



VILLAGE OF PORT ALICE

ANNUAL REPORT

FOR YEAR ENDING 2021

(Community Charter Section 98)

Approved by Council:

June 22, 2022



VILLAGE OF PORT ALICE

ANNUAL REPORT

FOR YEAR ENDING 2021

(Community Charter Section 98)

Index

	Page
2021 Management Letter	5
2021 Audited Financial Statements	7-30
2021 Five Year Financial Plan Bylaw No.665	31-36
2021 Statement of Permissive Exemptions and Bylaws No. 663	37-40
2021 Statement of Remuneration & Expenses	41
2021 Statement of Goods & Services & Financial Information Approval	42-43
2021 Statement of Declaration of Disqualification	45-47
2021 Municipal Services & Operations Summary for 2021	49-50
2021 Review of 2021 Goals & Objectives	51
2022 Goals & Objectives	53
 APPENDIX "A"	
2021 North Island Community Forest Limited Partnership Financial Statements	55-67

Approved by Council:
June 22, 2022

**VILLAGE OF PORT ALICE
MANAGEMENT REPORT
FOR FISCAL YEAR END
2021**

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 or stated accounting principles, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all the statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Village Council is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control, and to this end conducts monthly reviews of internal financial information and an annual review of externally audited consolidated financial statements.

The external auditors Chan, Nowosad, Boates 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 and statements required by the Act. Their examination includes a review and evaluation of the corporation's system of internal control and appropriate tests and procedures to provide reasonable assurance that the financial statements are presented fairly. The external auditors have full and free access to the Village Council and may meet with it at any time upon request.

On behalf of The Village of Port Alice,



Bonnie Danyk
CAO / CFO

June 7, 2022

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VILLAGE OF PORT ALICE
Financial Statements
December 31, 2021

VILLAGE OF PORT ALICE

Index to the Financial Statements

December 31, 2021

MANAGEMENT REPORT	1
INDEPENDENT AUDITORS' REPORT	2-3
FINANCIAL STATEMENTS	
Statement of Financial Position	4
Statement of Operations	5
Statement of Change in Net Financial Assets	6
Statement of Cash Flows	7
NOTES TO THE FINANCIAL STATEMENTS	8-17
SCHEDULES	
Schedule 1 - Government Grants to the Village and Ratepayers	18
Schedule 2 - Combined Statement of Operations by Segment (2021)	19
Schedule 3 - Combined Statement of Operations by Segment (2020)	20
Schedule 4 - Reserve Fund Transactions	21
Schedule 5 - COVID-19 Safe Restart Grant Unaudited	22

MANAGEMENT REPORT

December 31, 2021

The Mayor and Council of the Village of Port Alice has delegated the responsibility for the integrity and objectivity of the financial information contained in the financial statements to the management of the Village of Port Alice. The financial statements which, in part, are based on informed judgments and estimates, have been prepared by management in accordance with Canadian public sector accounting standards, which have been applied on a basis consistent with that of the preceding year.

To assist in carrying out their responsibility, management maintains an accounting system and internal controls to provide reasonable assurance that transactions are properly authorized and recorded in compliance with legislative and regulatory requirements and that financial records are reliable for preparation of the financial statements. These systems are monitored and evaluated by management.

The Village of Port Alice's independent auditors, Chan Nowosad Boates Inc., Chartered Professional Accountants, are engaged to express an opinion as to whether these financial statements present fairly the Village of Port Alice's financial position and operating results in accordance with Canadian public sector accounting standards. Their opinion is based on procedures they consider sufficient to support such an opinion.

The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and in accordance with Canadian public sector accounting standards. These statements present, in all significant respects the financial position of the Village of Port Alice as at December 31, 2021.



Bonnie Danyk, CAO, CFO
April 27, 2022



INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of the Village of Port Alice

Opinion

We have audited the financial statements of the Village of Port Alice (the "Village"), which comprise the statement of financial position as at December 31, 2021, 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 Village as at December 31, 2021, and the results of its financial performance 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 Auditors' 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.

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 Village'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 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.

Auditors' 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 auditors' 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.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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 auditors' 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 auditors' 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.

