

SION IMPROVEMENT DISTRICT
Financial Statements
Year Ended December 31, 2024

SION IMPROVEMENT DISTRICT
Index to Financial Statements
Year Ended December 31, 2024

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Operations	3
Statement of Changes in Accumulated Surplus	4
Statement of Financial Position	5
Statement of Changes in Net Financial Assets	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 10
Schedule of Tangible Capital Assets (<i>Schedule 1</i>)	11

INDEPENDENT AUDITOR'S REPORT

To the Members of Sion Improvement District

Report on the Financial Statements

Opinion

We have audited the financial statements of Sion Improvement District (the "District"), which comprise the statement of financial position as at December 31, 2024, and the statements of operations, changes in accumulated surplus, 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 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 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 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 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 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.

(continues)

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

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.

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.

Grand Forks, British Columbia
April 14, 2025

KH Burch Kientz Inc.
CHARTERED PROFESSIONAL ACCOUNTANTS

SION IMPROVEMENT DISTRICT
Statement of Operations
Year Ended December 31, 2024

	Budget 2024	Total 2024	Total 2023
REVENUES			
Taxes levied	\$ 211,000	\$ 210,867	\$ 203,935
Tolls levied	171,000	170,412	164,669
	382,000	381,279	368,604
OTHER INCOME			
Interest and penalties	(20,000)	(32,120)	(4,844)
Grants and rebates	-	(7,402)	(4,846)
Services and connections	(3,600)	(574)	(1,051)
	(23,600)	(40,096)	(10,741)
EXPENSES			
Amortization	70,000	64,781	65,488
Insurance	25,000	29,477	26,891
Interest and bank charges	1,150	942	1,160
Miscellaneous	9,500	3,652	2,766
Office	4,500	2,730	3,886
Power	84,100	82,865	80,368
Professional fees	36,000	28,035	29,048
Purchases	1,500	-	-
Rental	7,200	6,600	6,600
Repairs and maintenance	104,200	12,323	25,088
Telephone	6,700	6,803	5,204
Trustee fees	10,000	10,165	8,260
Vehicle	12,400	4,549	4,309
Wages and benefits	107,260	101,742	97,052
Water and testing costs	8,125	8,415	7,342
	487,635	363,079	363,462
ANNUAL SURPLUS (DEFICIT)	\$ (82,035)	\$ 58,296	\$ 15,883

SION IMPROVEMENT DISTRICT
Statement of Changes in Accumulated Surplus
Year Ended December 31, 2024

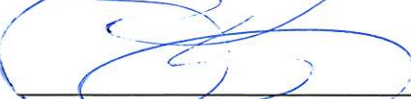
	2024	2023
ACCUMULATED SURPLUS - BEGINNING OF YEAR	\$ 1,155,823	\$ 1,139,940
ANNUAL SURPLUS	58,296	15,883
ACCUMULATED SURPLUS (DEFICIT) - END OF YEAR	\$ 1,214,119	\$ 1,155,823

SION IMPROVEMENT DISTRICT
Statement of Financial Position
December 31, 2024

	2024	2023
ASSETS		
Cash and cash equivalents (Note 5)	\$ 620,775	\$ 506,586
Accounts receivable	32,101	16,994
Goods and services tax recoverable	8,518	4,732
	<u>661,394</u>	<u>528,312</u>
LIABILITIES		
Accounts payable	51,709	17,704
Provincial sales tax payable	-	122
Employee deductions payable	2,185	1,045
Prepaid taxes and tolls	17,148	14,136
	<u>71,042</u>	<u>33,007</u>
NET FINANCIAL ASSETS	<u>590,352</u>	<u>495,305</u>
NON-FINANCIAL ASSETS		
Inventory	11,387	11,050
Prepaid expenses	28,746	26,907
Tangible capital assets (Schedule 1)	583,634	622,561
	<u>623,767</u>	<u>660,518</u>
ACCUMULATED SURPLUS	<u>\$ 1,214,119</u>	<u>\$ 1,155,823</u>

LEASE COMMITMENTS (Note 6)

