

VAN ANDA IMPROVEMENT DISTRICT

Financial Statements

Year Ended December 31, 2024

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VAN ANDA IMPROVEMENT DISTRICT

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Year Ended December 31, 2024

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of Van Anda Improvement District have been prepared in accordance with Canadian public sector accounting standards (PSAS). When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of Van Anda Improvement District's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Board of Trustees is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board meets periodically with management and the members' auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Board of Trustees moves for the approval of the financial statements. The Board also considers, for review and approval of the members, the engagement or re-appointment of the external auditors.

The financial statements have been audited on behalf of the members by DMD Chartered Professional Accountants, in accordance with Canadian public sector accounting standards (PSAS).

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Ron Smith, Board Chair

Jane Waterman, Trustee

Van Anda, BC



Chartered Professional Accountants

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INDEPENDENT AUDITOR'S REPORT

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To the Members of Van Anda Improvement District

Report on the Financial Statements

Qualified Opinion

We have audited the financial statements of Van Anda Improvement District (the "District"), which comprise the statement of financial position as at December 31, 2024, and the statements of operations, changes in annual surplus (deficit), changes in net financial 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 District as at December 31, 2024, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

Basis for Qualified Opinion

Firstly, as described in Note 6, up to the year ended December 31, 2023, the District has recorded \$941,990 of tangible capital assets relating to the estimated useful lives and future economic benefits of the Waterworks distribution and pipework tangible capital assets. Where there are indicators of impairment, the cost of the tangible capital assets should be written down to the value of future economic benefits according to the Canadian public sector accounting standards. Due to limitations in the availability of professional valuation reports, the valuation of the Waterworks tangible capital assets is excluded from the scope of our audit. the amounts listed in Note 6 for the Waterworks tangible capital assets reflects the amortized costs, and does not include any write-downs due to the impairment. Our audit opinion on the financial statements for the years ended December 31, 2023 and 2024 were modified because of the effects of this departure from Canadian public sector accounting standards.

Secondly, the District derived 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 fundraising revenue, excess of revenue over expenses, cash flows from operations for the year ended December 31, 2024, current assets and accumulated surplus as at December 31, 2024.

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 District 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.

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Emphasis of Matter - Material Uncertainty Relating to Going Concern

We draw your attention to Note 11 in the financial statements, which indicates that the District had a master water plan commissioned in 2015, however indicators are present that this plan may require material adjustments, as costs of maintenance and upgrades to the water system have materially exceeded this plan to date. As at December 31, 2024, the District does have additional funds on hand to cover potential increases in water system costs. At this time the costs cannot be reasonably estimated. Additional funding, such as loans or grants, may be required if the additional costs become significant. Our opinion is not modified in respect of this matter.

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 PSAS, 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 District'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 District or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the District'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 District'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 District'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 District 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.

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Independent Auditor's Report to the Members of Van Anda Improvement District *(continued)*

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.

Powell River, British Columbia

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CHARTERED PROFESSIONAL ACCOUNTANTS

VAN ANDA IMPROVEMENT DISTRICT

Statement of Financial Position

December 31, 2024

	2024	2023
FINANCIAL ASSETS		
Cash <i>(Note 3)</i>	\$ 258,841	\$ 122,362
Restricted funds <i>(Note 4)</i>	282,303	336,907
Accounts receivable	7,622	13,439
Interest receivable	2,506	2,506
Goods and services tax recoverable	10,152	9,728
	<u>561,424</u>	<u>484,942</u>
LIABILITIES		
Accounts payable and accrued liabilities	19,579	44,089
Wages payable	-	6,364
Deferred income <i>(Note 5)</i>	69,713	-
	<u>89,292</u>	<u>50,453</u>
NET FINANCIAL ASSETS	<u>472,132</u>	<u>434,489</u>
NON-FINANCIAL ASSETS		
Inventory	45,939	72,649
Prepaid expenses	30,521	4,521
Tangible capital assets <i>(Note 6)</i>	1,611,688	1,652,595
	<u>1,688,148</u>	<u>1,729,765</u>
ACCUMULATED SURPLUS (Note 7)	<u>\$ 2,160,280</u>	<u>\$ 2,164,254</u>

ON BEHALF OF THE BOARD



The accompanying notes form an integral part of these financial statements.

