

**GABRIOLA FIRE PROTECTION DISTRICT**  
**Financial Statements**  
**Year Ended December 31, 2020**

GABRIOLA FIRE PROTECTION DISTRICT

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Year Ended December 31, 2020

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Gabriola Fire Protection District

*Report on the Financial Statements*

*Opinion*

We have audited the financial statements of Gabriola Fire Protection District (the organization), which comprise the statement of financial position as at December 31, 2020, 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 organization as at December 31, 2020, 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 organization 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 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.

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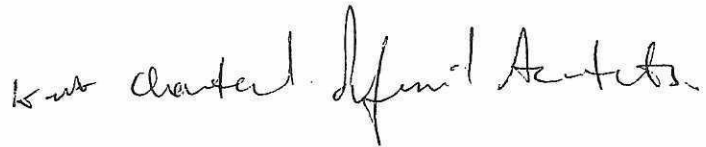
*Auditor's Responsibilities for the Audit of the Financial Statements*

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 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 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 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.



Lantzville, British Columbia

June 15, 2021

KMA CHARTERED PROFESSIONAL ACCOUNTANTS

GABRIOLA FIRE PROTECTION IMPROVEMENT DISTRICT  
Statement of Financial Position  
December 31, 2020

	Dec-31 2020	Dec-31 2019
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 5)	\$ 919,417	\$ 997,082
Interest receivable	\$ 202	\$ 202
GST receivable	16,219	4,553
	<u>935,838</u>	<u>1,001,837</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 8)	29,069	45,076
Payroll remittances payable (Note 8)	2,732	3,532
Debt (Note 3)	1,214,051	1,368,521
	<u>1,245,851</u>	<u>1,417,129</u>
<b>NET DEBT</b>	<u>(310,013)</u>	<u>(415,292)</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 7)	4,598,535	4,566,189
Prepaid expenses	18,582	17,161
	<u>4,617,118</u>	<u>4,583,350</u>
<b>ACCUMULATED SUPLUS</b>	<u>\$ 4,307,104</u>	<u>\$ 4,168,058</u>

Approved by the Trustees:

\_\_\_\_\_  
Trustee

\_\_\_\_\_  
Trustee

**GABRIOLA FIRE PROTECTION IMPROVEMENT DISTRICT**  
**Statement of Operations**  
**For the year ended December 31, 2020**

	2020 Budget (Unaudited)	2020 <i>Actual</i>	2019 <i>Actual</i>
<b>REVENUES</b>			
Provincial levy	\$ 683,600	\$ 683,600	\$ 669,480
Capital tax advance	-	186,660	210,642
Interest income	-	4,209	6,498
	<u>\$ 683,600</u>	<u>\$ 874,469</u>	<u>\$ 886,620</u>
<b>EXPENSES</b>			
Amortization	\$ -	\$ 210,978	\$ 203,682
Gabriola Volunteer Firefighters Association	6,000	6,000	6,000
Insurance	40,000	48,069	34,206
Interest and bank charges	-	409	827
Interest on long term debt	-	30,204	34,482
Office	10,000	11,014	17,484
Training	30,000	18,429	17,748
Truck operating costs	45,000	51,108	53,873
Repairs and maintenance - supplies & fire safety	33,500	34,587	44,939
Professional fees	12,000	10,100	15,282
Repairs and maintenance - building	7,500	19,482	13,101
Wages and benefits	296,600	256,245	304,779
Supplies & fire safety	19,000	8,814	51,618
Telephone	7,000	5,914	7,979
Travel	-	826	505
Utilities	27,000	22,079	22,117
	<u>533,600</u>	<u>734,257</u>	<u>828,622</u>
<b>SURPLUS FOM OPERATIONS</b>	<b>150,000</b>	<b>140,211</b>	<b>57,998</b>
<b>OTHER INCOME (LOSS)</b>			
Loss on disposal of tangible capital assets	-	(1,165)	(3,700)
	-	(1,165)	(3,700)
<b>SURPLUS FOR THE YEAR</b>	<b>150,000</b>	<b>139,046</b>	<b>54,298</b>
Accumulated surplus, beginning of year	4,168,058	4,168,058	4,113,760
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ 4,318,058</b>	<b>\$ 4,307,104</b>	<b>\$ 4,168,058</b>

GABRIOLA FIRE PROTECTION IMPROVEMENT DISTRICT  
Statement of Changes in Accumulated Surplus  
For the year ended December 31, 2020

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	2020	2019
ACCUMULATED SURPLUS, BEGINNING OF YEAR	\$ 4,168,058	\$ 4,113,760
ANNUAL SURPLUS	139,046	54,298
ACCUMULATED SURPLUS, END OF YEAR	\$ 4,307,104	\$ 4,168,058

