

GABRIOLA FIRE PROTECTION IMPROVEMENT DISTRICT
Financial Statements
Year Ended December 31, 2022

GABRIOLA FIRE PROTECTION IMPROVEMENT DISTRICT

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Year Ended December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Members of Gabriola Fire Protection Improvement District

Report on the Financial Statements

Qualified Opinion

We have audited the financial statements of Gabriola Fire Protection Improvement District (the improvement district), which comprise the statement of financial position as at December 31, 2022, and the statements of operations, changes in accumulated surplus, changes in net financial debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the improvement district as at December 31, 2022, 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 Qualified Opinion

A scope limitation was identified when auditing cash. The controls on cash donations are insufficient to determine with certainty that all cash received by the department has been accounted for. Our audit opinion on the financial statements for the year ended December 31, 2022, was modified due to the uncertainty of the effects of this deficiency.

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 improvement 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 qualified audit opinion.

Emphasis of Matter - Restatement of Prior Period

We draw attention to Note 3 of the financial statements, which describes the effects of adjustments to the 2021 financial statements. Key financial statement items have been restated. Our opinion is not modified in respect of this matter.

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 improvement 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 improvement district or to cease operations, or has no realistic alternative but to do so.

(continues)

Those charged with governance are responsible for overseeing the improvement 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.

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 improvement 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 improvement 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 improvement 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.

KMA Chartered Professional Accountants

Lantzville, British Columbia
April 19, 2023

KMA CHARTERED PROFESSIONAL ACCOUNTANTS

GABRIOLA FIRE PROTECTION IMPROVEMENT DISTRICT**Statement of Financial Position****December 31, 2022**

	Total 2022	Total 2021 <i>Restated</i>
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 744,336	\$ 664,787
Accounts receivable	7,517	7,489
Restricted Cash (Note 4)	<u>36,800</u>	<u>20,173</u>
TOTAL FINANCIAL ASSETS	<u>788,653</u>	<u>692,449</u>
LIABILITIES		
Accounts payable (Note 6)	51,743	21,680
Payroll liabilities (Note 6)	31,175	17,745
Current portion of long term debt (Note 7)	166,461	162,364
Current portion of deferred revenue (Notes 3, 4)	42,206	28,893
Long term debt (Note 7)	726,832	893,292
Long term deferred revenue (Notes 4, 11)	<u>105,997</u>	<u>-</u>
TOTAL LIABILITIES	<u>1,124,414</u>	<u>1,123,974</u>
NET FINANCIAL DEBT	<u>(335,761)</u>	<u>(431,525)</u>
NON-FINANCIAL ASSETS		
Inventory (Note 9)	6,094	-
Prepaid expenses (Note 10)	52,485	23,140
Tangible capital assets (Notes 3, 5)	<u>5,155,962</u>	<u>5,219,156</u>
	<u>5,214,541</u>	<u>5,242,296</u>
ACCUMULATED SURPLUS	<u>\$ 4,878,780</u>	<u>\$ 4,810,771</u>
ON BEHALF OF THE BOARD		
_____	<i>Trustee</i>	
_____	<i>Trustee</i>	