VAN ANDA IMPROVEMENT DISTRICT

Statement of Operations

Year Ended December 31, 2024

	2024	2023
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REVENUES		
Waterworks		
Water tolls	\$ 157,185	\$ 147,088
Land parcel taxes	134,412	126,288
Special meters	52,128	36,727
Late fees	4,921	4,080
Interest income	3,997	960
Other income	2,804	1,657
Connections (refunds)	1,872	(1,806)
Donations	1,000	-
	<u>358,319</u>	<u>314,994</u>
Fire Department		
Tax revenue	119,735	116,855
UBCM grant funds	15,971	-
Interest income	3,725	4,363
Fundraising	2,043	1,968
	<u>141,474</u>	<u>123,186</u>
Texada Rescue		
Texada Rescue Funds	11,084	18,849
	<u>11,084</u>	<u>18,849</u>
	<u>510,877</u>	<u>457,029</u>
EXPENSES		
Schedule of Expenses by Object - Waterworks <i>(Schedule 1)</i>	381,535	306,803
Schedule of Expenses by Object - Fire Department <i>(Schedule 2)</i>	120,052	92,990
Schedule of Expenses by Object - Texada Rescue <i>(Schedule 3)</i>	13,264	11,117
	<u>514,851</u>	<u>410,910</u>
ANNUAL SURPLUS (DEFICIT)	<u>\$ (3,974)</u>	<u>\$ 46,119</u>

The accompanying notes form an integral part of these financial statements.

VAN ANDA IMPROVEMENT DISTRICT
Statement of Changes in Annual Surplus (Deficit)
Year Ended December 31, 2024

	2024	2023
ACCUMULATED SURPLUS - BEGINNING OF YEAR	\$ 2,164,254	\$ 2,118,135
ANNUAL SURPLUS (DEFICIT)	<u>(3,974)</u>	<u>46,119</u>
ACCUMULATED SURPLUS - END OF YEAR	<u>\$ 2,160,280</u>	<u>\$ 2,164,254</u>

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The accompanying notes form an integral part of these financial statements.

VAN ANDA IMPROVEMENT DISTRICT
Statement of Changes in Net Financial Assets
Year Ended December 31, 2024

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	2024	2023
ANNUAL SURPLUS (DEFICIT)	\$ (3,974)	\$ 46,119
Amortization of tangible capital assets	56,846	58,935
Purchase of tangible capital assets	(32,337)	(40,652)
Proceeds on disposal of tangible capital assets	-	4,000
Loss on disposal of assets	16,396	1,352
Decrease (increase) in prepaid expenses	(26,000)	7,624
Decrease (increase) in inventory	26,712	(7,943)
	<u>41,617</u>	<u>23,316</u>
INCREASE IN NET FINANCIAL ASSETS	37,643	69,435
NET FINANCIAL ASSETS - BEGINNING OF YEAR	434,489	365,054
NET FINANCIAL ASSETS - END OF YEAR <i>(Note 3)</i>	<u>\$ 472,132</u>	<u>\$ 434,489</u>

The accompanying notes form an integral part of these financial statements.

VAN ANDA IMPROVEMENT DISTRICT

Statement of Cash Flows

Year Ended December 31, 2024

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	2024	2023
OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ (3,974)	\$ 46,119
Items not affecting cash:		
Amortization of property, plant and equipment	56,846	58,935
Loss on disposal of property, plant and equipment	16,396	1,352
	<u>69,268</u>	<u>106,406</u>
Changes in non-cash working capital:		
Accounts receivable	5,817	11,555
Interest receivable	-	(2,064)
Inventory	26,710	(7,943)
Accounts payable and accrued liabilities	(24,508)	18,887
Deferred income	69,713	-
Prepaid expenses	(26,000)	7,624
Goods and services tax payable	(424)	7,676
Wages payable	(6,364)	(3,827)
	<u>44,944</u>	<u>31,908</u>
Cash flow from operating activities	<u>114,212</u>	<u>138,314</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(32,337)	(40,652)
Proceeds on disposal of property, plant and equipment	-	4,000
Cash flow used by investing activities	<u>(32,337)</u>	<u>(36,652)</u>
INCREASE IN CASH FLOW	81,875	101,662
Cash - beginning of year	<u>459,269</u>	<u>357,607</u>
CASH - END OF YEAR (Note 3)	<u>\$ 541,144</u>	<u>\$ 459,269</u>

The accompanying notes form an integral part of these financial statements.

