

**Squamish Sustainability Corporation
Financial Statements
For the year ended December 31, 2022**

DRAFT

Squamish Sustainability Corporation
Financial Statements
For the year ended December 31, 2022

| | Contents |
|--|-----------------|
| Management's Responsibility for Financial Reporting | 2 |
| Independent Auditor's Report | 3 - 4 |
| Financial Statements | |
| Statement of Financial Position | 5 |
| Statement of Operations | 6 |
| Statement of Changes in Net Financial Assets | 7 |
| Statement of Cash Flows | 8 |
| Summary of Significant Accounting Policies | 9 - 10 |
| Notes to Financial Statements | 11 - 13 |

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:

Board Member
April XX, 2023

DRAFT

Independent Auditor's Report

To the Shareholder of Squamish Sustainability Corporation

Opinion

We have audited the financial statements of the Squamish Sustainability Corporation (the "Corporation"), which comprise the Statement of Financial Position as at December 31, 2022 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 Corporation as at December 31, 2022 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 the 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

Whistler, British Columbia
[Audit Report Date]

Squamish Sustainability Corporation
Statement of Financial Position

| December 31 | 2022 | 2021 |
|--|-------------------|------------------|
| Financial Assets | | |
| Cash | \$ 95,906 | \$ 61,229 |
| Accounts receivable | 3,696 | 5,023 |
| Interest in limited partnership (Note 5) | 1 | 1 |
| | 99,603 | 66,253 |
| Liabilities | | |
| Accounts payable and accrued liabilities | 4,213 | 6,772 |
| Rental deposit | 5,000 | 5,000 |
| Deferred rental revenue | 540 | 540 |
| | 9,753 | 12,312 |
| Net Financial Assets | 89,850 | 53,941 |
| Non-Financial Assets | | |
| Tangible capital assets (Note 1) | 23,277 | 29,096 |
| Prepaid expenses | 3,227 | 2,899 |
| | 26,504 | 31,995 |
| Accumulated Surplus (Note 2) | \$ 116,354 | \$ 85,936 |

Approved by:

_____ Board Member

_____ Board Member

Squamish Sustainability Corporation
Statement of Operations

| For the year ended December 31 | Budget 2022 | 2022 | 2021 |
|---|------------------|-------------------|------------------|
| Revenue | | | |
| Grants from District of Squamish (Notes 3 & 4) \$ | 110,000 | \$ 110,000 | \$ 90,000 |
| Rental | 81,450 | 101,052 | 95,943 |
| Advertising and miscellaneous | - | 2,593 | 468 |
| | <u>191,450</u> | <u>213,645</u> | <u>186,411</u> |
| Expenses (Note 3) | | | |
| Amortization | - | 5,819 | 7,274 |
| Interest and bank charges | 250 | 591 | 78 |
| Landscaping | 26,000 | 12,766 | 8,840 |
| Office and miscellaneous | 46,700 | 37,746 | 36,697 |
| Professional fees | 29,000 | 23,837 | 26,994 |
| Repairs and maintenance | 37,500 | 31,909 | 40,559 |
| Supplies | 41,000 | 36,279 | 41,128 |
| Utilities | 35,000 | 34,280 | 34,713 |
| | <u>215,450</u> | <u>183,227</u> | <u>196,283</u> |
| Annual Surplus (Deficit) | (24,000) | 30,418 | (9,872) |
| Accumulated Surplus, beginning of year | 85,936 | 85,936 | 95,808 |
| Accumulated Surplus, end of year | \$ 61,936 | \$ 116,354 | \$ 85,936 |

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

**Squamish Sustainability Corporation
Statement of Changes in Net Financial Assets**

| For the year ended December 31 | Budget 2022 | 2022 | 2021 |
|--|------------------|------------------|------------------|
| Annual Surplus (Deficit) | \$ (24,000) | \$ 30,418 | \$ (9,872) |
| Amortization of tangible capital assets | - | 5,819 | 7,274 |
| Change in prepaid expenses | - | (328) | 511 |
| Decrease in Net Financial Assets | (24,000) | 35,909 | (2,087) |
| Net Financial Assets, beginning of year | 53,941 | 53,941 | 56,028 |
| Net Financial Assets, end of year | \$ 29,941 | \$ 89,850 | \$ 53,941 |

