

The Corporation of the Village of Slocan
2025 STATEMENT OF FINANCIAL INFORMATION

Statement of Financial Information (SOFI)
THE CORPORATION OF THE VILLAGE OF SLOCAN
Fiscal Year Ended December 31, 2025

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Statement of Financial Information (SOFI)

THE CORPORATION OF THE VILLAGE OF SLOCAN

Fiscal Year Ended December 31, 2025

Statement of Financial Information Approval

We, the undersigned, approve the attached statements and schedules included in this Statement of Financial Information, produced under the Financial Information Act.

Jessica Lunn
Mayor



Nathan Russ, CPA, CMA
Chief Financial Officer

Statement of Financial Information (SOFI)

THE CORPORATION OF THE VILLAGE OF SLOCAN

Fiscal Year Ended December 31, 2025

Management Report

The Financial Statements contained in this Statement of Financial Information under the *Financial Information Act* have been prepared by management in accordance with generally accepted accounting principles and the integrity and objectivity of these statements are management's responsibility.

Management is also responsible for all other schedules of financial information and for ensuring this information is consistent, where appropriate, with the information contained in the financial statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Mayor and Council are responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and for approving the financial information included in the Statement of Financial Information.

The external auditors, Grant Thornton LLP, conduct an independent examination, in accordance with generally accepted auditing standards, and express their opinion on the financial statements. Their examination does not relate to the other schedules of financial information required by the *Financial Information Act*. Their examination includes a review and evaluation of the Village's system of internal control and appropriate tests and procedures to provide reasonable assurance that the financial statements are presented fairly.

On behalf of The Corporation of the Village of Slocan



Nathan Russ, CPA, CMA
Chief Financial Officer
May 30, 2025

THE CORPORATION OF THE VILLAGE OF SLOCAN
FINANCIAL STATEMENTS
DECEMBER 31, 2025

THE CORPORATION OF THE VILLAGE OF SLOCAN
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For the Year Ended December 31, 2025

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THE CORPORATION OF THE VILLAGE OF SLOCAN

MANAGEMENT REPORT

For the Year Ended December 31, 2025

RESPONSIBILITY FOR FINANCIAL REPORTING

Management is responsible for the preparation of the accompanying financial statements. The financial statements have been prepared in accordance with the accounting principles disclosed in Note 1 to the financial statements and include amounts that are based on estimates and judgments. Management believes that the financial statements fairly present The Corporation of the Village of Slocan's financial position and results of operations. The integrity of the information presented in the financial statements, including estimates and judgments relating to matters not concluded by fiscal year-end, is the responsibility of management. The financial statements have been approved by Council.

Management has established and maintained appropriate systems of internal control including policies and procedures, which are designed to provide reasonable assurance that The Corporation of the Village of Slocan's assets are safeguarded and that reliable financial records are maintained to form a proper basis for preparation of the financial statements.

The independent external auditors, Doane Grant Thornton LLP, have been appointed by Council to express an opinion as to whether the financial statements present fairly, in all material respects, The Corporation of the Village of Slocan's financial position, results of operations, and changes in financial position in conformity with the accounting principles disclosed in Note 1 to the financial statements. The report follows and outlines the scope of their examination and their opinion on the financial statements.



Nathan Russ, CPA, CMA
Financial Officer

Independent auditor's report

To the Mayor and Council of
The Corporation of the Village of Slocan

Opinion

We have audited the financial statements of the Corporation of the Village of Slocan (“the Village”), which comprise the statement of financial position as at December 31, 2025, and the statements of operations, 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 Corporation of the Village of Slocan as at December 31, 2025, and its results of operations, its changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 Village in accordance with the 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.

Other Matter – Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. Exhibit 1 is presented for the purposes of additional information and is not a required part of the financial statements. Such information has not been subject to the auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion thereon.

Other Matter – Predecessor Auditor

The financial statements of the Village for the year ended December 31, 2024, were audited by another firm of Chartered Professional Accountants who expressed an unmodified opinion on those statements on May 5, 2025.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, 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 Village's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Village or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Village'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 Village'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 Village'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 Village 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.