See notes to financial statements

GABRIOLA FIRE PROTECTION IMPROVEMENT DISTRICT

Statement of Operations

Year Ended December 31, 2022

	Budget	Total	Total
	<i>Unaudited</i>	2022	2021
			<i>Restated</i>
REVENUES			
Provincial Levy	\$ 751,880	\$ 751,880	\$ 688,600
Capital tax advance	-	186,660	186,660
Grants (Notes 3, 4)	-	54,555	30,169
Other Revenue	-	10,255	14,334
Donations (Note 3)	-	19,955	376,435
Lease Revenue (Note 11)	-	18,527	-
	<u>751,880</u>	<u>1,041,832</u>	<u>1,296,198</u>
EXPENSES			
Amortization (Note 3)	-	252,292	235,574
Gabriola Volunteer Firefighters Association	6,000	6,000	6,000
Insurance	55,000	61,556	53,415
Interest on long term debt	-	21,744	26,304
Office	29,500	18,645	14,178
Training	36,000	27,126	12,645
Vehicle Expenses	60,000	65,501	48,198
FireSmart Expenses (Notes 3, 4)	-	54,555	10,719
Emergency Response	-	4,333	-
EMR Expenses (Note 4)	-	17,628	-
Professional fees	13,500	21,686	9,500
Repairs and maintenance - Buildings	24,500	18,793	8,826
Repairs and maintenance - Equipment	31,500	44,382	25,538
Wages and benefits	306,880	328,751	314,307
Supplies & fire safety	-	-	3,473
Telephone	7,000	6,232	8,847
Travel	-	1,998	573
Utilities	29,000	26,216	21,083
	<u>598,880</u>	<u>977,438</u>	<u>799,180</u>
SURPLUS FROM OPERATIONS	153,000	64,394	497,018
OTHER INCOME			
Gain on disposal of tangible capital assets	-	3,615	6,650
ANNUAL SURPLUS	<u>\$ 153,000</u>	<u>\$ 68,009</u>	<u>\$ 503,668</u>

See notes to financial statements

GABRIOLA FIRE PROTECTION IMPROVEMENT DISTRICT
Statement of Changes in Accumulated Surplus
Year Ended December 31, 2022

	Total 2022	Total 2021 <i>Restated</i>
ACCUMULATED SURPLUS (DEFICIT) - BEGINNING OF YEAR	\$ 4,810,771	\$ 4,307,104
ANNUAL SURPLUS	<u>68,009</u>	503,667
ACCUMULATED SURPLUS - END OF YEAR	<u>\$ 4,878,780</u>	\$ 4,810,771

See notes to financial statements

GABRIOLA FIRE PROTECTION IMPROVEMENT DISTRICT
Statement of Changes in Net Financial Debt
Year Ended December 31, 2022

	2022	2021 <i>Restated</i>
ANNUAL SURPLUS (Note 3)	\$ 68,009	\$ 503,667
Amortization of tangible capital assets	252,292	235,574
Purchase of tangible capital assets	(194,171)	(856,194)
Proceeds on disposal of tangible capital assets	8,688	-
Loss (gain) on disposal of assets	(3,615)	-
Increase in prepaid expenses	(29,345)	(4,558)
Decrease (increase) in inventory	(6,094)	-
	<u>27,755</u>	<u>(625,178)</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	95,764	(121,511)
NET FINANCIAL DEBT - BEGINNING OF YEAR	(431,524)	(310,013)
NET FINANCIAL DEBT - END OF YEAR	\$ (335,760)	\$ (431,524)

See notes to financial statements

GABRIOLA FIRE PROTECTION IMPROVEMENT DISTRICT**Statement of Cash Flows****Year Ended December 31, 2022**

	Total 2022	Total 2021 <i>Restated</i>
OPERATING ACTIVITIES		
Annual surplus	\$ 68,009	\$ 503,668
Items not affecting cash:		
Amortization of tangible capital assets (Note 3)	252,292	235,574
Gain on disposal of tangible capital assets	(3,615)	-
Lease Revenue	(18,527)	-
	<u>298,159</u>	<u>739,242</u>
Changes in non-cash working capital:		
Accounts Receivable	(28)	8,730
Interest receivable	-	202
Inventory	(6,094)	-
Accounts payable (Note 6)	30,065	7,628
Deferred Revenue (Notes 3, 4)	13,313	28,893
Current portion lease deferred revenue	(13,828)	-
Prepaid expenses	(29,345)	(4,558)
Payroll liabilities	13,430	-
	<u>7,513</u>	<u>40,895</u>
Cash flow from operating activities	<u>305,672</u>	<u>780,137</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(194,171)	(856,194)
GCBF Tenant Improvements	138,351	-
Proceeds on disposal of tangible capital assets	8,688	-
Cash flow used by investing activities	<u>(47,132)</u>	<u>(856,194)</u>
FINANCING ACTIVITY		
Repayment of long term debt (Note 7)	(162,364)	(158,401)
Cash flow used by financing activity	<u>(162,364)</u>	<u>(158,401)</u>
INCREASE (DECREASE) IN CASH FLOW	96,176	(234,458)
Cash - beginning of year	<u>684,959</u>	<u>919,417</u>
CASH - END OF YEAR	\$ 781,135	\$ 684,959
CASH CONSISTS OF:		
Cash and cash equivalents	\$ 281,236	\$ 305,241
Internally restricted cash	463,099	359,545
Externally restricted cash	36,800	20,173
	<u>\$ 781,135</u>	<u>\$ 684,959</u>

