



**August 2, 2024**

**Mayor Cumming, Council, and Staff,**

Please accept this updated request for delegation in the regular meeting on August 12, 2024.

The Society, by definition, is currently insolvent. Several factors have contributed to this situation, including the repayment of the \$40,000 CEBA loan, the use of operating funds for capital expenses, and the layoff of key staff. BDO financials state the following:

*“The Society relies on the City of Vernon and the provincial government for significant operating grants and for favorable land lease terms. Grants from the City of Vernon and the Federal Government account for 33% of the Society's revenue (2022 - 29%). In prior years, the Society has expended considerable resources on infrastructure repairs to fixed capital assets owned by the City of Vernon.*

*We draw attention to Note 2 in the financial statements, which indicates that O'Keefe Ranch & Interior Heritage Society has a deficiency of revenues over expenses during the year ended December 31, 2023. These conditions, along with other matters set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about O'Keefe Ranch & Interior Heritage Society's ability to continue as a going concern.”*

We would like to discuss possible solutions and next steps. Our talking points include:

On July 31, 2023, the Society asked the City if they would be interested in pursuing negotiations on a new lease. The current lease is clearly not working for either party involved. Without an answer to this question, the Society has been forced to continue operating in an unsustainable structure. If the City knows it will not continue a lease with the Society, it would make the most sense to begin transitional meetings to hand the operations back to the City. If the City is interested in potentially continuing to work with the Society, we can create a more viable agreement setup both in the interim and for the long term.

To maintain operations, the Ranch has continued to invest in necessary capital costs. These expenditures, pulled from operational funds, have contributed to our negative cash flow. There are still several known outstanding capital costs required to continue operations this year, listed below. These items are health and safety related and would prevent the Society from operating portions and/or all of the land and buildings.

- \$6,400: Grease line.
- \$5,000: Blackwater plumbing in the basement of the admin building.
- \$4,000: Dangerous trees.
- \$2,000: Downed power line.
- \$300: Interior Health required upgrades.



- \$25,000: Stairway from museum (identified by Fire Inspector and Engineering Report).

Since the writing of this initial letter, City operations have made steps forward on some of these items.

Operationally, the Ranch has \$77,770 worth of outstanding debt to July 31, 2024, excluding any outstanding debt with the City of Vernon. For cash flow, the Ranch has received grants for several areas, including staffing, with final payments pending well after the funds are spent. For example, Canada Summer Jobs has over \$31,000 payable in the next 60+ days. Previously, we have been able to use the \$40,000 CEBA loan to assist with this cash flow. In the past, the Society has called on the City of Vernon operations to address immediate health and safety concerns under the City's purview. However, for 2024, the City has been selective in its response, contributing to the negative cash flow.

The Society is requesting:

1. Confirmation the City of Vernon is interested in discussion of a new lease with the Society.
2. Either bi-monthly reimbursement of any capital expenditures required for operations and/or City Staff be directed to work with the Society to complete any required capital expenditures at the Ranch as they arise.
3. An additional operational grant of \$85,000 to operate until **November 30, 2024**. Funds required are \$40,000 by Aug 15th and remainder needed by September 1st.
4. Direction for staff to work with the Society to create a sustainable setup until a new lease can be established.
5. If a positive solution is not possible by September 1st, we request a transitional meeting to hand the operations of the Ranch back to the City of Vernon.