VAN ANDA IMPROVEMENT DISTRICT

Notes to Financial Statements

Year Ended December 31, 2024

1. DESCRIPTION OF OPERATIONS

The Van Anda Improvement District (the 'District') provides waterworks and fire protection to the properties within the district's boundaries, along with rescue services to the Texada Island. The District's Letter Patent was established in 1942 and the District is governed by its own by-laws.

Under reciprocal agreements with Gillies Bay Improvement District (GBID), City of Powell River, Tla'amin Nation, and qathet Regional District, the District's fire and rescue services can be deployed to these other jurisdictions, should the need arise.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian public sector accounting standards (PSAS) and, in management's opinion, with consideration of materiality and within the framework of the following accounting policies:

Fund accounting

The District follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Revenues and expenses related to program delivery and administrative activities are reported in the Operating Fund. Operating fund surplus comprise the excess of revenue over expenses accumulated by the organization each year, net of transfers, and are available for general purposes.

Expenses related to the ownership and cost of tangible capital assets are reported in the Tangible Capital Asset Fund.

The Capital Reserve Fund - Fire Department reports funds transferred from the Operating Fund as designated by the Trustees, interest earned, and expenditures for upgrading, repairs, replacement, and renewal of tangible capital assets related to the Fire Department. Previously, this fund was called the Capital Works Fund.

The Capital Reserve Fund - Waterworks reports funds transferred from the Operating Fund as designated by the Trustees, interest earned, and expenditures for upgrading, repairs, replacement, and renewal of tangible capital assets related to waterworks operations. The Development Capital Expenditure Charge ('DCEC') revenues are allocated to this fund.

Measurement uncertainty

Certain amounts in the financial statements are subject to measurement uncertainty and are based on the District's best information and judgment. Actual results could differ from these estimates.

Examples of significant estimates include:

- providing for amortization of tangible capital assets;
- the estimated useful lives of assets;
- the allowance for doubtful accounts; and
- the allowance for inventory obsolescence.

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VAN ANDA IMPROVEMENT DISTRICT

Notes to Financial Statements

Year Ended December 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Inventory

The District's inventory of waterworks replacement parts and consumables is recorded at the lower of cost and replacement cost. Cost is determined by the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less selling costs.

Tangible Capital Assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives at the following rates and methods:

Buildings	75 years	straight-line method
Water Pipework	75 years	straight-line method
Water & Other Storage	60 years	straight-line method
Water Treatment	40 years	straight-line method
Water Distribution	15 years	straight-line method
Fire Hydrants	75 years	straight-line method
Fire Vehicles	25 years	straight-line method
Fire Equipment	10 years	straight-line method

The District regularly reviews its tangible capital assets to eliminate obsolete items.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Donated capital assets or assets partially funded by specified donations or grants are recorded at their fair market value at the time of the donation. The donation value related to the donated asset is recognized over the life of the asset, at the same rate that the asset is being amortized.

Revenue recognition

The District recognizes revenues when they are earned, specifically when all the following conditions are met:

- tax assessments, levies and tolls are recognized annually, at the beginning of the year to which they relate.
- interest income is recorded using the effective interest rate method.
- government transfers are recognized in the period the stipulations and eligibility criteria have been met.
- connection revenue is recognized when the new connection is completed and operational.

