

**WASA LAKE LAND IMPROVEMENT DISTRICT**  
**Financial Statements**  
**Year Ended December 31, 2014**

**WASA LAKE LAND IMPROVEMENT DISTRICT**

**Index to Financial Statements**

**Year Ended December 31, 2014**

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## **Management's Responsibility for Financial Reporting**

The financial statements of Wasa Lake Land Improvement District have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. 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 on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of Wasa Lake Land 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 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 release of the financial statements. The Board also considers the engagement or re-appointment of the external auditors.

The financial statements have been audited on behalf of the Board by Adams Wooley, Certified General Accountants, in accordance with Canadian auditing standards.

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Mr. Cliff Youngs, Acting Chair

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Ms. Kathy McCauley, Secretary

Wasa, BC  
April 29, 2015



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Brian F. Adams, FCGA\* (Associate)

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## INDEPENDENT AUDITOR'S REPORT

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To the Trustees of Wasa Lake Land Improvement District

We have audited the accompanying financial statements of Wasa Lake Land Improvement District, which comprise the statement of financial position as at December 31, 2014 and the statements of revenues and expenditures, changes in net assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

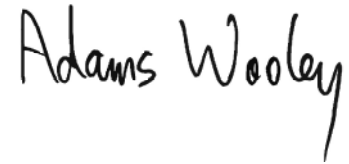
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\*Denotes Professional Corporation

Independent Auditor's Report to the Trustees of Wasa Lake Land Improvement District *(continued)*

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Wasa Lake Land Improvement District as at December 31, 2014 and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

A handwritten signature in black ink that reads "Adams Wooley". The signature is written in a cursive, slightly slanted style.

Adams Wooley  
Certified General Accountants

Cranbrook, BC  
April 29, 2015

**WASA LAKE LAND IMPROVEMENT DISTRICT**  
**Statement of Financial Position**  
**December 31, 2014**

	2014	2013
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 36,523	\$ 36,994
Term deposits <i>(Note 4)</i>	5,168	5,105
Accounts receivable <i>(Note 5)</i>	5,610	6,159
Inventory	-	170
Goods and services tax recoverable	913	764
	48,214	49,192
<b>TANGIBLE CAPITAL ASSETS <i>(Notes 2 and 6)</i></b>	<b>400</b>	<b>400</b>
	<b>\$ 48,614</b>	<b>\$ 49,592</b>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 2,299	\$ 2,501
 <b>NET ASSETS</b>		
General fund	32,650	37,567
Restricted fund <i>(Note 7)</i>	13,265	9,124
Tangible capital asset fund	400	400
	46,315	47,091
	<b>\$ 48,614</b>	<b>\$ 49,592</b>

**ON BEHALF OF THE IMPROVEMENT DISTRICT**

\_\_\_\_\_ *Trustee*

\_\_\_\_\_ *Trustee*

The attached notes are an integral part of these financial statements.

**WASA LAKE LAND IMPROVEMENT DISTRICT**  
**Statement of Revenues and Expenditures**  
**Year Ended December 31, 2014**

	2014	2013
<b>REVENUES</b>		
Property taxes	\$ 18,018	\$ 19,382
Province of British Columbia - Disaster relief	7,050	-
Other	654	586
Regional District of East Kootenay grant	-	149
	<u>25,722</u>	<u>20,117</u>
<b>EXPENSES</b>		
Advertising and promotion	71	28
Business taxes, licenses and memberships	40	40
Consulting fees	550	3,867
Insurance	1,850	1,850
Office	8,944	5,054
Professional fees	2,138	2,372
Rental	730	400
Repairs and maintenance	11,802	624
Supplies	298	851
Travel	75	-
	<u>26,498</u>	<u>15,086</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<u>\$ (776)</u>	<u>\$ 5,031</u>

The attached notes are an integral part of these financial statements.

**WASA LAKE LAND IMPROVEMENT DISTRICT**  
**Statement of Changes in Net Assets**  
**Year Ended December 31, 2014**

	General Fund	Restricted Fund	Tangible Capital Asset Fund	<b>2014</b>	2013
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 37,567	\$ 9,124	\$ 400	<b>\$ 47,091</b>	\$ 42,060
Deficiency of revenues over expenses	(917)	141	-	<b>(776)</b>	5,031
Transfer of funds to reserve	(4,000)	4,000	-	-	-
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 32,650</b>	<b>\$ 13,265</b>	<b>\$ 400</b>	<b>\$ 46,315</b>	<b>\$ 47,091</b>

The attached notes are an integral part of these financial statements.



**WASA LAKE LAND IMPROVEMENT DISTRICT**

**Statement of Cash Flow**

**Year Ended December 31, 2014**

	<b>2014</b>	2013
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenses	\$ (776)	\$ 5,031
Changes in non-cash working capital:		
Accounts receivable	549	2,906
Inventory	170	-
Accounts payable and accrued liabilities	(202)	1
Goods and services tax payable	(149)	(209)
	<u>368</u>	<u>2,698</u>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>(408)</b>	<b>7,729</b>
Cash - beginning of year	<u>42,099</u>	34,370
<b>CASH - END OF YEAR</b>	<u><b>\$ 41,691</b></u>	<u>\$ 42,099</u>
<b>CASH CONSISTS OF:</b>		
Cash	\$ 36,523	\$ 36,994
Term deposits	5,168	5,105
	<u><b>\$ 41,691</b></u>	<u>\$ 42,099</u>

The attached notes are an integral part of these financial statements.

