

COBBLE HILL IMPROVEMENT DISTRICT
Consolidated Financial Statements
Year Ended December 31, 2024

COBBLE HILL IMPROVEMENT DISTRICT
Index to Consolidated Financial Statements
Year Ended December 31, 2024

	Page
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	1
INDEPENDENT AUDITOR'S REPORT	2 - 3
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations and Accumulated Surplus	5
Consolidated Statement of Changes in Net Financial Assets	6
Consolidated Statement of Cash Flows	7
Notes to Consolidated Financial Statements	8 - 10
Operations (<i>Schedule 1</i>)	11
Renewal Reserve Fund (<i>Schedule 2</i>)	12
Capital Expenditure Charge Fund (<i>Schedule 3</i>)	13
Equity in Tangible Capital Assets (<i>Schedule 4</i>)	14

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements of Cobble Hill 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 Cobble Hill 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 carries out this responsibility by meeting 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 approves the financial statements and considers, for review and approval by the members, the engagement or re-appointment of the external auditors.

The consolidated financial statements have been audited on behalf of the members by Morine Thomas CPA LLP, in accordance with Canadian public sector accounting standards (PSAS).

Ms. Karen Bereczki, Administrator

Cobble Hill, BC
March 04, 2025



INDEPENDENT AUDITOR'S REPORT

To the Members of Cobble Hill Improvement District

Report on the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Cobble Hill Improvement District (the "organization"), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the organization as at December 31, 2024, and the consolidated results of its operations and consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

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 Consolidated Financial Statements* section of our report. We are independent of the organization in accordance with ethical requirements that are relevant to our audit of the consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PSAS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the organization'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 organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

(continues)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 organization'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 organization'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 consolidated 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 organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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.

Morine + Thomas

COBBLE HILL IMPROVEMENT DISTRICT
Consolidated Statement of Financial Position
December 31, 2024

	2024	2023
FINANCIAL ASSETS		
Cash	\$ 972,359	\$ 913,999
Accounts receivable	48,439	52,180
Interest receivable	10,137	9,678
Goods and services tax recoverable	8,318	7,177
	<u>1,039,253</u>	<u>983,034</u>
LIABILITIES		
Accounts payable	22,474	21,774
Deferred income	218,553	194,445
	<u>241,027</u>	<u>216,219</u>
NET FINANCIAL ASSETS	<u>798,226</u>	<u>766,815</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	21,725	20,614
Tangible capital assets (Note 3)	1,301,911	1,334,881
	<u>1,323,636</u>	<u>1,355,495</u>
ACCUMULATED SURPLUS	<u>\$ 2,121,862</u>	<u>\$ 2,122,310</u>
ON BEHALF OF THE BOARD		
_____ Trustee		
_____ Trustee		

See notes to financial statements

COBBLE HILL IMPROVEMENT DISTRICT
Consolidated Statement of Operations and Accumulated Surplus
Year Ended December 31, 2024

	Budget 2024	Total 2024	Total 2023
REVENUES			
Water tolls	\$ 196,000	\$ 197,639	\$ 190,661
Taxes	81,653	81,653	72,380
Investment income	300	19,238	19,893
Other income	6,000	6,919	4,795
Connection fees	-	625	-
	283,953	306,074	287,729
EXPENSES			
Audit fees	5,500	5,500	5,500
Amortization	-	32,969	32,969
Licenses and memberships	1,000	1,068	961
Honoraria	10,000	10,000	10,000
Laboratory fees	7,000	6,387	6,470
Insurance	21,990	22,493	18,679
Interest and bank charges	1,500	1,648	1,623
Legal fees	1,500	-	-
Admin contract	45,274	46,302	44,415
CEC expenditures	-	-	(2,069)
Office	6,739	5,012	5,146
Supplies, repairs and maintenance	47,500	79,880	12,843
Salaries and wages	80,000	77,219	73,831
Telephone	2,200	2,105	3,810
Training	3,000	2,555	452
Utilities	15,750	13,384	14,988
	248,953	306,522	229,618
ANNUAL SURPLUS (DEFICIT)	35,000	(448)	58,111
ACCUMULATED SURPLUS - BEGINNING OF YEAR	2,122,310	2,122,310	2,064,199
ACCUMULATED SURPLUS - END OF YEAR	\$ 2,157,310	\$ 2,121,862	\$ 2,122,310