Castlegar, Canada
May 4, 2026

Doane Grant Thornton LLP

Chartered Professional Accountants

THE CORPORATION OF THE VILLAGE OF SLOCAN
STATEMENT OF FINANCIAL POSITION

As at December 31, 2025

	<u>2025</u>	<u>2024</u>
Financial Assets		
Cash and cash equivalents (Note 2)	\$ 3,405,832	\$ 3,755,855
Accounts receivable (Note 3)	<u>180,380</u>	<u>228,545</u>
	<u>3,586,212</u>	<u>3,984,400</u>
Financial Liabilities		
Accounts payable and accrued liabilities (Note 4)	101,227	165,463
Deferred revenue (Note 5)	1,349,007	1,505,155
Debt (Note 6)	600,000	600,000
Asset retirement obligations (Note 7)	<u>220,387</u>	<u>210,551</u>
	<u>2,270,621</u>	<u>2,481,169</u>
Net Financial Assets	1,315,591	1,503,231
Non-Financial Assets		
Tangible capital assets (Note 8)	6,008,333	5,510,624
Prepaid expenses	<u>51,031</u>	<u>40,708</u>
	<u>6,059,364</u>	<u>5,551,332</u>
Accumulated Surplus (Note 9)	<u>\$ 7,374,949</u>	<u>\$ 7,054,563</u>

Commitments and Contingencies (Note 13)



Nathan Russ, CPA, CMA
Financial Officer

THE CORPORATION OF THE VILLAGE OF SLOCAN

STATEMENT OF OPERATIONS

For the Year Ended December 31, 2025

	<u>2025 Budget</u> (Note 17)	<u>2025</u>	<u>2024</u>
Revenue			
Taxes	\$ 255,546	\$ 258,194	\$ 243,000
Sale of services	131,900	148,448	102,355
Other revenue from own sources	198,405	54,078	62,991
Investment income	26,000	77,758	85,687
Government transfers - unconditional (Note 14)	341,000	318,000	356,000
Government transfers - conditional (Note 14)	1,481,647	391,587	189,956
Water user fees	<u>158,747</u>	<u>161,724</u>	<u>145,182</u>
	<u>2,593,245</u>	<u>1,409,789</u>	<u>1,185,171</u>
Expenses			
General government	629,605	368,552	378,500
Protective services	5,500	4,100	500
Transportation services	207,412	188,186	158,895
Environmental health services	31,835	28,259	24,653
Public health and welfare services	12,200	7,964	9,864
Parks, recreation and cultural services	132,821	131,864	94,228
Interest and other debt charges	30,000	20,428	36,852
Water utility operations	111,020	144,687	104,907
Amortization	180,000	185,525	171,641
Accretion	<u>-</u>	<u>9,836</u>	<u>9,509</u>
	<u>1,340,393</u>	<u>1,089,401</u>	<u>989,549</u>
Annual surplus	1,252,852	320,388	195,622
Accumulated surplus, beginning of the year	<u>7,054,561</u>	<u>7,054,561</u>	<u>6,858,939</u>
Accumulated surplus, end of the year	<u>8,307,413</u>	<u>7,374,949</u>	<u>7,054,561</u>

The accompanying summary of significant accounting policies and notes form an integral part of these consolidated financial statements

THE CORPORATION OF THE VILLAGE OF SLOCAN
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

For the Year Ended December 31, 2025

	<u>2025 Budget</u>	<u>2025</u>	<u>2024</u>
Annual surplus	\$ 1,252,852	\$ 320,388	\$ 195,622
Acquisition of tangible capital assets	(1,299,332)	(683,234)	(155,499)
Amortization of capital assets	<u>180,000</u>	<u>185,525</u>	<u>171,641</u>
	133,520	(177,321)	211,764
Acquisition of prepaid expenses	<u>-</u>	<u>(10,319)</u>	<u>(8,185)</u>
Increase (decrease) in net financial assets	133,520	(187,640)	203,579
Net financial assets, beginning of year	<u>1,503,231</u>	<u>1,503,231</u>	<u>1,299,652</u>
Net financial assets, end of the year	\$ <u>1,636,751</u>	\$ <u>1,315,591</u>	\$ <u>1,503,231</u>

The accompanying summary of significant accounting policies and notes form an integral part of these consolidated financial statements