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VAN ANDA IMPROVEMENT DISTRICT

Notes to Financial Statements

Year Ended December 31, 2024

3. CASH

	2024	2023
WATERWORKS		
Waterworks cash	\$ 45,455	\$ 28,744
Waterworks savings	65,580	1,547
Capital expenditure cash	1,014	1,014
	<u>112,049</u>	<u>31,305</u>
FIRE DEPARTMENT		
Fire Department cash	143,211	88,778
Fire Department savings	3,581	2,279
	<u>146,792</u>	<u>91,057</u>
	<u>\$ 258,841</u>	<u>\$ 122,362</u>

4. TERM DEPOSITS AND CASH HELD FOR RESERVE FUND

	2024	2023
Fire Department term deposit, matured.	\$ -	\$ 124,421
Fire Department Rescue term deposit, matured.	-	7,096
Fire Department term deposit, matured.	-	6,365
Water Department term deposit, matured.		159,000
Fire Department term deposit, bearing interest at 4.35% per annum, maturing April 20, 2025	41,767	40,025
Fire Department term deposit, bearing interest at 3.80% per annum, maturing March 24, 2026	23,875	-
Fire Department term deposit, bearing interest at 3.80% per annum, maturing April 4, 2026	146,107	-
Water Department term deposits bearing interest at 2.25% per annum, maturing October 20, 2025	70,554	-
	<u>\$ 282,303</u>	<u>\$ 336,907</u>

5. DEFERRED REVENUE

	Opening	Additions (Refunds)	Recognized as Income	Closing
2025 Fire Protection	\$ -	\$ 61,040	\$ -	\$ 61,040
UBCM grant	-	24,644	15,971	8,673
	<u>\$ -</u>	<u>\$ 85,684</u>	<u>\$ 15,971</u>	<u>\$ 69,713</u>

There was a nil balance in 2023.

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VAN ANDA IMPROVEMENT DISTRICT

Notes to Financial Statements

Year Ended December 31, 2024

6. TANGIBLE CAPITAL ASSETS

	Building	Fire Equipment	Fire Vehicles	Water Treatment	Water and Other Storage	Water Pipework, Distribution and Hydrants	<u>Total</u>
Cost							
Balance Jan 1, 2024	\$ 191,598	\$ 241,809	\$ 333,079	\$ 584,660	\$ 259,456	\$ 947,401	\$2,558,003
Additions	-	14,422	-	-	-	17,915	32,337
Disposals	-	-	-	-	-	(23,326)	(23,326)
Balance Dec 31, 2024	<u>\$ 191,598</u>	<u>\$ 256,231</u>	<u>\$ 333,079</u>	<u>\$ 584,660</u>	<u>\$ 259,456</u>	<u>\$ 941,990</u>	<u>\$2,567,014</u>

	Buildings	Fire Equipment	Fire Vehicles	Water Treatment	Water and Other Storage	Water Pipework, Distribution and Hydrants	<u>Total</u>
Accumulated Amortization							
Balance Jan 1, 2024	\$ (107,200)	\$ (191,424)	\$ (173,344)	\$ (56,548)	\$ (16,088)	\$ (360,804)	\$ (905,408)
Amortization	(2,554)	(8,329)	(13,323)	(14,617)	(4,324)	(13,701)	(56,848)
Disposals	-	-	-	-	-	6,930	6,930
Balance Dec 31, 2024	<u>\$ (109,754)</u>	<u>\$ (199,753)</u>	<u>\$ (186,667)</u>	<u>\$ (71,165)</u>	<u>\$ (20,412)</u>	<u>\$ (367,575)</u>	<u>\$ (955,326)</u>
Net Book Value	\$ 81,844	\$ 56,478	\$ 146,412	\$ 513,495	\$ 239,044	\$ 574,415	\$ 1,611,688

	Buildings	Fire Equipment	Fire Vehicles	Water Treatment	Water and Other Storage	Water Pipework, Distribution and Hydrants	<u>Total</u>
Cost							
Balance Jan 1, 2023	\$ 167,204	\$ 239,181	\$ 333,079	\$ 584,660	\$ 263,456	\$ 936,193	\$2,523,773
Additions	24,394	2,628	-	-	-	13,630	40,652
Disposals	-	-	-	-	(4,000)	(2,422)	(6,422)
Balance Dec 31, 2023	<u>\$ 191,598</u>	<u>\$ 241,809</u>	<u>\$ 333,079</u>	<u>\$ 584,660</u>	<u>\$ 259,456</u>	<u>\$ 947,401</u>	<u>\$2,558,003</u>