ON BEHALF OF THE TRUSTEES


 Trustee
 DR Hollbrook

APRIL 14/25
 Trustee

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

	Budget 2024	2024	2023
ANNUAL SURPLUS (DEFICIT)	\$ (82,035)	\$ 58,296	\$ 15,883
Amortization of tangible capital assets	70,000	64,782	65,489
Purchase of tangible capital assets	-	(25,855)	(5,512)
Decrease (increase) in prepaid expenses	-	(1,839)	(2,406)
Decrease (increase) in inventory	-	(337)	39
	<u>70,000</u>	<u>36,751</u>	<u>57,610</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(12,035)	95,047	73,493
NET FINANCIAL ASSETS - BEGINNING OF YEAR	495,305	495,305	421,812
NET FINANCIAL ASSETS - END OF YEAR	\$ 483,270	\$ 590,352	\$ 495,305

SION IMPROVEMENT DISTRICT
Statement of Cash Flows
Year Ended December 31, 2024

	2024	2023
OPERATING ACTIVITIES		
Cash receipts from customers	\$ 345,703	\$ 364,194
Cash paid to suppliers and employees	(224,291)	(316,538)
Goods and services tax	(3,786)	(556)
Interest paid	(941)	(1,161)
Provincial sales tax	(122)	122
Cash flow from operating activities	116,563	46,061
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(25,855)	(5,512)
Interest earned on investment	23,481	-
Cash flow used by investing activities	(2,374)	(5,512)
INCREASE IN CASH FLOW	114,189	40,549
Cash - beginning of year	506,586	466,037
CASH - END OF YEAR	\$ 620,775	\$ 506,586
CASH CONSISTS OF:		
Cash and cash equivalents	\$ 620,775	\$ 506,586

SION IMPROVEMENT DISTRICT

Notes to Financial Statements

Year Ended December 31, 2024

1. PURPOSE OF THE IMPROVEMENT DISTRICT

Sion Improvement District (the "District") is an improvement district incorporated on December 6, 1963 under the Water Act of British Columbia and is subject to the provisions of the Local Government Act of British Columbia. As a public sector organization, the Irrigation District is exempt from the payment of income tax under Subsection 149(1) of the Income Tax Act.

The objective of the District is for the acquisition, maintenance, and operation of works for waterworks and irrigation purposes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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:

Estimates

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. Estimates have been used in determining the useful life of assets.

Revenue recognition

- a) Revenue from irrigation taxes is recognized on an annual basis, based on the acres irrigated with tax rates established by the Board of Trustees with a bylaw.
- b) Revenue from tolls are recognized on an annual basis according to the number of connections, at rates established by the Board of Trustees with a bylaw.
- c) Amounts received from customers, funders or third parties, which may only be used for certain expenditures or relate to services, or periods not occurring yet, are recorded as deferred. Revenue is recognized in the period which the revenue relates to, the services performed or expenditures are incurred.
- d) Interest and penalties are recorded when earned.

Cash and cash equivalents

Cash and cash equivalents consists of highly liquid accounts that are readily convertible to cash and term deposits cashable within 180 days.

Non-financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the annual surplus (deficit), provides the change in net financial assets for the year.

Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a specific item basis. Inventory consists of pipes, clamps, fittings, couplings and service valves.

(continues)

SION IMPROVEMENT DISTRICT
Notes to Financial Statements
Year Ended December 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives on a straight-line basis at the following rates:

Equipment	5 & 10 years
Signage	5 years
Motor vehicles	5 years
Water mains, south system	60 years
Water mains, north system	60 years
Other infrastructure, south	10, 20 & 80 years
Other infrastructure, north	5, 10, 30 & 80 years

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.

Financial instruments

Financial assets include cash and accounts receivables and are measured at cost as presented on the Statement of Financial Positions. Financial liabilities include accounts payable and prepaid taxes and tolls. They are measured at cost as presented on the Statement of Financial Positions.

3. 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 may arise from the potential that a counter party will fail to pay for the services provided. The organization has reduced the risk for the non-recovery of receivables on taxes as it is able to hold a tax sale on land where there are taxes owing for 24 months or longer and to shut off access to water for unpaid annual tolls. Revenues are spread over a significant number of customers, which minimizes concentration of credit risk.