THE CORPORATION OF THE VILLAGE OF SLOCAN**STATEMENT OF CASH FLOWS**For the Year Ended December 31, 2025

	<u>2025</u>	<u>2024</u>
Cash Provided by (Used In)		
Operating Activities		
Annual surplus	\$ 320,388	\$ 195,622
Items not involving cash:		
Amortization of tangible capital assets	185,525	171,641
Accretion	<u>9,836</u>	<u>9,509</u>
	515,749	376,772
Increase (decrease) in non-cash operating items:		
Accounts receivable	48,165	(67,046)
Accounts payable and accrued liabilities	(64,236)	70,302
Deferred revenue	(156,148)	1,147,535
Prepaid expenses	<u>(10,319)</u>	<u>(8,185)</u>
	<u>333,211</u>	<u>1,519,378</u>
Financing Activities		
Long-term debt repayment	-	(100,000)
Capital Activities		
Acquisition of tangible capital assets	<u>(683,234)</u>	<u>(155,499)</u>
Net increase (decrease) in Cash	(350,023)	1,263,879
Cash and cash equivalents, beginning of year	<u>3,755,855</u>	<u>2,491,976</u>
Cash and cash equivalents, end of year	<u>\$ 3,405,836</u>	<u>\$ 3,755,855</u>

The accompanying summary of significant accounting policies and notes form an integral part of these consolidated financial statements

THE CORPORATION OF THE VILLAGE OF SLOCAN

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

1. Significant Accounting Policies

The Corporation of the Village of Slocan (the "Village") is a local government in the Province of British Columbia. The financial statements have been prepared in accordance with Canadian public sector accounting standards.

The following is a summary of the Village's significant accounting policies:

(a) 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. Taxation revenues are recognized at the time of issuing the property tax notices for the fiscal year. Sale of services and user fee revenues are recognized when the service or product is rendered by the Village.

Grant revenues are recognized when the funding becomes receivable. Revenue unearned in the current period is recorded as deferred revenue.

(b) Deferred Revenue

Deferred revenue represents funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes as well as licenses, permits, other fees and grants which have been collected, but for which the related services have not been performed and or projects have not been constructed. These amounts will be recognized as revenues in the fiscal year in which they are used for the specified purpose, the services are performed and or the projects are constructed.

(c) Government Transfers

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates can be made.

(d) Financial Instruments

The Village's financial instruments consist of cash and cash equivalents, accounts receivable, debt, accounts payable and accrued liabilities. It is management's opinion that the Village is not exposed to significant interest, currency, liquidity, or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values.

(e) Tangible Capital Assets

Tangible capital assets, comprised of capital assets and capital assets under construction, are recorded at cost and are classified according to their functional use. Amortization is recorded on a straight-line basis over the estimated useful life of the asset commencing the year the asset is put into service. Donated tangible capital assets are reported at fair value at the time of donation. Estimated useful lives are as follows:

Land Improvements	15 to 30 years
Buildings	10 to 50 years
Fixtures, Furniture, Equipment & Vehicles	5 to 25 years
Engineering Infrastructure	5 to 50 years
Roads and Paving	20 to 50 years
Bridges and Other Transportation Structures	40 to 50 years
Water Infrastructure	10 to 60 years

THE CORPORATION OF THE VILLAGE OF SLOCAN

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

1. Significant Accounting Policies (continued)

(f) 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.

(g) Statutory Reserves

Statutory reserves are funds that have been restricted by Council. Formal establishing bylaws have been adopted pursuant to the Community Charter, which define how these reserves are to be used.

(h) Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting period. Significant areas requiring estimates include the useful lives of tangible capital assets for amortization, allowance for doubtful accounts, provision for contingencies, and timing and extent of future asset retirement obligations. Actual results could differ from management's best estimates as additional information becomes available in the future.

(i) Budget

Budget data presented in these financial statements is based on the Village's Five Year Financial Plan for the years 2025-2029, adopted by Council on May 5th, 2025.

(j) Liability for Contaminated Sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use and all of the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the Village is directly responsible, or accepts responsibility;
- it is expected that a future economic benefit will be given up; and
- a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance, and monitoring that are an integral part of the remediation strategy for a contaminated site.

There are no liabilities to be recorded as at December 31, 2025.

