b><u>\$ 379,481</u></b>	<b><u>\$ 376,471</u></b>

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# ANKORS - AIDS Network Outreach and Support Society

## Statement of Cash Flows

Year ended March 31

2026

2025

Increase (decrease) in cash

### Operating

Excess of revenues over expenditures	\$ 3,010	\$ 9,630
Items not affecting cash		
Amortization	122,312	90,965
Amortization of deferred capital contribution	(66,747)	(38,611)
Interest and fees accrued on BC housing loan	-	37,893
BC housing loan forgiveness	(4,203)	-
	54,372	99,877
Change in non-cash working capital items		
Accounts receivable	49,495	(18,541)
Goods and services tax	(3,112)	(1,201)
Prepaid expenses	92,754	(87,655)
Accounts payable and accrued liabilities	21,601	(31,938)
Government remittances payable	(10,731)	2,648
Wages and benefits payable	5,305	13,942
Deferred revenue	(12,832)	92,796
	196,852	69,928

### Financing

Repayment of mortgage payable	(21,637)	(1,050,847)
Increase in mortgages loans	-	847,515
Receipt of forgivable loan	-	102,963
Receipt of deferred capital contributions	260,121	-
	238,484	(100,369)

### Investing

Purchase of tangible capital assets	(266,459)	(11,444)
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Increase (decrease) in cash 168,877 (41,885)

### Cash

Beginning of year	1,362,964	1,404,849
End of year	\$ 1,531,841	\$ 1,362,964

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# **ANKORS - AIDS Network Outreach and Support Society**

## **Notes to the Financial Statements**

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March 31, 2026

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### **1. Nature of operations**

ANKORS - AIDS Network Outreach and Support Society ("the Society") is a regional organization operating programs designed to respond to the needs of those living with and at risk for HIV and Hepatitis C and to provide prevention education, harm reduction and outreach to residents of the East Kootenay, West Kootenay and Boundary region of British Columbia. The Society is incorporated under the Society Act of British Columbia as a not-for-profit organization and is a registered charity under the Income Tax Act.

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### **2. Significant accounting policies**

The Society applies the Canadian accounting standards for not-for-profit organizations.

#### **Revenue recognition**

The Society follows the deferral method of accounting for contributions and contract revenue. Restricted contributions and contract revenue are recognized as revenues in the year in which the related expenses are incurred. Unrestricted contributions and contract revenues are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

#### **Cash and cash equivalents**

Cash and cash equivalents consist of credit union balances and membership shares

#### **Tangible capital assets**

Purchased tangible capital assets are recorded at cost plus any cost of betterment less accumulated amortization. Contributed tangible capital assets are recorded at fair value at the date of contribution if the fair value is reasonably determinable.

The amortization rates used for each class of tangible capital assets are:

Buildings - 535 West Houston	4%
Computer equipment and software	50%
Diagnostic equipment	20%
Mobile outreach van	30%
Office equipment	20%
Outreach equipment	20%

#### **Impairment of tangible capital assets**

The Society tests tangible capital assets, or groups of tangible capital assets, for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. An impairment loss is recognized when the carrying amount of the tangible capital asset or group of tangible capital assets exceeds the asset's fair value or replacement cost.

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# **ANKORS - AIDS Network Outreach and Support Society**

## **Notes to the Financial Statements**

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March 31, 2026

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### **2. Significant accounting policies (continued)**

#### **Deferred capital contributions**

Contributions restricted for capital purposes are recorded as deferred capital contributions when the amount is invested in tangible capital assets and are amortized to revenue on the same basis as the related tangible capital assets are amortized to expense.

#### **BC Housing forgivable loans**

Forgivable loans restricted for capital purposes are amortized to revenue on the same basis as the related tangible capital assets are amortized to expense.

#### **Financial instruments**

The Society considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Society accounts for the following as financial instruments:

- cash
- accounts receivable
- accounts payable and accrued liabilities
- wages payable
- BC Housing forgivable loans
- Mortgages loans

#### **Financial instruments in arm's length transactions**

##### *Initial measurement*

The Society initially measures financial assets and financial liabilities originating, acquired, issued or assumed in arm's length transactions at fair value.