4. BUDGET FIGURES

There are differences between the budgeting model used by the District and generally accepted accounting principles established by PSAS, certain budgeted amounts have been reclassified to reflect the presentation adopted under PSAS. The reconciliation of budgeted results to reported results is as follows:

	<u>2024</u>
Budgeted deficit as approved	(132,035)
Add: budgeted tangible capital asset acquisitions	<u>50,000</u>
Budgeted annual deficit as presented	<u>\$ (82,035)</u>

SION IMPROVEMENT DISTRICT**Notes to Financial Statements****Year Ended December 31, 2024****5. CASH AND CASH EQUIVALENTS**

	<u>2024</u>	<u>2023</u>
<u>Unrestricted cash</u>		
Gulf and Fraser Credit Union, chequing	\$ 48,704	\$ 60,416
Petty cash and cash to be deposited	226	320
Gulf and Fraser Credit Union, savings	439	439
Gulf and Fraser Credit Union, equity shares	27	25
One year term deposit, cashable-redeemable at August 16, 2024, with interest of 3%, maturing on May 18, 2025	206,211	-
One year term deposit, cashable after 90 days with interest of 3.05%, maturing on December 16, 2025	100,000	-
Unrestricted portion of one year term deposit, cashable after 180 days with interest of 3.80%, maturing on May 18, 2025	51,753	-
One year term deposit, cashable after 180 days with interest of 3.10%, matured on May 18, 2024	-	200,000
One year term deposit, cashable after 90 days with interest of 3.50%, matured on May 18, 2024	-	50,000
	<u>407,360</u>	<u>311,200</u>
<u>Restricted cash</u>		
Gulf and Fraser Credit Union High interest Business savings	58,156	45,386
Restricted portion of one year term deposit, cashable after 180 days with interest of 3.80%, maturing on May 18, 2025	155,259	-
One year term deposit, cashable after 90 days with interest of 3.50%, matured on May 18, 2024	-	150,000
	<u>\$ 620,775</u>	<u>\$ 506,586</u>

The restricted cash is a Capital Works Renewal Reserve Fund established with bylaw 136. Funds from the sale of District land, current revenue and general revenue fund surplus may, from time to time be paid into the Reserve Fund. The Funds may only be used for upgrading, replacement or renewal of existing works with the passing of a bylaw. The District is currently contributing \$1,000 per month to this Fund.

6. LEASE COMMITMENTS

The District has a 4-month lease, ending April 30, 2025, with respect to its premises at 7920-B Donaldson Drive, Grand Forks, BC for \$550 plus GST per month. The lease provides for payment of utilities and maintenance costs. Upon expiry, the District will continue to lease on a month-to-month basis. Future minimum lease payments as at December 31, 2024, are as follows:

2025	<u>\$ 2,200</u>
------	-----------------

SION IMPROVEMENT DISTRICT
Schedule of Tangible Capital Assets
Year Ended December 31, 2024

(Schedule 1)

	Land	Equipment	Motor vehicles	Water mains, south system	Water mains, north system	Other infrastructure, south	Other infrastructure, north	Signage	Total
COSTS									
Opening balances	\$ 1,430	\$ 16,938	\$ 28,350	\$ 1,019,935	\$ 305,726	\$ 1,001,312	\$ 373,192	\$ -	\$ 2,746,883
Additions	-	-	-	21,261	-	-	-	4,594	25,855
Dispositions	-	-	-	-	-	-	-	-	-
Sub Total	1,430	16,938	28,350	1,041,196	305,726	1,001,312	373,192	4,594	2,772,738
ACCUMULATED AMORTIZATION									
Opening balance	-	10,927	28,350	869,782	245,310	767,797	202,157	-	2,124,323
Dispositions	-	-	-	-	-	-	-	-	-
Amortization	-	1,704	-	17,028	5,095	32,694	8,030	230	64,781
Sub Total	-	12,631	28,350	886,810	250,405	800,491	210,187	230	2,189,104
	\$ 1,430	\$ 4,307	\$ -	\$ 154,386	\$ 55,321	\$ 200,821	\$ 163,005	\$ 4,364	\$ 583,634

See accompanying notes to financial statements