	Buildings	Fire Equipment	Fire Vehicles	Water Treatment	Water and Other Storage	Water Pipework, Distribution and Hydrants	<u>Total</u>
Accumulated Amortization							
Balance Jan 1, 2023	\$ (104,646)	\$ (181,080)	\$ (160,021)	\$ (41,931)	\$ (11,764)	\$ (348,101)	\$ (847,543)
Amortization	(2,554)	(10,344)	(13,323)	(14,617)	(4,324)	(13,773)	(58,935)
Disposals	-	-	-	-	-	1,070	1,070
Balance Dec 31, 2023	<u>\$ (107,200)</u>	<u>\$ (191,424)</u>	<u>\$ (173,344)</u>	<u>\$ (56,548)</u>	<u>\$ (16,088)</u>	<u>\$ (360,804)</u>	<u>\$ (905,408)</u>
Net Book Value	\$ 84,398	\$ 50,385	\$ 159,735	\$ 528,112	\$ 243,368	\$ 586,597	\$ 1,652,595

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VAN ANDA IMPROVEMENT DISTRICT

Notes to Financial Statements

Year Ended December 31, 2024

7. ACCUMULATED SURPLUS

	2024	2023
<u>OPERATING FUND</u>		
Balance, beginning of year	\$ 157,335	\$ 166,697
Excess of revenue over expenditures	(9,515)	33,064
Amortization - Waterworks assets	32,157	32,228
Amortization - Fire Department assets	24,691	26,707
Net additions to Tangible Capital Asset Fund - Waterworks	(1,519)	(12,278)
Additions to Tangible Capital Asset Fund - Fire Department	(14,422)	(27,022)
Transfer from (to) Capital Reserve Fund - Water Services	25,850	(53,040)
Transfer to Capital Reserve Fund-Fire Department	(17,773)	(13,021)
Proceeds on disposal transferred from Tangible Capital Asset Fund	-	4,000
Transfer to Texada Rescue Fund	(3,586)	-
Balance, end of year	193,218	157,335
<u>TANGIBLE CAPITAL ASSET FUND</u>		
Balance, beginning of year	1,652,595	1,676,230
Tangible capital asset additions - Waterworks	17,915	13,630
Tangible capital asset additions - Fire Department	14,422	27,022
Tangible capital asset disposals - Waterworks	-	(1,352)
Amortization - Waterworks assets	(32,157)	(32,228)
Amortization - Fire Department assets	(24,691)	(26,707)
Proceeds on disposal transferred to Operating Fund	-	(4,000)
Tangible capital asset loss on disposal	(16,396)	-
Balance, end of year	1,611,688	1,652,595
<u>TEXADA RESCUE FUND</u>		
Balance, beginning of year	17,417	9,685
Excess of revenue (under) over expenditures	(2,181)	7,732
Transfer from operations	3,586	-
Balance, end of year	18,822	17,417
<u>CAPITAL RESERVE FUND - FIRE DEPARTMENT</u>		
Balance, beginning of year	177,907	160,523
Transfer from operating fund	3,725	4,363
Allocation of operating funds	17,773	13,021
Balance, end of year	199,405	177,907
<u>CAPITAL RESERVE FUND - WATERWORKS</u>		
Balance, beginning of year	159,000	105,000
Excess of revenue over expenditures	3,997	960
Transfer (to) from operating fund	(25,850)	53,040
Balance, end of year	137,147	159,000
Grand total	\$ 2,160,280	\$ 2,164,254

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VAN ANDA IMPROVEMENT DISTRICT

Notes to Financial Statements

Year Ended December 31, 2024

8. BUDGET

Budget figures as approved by the Board of Trustees do not conform to the presentation required by PSAS, and as such they have not been included in these financial statements.

9. OPERATING SEGMENTS

Operations of the District are separated based upon the nature of the activities as they relate to the following segments:

Waterworks

Waterworks operations relate to the provision of water to the properties within the District's boundaries including routine operations and maintenance to the water related assets, along with the administration functions of the District.