(k) Segments

The Village conducts its business through a number of reportable segments. These operating segments are established by senior management to facilitate the achievement of the Village's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

THE CORPORATION OF THE VILLAGE OF SLOCAN

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

1. Significant Accounting Policies (continued)

(l) Asset retirement obligations

An asset retirement obligation is a legal obligation associated with the retirement of a tangible capital asset that the Village will be required to settle. The Village recognizes asset retirement obligations when there is a legal obligation to incur retirement costs in relation to a tangible capital asset, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made.

Asset retirement obligations are initially measured at the best estimate of the amount required to retire a tangible capital asset at the financial statement date. The estimate of a liability includes costs directly attributable to asset retirement activities.

Asset retirement obligations are recorded as liabilities with a corresponding increase to the carrying amount of the related tangible capital asset. The obligation is adjusted to reflect period-to-period changes in the liability resulting from the passage of time and for revisions to either the timing or the amount of the original estimate of the undiscounted cash flows or the discount rate.

2. Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position are comprised of:

	<u>2025</u>	<u>2024</u>
Cash	\$ 3,252,220	\$ 3,606,069
MFA bond and money market funds	<u>153,612</u>	<u>149,786</u>
	<u>\$ 3,405,832</u>	<u>\$ 3,755,855</u>

Municipal Finance Authority (MFA) pooled investment funds are considered equivalent to cash because of their liquidity.

3. Accounts Receivable

	<u>2025</u>	<u>2024</u>
Property taxes	\$ 122,816	\$ 110,320
Utility billings	22,140	16,843
Other governments	8,601	2,537
Trade & other receivables	<u>26,823</u>	<u>98,845</u>
	<u>\$ 180,380</u>	<u>\$ 228,545</u>

THE CORPORATION OF THE VILLAGE OF SLOCAN
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

4. Accounts Payable and Accrued Liabilities

	<u>2025</u>	<u>2024</u>
Trades payable	\$ 52,797	\$ 128,034
Due to other government	23,640	21,311
Accrued wages and benefits	<u>24,790</u>	<u>16,118</u>
	<u>\$ 101,227</u>	<u>\$ 165,463</u>

5. Deferred Revenue

	<u>Opening Balance</u>	<u>Contributions Received (Returned)</u>	<u>Revenue Recognized</u>	<u>Ending Balance</u>
Federal Gas tax grant *	\$ -	\$ 80,669	\$ (80,669)	\$ -
Other grants and contributions	1,480,421	151,718	(310,919)	1,321,220
Prepaid licenses and fees	<u>24,734</u>	<u>27,787</u>	<u>(24,734)</u>	<u>27,787</u>
	<u>\$ 1,505,155</u>	<u>\$ 260,174</u>	<u>\$ (416,322)</u>	<u>\$ 1,349,007</u>

* The Federal Gas tax grant is recognized into revenue and immediately transferred into the Community Works fund.

6. Debt

In the year ended December 31, 2020, the Village undertook short-term financing from the Municipal Finance Authority in the amount \$845,000 to acquire the Slocan Mill Site. This loan is an interest only loan which was originally repayable by December 18, 2025. During the year, the Village requested and was approved for a one-year extension on the loan's repayable date. The new repayable date is December 19th 2026. As at December 31, 2025, the variable rate of interest on the loan was 2.85% (2024 - 4.05%) per annum. The loan balance as of December 31, 2025 is \$600,000 (2024 - \$600,000).

7. Asset Retirement Obligations

Existing laws and regulations require the Village to take specific actions regarding the removal and disposal of certain capital assets at the end of their useful life. Asset retirement obligations related to buildings, sewer, and storm sewer infrastructure capital assets are amortized over the remaining expected useful life of the related assets.

Estimated costs totaling \$533,234 using an inflation rate of 3.5% have been discounted using a present value calculation with a discount rate of 4.73%. The discount rate used was based on borrowing rate for liabilities with similar risks and maturity. The timing of these expenditures is estimated to occur between 2026 and 2062 with the regular replacement, renovation, or disposal of assets. No recoveries are expected at this time.

