

**WASA LAKE LAND IMPROVEMENT DISTRICT**  
**Financial Statements**  
**Year Ended December 31, 2011**

**WASA LAKE LAND IMPROVEMENT DISTRICT**

**Index to Financial Statements**

**Year Ended December 31, 2011**

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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 generally accepted accounting principles. 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 and meets periodically with management and the 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 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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Ms. Wilma Croisdale, Chairperson

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Ms. Danella MacIntyre, Secretary-  
Treasurer

Wasa, BC  
April 23, 2012

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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, 2011 and the statements of operations, changes in fund balances and cash flows 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 generally accepted accounting principles, 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.

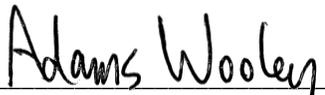
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Independent Auditor's Report to the Trustees of Wasa Lake Land Improvement District *(continued)*

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, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Cranbrook, BC  
April 23, 2012

  
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Adams Wooley  
Certified General Accountants

**WASA LAKE LAND IMPROVEMENT DISTRICT**  
**Statement of Financial Position**  
**December 31, 2011**

	2011	2010
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 21,965	\$ 19,951
Accounts receivable <i>(Note 4)</i>	6,639	8,339
Inventory <i>(Note 2)</i>	170	170
Harmonized sales tax recoverable	827	1,880
	29,601	30,340
<b>TANGIBLE CAPITAL ASSETS <i>(Notes 2 and 5)</i></b>	<b>400</b>	<b>400</b>
	<b>\$ 30,001</b>	<b>\$ 30,740</b>
 <b>LIABILITIES AND FUND BALANCES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 2,500	\$ 500
 <b>FUND BALANCES</b>		
General fund <i>(Note 2)</i>	22,101	29,840
Reserve fund <i>(Notes 2 and 6)</i>	5,000	-
Invested in tangible capital assets	400	400
	27,501	30,240
	<b>\$ 30,001</b>	<b>\$ 30,740</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 Operations

Year Ended December 31, 2011

	2011	2010
<b>REVENUE</b>		
Property taxes <i>(Note 2)</i>	\$ 15,271	\$ 21,625
Columbia Basin Trust grant	-	13,000
Community liaison grant	-	2,531
Other	6	191
	<u>15,277</u>	<u>37,347</u>
<b>EXPENSES</b>		
Advertising and promotion	348	110
Insurance	1,738	1,688
Interest and bank charges	6	1
Office	6,215	6,337
Professional fees	5,026	4,091
Consulting fees	3,887	14,565
Salaries and wages	248	4,522
Supplies	23	70
Training	220	-
Travel	305	701
	<u>18,016</u>	<u>32,085</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>\$ (2,739)</u>	<u>\$ 5,262</u>

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

**WASA LAKE LAND IMPROVEMENT DISTRICT**  
**Statement of Changes in Fund Balances**  
**Year Ended December 31, 2011**

	General Fund	Reserve Fund	Invested in Tangible Capital Assets	<b>2011</b>	2010
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 29,840	\$ -	\$ 400	<b>\$ 30,240</b>	\$ 24,978
Deficiency of revenue over expenses	(2,739)	-	-	<b>(2,739)</b>	5,262
Transfer to reserves (Note 6)	(5,000)	5,000	-	-	-
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 22,101</b>	<b>\$ 5,000</b>	<b>\$ 400</b>	<b>\$ 27,501</b>	<b>\$ 30,240</b>

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

**WASA LAKE LAND IMPROVEMENT DISTRICT**

**Statement of Cash Flows**

**Year Ended December 31, 2011**

	<b>2011</b>	2010
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenses	<u>\$ (2,739)</u>	<u>\$ 5,262</u>
Changes in non-cash working capital:		
Accounts receivable	1,701	(8,339)
Inventory	-	70
Accounts payable and accrued liabilities	1,999	-
Harmonized sales tax recoverable	<u>1,053</u>	<u>(1,099)</u>
	<u>4,753</u>	<u>(9,368)</u>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>2,014</b>	(4,106)
Cash - beginning of year	<u>19,951</u>	<u>24,057</u>
<b>CASH - END OF YEAR</b>	<u><b>\$ 21,965</b></u>	<u>\$ 19,951</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, 2011

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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

#### Fund accounting

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

The General Fund accounts for the organization'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 capital assets.

#### Tangible capital assets

Tangible capital assets are recorded at cost and are not amortized.

#### 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.

#### Use of Estimates

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.

#### Property Taxes

Taxation revenue had been recorded on a cash basis in years previous to 2010, and is now recorded on an accrual basis. Taxation revenue in the 2010 year is overstated to the extent that the taxes receivable in arrears were included in the 2010 revenue.

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### 3. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

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WASA LAKE LAND IMPROVEMENT DISTRICT

Notes to Financial Statements

Year Ended December 31, 2011

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4. ACCOUNTS RECEIVABLE

	<u>2011</u>	<u>2010</u>
Taxes - current	\$ 3,643	\$ 4,440
Taxes - arrears	<u>2,996</u>	<u>3,899</u>
	<u>\$ 6,639</u>	<u>\$ 8,339</u>

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

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5. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	<b>2011 Net book value</b>	2010 Net book value
Furniture and fixtures	<u>\$ 400</u>	<u>\$ -</u>	<u>\$ 400</u>	<u>\$ 400</u>

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6. RESERVE FUND

	<u>2011</u>	<u>2010</u>
<b>Internally restricted reserve</b>		
Reserve for flood mitigation	<u>\$ 5,000</u>	<u>\$ -</u>

This reserve fund is for the maintenance of the flood mitigation gates and infrastructure, and is reserved 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. Additions to the reserve fund are to be determined on an annual basis.