Chan Nawrood Bontis Inc

Chartered Professional Accountants
Campbell River, BC

April 27, 2022

VILLAGE OF PORT ALICE

Statement of Financial Position

December 31, 2021

2021

2020

FINANCIAL ASSETS

Cash	\$ 2,078,200	\$ 2,557,455
Portfolio Investments (Note 2)	2,078,737	1,076,755
Accounts Receivable (Note 3)	58,950	321,921
Taxes and User Fees Receivable (Note 4)	160,539	141,021
Investment in NICFL and NICFLP (Note 5)	224,914	250,978
	<u>4,601,340</u>	<u>4,348,130</u>

LIABILITIES

Accounts Payable and Accrued Liabilities	194,956	145,672
Deferred Grants and Unearned Revenue (Note 6)	394,912	104,730
Long Term Debt (Note 7)	429,233	447,291
	<u>1,019,101</u>	<u>697,693</u>

NET FINANCIAL ASSETS

3,582,239 3,650,437

NON-FINANCIAL ASSETS

Tangible Capital Assets (Note 9)	8,694,532	9,009,114
Inventory	2,347	2,347
	<u>8,696,879</u>	<u>9,011,461</u>

ACCUMULATED SURPLUS (Note 10)

\$ 12,279,118 \$ 12,661,898

Approved by:



Chief Finance Officer



Mayor

VILLAGE OF PORT ALICE

Statement of Operations

Year Ended December 31, 2021

	2021		
	Budget	Actual	2020
	(Note 16)		
Revenues (Schedules 2 and 3)			
Taxation	\$ 637,450	\$ 553,995	\$ 540,460
Utility Connection Fees and User Rates	203,000	207,299	212,224
Government Grants - Federal (Schedule 1)	5,500	5,926	5,664
Government Grants - Provincial (Schedule 1)	3,617,630	557,415	810,420
Sales of Services	65,000	87,937	86,687
Equity Loss - NICFL and NICFLP (Note 5)	-	(26,064)	(20,922)
Other (Note 12)	81,150	189,579	178,064
	<u>4,609,730</u>	<u>1,576,087</u>	<u>1,812,597</u>
Expenditures (Schedules 2 and 3)			
General Departmental Expenditures	1,577,597	1,629,674	1,627,890
Water System Operations	74,718	77,438	64,694
Sewer System Operations	215,918	251,701	199,696
	<u>1,868,233</u>	<u>1,958,813</u>	<u>1,892,280</u>
Annual Surplus (Deficit) Prior to Other Items	2,741,497	(382,726)	(79,683)
Loss on Disposal of Tangible Capital Assets	-	-	(234,407)
Annual Surplus (Deficit)	\$ <u>2,741,497</u>	(382,726)	(314,090)
Accumulated Surplus - Beginning of Year		12,661,844	12,975,934
Accumulated Surplus - End of Year		\$ <u>12,279,118</u>	\$ <u>12,661,844</u>

VILLAGE OF PORT ALICE

Statement of Change in Net Financial Assets

Year Ended December 31, 2021

	2021		2020
	Budget (Note 16)	Actual	
Annual Deficit	\$ 2,741,497	\$ (382,726)	\$ (314,090)
Acquisition of Tangible Capital Assets	(3,533,800)	(111,651)	(353,800)
Amortization of Tangible Capital Assets	426,233	426,233	403,032
Disposal of Tangible Capital Assets	-	-	412,028
	<u>\$ (366,070)</u>	<u>314,582</u>	<u>461,260</u>
Change in Net Financial Assets for the Year		(68,144)	147,170
Net Financial Assets - Beginning of Year		3,650,383	3,503,213
Net Financial Assets - End of Year		<u>\$ 3,582,239</u>	<u>\$ 3,650,383</u>

VILLAGE OF PORT ALICE

Statement of Cash Flows

Year Ended December 31, 2021

2021

2020

Cash Flows From Operating Activities:

Annual Deficit	\$ (382,726)	\$ (314,090)
Items Not Involving Cash		
Equity Loss NICFL and NICFLP	26,064	20,922
Amortization of Tangible Capital Assets	426,233	403,032
Loss on Disposal of Tangible Capital Assets	-	234,407
	69,571	344,271
Changes in Non-Cash Operating Balances		
Accounts and Taxes Receivable	243,453	(171,754)
Accounts Payable and Accrued Liabilities	49,284	28,940
Deferred Grants and Unearned Revenue	290,182	73,762
	652,490	275,219

Cash Flows From Capital Activities:

Purchase of Tangible Capital Assets	(111,651)	(353,800)
Proceeds on Disposal of Tangible Assets	-	177,621
	(111,651)	(176,179)

Cash Flows From Investing Activities:

Proceeds (Transfers) to/from Portfolio Investments	(1,002,036)	1,792,935
Transfers from North Island Community Forest	-	90,000
	(1,002,036)	1,882,935

Cash Flows From Financing Activities:

Repayment of Long Term Debt	(18,058)	(19,717)
Increase (Decrease) in Cash	(479,255)	1,962,258
Cash - Beginning of Year	2,557,455	595,197
Cash - End of Year	\$ 2,078,200	\$ 2,557,455

VILLAGE OF PORT ALICE

Notes to the Financial Statements

December 31, 2021

The Village of Port Alice (the "Village") was incorporated as a municipality in 1965 under the provisions of the British Columbia Municipal Act. Its principal activities are the provision of local government services to residents of the Village. These services include fire protection, public works, planning, parks and recreation, water distribution and sewer collection, and other general government services, as governed by the Community Charter and Local Government Act.

1. Significant Accounting Policies:

a) Basis of Presentation:

The Village prepares its financial statements in accordance with Canadian public sector accounting standards using guidelines developed by the Public Sector Accounting Board ("PSAB") for the Chartered Professional Accountants of Canada.

b) Investments:

Portfolio investments are recorded at fair value. The investments in North Island Community Forest Ltd. and North Island Community Forest Limited Partnership are recorded using the modified equity method.

c) Tangible Capital Assets:

Tangible capital assets are recorded at cost less accumulated amortization and are classified according to their functional use. Cost includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Amortization is recorded on a straight-line basis over the estimated useful life of the tangible capital asset commencing once the asset is in use. Donated tangible capital assets are recorded at fair value at the time of the donation.

Estimated useful lives of tangible capital assets are as follows:

Buildings	40 to 75 years
Equipment	15 to 25 years
Roads and Bridges	10 to 100 years
Other	15 to 50 years
Water and Other Utility Systems	10 to 100 years
Sewer	10 to 100 years
Drainage	10 to 100 years

d) Collection of Taxes on Behalf of Other Taxation Authorities:

The Village collects taxation on behalf of other entities. Such levies, other revenues, expenses, assets and liabilities with respect to the operations of these other entities are not reflected in these financial statements. Levies imposed by other taxing authorities are not included as taxes for municipal purposes.

e) Trust Funds:

Funds held in trust by the Village, and their related operations, are not included in these financial statements. The financial activity and position of the trust funds are reported separately (Note 14).

f) Retirement Benefits and Other Future Employee Benefit Plans:

The Village's contributions to its multi-employer defined benefit plan are expensed as incurred. The costs of other pensions and other retirement benefits that accumulate over the period of service provided by employees are determined using the projected benefit method prorated on services based on management's best estimate of retirement age, inflation rates, investment returns, wage and salary escalation, insurance and health care cost trends, employee turnover, and discount rates.

VILLAGE OF PORT ALICE

Notes to the Financial Statements

December 31, 2021

1. Significant Accounting Policies (continued):

g) Revenue Recognition and Deferred Grants:

The Village recognizes taxes as assets and revenue when they meet the definition of an asset, are authorized by a legislature, council, or legislative convention, and the taxable event has occurred. Taxes are initially measured at management's best estimate of the amount resulting from the original taxable event in accordance with tax legislation. Taxes receivable are recognized net of allowance for anticipated uncollectible amounts.

Through the British Columbia Assessment's appeal process, taxes may be adjusted by way of supplementary roll adjustments. The affects of these adjustments on taxes are recognized at the time they are awarded. Levies imposed by regional district services and general administrative service and other taxing authorities are not included as taxes for municipal services.

Charges for sewer and water usage are recorded as user fees. Connection fee revenues are recognized when the connection has been established.