THE CORPORATION OF THE VILLAGE OF SLOCAN
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

7. **Asset Retirement Obligations** (continued)

The following is a summary of asset retirement obligation transactions for the year:

	<u>2025</u>	<u>2024</u>
Opening asset retirement obligation	\$ 210,551	\$ 201,042
Increase due to accretion	9,836	9,509
Closing asset retirement obligation	<u>\$ 220,387</u>	<u>\$ 210,551</u>

8. **Tangible Capital Assets**

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2025 Net Book Value</u>	<u>2024 Net Book Value</u>
Land	\$ 2,373,248	\$ -	\$ 2,373,248	\$ 2,306,312
Buildings	952,136	445,623	506,512	531,491
Engineering infrastructure	2,140,910	659,469	1,481,441	1,055,150
Machinery & equipment	650,765	499,456	151,309	145,492
Transportation infrastructure	564,211	230,156	334,055	338,236
Water infrastructure	<u>2,110,688</u>	<u>948,921</u>	<u>1,161,768</u>	<u>1,133,943</u>
	<u>\$ 8,791,958</u>	<u>\$ 2,783,625</u>	<u>\$ 6,008,333</u>	<u>\$ 5,510,624</u>

See Schedule A - Statement of tangible capital assets for more information.

9. **Accumulated Surplus**

	<u>2025</u>	<u>2024</u>
Reserves		
Capital equipment	\$ 321,708	\$ 279,823
Community works fund	174,301	252,451
Growing communities	397,125	502,617
Land sales	13,525	13,066
Water infrastructure	<u>38,149</u>	<u>36,860</u>
	<u>944,808</u>	<u>1,084,817</u>
Operating		
General	1,140,935	1,087,537
Water	<u>101,258</u>	<u>182,135</u>
	<u>1,242,193</u>	<u>1,269,672</u>
Invested in tangible assets	<u>5,187,948</u>	<u>4,700,074</u>
Total Accumulated Surplus	<u>\$ 7,374,949</u>	<u>\$ 7,054,563</u>

THE CORPORATION OF THE VILLAGE OF SLOCAN

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

10. Trust Funds

The Cemetery Care Trust Fund is not reported in these financial statements. The following is a summary of Trust Fund transactions for the year:

	<u>2025</u>	<u>2024</u>
Balances, beginning of year	\$ 20,183	\$ 19,665
Contributions received	30	270
Interest earned	<u>824</u>	<u>248</u>
	21,037	20,183
Expenses, transfers	<u>-</u>	<u>-</u>
Balances, end of year	<u>\$ 21,037</u>	<u>\$ 20,183</u>

11. Taxes Levied For Other Paid Authorities

In addition to taxes levied for municipal purposes, the Village is legally obligated to collect and remit taxes levied for the following authorities. These collections and remittances are not recorded as revenue and expenses.

	<u>2025</u>	<u>2024</u>
Provincial Government - School taxes	\$ 176,333	\$ 184,806
Provincial Government - Police taxes	26,945	27,276
Regional District of Central Kootenay	209,986	212,528
West Kootenay Boundary Hospital District	16,761	17,884
British Columbia Assessment Authority	4,108	4,270
Municipal Finance Authority	<u>21</u>	<u>23</u>
	<u>\$ 434,154</u>	<u>\$ 446,787</u>

12. Pension Plan

The Village of Slocan and its employees contribute to the Municipal Pension Plan (a jointly trusted pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of the assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits provided are based on a formula. As at December 31, 2025, the plan has about 273,000 active members and approximately 133,000 retired members. Active members include approximately 47,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent valuation of the Municipal Pension Plan at December 31, 2024, indicated a \$2,675 million funding surplus for basic pension benefits on a going concern basis.

The next valuation will be as at December 31, 2027 with results available in 2028.

The Village of Slocan paid \$17,004 (2024 - \$21,915) for employer contributions to the plan in fiscal 2025.

THE CORPORATION OF THE VILLAGE OF SLOCAN

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

13. Pension Plan (continued)

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the Plan in aggregate with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

13. Commitments and Contingencies

Regional District debt

Regional District debt is, under the provisions of the Community Charter of B.C., a direct, joint and several liability of the District and each member municipality within the District including the Village of Slocan.