##### *Subsequent measurement*

The Society subsequently measures all of its financial assets and financial liabilities at amortized cost, except for cash which is measured at fair value. Changes in financial instruments measured at fair value are recognized in excess of revenues over expenses.

##### *Financing fees and transaction costs*

At initial recognition, the value of financial assets and financial liabilities in arm's length transactions that are subsequently measured at cost or amortized cost are adjusted for financing fees and transaction costs that are directly attributable to their origination, acquisition, issuance or assumption. The fees and costs are subsequently amortized into excess of revenues over expenses using the effective interest rate method. All other transaction costs are recognized in excess of revenues over expenses in the period incurred.

##### *Derecognition*

The Society removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expires.

# ANKORS - AIDS Network Outreach and Support Society

## Notes to the Financial Statements

March 31, 2026

### 2. Significant accounting policies (continued)

#### Financial instruments (continued)

##### *Impairment*

Financial assets measured at cost or amortized cost are tested for impairment when indicators of impairment exist at the end of the reporting period. Previously recognized impairment losses are reversed to the extent of the improvement provided the financial asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in excess of revenues over expenses.

##### **Use of estimates**

Management reviews the carrying amounts of items in the financial statements at each balance sheet date to assess the need for revision or any possibility of impairment. Many items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically and adjustments are made to net income as appropriate in the year they become known.

Items subject to significant management estimates include estimated useful lives of tangible capital assets and completeness of deferred program contributions.

##### **Income taxes**

The Society is exempt from income taxes under section 149 of the income tax act.

### 3. Tangible capital assets

	<u>2026</u>		<u>2025</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land - 535 West Houston	\$ 174,200	\$ -	\$ 174,200	\$ 174,200
Buildings - 535 West Houston	889,699	103,902	785,797	822,307
Computer equipment and software	72,360	66,697	5,663	7,576
Diagnostic equipment	59,150	40,397	18,753	23,441
Mobile outreach van	424,173	155,799	268,374	84,805
Office equipment	114,935	84,837	30,098	36,131
Outreach equipment	9,889	165	9,724	-
	<u>\$ 1,744,406</u>	<u>\$ 451,797</u>	<u>\$ 1,292,609</u>	<u>\$ 1,148,460</u>

# ANKORS - AIDS Network Outreach and Support Society

## Notes to the Financial Statements

March 31, 2026

### 4. Deferred revenue

	<u>Balance, beginning of year</u>	<u>Received</u>	<u>Recognized</u>	<u>Balance, end of year</u>
Funding from Interior Health Authority				
Population Health	\$ 341,473	\$ (146,593)	\$ -	\$ 194,880
Adult Supported Recovery				
Housing	137,794	531,019	(498,166)	170,647
Opioid Agonist Therapy	7,211	44,100	(41,820)	9,491
Transconnect	28,856	93,194	(84,766)	37,284
Nelson Inhalation Services	6,668	-	(6,668)	-
Drug Checking EK & WK	35,165	175,140	(149,801)	60,504
Nelson & Trail EOPS	23,667	142,000	(50,720)	114,947
Other				
	11,958	44,500	(38,712)	17,746
Funding from BC housing				
Extreme weather response				
	37,053	125,366	(134,930)	27,489
Grants				
Community Actions Initiative	202,995	417,616	(415,558)	205,053
Community Foundation				
Kootenay	87,496	4,359	(57,020)	34,835
City of Trail	87,645	382,238	(469,883)	-
Vancouver Foundation -				
Transforming Systems	-	100,000	-	100,000
United Way - WEOG	-	50,000	(27,043)	22,957
Nelson CARES Society	-	99,910	(99,910)	-
City of Cranbrook	-	121,975	(121,975)	-
Other	38,258	190,504	(191,188)	37,574
	<u>\$ 1,046,239</u>	<u>\$ 2,375,328</u>	<u>\$ (2,388,160)</u>	<u>\$ 1,033,407</u>

# ANKORS - AIDS Network Outreach and Support Society

## Notes to the Financial Statements

March 31, 2026

### 5. Mortgage payable

In August 2024, BC Housing arranged a take-out mortgage with Peoples Trust Company to repay the loan owing from ANKORS to BC Housing net of a forgivable loan portion (see note 8). The mortgage has a term of 25 years, maturing September 1, 2049, with blended monthly payments of \$4,959.83 at an interest rate of 5% compounded semi-annually, and is secured by land and buildings with a net book value of \$959,997.