See notes to financial statements

GABRIOLA FIRE PROTECTION IMPROVEMENT DISTRICT

Notes to Financial Statements

Year Ended December 31, 2022

1. PURPOSE OF THE IMPROVEMENT DISTRICT

Gabriola Fire Protection District ("the improvement district") was incorporated on July 25, 1969, pursuant to the issue of Letters Patent.

The improvement district operates under the provisions of the *Local Government Act*, Part 17 - Improvement Districts. The primary activities of the improvement district are providing fire protection services and fire safety education to residents of the incorporated area.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The improvement district prepares its financial statements in accordance with Canadian public sector accounting standards for local governments as established by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada.

Revenue Recognition

A provincial levy is received annually from the Province of British Columbia, and is recognized as revenue in the year it is received.

Interest and property tax revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues.

Cash donations and other revenues are recognized when they are received, if they are received for a general purpose. Donations received that have a specified purpose are recognized as deferred until the related expenditures have occurred. In-kind donations are recognized at fair market value where that information is available. If fair market value is not available, they are recognized at cost.

Revenue from grants without restrictions are recognized in the period they are received. Revenue from grants with restrictions are recognized as revenues in the period in which eligible expenses are incurred. Until then, they are recorded as a deferred revenue liability.

Other revenue consists of fire extinguisher sales and fees charged. They are recognized when they are received, as all associated performance obligations are deemed fulfilled at that point.

Deferred Revenue

Revenue is deferred when it has one or more performance obligations that have not yet been fulfilled at year end. The revenue will be recognized as earned when these performance obligations have been fulfilled. For example, grants received for a specific purpose are recognized as revenue when the related expenses are incurred.

Donations are deferred when they are received for a specific purpose, rather than for general operations. These donations are recognized as revenue when the related expenditures have been made.

Revenue for leases is deferred when it is received before the lease term for which it applies. If a lump-sum is received up front, it is deferred and recognized evenly over time to reflect the lease liability being fulfilled as a function of time.

Contributed Services

The improvement district's volunteers contribute a number of hours each year to keep the website up and running, and assist with various community events. Contributed services are not recognized in the financial statements due to difficulty determining their fair value.

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GABRIOLA FIRE PROTECTION IMPROVEMENT DISTRICT

Notes to Financial Statements

Year Ended December 31, 2022

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

Accounts Receivable

Accounts receivable is recorded when the improvement district has fulfilled its performance obligations and has either invoiced or expects to send an invoice to the payor. These amounts are recorded when the improvement district can reasonably expect to receive economic inflows in the near future.

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Tangible capital assets are recognized where cost is greater than \$500, and the useful life is greater than one year.

When historical costs are not available, other methods were used to estimate the cost and accumulated amortization of the assets. The improvement district applies a consistent method of estimating the fair value of tangible capital assets for which it does not have historical costs.