Government transfers, including legislative grants, are recognized as revenue when received, provided the transfers are authorized and any eligibility criteria has been met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Sales of services and other revenue are recognized when the service is provided or the amount is earned, when the amount can be estimated, and when collection is reasonably assured. Amounts received in advance of services being rendered are recorded as unearned revenue until the Village discharges the obligation that led to the collection of the funds.

h) Unearned Revenue:

Revenues from prepaid taxes, the sale of business licenses, dog tags, recreation time and rental revenues pertaining to the subsequent year have been deferred. These amounts will be recognized as revenue in the next fiscal year.

i) Leases:

Leases are classified as capital or operating. A lease that transfers substantially all of the benefits and risks incidental to the ownership of property is classified as a capital lease. At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair value at the beginning of the lease. Assets recorded under capital leases are amortized on a straight line basis over the term of the lease that is the estimated useful lives of the assets. All other leases are accounted for as operating leases wherein rental payments are expensed as incurred.

j) Contaminated Sites:

Governments are required to accrue a liability for the costs to remediate a contaminated site. Liabilities are recognized when an environmental standard exists, contamination exceeds the standard, the government has responsibility for the remediation, future economic benefits will be given up, and a reasonable estimate can be made.

Management has assessed its potential liabilities including sites that are no longer in productive use and sites for which the Village accepts responsibility. There were no such sites that had contamination in excess of an environmental standard which required remediation, therefore no liability was recognized as at December 31, 2021 or December 31, 2020.

VILLAGE OF PORT ALICE

Notes to the Financial Statements

December 31, 2021

1. Significant Accounting Policies (continued):

k) Financial Instruments:

Financial instruments consist of cash, portfolio investments, accounts receivable, accounts payable, and long term debt. Unless otherwise noted, it is management's opinion that the Village is not exposed to significant interest rate, currency or credit risk arising from these financial instruments.

l) Use of Estimates:

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period.

Significant areas requiring the use of management estimates relates to the collectability of accounts receivable, estimates of contingent liabilities, the provision for amortization, and the estimation of potential environmental liabilities. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. Portfolio Investments:

	2021	2020
Money Market Funds - Municipal Finance Authority (MFA)	\$ 2,078,737	\$ 1,076,755

The current average annual yield of the money market funds held with MFA as at December 31, 2021 was 0.15% (2020 - 0.85%). The funds are redeemable on demand.

3. Accounts Receivable:

	2021	2020
Tax Prepayment - Regional District of Mount Waddington	\$ 36,630	\$ 100,340
Trade and Insurance Receivable	879	188,881
GST Recoverable	19,776	31,890
Sundry	1,665	810
	\$ 58,950	\$ 321,921

VILLAGE OF PORT ALICE

Notes to the Financial Statements

December 31, 2021

4. Taxes and User Fees Receivable:

	2021	2020
Taxes Receivable	\$ 2,293,884	\$ 2,139,519
Allowance for Doubtful Accounts	(2,133,345)	(1,998,498)
	\$ 160,539	\$ 141,021

5. Investment in NICFL and NICFLP:

The Village has a 33% ownership interest in North Island Community Forest Ltd. (NICFL) and North Island Community Forest Limited Partnership (NICFLP). The investments in NICFL and NICFLP are treated as a government business enterprise and accounted for using the modified equity method. Under this method, the government business enterprise's accounting principles are not adjusted to conform with those of the Village and inter-corporate transactions are not eliminated.

As a government business enterprise, the NICFLP is required to report under International Financial Reporting Standards (IFRS). In the prior and current year, the NICFLP financial statements were prepared under Canadian Accounting Standards for Private Enterprises (ASPE). Any differences between ASPE and IFRS would likely be insignificant in nature.

	2021	2020
Investment in NICFL	\$ 1	\$ 1
Investment in NICFLP	5,000	5,000
Accumulated Net Equity Surplus - Beginning of Year	245,977	356,899
Share of Decrease in Shareholders' Equity	(26,064)	(20,922)
Withdrawals During the Year	-	(90,000)
Accumulated Net Equity Surplus - End of Year	\$ 224,914	\$ 250,978

The condensed supplementary financial statement information of the partnership is as follows:

	2021	2020
Statement of Financial Position:		
Assets		
Cash and Receivables	\$ 696,086	\$ 792,331
Prepaid Expenses	2,667	2,895
Total Assets	698,753	795,226
Liabilities and Partners' Capital		
Trade and Other Payables	24,008	42,289
Total Partners' Capital	674,745	752,937
	\$ 698,753	\$ 795,226

VILLAGE OF PORT ALICE

Notes to the Financial Statements

December 31, 2021

5. Investment in NICFL and NICFLP (continued):

The condensed supplementary financial statement information of the partnership is as follows (continued):