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**GABRIOLA FIRE PROTECTION IMPROVEMENT DISTRICT**  
**Statement of Changes in Net Debt**  
**For the year ended December 31, 2020**

	2020 Budget (Unaudited)	2020 <i>Actual</i>	2019 <i>Actual</i>
<b>SURPLUS (DEFICIT) FOR THE YEAR</b>	\$ 150,000	\$ 139,046	\$ 54,298
Purchase of tangible capital assets	(19,000)	(243,324)	(95,023)
Amortization of tangible capital assets	-	210,978	203,682
	131,000	106,700	162,957
Acquisition of prepaid expenses	-	(18,582)	(17,161)
Use of prepaid expenses	-	17,161	15,163
	-	(1,421)	(1,999)
Increase in the net financial assets	131,000	105,279	160,958
Net financial assets (debt), beginning of year	(415,292)	(415,292)	(576,250)
<b>NET DEBT, END OF YEAR</b>	\$ (284,292)	\$ (310,013)	\$ (415,292)



**GABRIOLA FIRE PROTECTION IMPROVEMENT DISTRICT**  
**Statement of Cash Flows**  
**For the year ended December 31, 2020**

	2020	2019
<b>OPERATING</b>		
Surplus for the year	\$ 139,046	\$ 54,298
Items not involving cash:		
Amortization of tangible capital assets	210,978	203,682
	<b>350,024</b>	<b>257,980</b>
Change in non-cash operating assets and liabilities		
GST receivable	(11,666)	(4,225)
Interest receivable	-	228
Accounts payable	(16,007)	(6,848)
Prepaid expenses	(1,421)	(1,079)
Payroll remittances payable	(800)	(604)
Cash provided (used) by operating transactions	\$ 320,129	\$ 245,452
<b>CAPITAL</b>		
Purchase of tangible capital assets	\$ (243,324)	\$ (95,023)
Cash used by capital transactions	\$ (243,324)	\$ (95,023)
<b>FINANCING</b>		
Repayment of debt	(154,470)	(173,834)
Cash provided (used) by financing transactions	\$ (154,470)	(173,834)
(Decrease) Increase in cash and cash equivalents	(77,665)	(3,720)
Cash and cash equivalents - beginning of year	997,082	1,000,802
Cash and cash equivalents - end of year	\$ 919,417	\$ 997,082

# GABRIOLA FIRE PROTECTION DISTRICT

## Notes to Financial Statements

Year Ended December 31, 2020

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### 1. PURPOSE OF THE IMPROVEMENT DISTRICT

Gabriola Fire Protection District (the "organization") is a not-for-profit organization of British Columbia. As a registered charity the organization is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The organization operates to provide firefighting services to Gabriola Island.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Accounting

These financial statements are prepared by management in accordance with Canadian public sector accounting standards for local governments as established by the Canadian Public Sector Accounting Board.

#### Revenue Recognition

Interest and property tax revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. A provincial levy is received annually from the Province of British Columbia resulting in revenues recognized as received.

Donation revenues are recognized as revenue in the period the cash is received.

#### Contributed Services

Contributed services from volunteers are a great benefit to the Improvement District. Because of the difficulty in determining the fair value of their time, contributed services are not recognized in these financial statements.

#### 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.

#### 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 the cost is greater than \$500, and the useful life is greater than one year. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset. When historical costs were not available, other methods were used to estimate the cost and accumulated amortization of the assets. The Improvement District applied a consistent method of estimating the fair value of tangible capital assets for which it did not have historical costs.

Buildings	40 years	straight-line method
Motor vehicles	20 years	straight-line method
Furniture, Fixtures and Equipment	10 to 30 years	straight-line method
Computer equipment	5 years	straight-line method
Furniture, Fixtures and Equipment	5 to 15 years	straight-line method
Water tanks	10 to 20 years	straight-line method
Parking area	5 years	straight-line method
Dam, Water Management Systems	40 years	straight-line method

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# GABRIOLA FIRE PROTECTION DISTRICT

## Notes to Financial Statements

Year Ended December 31, 2020

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

Amortization is not taken until the asset is in use. Amortization is taken at one-half the normal rate in the first year.

Donated capital assets that are used in the normal operations of the District and that would have otherwise been purchased by the District are capitalized at their FMV on the date of contribution if other capitalization criteria have been met.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Improvement District's ability to provide services, or when the value of future economic benefits associated with the tangible capital asset are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations.

#### 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

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 payable and accrued liabilities	Other Liabilities
Long-term debt	Other Liabilities

Cash instruments of the Improvement District measured at their fair value.

#### Other Financial Liabilities

Accounts payable and accrued liabilities, and long-term debt are designated as other financial liabilities and measured at amortized cost.

