

Squamish Sustainability Corporation
Financial Statements
For the year ended December 31, 2019

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Squamish Sustainability Corporation

38551 Loggers Lane
Squamish, B.C.
V8B 0H2

Management's Responsibility for Financial Reporting

The financial statements are the responsibility of the management of the Squamish Sustainability Corporation. The financial statements have been prepared in accordance with Canadian public sector accounting standards.

The financial statements include, where appropriate, estimates based on the best judgment of management. The Squamish Sustainability Corporation maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate, and that the Squamish Sustainability Corporation's assets are appropriately accounted for and adequately safeguarded.

The Board of Directors of the Squamish Sustainability Corporation reviews and approves the annual financial statements and other information contained in the annual report.

Signed by:

A handwritten signature in black ink, appearing to read "G. Buxton", is written over the printed name and title.

Gary Buxton
Chair



Independent Auditor's Report

To the Shareholder of Squamish Sustainability Corporation

Opinion

We have audited the financial statements of the Squamish Sustainability Corporation, which comprise the Statement of Financial Position as at December 31, 2019 and the Statements of Operations, 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, the financial statements present fairly, in all material respects, the financial position of the Squamish Sustainability Corporation as at December 31, 2019 and the results of its operations, changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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 Corporation 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 opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

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

Chartered Professional Accountants

Squamish, British Columbia

June 16, 2020

Squamish Sustainability Corporation
Statement of Financial Position

December 31	2019	2018
Financial Assets		
Cash	\$ 112,138	\$ 107,657
Accounts receivable	9,060	8,186
Interest in limited partnership (Note 5)	1	1
	121,199	115,844
Liabilities		
Accounts payable and accrued liabilities	8,480	18,989
Rental deposit	5,000	5,000
Deferred rental revenue	567	567
Due to shareholder (Note 3)	12,467	-
	26,514	24,556
Net Financial Assets	94,685	91,288
Non-Financial Assets		
Tangible capital assets (Note 1)	46,400	43,088
Prepaid expense	3,371	2,279
	49,771	45,367
Accumulated Surplus (Note 2)	\$ 144,456	\$ 136,655

Approved by:


 _____ Board Member

Kate Mulligan
 _____ Board Member

Squamish Sustainability Corporation
Statement of Operations

For the year ended December 31	Budget 2019	2019	2018
	(Note 6)		
Revenue			
Grants from District of Squamish (Notes 3 & 4)	\$ 107,492	\$ 92,717	\$ 92,717
Rental	102,308	123,670	117,738
Advertising and miscellaneous	1,500	5,830	5,932
	211,300	222,217	216,387
Expenses (Note 3)			
Advertising and promotion	4,000	-	-
Amortization	-	11,102	11,241
Freight and courier	200	180	129
Interest and bank charges	500	292	742
Landscaping	18,000	12,160	19,756
Office and miscellaneous	47,500	44,262	43,775
Professional fees	31,000	30,067	22,426
Repairs and maintenance	30,000	37,654	24,419
Special event costs	12,500	-	14,323
Supplies	39,100	36,143	33,588
Utilities	41,000	42,556	44,897
	223,800	214,416	215,296
Annual Surplus (Deficit)	(12,500)	7,801	1,091
Accumulated Surplus, beginning of year	136,655	136,655	135,564
Accumulated Surplus, end of year	\$ 124,155	\$ 144,456	\$ 136,655

Squamish Sustainability Corporation
Statement of Changes in Net Financial Assets

For the year ended December 31	Budget		
	2019	2019	2018
	<small>(Note 6)</small>		
Annual Surplus (Deficit)	\$ (12,500)	\$ 7,801	\$ 1,091
Acquisition of tangible capital assets	-	(14,414)	(5,813)
Amortization of tangible capital assets	-	11,102	11,241
Change in prepaid expenses	-	(1,092)	(164)
Increase (Decrease) in Net Financial Assets	(12,500)	3,397	6,355
Net Financial Assets, beginning of year	91,288	91,288	84,933
Net Financial Assets, end of year	\$ 78,788	\$ 94,685	\$ 91,288