See notes to financial statements

COBBLE HILL IMPROVEMENT DISTRICT
Consolidated Statement of Changes in Net Financial Assets
Year Ended December 31, 2024

	Budget 2024	2024	2023
ANNUAL SURPLUS (DEFICIT)	\$ 35,000	\$ (448)	\$ 58,111
Amortization of tangible capital assets	-	32,970	32,971
Purchase of tangible capital assets	-	-	(35,935)
Decrease (increase) in prepaid expenses	-	(1,111)	(13,556)
	-	31,859	(16,520)
INCREASE IN NET FINANCIAL ASSETS	35,000	31,411	41,591
NET FINANCIAL ASSETS - BEGINNING OF YEAR	766,815	766,815	725,224
NET FINANCIAL ASSETS - END OF YEAR	\$ 801,815	\$ 798,226	\$ 766,815

See notes to financial statements

COBBLE HILL IMPROVEMENT DISTRICT
Consolidated Statement of Cash Flows
Year Ended December 31, 2024

	2024	2023
OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ (448)	\$ 58,111
Item not affecting cash:		
Amortization of tangible capital assets	<u>32,969</u>	<u>32,969</u>
	<u>32,521</u>	<u>91,080</u>
Changes in non-cash working capital:		
Accounts receivable	3,741	(14,052)
Interest receivable	(459)	(6,197)
Accounts payable	701	7,434
Deferred income	24,108	6,819
Prepaid expenses	(1,111)	(13,556)
Goods and services tax payable	<u>(1,141)</u>	<u>(141)</u>
	<u>25,839</u>	<u>(19,693)</u>
Cash flow from operating activities	<u>58,360</u>	<u>71,387</u>
INVESTING ACTIVITY		
Purchase of tangible capital assets	<u>-</u>	<u>(35,935)</u>
Cash flow from (used by) investing activity	<u>-</u>	<u>(35,935)</u>
INCREASE IN CASH FLOW	58,360	35,452
Cash - beginning of year	<u>913,999</u>	<u>878,547</u>
CASH - END OF YEAR	<u>\$ 972,359</u>	<u>\$ 913,999</u>

See notes to financial statements

COBBLE HILL IMPROVEMENT DISTRICT
Notes to Consolidated Financial Statements
Year Ended December 31, 2024

1. PURPOSE OF THE ORGANIZATION

Cobble Hill Improvement District (the "district") was incorporated by letters patent issued on April 16, 1979 and operates under Part 17 of the Local Government Act (British Columbia).

The organization operates to provide potable water for domestic use within its boundaries.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements were prepared in accordance with Canadian public sector accounting standards (GAAP).

Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Liability for contaminated sites

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the District is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at December 31, 2024. At each financial reporting date, the District reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The District continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made. As at December 31, 2024 the District has not recorded any liability for contaminated sites as no sites exist.

Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives (ranging from 5 to 80 years) on a straight-line basis.

The organization regularly reviews its tangible capital assets to eliminate obsolete items. Government grants are treated as a reduction of tangible capital assets cost.

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

(continues)

COBBLE HILL IMPROVEMENT DISTRICT
Notes to Consolidated Financial Statements
Year Ended December 31, 2024

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

Revenue recognition

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

- services are provided or products are delivered to customers
- there is clear evidence that an arrangement exists
- amounts are fixed or can be determined
- the ability to collect is reasonably assured
- amounts received but not earned are recorded as deferred revenue.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

COBBLE HILL IMPROVEMENT DISTRICT
Notes to Consolidated Financial Statements
Year Ended December 31, 2024

3. TANGIBLE CAPITAL ASSETS

<u>Cost</u>	<u>2023 Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>2024 Balance</u>
Land	\$ 750	\$ -	\$ -	\$ 750
Distribution System	1,690,675	-	-	1,690,675
Equipment	8,626	-	-	8,626
Facilities	409,996	-	-	409,996
	<u>\$ 2,110,047</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,110,047</u>