	2021	2020
Statement of Income:		
Revenue	\$ 4,558	\$ 6,480
Expenditures	82,749	69,746
Net Loss	(78,191)	(63,266)
Partners' Capital:		
Partnership Units	64,578	65,358
Cumulative Withdrawals	(5,947,529)	(5,947,529)
Retained Earnings - End of Year	6,557,696	6,635,108
	\$ 674,745	\$ 752,937

6. Deferred Grants and Unearned Revenue:

	2021	2020
Prepaid Property Taxes	\$ 12,388	\$ 13,479
Provincial Government	377,513	86,500
Community Centre Deposits	5,011	4,751
	\$ 394,912	\$ 104,730

7. Long Term Debt:

	2021	2020
Community Centre Upgrade:		
Repayable at \$33,907 per year including interest at 2.0% per annum to the Municipal Financial Authority of British Columbia;		
Matures in October 2036	\$ 429,233	\$ 447,291

Future principal payments required on long-term debt are as follows:

2022	\$ 21,326
2023	22,179
2024	23,066
2025	23,989
2026	24,949
2027 and onwards	313,724
	\$ 429,233

VILLAGE OF PORT ALICE

Notes to the Financial Statements

December 31, 2021

8. Contingent Liabilities:

- (a) The Village is responsible as a member of the Regional District of Mount Waddington for its share of any operating deficits or long-term debt related to functions in which it participates. Management has assessed the risk of a liability as unlikely at this time therefore no provision has been recorded in the financial statements.
- (b) The Village is partially self-insured through the Municipal Insurance Association of British Columbia. Should the Association pay out claims in excess of premiums received, it is possible that the Village along with the other participants, would be required to contribute towards the deficit. Management has assessed the risk of a liability as unlikely at this time therefore no provision has been recorded in the financial statements.

9. Tangible Capital Assets:

	Cost					Accumulated Amortization				Net Book Value	
	Opening	Additions	Disposals	Transfers	Closing	Opening	Amort	Disposals	Closing	2021	2020
Land	\$ 841,186	\$ -	\$ -	\$ -	\$ 841,186	\$ -	\$ -	\$ -	\$ -	\$ 841,186	\$ 841,186
Buildings	4,061,489	14,504	-	-	4,075,993	2,443,634	116,295	-	2,559,929	1,456,064	1,557,855
Equipment	1,411,615	-	-	-	1,411,615	941,974	57,219	-	999,193	412,422	469,641
Roads and Bridges	3,945,957	28,672	-	-	3,974,629	2,548,277	75,525	-	2,623,802	1,340,827	1,397,680
Other	1,397,472	14,370	-	-	1,411,842	281,703	63,428	-	345,131	1,066,711	1,115,769
Water Infrastructure	1,451,936	-	-	-	1,451,936	102,799	20,218	-	123,017	1,028,919	1,049,137
Sewer Infrastructure	3,310,856	10,118	-	-	3,320,974	910,720	88,929	-	999,649	2,321,325	2,400,136
Drainage	330,869	-	-	-	330,869	228,612	4,619	-	233,231	97,638	102,257
Work in Progress	75,453	43,987	-	-	119,440	-	-	-	-	119,440	75,453
	\$16,766,833	\$ 111,621	\$ -	\$ -	\$16,878,454	\$ 7,757,719	\$ 426,233	\$ -	\$ 8,183,952	\$ 8,694,532	\$ 9,009,114

10. Accumulated Surplus:

The Village segregates its accumulated surplus into the following categories:

	2021	2020
Current Fund	\$ 2,037,122	\$ 2,280,064
Reserve Funds (a)	1,545,117	1,370,373
Investment in Non-Financial Assets (b)	8,696,879	9,011,461
	\$ 12,279,118	\$ 12,661,898

(a) **Reserve Funds**

Reserve Funds represent funds set aside by Bylaw or Council resolution for specific purposes. Details of reserve funds are shown below.

(b) **Investment in Non-Financial Assets**

The investment in non-financial assets represents amounts already spent and invested in infrastructure and other non-financial assets.