Buildings	40 years	straight-line method
Firefighting Equipment	3 to 15 years	straight-line method
Motor vehicles	20 years	straight-line method
Computer equipment	5 years	straight-line method
Furniture, Fixtures and Equipment	10 to 30 years	straight-line method
Communications Equipment	10 years	straight-line method
Water Management Systems	20 to 40 years	straight-line method
Parking Lot	5 years	straight-line method

The improvement 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 such time.

Long-term debt (capital tax advance repayments)

Capital tax advance repayments are collected by the Surveyor of Taxes for British Columbia from taxes levied on properties in this improvement district's area. Revenue is received from the Ministry of Community Services net of long-term debt interest.

Financial Instruments

(continues)

GABRIOLA FIRE PROTECTION IMPROVEMENT DISTRICT

Notes to Financial Statements

Year Ended December 31, 2022

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

The following is a summary of the classifications the improvement district has elected to apply to each of its significant categories of financial instruments.

Financial Statement Accounts	Financial Instrument Category
Cash	Cash Instrument
Accounts receivable	Other Asset
Deferred revenue	Other Liabilities
Accounts payable and accrued liabilities	Other Liabilities
Long-term debt	Other Liabilities

Cash instruments of the improvement district are measured at their fair value.

Other liabilities are measured at amortized cost.

Environmental Issues

The accounting policy of the improvement district is to record environmental liabilities as they become known and can be reasonably estimated. There are no known environmental liabilities as at year end.

Use of Estimates

The preparation of the financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of the revenues and expenses during the year. Items requiring the use of significant estimates include the useful life of capital assets and determination of accruals.

Impairment of long lived assets

Long lived assets are evaluated for impairment annually or when indicators of a potential impairment are present. When certain events or changes in operating conditions occur, asset lives may be adjusted and an impairment assessment may be performed on the recoverability of the carrying amounts.

GABRIOLA FIRE PROTECTION IMPROVEMENT DISTRICT

Notes to Financial Statements

Year Ended December 31, 2022

3. PRIOR PERIOD ADJUSTMENTS

Misstatement Corrections

Mallet Creek Dam

A misstatement in the 2021 financial statements overstated the value of the Mallet Creek Dam donation to the improvement district. This misstatement occurred due to a miscommunication of information available when the financial statements were prepared. The donation was recognized for 100% of the dam's value and included GST. It should have been 90% of the dam's value, not including GST.

FireSmart Revenue

Expenses relating to the FireSmart program were miscoded and recorded to a different expense account in 2021. The total expenses remain unchanged, but FireSmart Grant revenue was understated, and the deferred FireSmart revenue was overstated.

Accounting Policy Change

Donation Revenue

The accounting policy for recording donation revenue was changed in 2022. Previously, all cash donations were recorded as revenue in the period they were received. This was changed in to recognize that some donations are externally restricted, depending on the purpose for which they were donated. These funds cannot be used to pay the improvement district's operating costs or settle the improvement district's liabilities. It is more representative of the improvement district's financial position to recognize these donations as deferred revenue until the related expenditures have occurred.

The comparatives for 2021 have been restated to reflect these changes.

Material recalculations have been illustrated below.

	<u>2021</u>
Adjustment to 2021 Donation Revenue	
2021 Donation revenue, as previously stated	447,629
Less: Revenue overstated	(51,022)
Less: EMR donations deferred	<u>(20,172)</u>
2021 Donation Revenue, as restated	<u>376,435</u>
Adjustment to 2021 FireSmart Grant Revenue	
2021 FireSmart grant revenue, as previously stated	8,539
Add: Miscoded expenses	<u>2,180</u>
2021 FireSmart Grant Revenue, as restated	<u>10,719</u>
Adjustment to 2021 Deferred Revenue	
2021 Deferred Revenue, as previously stated	10,900
Add: EMR Donations deferred	20,173
Less: FireSmart revenue recognized	<u>(2,180)</u>

(continues)