Squamish Sustainability Corporation
Statement of Cash Flows

For the year ended December 31	2019	2018
Cash provided by (used in)		
Operating transactions		
Annual surplus	\$ 7,801	\$ 1,091
Items not involving cash		
Amortization of tangible capital assets	<u>11,102</u>	<u>11,241</u>
	18,903	12,332
Change in non-cash operating balances:		
Accounts receivable	(874)	2,037
Prepaid expenses	(1,092)	(164)
Accounts payable and accrued liabilities	(10,509)	9,126
Unearned revenue	<u>-</u>	<u>(3,098)</u>
	6,428	20,233
Capital transaction		
Acquisition of tangible capital assets	(14,414)	(5,813)
Financing transactions		
Increase (decrease) in amounts due to shareholder	<u>12,467</u>	<u>(407)</u>
Increase in cash during the year	4,481	14,013
Cash, beginning of year	<u>107,657</u>	<u>93,644</u>
Cash, end of year	\$ 112,138	\$ 107,657

Squamish Sustainability Corporation Summary of Significant Accounting Policies

December 31, 2019

Nature of Operations Squamish Sustainability Corporation (the "Corporation") was incorporated on October 13, 2005 under the Business Corporations Act (British Columbia). The Corporation is a wholly owned subsidiary of the District of Squamish (the "District"). The Corporation is engaged in the provision of rental space at the Adventure Centre in Squamish for the purpose of economic development and is not subject to income taxes.

Financial Instruments The Corporation's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, rental deposit and due to shareholder. Unless otherwise indicated, it is management's opinion that the Corporation is not exposed to any significant interest or currency risks arising from these financial instruments.

**Tangible
Capital Assets**

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Amortization is provided using the following methods and annual rates:

Furniture and equipment	20%	declining-balance basis
Fixtures	20%	declining-balance basis
Computer	45%	declining-balance basis
Water heater	8 years	straight-line basis

Use of Estimates The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Items subject to such estimates and assumptions include the useful life of property and equipment and provision for uncollectible receivables. Actual results could differ from those estimates and may impact the results of future periods.

Squamish Sustainability Corporation Summary of Significant Accounting Policies

December 31, 2019

Government Transfers	Government transfers, which include government grants, are recognized in the financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made.
Rental Revenue	Revenues generated from facility and office rentals are recognized when earned.
Inter-entity Transactions	The Corporation recognizes inter-entity transactions with related parties at their carrying values as determined at the date of transaction when the transferred asset and liabilities satisfy the definition of an asset or liability in accordance with Canadian public sector accounting standards.
Segmented Operations	The Corporation considers that its only program is the provision of rental space for service providers. As such it has only one operating segment and does not report details of revenues and expenses by segment.

Squamish Sustainability Corporation
Notes to Financial Statements

December 31, 2019

1. Tangible Capital Assets

	<u>Equipment</u>	<u>Fixtures</u>	<u>Water Heater</u>	<u>Computers</u>	<u>2019 Total</u>
Cost, beginning of year	\$ 188,711	\$ 69,208	\$ 7,500	\$ 1,013	\$ 266,432
Additions	14,414	-	-	-	14,414
Dispositions	-	-	-	-	-
Cost, end of year	203,125	69,208	7,500	1,013	280,846
Accumulated Amortization, beginning of year	(164,171)	(52,534)	(5,626)	(1,013)	(223,344)
Amortization	6,830	3,334	938	-	11,102
Dispositions	-	-	-	-	-
Accumulated Amortization, end of year	\$ (171,001)	\$ (55,868)	\$ (6,564)	\$ (1,013)	\$ (234,446)
Net Book Value, December 31, 2019	\$ 32,124	\$ 13,340	\$ 936	\$ -	\$ 46,400
Net Book Value, December 31, 2018	\$ 24,540	\$ 16,674	\$ 1,874	\$ -	\$ 43,088

2. Accumulated Surplus

	<u>2019</u>	<u>2018</u>
Share capital		
Authorized:		
Unlimited number of common shares with no par value		
Issued and outstanding:		
1 common share	\$ 1	\$ 1
Accumulated surplus from operations	144,455	136,654
Accumulated surplus	\$ 144,456	\$ 136,655

Squamish Sustainability Corporation
Notes to Financial Statements

December 31, 2019

3. Inter-entity transactions

The Corporation is a wholly owned subsidiary of the District. Transactions with the District consist of the following:

The Corporation's operations are conducted in the Squamish Adventure Centre, a building owned by the District. Use of the building by the Corporation is on a rent-free basis.