Reciprocal Insurance Exchange Agreement

The Village is a subscribed member of the Municipal Insurance Association of British Columbia (The "Exchange") as provided by Section 3.02 of the Insurance Act of British Columbia. The main purpose of the exchange is to pool the risks of liability so as to lessen the impact upon any subscriber. Under the Reciprocal Insurance Exchange agreement, the Village is assessed a premium and specific deductible based on population and claims experience. The obligation of the Village with respect to the Exchange and/or contracts and obligations entered into by the Exchange on behalf of its subscribers in connection with the Exchange are in every case several and not joint and several. The Village irrevocably and unconditionally undertakes and agrees to indemnify and save harmless the other subscribers against liability losses and costs which the other Subscriber may suffer.

Contaminated Sites

In the year ended December 31, 2020, the Village acquired the "Slocan Mill Site" lands, a decommissioned sawmill with all former structures substantially removed. A third party investigation of the site identified areas of potential environmental concern that would require remediation prior to any development of the lands. Estimated costs for remediation are between \$350,000 and \$500,000, depending on the scope of work required.

The Village is currently discussing options for the Mill Site lands, including consultation with residents and other stakeholders. To date, no decision has been made as to the future of the property, and no action has been taken that would precipitate a requirement to initiate remediation, per provincial regulations. A liability for contaminated sites has not been recorded since it cannot be determined at this time whether future economic benefits will be given up to remediate the contamination

14. Government Transfers

Government transfers received during the year were composed of the following:

	2025	2025	2024	2024
	<u>Unconditional</u>	<u>Conditional</u>	<u>Unconditional</u>	<u>Conditional</u>
Federal government	\$ -	\$ -	\$ -	\$ -
Provincial government	318,000	80,669	356,000	80,669
Regional/other	-	310,918	-	109,287
	<u>\$ 318,000</u>	<u>\$ 391,587</u>	<u>\$ 356,000</u>	<u>\$ 189,956</u>

THE CORPORATION OF THE VILLAGE OF SLOCAN
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

15. **Segments**

The Village provides a range of services to its citizens. For each reported segment, the revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

Refer to Schedule B - Schedule of Segmented Information.

16. **Budget Data**

The reconciliation of the approved budget for the current year to the budget figures reported in these financial statement is as follows:

	<u>2025</u>
Budget surplus per Statement of Operations	\$ 1,252,852
Less: Capital expenditures	2,199,332
Debt principal repayments	100,000
Budgeted transfers to reserves	112,168
Add: Budgeted transfers from surplus & reserves	978,648
Amortization	180,000
Debt proceeds	-
Net annual budget	<u>\$ -</u>

THE CORPORATION OF THE VILLAGE OF SLOCAN
SCHEDULE A - STATEMENT OF TANGIBLE CAPITAL ASSETS

For the Year Ended December 31, 2025

	Opening Balance	Additions & Reallocation of Assets Under Construction	Disposals	Closing Balance	Accumulated Amortization Opening Balance	Amortization Expense	Reduction on Disposals	Accumulated Amortization Closing Balance	Net Carrying Amount End of year
Tangible Capital Assets									
Land	\$ 2,306,312	\$ 66,936	\$ -	\$ 2,373,248	\$ -	\$ -	\$ -	\$ -	\$ 2,373,248
Buildings	952,136	-	-	952,136	420,645	24,978	-	445,623	506,513
Engineering infrastructure	1,657,310	483,600	-	2,140,910	602,160	57,309	-	659,469	1,481,441
Machinery & equipment	623,559	27,206	-	650,765	478,067	21,389	-	499,456	151,309
Transportation infrastructure	556,633	7,578	-	564,211	218,397	11,759	-	230,156	334,055
Water infrastructure	<u>2,012,774</u>	<u>97,914</u>	<u>-</u>	<u>2,110,688</u>	<u>878,831</u>	<u>70,090</u>	<u>-</u>	<u>948,921</u>	<u>1,161,767</u>
Total	<u>\$ 8,108,724</u>	<u>\$ 683,234</u>	<u>\$ -</u>	<u>\$ 8,791,958</u>	<u>\$ 2,598,100</u>	<u>\$ 185,525</u>	<u>\$ -</u>	<u>\$ 2,783,625</u>	<u>\$ 6,008,333</u>