<u>Accumulated Amortization</u>	<u>2023 Balance</u>	<u>Amortization</u>	<u>Accumulated Amortization on Disposals</u>	<u>2024 Balance</u>
Land	\$ -	\$ -	\$ -	\$ -
Distribution System	579,142	23,955	-	603,097
Equipment	8,626	-	-	8,626
Facilities	187,398	9,015	-	196,413
	<u>\$ 775,166</u>	<u>\$ 32,970</u>	<u>\$ -</u>	<u>\$ 808,136</u>

<u>Net book value</u>	<u>2024</u>	<u>2023</u>
Land	\$ 750	\$ 750
Distribution System	1,087,578	1,111,533
Facilities	213,583	222,598
	<u>\$ 1,301,911</u>	<u>\$ 1,334,881</u>

4. FINANCIAL INSTRUMENTS

The District, as part of its operations, carries a number of financial instruments. The District's financial instruments consist of cash and term deposits, accounts receivable and accounts payable and accrued liabilities. It is management's opinion that the District is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

COBBLE HILL IMPROVEMENT DISTRICT**Operations****(Schedule 1)****Year Ended December 31, 2024**

	2024	2023
REVENUES		
Water tolls	\$ 197,639	\$ 190,661
Taxes	81,653	72,380
Investment income	259	1,877
Other income	6,919	4,795
	<u>286,470</u>	<u>269,713</u>
EXPENSES		
Licenses and memberships	1,068	961
Insurance	22,493	18,679
Interest and bank charges	1,648	1,622
Office	5,012	5,146
Audit fees	5,500	5,500
Laboratory fees	6,387	6,470
Admin contract	46,302	44,415
Training	2,555	452
Supplies, repairs and maintenance	35,748	12,843
Salaries and wages	77,219	73,831
Honoraria	10,000	10,000
Utilities	13,384	14,988
Telephone	2,105	3,810
	<u>229,421</u>	<u>198,717</u>
ANNUAL SURPLUS	<u>57,049</u>	<u>70,996</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>277,523</u>	<u>274,269</u>
TRANSFERS		
Transfers	(50,000)	(50,000)
Transfer of capital expenditure	-	(17,742)
	<u>(50,000)</u>	<u>(67,742)</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 284,572</u>	<u>\$ 277,523</u>

See notes to financial statements

COBBLE HILL IMPROVEMENT DISTRICT**Renewal Reserve Fund****(Schedule 2)****Year Ended December 31, 2024**

	2024	2023
REVENUES		
Investment income	\$ 11,370	\$ 10,597
ACCUMULATED SURPLUS, BEGINNING OF YEAR	394,405	352,000
TRANSFERS		
Transfers	50,000	50,000
Transfer of capital expenditure	-	(18,192)
	50,000	31,808
ACCUMULATED SURPLUS, END OF YEAR	\$ 455,775	\$ 394,405

COBBLE HILL IMPROVEMENT DISTRICT**Capital Expenditure Charge Fund****(Schedule 3)****Year Ended December 31, 2024**

	2024	2023
REVENUES		
Investment income	\$ 7,609	\$ 7,419
Connection fees	625	-
	<u>8,234</u>	<u>7,419</u>
EXPENSES		
CEC expenditures	-	(2,069)
Supplies, repairs and maintenance	<u>44,132</u>	<u>-</u>
	<u>44,132</u>	<u>(2,069)</u>
ANNUAL SURPLUS	<u>(35,898)</u>	<u>9,488</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>115,501</u>	<u>106,013</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 79,603</u>	<u>\$ 115,501</u>

COBBLE HILL IMPROVEMENT DISTRICT**Equity in Tangible Capital Assets****(Schedule 4)****Year Ended December 31, 2024**

	2024	2023
REVENUES	\$ -	\$ -
EXPENSES		
Amortization	<u>32,969</u>	<u>32,969</u>
ANNUAL SURPLUS	<u>(32,969)</u>	<u>(32,969)</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>1,334,882</u>	<u>1,331,917</u>
TRANSFERS		
Transfer of capital expenditure	<u>-</u>	<u>35,934</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 1,301,913</u>	<u>\$ 1,334,882</u>

See notes to financial statements