GABRIOLA FIRE PROTECTION IMPROVEMENT DISTRICT

Notes to Financial Statements

Year Ended December 31, 2022

3. PRIOR PERIOD ADJUSTMENTS *(continued)*

	<u>2021</u>
Adjustment to 2021 Tangible Capital Assets	
2021 Tangible Capital Assets, as originally stated	5,269,331
Less: Mallet Creek Dam value adjustment	(51,022)
Add: Amortization adjustment	847
	-
	-
2021 Tangible Capital Assets, as restated	<u>5,219,156</u>
Adjustment to 2021 Surplus and Accumulated Surplus	
2021 Surplus for the Year, as originally stated	571,832
Less: Donation revenue adjustment	(71,195)
Add: Grant revenue adjustment	2,180
Add: Amortization adjustment	850
2021 Surplus, as restated	<u>503,667</u>
	-
2021 Accumulated Surplus, as originally stated	4,878,936
Less: 2021 Surplus for the Year, as originally stated	(571,832)
	-
	-
2021 Accumulated Surplus, as restated	<u>4,810,771</u>

4. DEFERRED REVENUE

The FireSmart grant was received in 2021 and was subject to external restrictions. The revenue from this grant was deferred until the related expenditures were made.

FireSmart Deferred Revenue

	<u>2022</u>	<u>2021</u> <i>Restated</i>
Opening balance, deferred revenue	\$ 8,720	\$ -
Add: Contributions received in the year	45,835	19,439
Less: Eligible expenditures in the year	(54,555)	(10,719)
Deferred FireSmart revenue, end of the year	<u>-</u>	<u>8,720</u>

Additional funding for FireSmart was received in 2022. Per the funding agreement, the expenses had to be incurred first and then reimbursed. Once the original grant had been fully recognized as revenue, the additional FireSmart funds did not result in deferred revenue.

EMR Fund Deferred Revenue

(continues)

GABRIOLA FIRE PROTECTION IMPROVEMENT DISTRICT

Notes to Financial Statements

Year Ended December 31, 2022

4. DEFERRED REVENUE *(continued)*

During 2022, the improvement district continued raising donations for Emergency Medical Responder (EMR) training. The funds received were donated for that purpose only and kept in a "training fund". The goal of \$40,000 was reached and training commenced.

These funds are restricted; they can only be used to facilitate the improvement district's firefighters obtaining their EMR certification.

This fund is also known as the Don Elkington Challenge.

Opening balance, deferred revenue	20,173	-
Add: Contributions received in the year	27,561	20,173
Less: Eligible expenditures in the year	(19,355)	-
	-	-
	-	-
Deferred EMR Fund revenue, end of the year	28,379	20,173

Gabriola Fire Improvement Protection District signed a lease with Gabriola Community Bus Foundation ("the foundation") in 2021. This lease has a ten-year term. In lieu of cash lease payments over the term, the foundation will renovate the leased property with funds received for this purpose. The maximum is the foundation's grant amount of \$187,847.

Deferred revenue is recognized when the foundation has made eligible grant expenditures. This revenue will be recognized over the lease term.

Deferred Lease Revenue

Opening balance, deferred revenue	-	-
Add: Eligible expenditures incurred by the foundation	138,351	-
Less: Revenue recognized in the year	(18,527)	-
	-	-
	-	-
Deferred Lease Revenue, end of the year	119,824	-
Deferred revenue grand total, end of the year	\$ 148,203	\$ 28,893

5. TANGIBLE CAPITAL ASSETS

<u>Cost</u>	2021 Balance <i>Restated</i>	Additions	Disposals	2022 Balance
Hall #1	\$ 4,515,953	\$ -	\$ -	\$ 4,515,953
Vehicles	1,661,249	8,721	19,024	1,650,946
Furniture & Equipment	88,700	859	-	89,559
Communications equipment	45,982	1,327	-	47,309
Firefighting Equipment	146,819	43,355	-	190,174
Hall #2	14,940	138,351	-	153,291
Water Tanks	67,807	-	-	67,807
Parking Area	2,746	-	-	2,746
Burn Building	38,681	-	-	38,681