Attached: Balance Sheet and Profit & Loss Statement

**Regards,**

**Historic O'Keefe Ranch & Interior Heritage Society**

**O'Keefe Ranch & Interior Heritage Society****Profit & Loss YTD Comparison**

January through June 2024

	<b>Jan - Jun 2024</b>	<b>Jan - Jun 2023</b>	<b>Budget</b>
<b>Income</b>			
Admissions Revenue	24,851.21	33,661.34	195,000.00
Grant Revenues	247,546.98	293,421.49	225,000.00
Rental Revenue	29,547.61	34,583.33	73,045.00
Glamping	-	3,487.88	90,000.00
General Revenue (Gift/General)	9,528.96	5,817.77	28,600.00
Donations	3,632.55	5,655.70	2,600.00
Agricultural Revenue	-	200.00	1,500.00
Membership Revenues	700.00	500.00	750.00
Interest Income	6.10	36.51	
Miscellaneous and Expense recoveries	3,840.87	4,231.99	500.00
Events Revenue	21,341.20	17,507.05	40,250.00
<b>Total Income</b>	<b>340,995.48</b>	<b>399,103.06</b>	<b>657,245.00</b>
<b>Cost of Goods and Services</b>			
Cost of Goods Sold	3,064.00	1,533.24	10,000.00
Glamping Expenses	229.03	662.68	51,000.00
Glamping Payroll	-	10,738.85	
Events Payroll	134.97	6,545.04	10,035.50
Events Expenses	17,792.82	17,453.11	16,850.00
<b>Total Cost of Goods and Services</b>	<b>21,220.82</b>	<b>36,932.92</b>	<b>87,885.50</b>
<b>Gross Profit</b>	<b>319,774.66</b>	<b>362,170.14</b>	<b>569,359.50</b>
<b>Fixed Expense</b>			
Utilities	21,282.19	35,515.15	63,629.44
Professional Fees	25,054.75	28,695.85	52,480.00
Property Taxes	7,010.63	3,360.39	8,000.00
Insurance	1,037.28	979.02	41,000.00
Payroll Expenses	77,586.68	52,688.40	105,000.00
Bank Charges & Interest	2,279.34	2,551.21	5,000.00
Repairs & Maintenance	29,018.62	16,301.39	44,000.00
Licenses and Memberships	876.79	1,491.39	3,000.00
Website	-	425.00	500.00
Management	48,000.00	48,000.00	96,000.00
Automobile	3,200.38	4,928.69	9,000.00
Agricultural Expenses	5,460.83	5,628.18	14,000.00
Curatorial	-	13,702.52	35,000.00
<b>Total Fixed Expense</b>	<b>220,807.49</b>	<b>214,267.19</b>	<b>476,609.44</b>

**O'Keefe Ranch & Interior Heritage Society**

**Profit & Loss YTD Comparison**

January through June 2024

<b>Variable Expense</b>			
<b>Advertising and Promotion</b>	475.00	884.16	3,630.00
<b>Volunteer Expenses</b>	-	599.41	4,000.00
<b>Supplies/Office</b>	3,233.39	5,509.15	16,000.00
<b>Payroll Expenses</b>	46,183.31	76,983.28	107,235.00
<b>Meals and Entertainment</b>	-	462.57	
<b>Capital</b>	-	-	
<b>Total Variable Expense</b>	<u>49,891.70</u>	<u>84,438.57</u>	<u>130,865.00</u>
<b>Total Expense</b>	<u>270,699.19</u>	<u>298,705.76</u>	<u>607,474.44</u>
<b>Net Income/Loss</b>	<u>49,075.47</u>	<u>63,464.38</u>	<u>- 38,114.94</u>

**O'Keefe Ranch & Interior Heritage Society**  
**Balance Sheet Prev Year Comparison**  
As of June 30, 2024

	<b>30 Jun 24</b>	<b>30 Jun 23</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Operating	19,329.54	17,141.55
Capital	16.67	51,281.59
Gaming	2.55	1,934.10
Class A Membership Equity	25.00	25.00
Class D Equity Shares	16.03	13.37
Savings (Holding)	0.69	43,961.29
Cash Floats and Petty Cash	2,600.00	3,000.00
Accounts Receivable	4,695.60	39,308.12
Inventory	2,860.24	2,529.42
Prepaid Expenses	769.45	684.34
GST & PST	8,653.17	9,573.87
Payroll Advance Repayment	-	500.00
Undeposited Funds	4,682.31	-
<b>Total Current Assets</b>	<b>43,651.25</b>	<b>169,952.65</b>
<b>Fixed Assets</b>	<b>1,322,432.76</b>	<b>1,460,392.77</b>
<b>TOTAL ASSETS</b>	<b>1,366,084.01</b>	<b>1,630,345.42</b>
<b>LIABILITIES &amp; EQUITY</b>		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts Payable	69,478.07	44,286.68
Visa	-	1,174.61
Consignment Payables	1,978.21	1,111.42
Refundable Revenue	500.00	500.00
Deferred Capital Contribution:	369,169.38	429,957.12
Deferred Revenue	17,646.84	1,935.27
Accrued Liabilities	144,729.00	10,000.00
Payroll Liabilities	10,778.23	10,737.74
City of Vernon Loan	70,000.00	70,000.00
<b>Total Current Liabilities</b>	<b>684,279.73</b>	<b>569,702.84</b>
<b>Long Term Liabilities</b>		
CEBA (Covid-19)	-	40,000.00
<b>Total Long Term Liabilities</b>	<b>-</b>	<b>40,000.00</b>
<b>Total Liabilities</b>	<b>684,279.73</b>	<b>609,702.84</b>
<b>Equity</b>	<b>681,804.28</b>	<b>1,020,642.58</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>1,366,084.01</b>	<b>1,630,345.42</b>