DRAFT

Squamish Sustainability Corporation
Statement of Cash Flows

For the year ended December 31

2022

2021

Cash provided by (used in)

Operating transactions

| | | |
|---|-----------|------------|
| Annual surplus (deficit) | \$ 30,418 | \$ (9,872) |
| Items not involving cash | | |
| Amortization of tangible capital assets | 5,819 | 7,274 |

| | |
|---------------|----------------|
| 36,237 | (2,598) |
|---------------|----------------|

Change in non-cash operating balances:

| | | |
|--|---------|---------|
| Accounts receivable | 1,327 | 2,565 |
| Prepaid expenses | (328) | 511 |
| Accounts payable and accrued liabilities | (2,559) | (7,813) |
| Deferred rental revenue | - | (27) |

| | |
|---------------|----------------|
| 34,677 | (7,362) |
|---------------|----------------|

Financing transactions

| | | |
|---|---|---------|
| Increase (decrease) in amounts due to shareholder | - | (3,298) |
|---|---|---------|

Increase (decrease) in cash during the year

| | |
|---------------|-----------------|
| 34,677 | (10,660) |
|---------------|-----------------|

Cash, beginning of year

| | |
|---------------|---------------|
| 61,229 | 71,889 |
|---------------|---------------|

Cash, end of year

| | |
|------------------|------------------|
| \$ 95,906 | \$ 61,229 |
|------------------|------------------|

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

Squamish Sustainability Corporation Summary of Significant Accounting Policies

December 31, 2021

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, and rental deposit. 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, 2021

| | |
|----------------------------------|---|
| 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, 2021

1. Tangible Capital Assets

| | <u>Equipment</u> | <u>Fixtures</u> | <u>Water Heater</u> | <u>Computers</u> | <u>2022 Total</u> |
|--|---------------------|--------------------|-------------------------|-------------------|-----------------------|
| Cost, beginning of year | \$ 203,125 | \$ 69,208 | \$ 7,500 | \$ 1,013 | \$ 280,846 |
| Additions | - | - | - | - | - |
| Dispositions | - | - | - | - | - |
| Cost, end of year | 203,125 | 69,208 | 7,500 | 1,013 | 280,846 |
| Accumulated Amortization, beginning of year | (182,566) | (60,671) | (7,500) | (1,013) | (251,750) |
| Amortization | (4,112) | (1,707) | - | - | (5,819) |
| Dispositions | - | - | - | - | - |
| Accumulated Amortization, end of year | \$ (186,678) | \$ (62,378) | \$ (7,500) | \$ (1,013) | \$ (257,569) |
| Net Book Value, December 31, 2022 | \$ 16,447 | \$ 6,830 | \$ - | \$ - | \$ 23,277 |
| Net Book Value, December 31, 2021 | \$ 20,559 | \$ 8,537 | \$ - | \$ - | \$ 29,096 |

2. Accumulated Surplus

| | 2022 | 2021 |
|---------------------------------------|-------------------|------------------|
| Unappropriated surplus | \$ 96,077 | \$ 56,840 |
| Investment in tangible capital assets | <u>23,277</u> | <u>29,096</u> |
| | \$ 116,354 | \$ 85,936 |

Squamish Sustainability Corporation
Notes to Financial Statements

December 31, 2021

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 (2021 - \$7,280) for services provided during the year. During the year \$21,357 (2020 - \$22,652) in other expenses incurred by the Corporation were paid for by the District which were subsequently reimbursed by the Corporation.

During the year the Corporation received \$110,000 (2021 - \$90,000) 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, 2021

6. 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, 2022.

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.

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.

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

7. Subsequent Event

In February 2023 the Adventure Centre closed for renovations with an estimated reopening date in May 2023. During the period of closure, SSC will not collect rental revenue from tenants. The Corporation is also engaged in negotiations with tenants for financial losses that they have or are expected to incur as a result of the closure. The outcome of these negotiations cannot reasonably be determined at this time. Any financial obligation will be recorded as an expense in the statement of operations when additional information becomes available and negotiations are finalized.