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GABRIOLA FIRE PROTECTION IMPROVEMENT DISTRICT

Notes to Financial Statements

Year Ended December 31, 2022

5. TANGIBLE CAPITAL ASSETS *(continued)*

<u>Cost</u>	2021 Balance <i>Restated</i>	Additions	Disposals	2022 Balance
Mallet Creek Dam	356,432	-	-	356,432
EMR Equipment	-	1,558	-	1,558
	\$ 6,939,309	\$ 194,171	\$ 19,024	\$ 7,114,456

<u>Accumulated Amortization</u>	2021 Balance <i>Restated</i>	Amortization	Accumulated Amortization on Disposals	2022 Balance
Hall #1	\$ 948,291	\$ 112,899	\$ -	\$ 1,061,190
Vehicles	578,471	79,351	13,951	643,871
Furniture & Equipment	41,954	7,439	-	49,393
Communications equipment	15,063	4,609	-	19,672
Firefighting Equipment	89,716	28,085	-	117,801
Hall #2	14,940	3,459	-	18,399
Water Tanks	22,547	3,491	-	26,038
Parking Area	2,746	-	-	2,746
Burn Building	484	967	-	1,451
Mallet Creek Dam	5,941	11,881	-	17,822
EMR Equipment	-	111	-	111
	\$ 1,720,153	\$ 252,292	\$ 13,951	\$ 1,958,494

<u>Net book value</u>	2022	2021
Hall #1	\$ 3,454,763	\$ 3,567,662
Vehicles	1,007,075	1,082,778
Furniture & Equipment	40,166	46,746
Communications equipment	27,637	30,919
Firefighting Equipment	72,373	57,103
Hall #2	134,892	-
Water Tanks	41,769	45,260
Burn Building	37,230	38,197
Mallet Creek Dam	338,610	350,491
EMR Equipment	1,447	-
	\$ 5,155,962	\$ 5,219,156

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2022	2021 <i>Restated</i>
<u>Accounts Payable</u>		
Trade payables	\$ 32,417	\$ -
Accrued accounting fees	9,700	9,500
Accrued vacation and banked overtime	21,885	11,257

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GABRIOLA FIRE PROTECTION IMPROVEMENT DISTRICT

Notes to Financial Statements

Year Ended December 31, 2022

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES *(continued)*

	2022	2021 <i>Restated</i>
Payroll liabilities	9,290	6,488
Accrued interest on long-term debt	9,629	12,181
	\$ 82,921	\$ 39,426

7. LONG TERM DEBT

	2022	2021
Bylaw #78 - 2008 Firetruck loan bearing interest at 4% per annum, repayable in monthly blended payments of \$31,560. The loan matures on July 1, 2023.	\$ 30,346	\$ 59,525
Bylaw #88 - Firehall Building loan bearing interest at 2.2% per annum, repayable in monthly blended payments of \$155,100. The loan matures on July 1, 2028.	862,947	996,131
	893,293	1,055,656
Amounts payable within one year	(166,461)	(162,364)
	\$ 726,832	\$ 893,292

Principal repayment terms are approximately:

2023	\$ 166,461
2024	139,109
2025	142,170
2026	145,298
2027	148,494
Thereafter	151,761
	\$ 893,293

8. COMPARATIVE FIGURES

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

9. INVENTORY

Inventory consists of fire extinguishers held for sale. They are sold at a marginal mark-up from cost. The primary purpose of sale is to promote fire safety, not to earn a profit.

10. PREPAIDS

Prepays consist of various types of prepaid insurance covering the buildings, vehicles, and firefighters. This amount is higher in the current year as the timing of prepaids changed. Previously, the main insurance policy covered April of the current year through March of the subsequent year. The cost of insurance rose drastically in 2022, so the improvement district put off committing to another year with the same brokerage and only signed a six month policy. A full-year policy was subsequently signed in October 2022. The full-year insurance policy will now cover October of the current year to September of the subsequent year.