Fire Department

Fire department operations provide fire protection within the District's boundaries including maintenance of fire department assets, education of relevant personnel and fire safety awareness to residents.

Texada Rescue

Texada Rescue operations are provided on an as needed basis, to assist with emergency rescue operations on the Texada Island, and related training as required.

10. FINANCIAL INSTRUMENTS

The District is exposed to various risks through its financial instruments. The following analysis provides information about the District's risk exposure and concentration as of December 31, 2024.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The District is exposed to credit risk from customers. In order to reduce its credit risk, the District can seize rate payers' properties in order to collect back taxes and levies owing. The District has a significant number of rate payers, which minimizes credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The District is exposed to this risk in relation to the Waterworks segment, which has significant obligations for operations and maintenance of infrastructure, and limited cash on hand at the year end. To minimize this risk, the District has increased tolls and taxes while considering other grant or financing options.

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 District is exposed to interest rate 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. In seeking to minimize the risks from interest rate fluctuations, the District manages exposure through its normal operating and financing activities. The District is exposed to interest rate risk through its fixed interest rate term deposits.

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

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VAN ANDA IMPROVEMENT DISTRICT

Notes to Financial Statements

Year Ended December 31, 2024

11. GOING CONCERN

These financial statements have been prepared on a going concern basis. As indicated by the Econics report in 2016, annual reserve targets were set. The District now meets the reserve requirements for the year ended December 31, 2024. However, since the report dated in 2016, there have been significant changes to the water filtration system with related impacts upon the distribution system. Therefore, the future cash flow requirements which the reserves must satisfy cannot be reasonably determined at this time.

DRAFT

VAN ANDA IMPROVEMENT DISTRICT
Schedule of Expenses by Object - Waterworks
Year Ended December 31, 2024

(Schedule 1)

	2024	2023
EXPENSES		
Amortization	\$ 32,157	\$ 32,228
Chlorine and water supplies	46,151	36,599
Freight	5,567	7,427
General supplies	2,162	2,489
Insurance	13,620	13,393
Interest and bank charges	536	529
Licenses and memberships	804	686
Loss on disposal of assets	16,396	1,352
Office	3,515	3,914
Professional fees	5,835	5,711
Repairs and maintenance	58,286	35,359
Sub-contracts	450	4,474
Telephone	5,576	3,339
Training	1,050	1,806
Travel	5,297	6,699
Utilities	13,181	10,568
Wages	170,952	140,230
	\$ 381,535	\$ 306,803

DRAFT

The accompanying notes form an integral part of these financial statements.

VAN ANDA IMPROVEMENT DISTRICT
Schedule of Expenses by Object - Fire Department
Year Ended December 31, 2024

(Schedule 2)

	2024	2023
EXPENSES		
Amortization	\$ 24,691	\$ 26,707
Freight	1,610	1,040
Honorarium	6,600	6,400
Insurance	13,622	9,231
Interest and bank charges	321	144
Licenses and memberships	765	795
Office	1,290	1,122
Professional fees	3,851	3,808
Promotion - wildfire prevention	7,034	1,472
Radio	1,136	2,284
Repairs and maintenance	10,865	4,110
Supplies	674	1,260
Telephone	950	600
Training	2,066	1,360
Uniforms and gear	23,744	19,320
Utilities	4,205	2,202
Vehicle	7,951	5,135
Wages - admin	8,677	6,000
	<u>\$ 120,052</u>	<u>\$ 92,990</u>

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The accompanying notes form an integral part of these financial statements.

VAN ANDA IMPROVEMENT DISTRICT
Schedule of Expenses by Object - Texada Rescue
Year Ended December 31, 2024

(Schedule 3)

	2024	2023
EXPENSES		
Facilities and administration	\$ 3,940	\$ 3,237
Insurance	4,662	5,352
Supplies	2,082	1,817
Vehicle	2,580	711
	<u>\$ 13,264</u>	<u>\$ 11,117</u>

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The accompanying notes form an integral part of these financial statements.