# WASA LAKE LAND IMPROVEMENT DISTRICT

## Notes to Financial Statements

Year Ended December 31, 2014

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### 1. DESCRIPTION OF BUSINESS

Wasa Lake Land Improvement District is a duly elected body that has letters of patent granted by the Province of British Columbia for water quality and quantity control of Wasa Lake.

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (GAAP).

#### Basis of presentation

The functional and presentation currency of the district is the Canadian dollar.

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) and include the following significant accounting policies:

#### Fund accounting

Wasa Lake Land Improvement District follows the restricted fund method of accounting for contributions.

The General Fund accounts for the district's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

The Reserve Fund reports the balances restricted (either internally or externally) for future expenses that occur less often than once a year or that do not usually occur. Investment revenue earned on the Reserve Fund is added to the Reserve Fund balance annually.

The Tangible Capital Asset Fund reports the assets, liabilities, revenues and expenses related to Wasa Lake Land Improvement District's tangible capital assets.

#### Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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.

#### Tangible capital assets

Tangible capital assets are recorded at cost and amortized over their expected useful life at rates determined by the trustees.

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# WASA LAKE LAND IMPROVEMENT DISTRICT

## Notes to Financial Statements

Year Ended December 31, 2014

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

#### Revenue recognition

Sources of revenue are recorded on the accrual basis and include revenue in the period in which the transactions or events occurred that give rise to the revenues, and expenses in the period the goods and services are acquired and a liability is incurred or transfers are due. Taxation revenues are recognized at the time of issuing the property tax notices for the fiscal year.

Grant revenues are recognized when the funding becomes receivable. Revenue received but not earned in the period is recorded as deferred revenue.

#### Contributed services

Volunteers contribute a significant amount of their time each year. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

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### 3. FINANCIAL INSTRUMENTS

The district is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the district's risk exposure and concentration as of December 31, 2014.

#### 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 taxpayers. In order to reduce its credit risk, the district conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The district has a significant number of customers which minimizes concentration of 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 mainly in respect of its receipt of funds from its customers and other related sources, long-term debt, obligations under capital leases, contributions to the pension plan, and accounts payable.

#### 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 currently exposed to interest rate risk through its term deposits.

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**WASA LAKE LAND IMPROVEMENT DISTRICT**

**Notes to Financial Statements**

**Year Ended December 31, 2014**

4. TERM DEPOSITS

	<u>2014</u>	<u>2013</u>
Tangerine - One-year Guaranteed Investment Certificate at 1.25%, maturing May 4, 2015	\$ 5,126	\$ -
ING Direct - Two-year Guaranteed Investment Certificate at 1.25%, matured May 4, 2014	-	5,063
	<u>5,126</u>	<u>5,063</u>
Accrued interest	42	42
	<u>\$ 5,168</u>	<u>\$ 5,105</u>

5. ACCOUNTS RECEIVABLE

	<u>2014</u>	<u>2013</u>
Taxes - current	\$ 2,599	\$ 3,011
Taxes - arrears	3,011	3,148
	<u>\$ 5,610</u>	<u>\$ 6,159</u>

Arrears taxes are comprised of balances outstanding from prior to the current fiscal year plus accrued interest.

6. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	<u>2014 Net book value</u>	2013 Net book value
Furniture and fixtures	\$ 400	\$ -	\$ 400	\$ 400

7. RESERVE FUNDS

	<u>2014</u>	<u>2013</u>
<b>Internally restricted reserve</b>		
Flood mitigation reserve	\$ 5,105	\$ 5,042
Interest earned	64	63
Total flood mitigation reserve	<u>5,169</u>	<u>5,105</u>
General Reserve	8,000	4,000
Interest earned	96	19
Total general reserve	<u>8,096</u>	<u>4,019</u>
	<u>\$ 13,265</u>	<u>\$ 9,124</u>

*(continues)*

**WASA LAKE LAND IMPROVEMENT DISTRICT**

**Notes to Financial Statements**

**Year Ended December 31, 2014**

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7. RESERVE FUNDS *(continued)*

Reserve funds are for future expenses that occur less often than once a year or that do not usually occur. Investment revenue earned on the reserve funds is added to reserve fund balances annually. Additions to the reserve fund are to be determined by the trustees on an annual basis.

Flood mitigation reserve - for maintenance of the flood mitigation gates and infrastructure.

General reserve - for expenses that have not been budgeted or anticipated.

Capital works renewal reserve - for upgrading, replacement or renewal of existing works. Funded by money from the sale of improvement district land, current revenue, general revenue fund surplus (to the extent to which it is available), or as otherwise provided in the Local Government Act, from time to time.

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