	<u>2026</u>	<u>2025</u>
Mortgage payable	\$ 825,878	\$ 847,515
Less current portion	<u>19,077</u>	<u>18,157</u>
Due beyond one year	<u>\$ 806,801</u>	<u>\$ 829,358</u>
Estimated principal repayments are as follows:		
2027	\$ 19,077	
2028	20,042	
2029	21,057	
2030	22,123	
2031	23,423	
Subsequent years	<u>720,156</u>	
	<u>\$ 825,878</u>	

### 6. Forgivable loan

BC Housing extended to the Society a forgivable loan for the interest incurred up to the take-out mortgage date, which totaled \$105,604 in FY 2025. The forgivable loan includes a total term length of 25 years from the commencement date and includes no scheduled principal reduction from years one through ten. Beginning in 2035, principal reductions by way of debt forgiveness will be granted to the Society to reduce the balance to nil on a straight-line basis over the remaining term of the mortgage.

The conditions for the forgivable loan are specified in the BC Housing's Commitment Letter and it is management's opinion that the Society is not at risk of default with respect to these covenants and that BC Housing has the intention to forgive the loan on schedule.

The Society is amortizing this forgivable loan into income at the same rate and method of amortization on the 535 West Houston Street building.

	<u>2026</u>	<u>2025</u>
Forgivable loan - beginning of year	\$ 102,963	\$ -
Forgivable loan extended	-	105,064
Amortization of forgivable loan	<u>(4,203)</u>	<u>(2,101)</u>
	<u>\$ 98,760</u>	<u>\$ 102,963</u>

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# ANKORS - AIDS Network Outreach and Support Society

## Notes to the Financial Statements

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March 31, 2026

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### 7. Deferred capital contributions

2026

2025

Deferred capital contributions include the unamortized amount of contributions received for the purchase of capital assets. Amortization of deferred capital contributions is recorded as revenue on the Statement of Operations.

Balance, beginning of year	\$ 92,821	\$ 131,432
Amounts received during the year	260,121	-
Amounts recognized as revenue during the year	<u>(66,747)</u>	<u>(38,611)</u>
Balance, end of year	<u>\$ 286,195</u>	<u>\$ 92,821</u>

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### 8. Financial instruments

The Society is exposed to various risks through its financial instruments. The following analysis provides a measure of the Society's risk exposures and concentrations at March 31, 2026

(a) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment. The Society is exposed to credit risk in the event of non-performance by counterparties in connection with its accounts receivable. The Society does not obtain collateral or other security to support the accounts receivable subject to credit risk but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance..

(b) Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to liquidity risk arising primarily from the accounts payable. The Society's ability to meet obligations depends on the receipt of funds from its operations and other related sources, whether in the form of revenue or grants

(c) Market risk

Market risk is the risk that the fair value or expected 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 Society is mainly exposed to interest rate risk.

(i) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Society is exposed to interest rate risk through its mortgage payable which accrues interest at a fixed rate. This risk has changed since the prior year given that the Society entered into a take-out mortgage to repay the loan owing to BC Housing. Management has determined that the associated interest rate risk is low.

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# **ANKORS - AIDS Network Outreach and Support Society**

## **Notes to the Financial Statements**

March 31, 2026

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### **9. Economic dependence**

The Society receives funding from various entities to operate its programs. The Interior Health Authority (IHA) accounts for 54 % of this funding and as such, ongoing operations of the Society depend largely on continued funding from the IHA.

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### **10. British Columbia Societies Act**

The British Columbia Societies Act requires disclosure of remuneration paid to directors as well as remuneration greater than \$75,000 paid to employees and contractors. For the year ending March 31, 2026, the Society paid total remuneration of \$386,073 (2025 - \$174,240) to four (2025 - two) employees for services, each of whom received annual remuneration of \$75,000 or greater.

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### **11. Comparative figures**

Comparative figures have been adjusted to conform to changes in the current year presentation.

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