VILLAGE OF PORT ALICE

Notes to the Financial Statements

December 31, 2021

10. Accumulated Surplus (continued):

Details of Reserve Funds are as follows:

	2021	2020
Capital Works Reserve (a)	\$ 240,930	\$ 239,851
Statutory Reserve (b)	117,343	116,817
Fire Protection Capital Reserve (c)	191,292	157,637
Gas Tax Agreement - Community Works (d)	995,552	856,068
	<u>\$ 1,545,117</u>	<u>\$ 1,370,373</u>

(a) **Capital Works Reserve**

The Capital Works Reserve was established by Bylaw 487 to provide for new works, extensions or renewals of existing works, and to provide for machinery and equipment necessary for capital projects, for the maintenance of municipal property, or for the protection of persons and property. Money from the sale of land, current revenue, or from the General Operating fund surpluses may be paid into the Capital Works Reserve.

(b) **Statutory Reserve**

The Statutory Reserve was established by Bylaw 528 for the purpose of setting aside funds on an annual basis to purchase machinery and equipment.

(c) **Fire Protection Capital Reserve**

The Fire Protection Capital Reserve was established by Bylaw 607 for the purpose of setting aside funds on an annual basis to purchase fire protection equipment.

(d) **Gas Tax Agreement - Community Works**

The Gas Tax Agreement - Community Works consists of \$991,335 that remained unspent as at December 31, 2021 that included additional receipts of \$170,191 (2020 - \$83,087) and interest earnings of \$4,217 (2020 - \$8,511) in 2021. During 2021, eligible expenditures of \$34,924 were made (2020 - \$8,322). The unspent amount will remain in the reserve until spent on eligible projects.

11. Collections for Other Governments:

	2021	2020
Regional District of Mt. Waddington	\$ -	\$ 53,793
Province of British Columbia - School Tax	228,404	203,832
Regional Hospital District	-	21,281
Municipal Finance Authority	16	34
British Columbia Assessment Authority	3,766	17,526
Province of BC - Police Tax	31,016	22,258
	<u>\$ 263,202</u>	<u>\$ 318,724</u>

VILLAGE OF PORT ALICE

Notes to the Financial Statements

December 31, 2021

12. Other Revenue:

	2021	2020
Investment Income	\$ 10,130	\$ 24,789
Tax Penalties - Interest and Fees	123,083	122,304
Parking and Moorage	19,803	9,748
Recreation	2,227	2,516
Business Licenses	4,979	4,460
Other	29,357	14,247
	<u>\$ 189,579</u>	<u>\$ 178,064</u>

13. Pension Plan:

The Village and its employees contribute to the Municipal Pension Plan (the "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 the benefits. The Plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2021 the Plan had about 220,000 active members and approximately 112,000 retired members. Active members include approximately 42,000 contributors from local government.

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 is then 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 for the Municipal Pension Plan as at December 31, 2018, indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis.

The next valuation will be as at December 31, 2021, with results available in 2022.

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

The Village paid \$45,499 (2020 - \$42,931) for employer contributions, while employees contributed \$40,488 (2020 - \$37,370) to the Plan in fiscal 2021.

VILLAGE OF PORT ALICE

Notes to the Financial Statements

December 31, 2021

14. Trust Funds:

(a) **Ford Memorial Trust Fund**

As at December 31, 2021, the Village held \$9,545 (2020 - \$6,530) in trust for the Ford Memorial Trust Fund. The transactions and balances of this fund are not reported elsewhere in these financial statements.

(b) **Cemetery Trust Fund**

The Cemetery Trust Fund is established pursuant to the provision of the Community Charter. Monies in the reserve can be used for cemetery purposes only. A balance of \$1,770 (2020 - \$1,770) was held as at December 31, 2021 and is not reported elsewhere in these financial statements.

15. Commitments:

The Village has entered into an agreement for services with North Island Waste Management Limited for residential garbage pick up and disposal services at an approximate average annual cost of \$84,110. The five year contract expires July 15, 2025 and has no option to renew.

16. Fiscal Plan:

The Fiscal Plan amounts represent the Financial Plan Bylaw adopted by Council on April 14, 2021.

The budget anticipated use of surpluses accumulated in previous years to balance against current expenditures in excess of current year revenues. In addition, the budget anticipated capital expenditures rather than amortization expense. The following schedule reconciles the approved Bylaw to the amounts presented in the financial statements.

	2021
Financial Plan (Budget) By-Law Approved for the Year	\$ -
Add:	
Capital Expenditures	3,533,800
Less:	
Budgeted Transfers from Accumulated Surplus	(366,070)
Amortization	(426,233)
Annual Surplus Presented in Financial Statements	\$ 2,741,497

17. Segmented Information:

The Village is a diversified municipal government institution that provides a wide range of services to its citizens such as recreation, fire, sewer, water, and solid waste. Distinguishable functional segments have been separately disclosed in the segmented information in Schedules 2 and 3. The nature of the segments and activities they encompass are as follows:

General Government

General Government relates to the revenues and expenses of the operations of the Village public safety building and other costs that cannot be directly attributed to a specific segment, including general, administrative, legislative, and fiscal services.