The District charges the Corporation for administration and clerical services provided by District employees. These transactions total \$7,280 (2018 - \$5,566) for services provided during the year. During the year \$22,455 (2018 - \$19,624) in other expenses incurred by the Corporation were paid for by the District which were subsequently reimbursed by the Corporation. At December 31, 2019, the Corporation owed the District \$12,467 (2018 - \$nil) related to the reimbursement of these expenses. Amounts owed to the District do not accrue interest and are due on demand.

During the year the Corporation received \$92,717 (2018 - \$92,717) in grant revenue from the District.

4. Economic Dependence

The Corporation receives a significant portion of its funding from District contributions. The use of the Squamish Adventure Centre is provided rent-free by the District.

5. Interest in Limited Partnership

The Corporation holds a 25% interest in the Newport Beach Developments Limited Partnership which was transferred in 2016 at no cost to the Corporation from 0685492 BC Ltd., a subsidiary of the District that was dissolved on December 27, 2017, with a provision granting the general partner the option to purchase the limited partnership at any time after the completion of the Oceanfront Park to a state that is usable by and accessible to the public. The fair value of this interest is not determinable as it is dependent on future development and has therefore been recorded at nominal amount.

December 31, 2019

6. Budget

The budget amounts represent the budget adopted by the Board of Directors as adjusted in order to match the required presentation in the Statement of Operations and the Statement of Changes in Net Financial Assets in accordance with Canadian public sector accounting standards (PSAS) . This adjustment is necessary because certain revenue items in the budget are not considered revenues for PSAS purposes including transfers from reserves and other internal sources. Similarly capital expenditures and debt principal repayments are not considered expenses for PSAS purposes.

The following shows how these two different bases are reconciled:

	<u>2019</u>
Excess of revenue over expenditure per budget	\$ -
Transfer from reserve for project expenditures	<u>(12,500)</u>
Annual deficit on a PSAS basis	<u>(12,500)</u>

7. Financial Instrument Risk

The Corporation, through its financial assets and liabilities, is exposed to certain financial risks. The following analysis provides an assessment of those risks as at December 31, 2019.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Corporation is exposed to concentrations of credit risk related to its cash and accounts receivable. The Corporation mitigates this risk by holding its cash at a Canadian chartered bank, which provides deposit insurance coverage via the Canadian Deposit Insurance Corporation.

Subsequent to year end, the Corporation's credit risk has increased due to the impact of COVID-19, which as described in Note 8, has resulted in the closure of operations at the Adventure Centre and could affect the Corporation's ability to collect amounts receivable from tenants.

Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation ensures that there are sufficient funds to meet its short term requirements, taking into account its anticipated cash flows from operations and cash reserves. Subsequent to year end, the Corporation's liquidity risk has increased due to the impact of COVID-19, which as described in Note 8, has disrupted the Corporation's operations and could affect the Corporation's ability to continue to meet obligations as they come due.

It is management's opinion that the Corporation is not exposed to any significant interest, currency or market risks arising from its financial instruments.

December 31, 2019

8. Uncertainty Due to COVID-19

The pandemic, COVID-19, has significantly disrupted economic activities in Canada. In response to directives and recommendations from the federal and provincial governments, on March 24, 2020, the Adventure Centre was temporarily closed with a reopening date yet to be determined. In response to the closure, the Corporation has forgiven rent for the period of March 24 - May 31, 2020, representing a decrease of \$5,998 in rent revenue for this period.

Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of disruption to the Corporation's operations and related financial impacts cannot be reasonably estimated at this time. The Corporation's ability to continue to meet obligations as they come due is dependent on the continued support from the District of Squamish and the Corporation's ability to generate earnings and cash flows. If the impacts of COVID-19 continue beyond current expectations, there could be further effects on the Corporation, its tenants, the District of Squamish, suppliers and other third party businesses that could affect the timing and amounts realized on the Corporation's assets and future revenues. At this time, the full potential impact of COVID-19 on the entity is not known.