THE CORPORATION OF THE VILLAGE OF SLOCAN
SCHEDULE B - SCHEDULE OF SEGMENTED INFORMATION

For the Year Ended December 31, 2025

	General Government	Protective Services	Transportation Services	Environmental Health Services	Public Health & Welfare Services	Parks & Recreation	Water Utility	2025 Total
Revenues								
Taxes	\$ 258,194	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 258,194
Sales of Service	278	-	-	37,103	620	110,447	-	148,448
Other revenue from own services	27,275	-	-	-	-	22,803	4,000	54,078
Investment income	77,758	-	-	-	-	-	-	77,758
Grants - unconditional	318,000	-	-	-	-	-	-	318,000
Grants - conditional	134,785	-	7,578	-	39,000	200,227	9,997	391,587
Water user fees	-	-	-	-	-	-	161,724	161,724
	<u>816,290</u>	<u>-</u>	<u>7,578</u>	<u>37,103</u>	<u>39,620</u>	<u>333,477</u>	<u>175,721</u>	<u>1,409,789</u>
Expenditures								
Wages and benefits	135,028	500	100,693	11,683	1,927	31,802	44,019	325,652
Supplies and services	233,523	3,600	87,493	16,576	6,037	100,062	100,669	547,960
Interest and other debt charges	-	-	-	-	-	20,428	-	20,428
Amortization	15,680	-	38,224	-	4,224	57,308	70,089	185,525
Accretion	6,081	-	-	-	-	-	3,755	9,836
	<u>390,312</u>	<u>4,100</u>	<u>226,410</u>	<u>28,259</u>	<u>12,188</u>	<u>209,600</u>	<u>218,532</u>	<u>1,089,401</u>
Annual Surplus (Deficit)	<u>\$ 425,978</u>	<u>\$ (4,100)</u>	<u>\$ (218,832)</u>	<u>\$ 8,844</u>	<u>\$ 27,432</u>	<u>\$ 123,877</u>	<u>\$ (42,811)</u>	<u>\$ 320,388</u>

THE CORPORATION OF THE VILLAGE OF SLOCAN
SCHEDULE C - GROWING COMMUNITIES FUND RECONCILIATION
December 31, 2025

Province of BC Growing Communities Fund reconciliation

The following is a summary of fund transactions for the current year:

	<u>2025</u>
Growing Communities Fund opening balance	\$ 502,617
Interest earned during the year	15,533
Less: Eligible use of funds	121,025
Remaining grant	\$ <u>397,125</u>

THE CORPORATION OF THE VILLAGE OF SLOCAN
SCHEDULE D - CAPACITY FUNDING RECONCILIATION
December 31, 2025

Province of BC Capacity Funding for Local Government Housing Initiatives reconciliation

The following is a summary of fund transactions for the current year:

	<u>2025</u>
Capacity Fund opening balance	\$ 137,008
Less: Eligible use of funds	46,936
Remaining grant	\$ <u>90,072</u>

THE CORPORATION OF THE VILLAGE OF SLOCAN
EXHIBIT 1 - PROVINCE OF BC GRANT RECONCILIATIONS (UNAUDITED)
December 31, 2025

Province of BC COVID-19 Restart Grant reconciliation

The following is a summary of grant transactions for the current year:

	<u>2025</u>
COVID-19 Restart Grant opening balance	\$ 6,969
Less grant recognition:	
Eligible use of funds	6,969
Remaining grant	\$ <u><u>-</u></u>

Statement of Financial Information (SOFI)

THE CORPORATION OF THE VILLAGE OF SLOCAN

Fiscal Year Ended December 31, 2025

Schedule of Debt

Information on all long term debt is included in the Audited Financial Statements of The Corporation of the Village of Slocan.

Prepared as required by *Financial Information Regulation*, Schedule 1, section 4

Statement of Financial Information (SOFI)

THE CORPORATION OF THE VILLAGE OF SLOCAN

Fiscal Year Ended December 31, 2025

Schedule of Guarantee and Indemnity Agreements

The Corporation of the Village of Slocan has not given any guarantees or indemnities under the Guarantees and Indemnities Regulation.

Prepared under the Financial Information Regulation, Schedule 1, section 5

Statement of Financial Information (SOFI)

THE CORPORATION OF THE VILLAGE OF SLOCAN

Fiscal Year Ended December 31, 2025

Statement of Severance Agreements

There was no severance agreements made between The Corporation of the Village of Slocan and its non-unionized employees during the fiscal year ended December 31, 2025.