#### Environment 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 December 31, 2020.

#### 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

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**GABRIOLA FIRE PROTECTION DISTRICT**

**Notes to Financial Statements**

**Year Ended December 31, 2020**

3. LONG TERM DEBT

	<u>2020</u>	<u>2019</u>
Bylaw #78 - 2008 Firetruck loan bearing interest at 4% per annum. The loan matures on July 1, 2023.	\$ 87,582	\$ 114,559
Bylaw #88 - Firehall Building loan bearing interest at 2.2% per annum. The loan matures on July 1, 2028.	<u>1,126,449</u>	<u>1,253,942</u>
	1,214,031	1,368,501
Amounts payable within one year	<u>(158,374)</u>	<u>(154,490)</u>
	<u>\$ 1,055,657</u>	<u>\$ 1,214,011</u>

Principal repayment terms are approximately:

2021	\$ 158,374
2022	162,364
2023	166,461
2024	139,109
2025	142,170
Thereafter	<u>445,553</u>
	<u>\$ 1,214,031</u>

**GABRIOLA FIRE PROTECTION DISTRICT**

**Notes to Financial Statements**

**Year Ended December 31, 2020**

**4. ACCUMULATED SURPLUS**

Certain amounts, as approved by the Board of Trustees, are set aside in net assets for future operating and capital purposes. Transfers to/from funds and reserves are an adjustment to the respective fund when approved by the Board of Trustees.

Revenues and expenses related to operations and administrative activities are reported in the Operating Fund.

The Net Investment in Tangible Capital Assets Fund represents the net book value of capital assets less debt owing on capital assets.

The Capital Reserve Fund is used by the Improvement District to save for major tangible capital asset purchases.

The Contingency Fund is used by the District to save for any unforeseen breakdowns, damages and/or other repairs that may be required.

	General Fund	Net Investment In Tangible Capital Assets	Contingency Reserve Fund	Capital Reserve Fund
2019 Balance	\$ 190,019	\$ 3,197,373	\$ 57,049	\$ 723,618
Surplus	378,688	(241,440)	2,037	1,760
Contributions	-	429,163	-	150,000
Withdrawals	(407,163)	-	-	(172,000)
2020 Balance	\$ 161,544	\$ 3,385,096	\$ 59,086	\$ 703,378

**5. CASH**

	2020	2019
Cash	\$ 156,953	\$ 216,415
Restricted Cash	762,464	780,667
	\$ 919,417	\$ 997,082

Restricted cash is funds held in the Capital and Contingency Reserve Fund (Note 4)

**6. SUBSEQUENT EVENTS**

The organization has engaged in ongoing discussions regarding dam and water rights. The details of the transaction are still uncertain as of the audit report date. Major uncertainties arise relating to the valuation of the assets and the ownership structure.

GABRIOLA FIRE PROTECTION IMPROVEMENT DISTRICT  
Notes to Financial Statements  
For the year ended December 31, 2020

7. TANGIBLE CAPITAL ASSETS

	Land	Buildings	Vehicles	Furniture and equipment	Firefighting equipment	Water Tanks	Parking Area	2020 Total
<b>Cost:</b>								
Opening balance	\$ 1	\$ 4,480,371	\$ 1,072,789	\$ 107,695	\$ 109,806	\$67,807	\$ 2,746	\$ 5,841,215
Additions	-	50,522	164,126	8,528	21,314	-	-	244,490
Disposals	-	-	-	-	(2,590)	-	-	(2,590)
Closing Balance	1	4,530,893	1,236,915	116,223	128,530	67,807	2,746	6,083,115
<b>Accumulated Amortization:</b>								
Opening Balance	-	738,065	447,486	36,652	34,788	15,565	2,471	1,275,027
Amortization	-	112,267	58,469	9,554	26,922	3,491	275	210,978
Disposals	-	-	-	-	(1,425)	-	-	(1,425)
Closing Balance	-	850,332	505,955	46,206	60,285	19,056	2,746	1,484,580
<b>Net book value</b>	<b>\$ 1</b>	<b>\$ 3,680,561</b>	<b>\$ 730,960</b>	<b>\$ 70,017</b>	<b>\$ 68,245</b>	<b>\$48,751</b>	<b>\$ -</b>	<b>\$ 4,598,535</b>

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2020 <u>Actual</u>	2019 <u>Actual</u>
Trade accounts payable	\$ 88	\$ 11,352
Accrued wages and vacation payable	6,089	10,896
Payroll remittances payable	2,732	3,532
Accrued accounting fees	8,750	6,700
Accrued interest on long-term debt	14,142	16,128
	<b>\$ 31,800</b>	<b>\$ 48,608</b>