GABRIOLA FIRE PROTECTION IMPROVEMENT DISTRICT

Notes to Financial Statements

Year Ended December 31, 2022

11. LEASE TO GABRIOLA COMMUNITY BUS FOUNDATION

In May 2021, the improvement district signed a commercial lease agreement with the Gabriola Community Bus Foundation ("the foundation"). The lease agreement stipulates that the foundation will lease the improvement district's old fire hall for ten years from the date the contract was signed.

In exchange, the foundation will use grant money from the B.C. Community Economic Recovery Infrastructure Program to upgrade the leased structure. The grant amount is \$187,896. Due to uncertainty about valuation of the repairs and upgrades, and the percentage of completion, this asset and the related revenues were not reflected in the financial statements for 2021.

For 2022, an asset has been recognized to the extent that the foundation has incurred eligible expenditures. The improvement district has resolved the uncertainty that existed at the last year end.

A portion of this has been recorded as revenue in the year. This revenue covers the lease term to December 31, 2022. The remainder will be recognized over the lease term and has been deferred in the interim.

GABRIOLA FIRE PROTECTION IMPROVEMENT DISTRICT

Notes to Financial Statements

Year Ended December 31, 2022

12. ACCUMULATED SURPLUS

Certain amounts, approved by the Board of Trustees, are set aside in net assets for future operating and capital purposes.

Contributions to the capital reserve fund and the contingency reserve fund are approved by the Board of Trustees when the annual budget bylaw is passed. The contributions occur when the provincial levy is received the following year. The surplus attributed to the contingency and reserve funds represents any interest revenue earned on those funds in the year. The capital reserve fund is used to save for capital asset purchases. The contingency fund is to pay for unexpected expenditures that the budget cannot cover.

Contributions to the net investment in tangible capital assets are any capital assets purchased in the year. The deficit attributed to this fund represents amortization charged to the assets and the interest expense incurred on long-term debt as it relates to capital assets. Any gains or losses on disposal of assets are also captured in this fund. This fund is net of the outstanding long-term debt used to purchase capital assets.

The Training Fund represents amounts contributed by donation to upgrade the firefighters to EMRs. Contributions are the donations received in the year, and withdrawals are expenditures made to achieve that goal.

The General Fund surplus is whatever remains of net income (the current year surplus) after the surplus has been allocated to the other funds.

	General Fund	Net Investment in Tangible Capital Assets	Contingency Reserve Fund	Capital Reserve Fund	EMR Training Fund	2022	2021 <i>Restated</i>
Accumulated Surplus							
Opening Balance	\$ 174,797	\$ 4,164,095	\$ 59,086	\$ 392,617	\$ 20,176	\$ 4,810,771	\$ 4,307,104
Inter-Fund Transfers							
Contributions	-	239,928	5,000	146,750	27,561	419,239	1,161,053
Withdrawals	(297,311)	-	(46,750)	(55,820)	(19,358)	(419,239)	(1,161,053)
	(122,514)	4,404,023	17,336	483,547	28,379	4,810,771	4,307,104
Current Year Surplus	317,737	(266,945)	-	2,149	-	52,941	503,667
	-	-	-	-	-	-	-
Accumulated Surplus, ending balance	\$ 195,223	\$ 4,137,078	\$ 17,336	\$ 485,696	\$ 28,379	\$ 4,863,712	\$ 4,810,771

During the year, \$46,750 was transferred from the contingency fund to the capital reserve fund. This transfer was authorized in 2020 to cover the expense of a replacement roof in the year. The net effect on the accumulated surplus is nil, as it represents inter-fund transfers, not a change to revenue or expenditure.

The funds for the contingency reserve, capital reserve, and the EMR training fund are held in separate bank accounts. The EMR training fund is externally restricted, while the contingency reserve fund and capital reserve fund are designated assets.