Prepared under the Financial Information Regulation, Schedule 1, subsection 6(8)

Statement of Financial Information (SOFI)

THE CORPORATION OF THE VILLAGE OF SLOCAN

Fiscal Year Ended December 31, 2025

Schedule of Remuneration and Expenses

NAME		REMUNERATION	EXPENSE
ELECTED OFFICIALS	POSITION		
Buller, Ezra	Councillor	\$ 3,703	\$ 8,183
Knott, Jordan	Councillor	\$ 3,703	\$ 4,080
Lunn, Jessica	Mayor	\$ 5,990	\$ 1,331
Perriere, Madeleine	Councillor	\$ 3,703	\$ 1,057
Van Bynen, Joanna	Councillor	\$ 3,703	\$ -
TOTAL ELECTED OFFICIALS		<u>20,803</u>	<u>14,651</u>
DETAILED EMPLOYEES > \$75,000			
McGreal, Lachlan		\$ 80,353	\$ 179
TOTAL EMPLOYEES <= \$75,000		<u>139,608</u>	<u>233</u>
TOTAL		<u>\$ 240,764</u>	<u>\$ 15,063</u>
TOTAL EMPLOYER PREMIUM FOR CPP/EI			\$ 16,876

Prepared under the Financial Information Regulation, Schedule 1, section 6 to subsection 6(6)

Statement of Financial Information (SOFI)

THE CORPORATION OF THE VILLAGE OF SLOCAN

Fiscal Year Ended December 31, 2025

Schedule of Payments for the Provision of Goods and Services

DETAILED SUPPLIERS >\$25,000

<u>SUPPLIER NAME</u>		<u>EXPENSE</u>
A3 Plumbing Heating & Gas Fitting Ltd	\$	26,145
City of Nelson		68,007
Dehnel Planning		63,405
Fortis BC Inc		43,369
Graham Marine Construction		122,224
International Ro		74,694
Slocan Valley Electric LTD		38,414
Trueform Developments		345,366
Western Financial Group (FER)		38,587

TOTAL DETAILED SUPPLIERS >\$25,000 820,211

TOTAL SUPPLIERS <= \$25,000 464,839

TOTAL SUPPLIERS 1,285,050

DETAILED GRANTS AND CONTRIBUTIONS >\$25,000 \$ -

GRANTS AND CONTRIBUTIONS <=\$25,000 7,874

TOTAL PAYMENTS, GRANTS AND CONTRIBUTIONS \$ 1,292,924

Prepared under the Financial Information Regulation, Schedule 1, section 7(1) and (2)

Statement of Financial Information (SOFI)

THE CORPORATION OF THE VILLAGE OF SLOCAN

Fiscal Year Ended December 31, 2025

Payments to Financial Statement Reconciliation

S.O.F.I. Report Scheduled Payments

Remuneration	\$ 240,764	
Employer CPP/EI	<u>16,876</u>	257,640
Payments for Goods and Services		<u>1,292,924</u>
Total of Scheduled Payments		1,550,564
Total of Financial Statement Expenditures		1,089,401

The difference between the Total of Scheduled Payments and the Total Financial Statements Expenditures are due to:

- Adjustments to account for the difference between payments made on a cash basis, and the audited financial statements reporting expenditures on an accrual basis of accounting. This would include adjustments for opening and closing balances of inventories, prepaid expenses, and accrued liabilities.
- List of payments to suppliers include 100% GST while the expenditures in the financial statements are net of the applicable GST rebate.
- Capital expenditures are shown as payments to the vendor in this report. However, the total financial statement expenditures do not reflect these payments as they report amortization of all the capital assets.
- The Schedule of Payments of Goods and Services includes payments made on behalf of third parties, which are recovered from these parties and the expense is excluded from the Financial Statements.
- Payments to some suppliers may be reported directly to the Balance Sheet and therefore are not reported as expenditures
- The expense line item in the financial statements include an accretion expenses which is a non-cash item for accounting purposes. There is no payment or cash transaction for this expense.

Prepared under the Financial Information Regulation, Schedule 1, subsection 6(2d) and subsection 7(1b)