VILLAGE OF PORT ALICE

Notes to the Financial Statements

December 31, 2021

17. Segmented Information (continued):

Volunteer Fire Department

Volunteer Fire Department is comprised of fire protection services. The fire department is responsible to provide fire suppression services, fire prevention programs, training and education. The members of the fire department consist of volunteers.

Public Works Department

The Public Works Department is responsible for the maintenance of roads, parks and playgrounds, the cemetery, and street lighting services.

Environmental Health Services

Environmental Health Services is comprised of municipal and contract services. The Village and the contractors work with other levels of government, at the Provincial and Regional levels, and the citizens to provide a safe healthy environment for the people and wildlife.

Recreation Services, Arena, Community Centre and Sea View Activity Centre

These service areas provide services meant to improve health and development of the Village's citizens. Recreational programs and cultural programs are provided at the Arena, Community Centre, and the Angus Dawson Memorial Ball Field.

Water Utility

Water Utility provides distribution of water to residents.

Sewer Utility

Sewer Utility includes the provision of sanitary sewer collection by providing and maintaining pipes, manholes, culverts and sewer treatment.

18. Comparative Figures:

Certain comparative figures have been reclassified, where necessary, to conform with the current year's presentation.

19. COVID-19:

The global outbreak of the coronavirus pandemic (COVID-19) continues to cause economic uncertainties that could have a material impact on the annual surplus of the Village. The extent of the continued impact of COVID-19 on the Village and its operations for the year ended December 31, 2022 cannot be determined at this time.

VILLAGE OF PORT ALICE

Schedule 1 - Government Grants to the Village and Ratepayers

Year Ended December 31, 2021

	2021		2020
	Budget	Actual	
	(Note 16)		
Federal Government			
Grants in Lieu of Taxes	\$ 5,500	\$ 5,926	\$ 5,664
Province of British Columbia			
General Fund			
Small Communities Protection	\$ 335,000	\$ 323,000	\$ 335,161
Rural Dividend Grant	80,000	30,017	-
COVID Safe Restart Grant	-	-	386,000
Other	3,119,630	34,207	6,172
	3,534,630	387,224	727,333
General Capital Fund			
Gas Tax	83,000	170,191	83,087
	\$ 3,617,630	\$ 557,415	\$ 810,420

VILLAGE OF PORT ALICE

Schedule 2 - Combined Statement of Operations by Segment Year Ended December 31, 2021

	General Government	Volunteer Fire Department	Public Works Department	Environmental Health Services	Recreation Services	Arena	Community Centre	Sea View Activity Centre	Water Utility	Sewer Utility	2021 Plan (Note 16)
Revenues											
General Taxes	\$ 553,995	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 637,450
Grants - Federal	5,926	-	-	-	-	-	-	-	-	-	3,500
Grants - Provincial	557,415	-	-	-	-	-	-	-	-	-	3,617,630
Utility Charges	-	-	-	-	-	-	-	-	142,859	-	207,299
Sales of Services	-	-	-	64,624	18,341	4,912	-	-	-	-	87,937
Other Revenue	189,579	-	-	-	-	-	-	-	-	-	189,579
Equity Loss from NICFL and NICFLP	(26,064)	-	-	-	-	-	-	-	-	(26,064)	-
	<u>\$ 1,280,851</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,624</u>	<u>\$ 18,341</u>	<u>\$ 4,912</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 142,859</u>	<u>\$ -</u>	<u>\$ 1,575,087</u>
Expenditures											
Goods and Services	\$ 230,799	\$ 32,603	\$ 155,425	\$ 137,626	\$ 41,310	\$ 20,757	\$ 47,796	\$ 2,859	\$ 37,551	\$ 109,408	\$ 816,084
Labour	278,618	5,905	213,566	38,646	83,308	-	23,086	-	19,669	32,275	695,073
Interest and Bank Charges	5,974	-	-	-	-	-	15,834	-	-	-	21,423
Amortization	126,975	29,599	30,408	386	6,888	2,547	99,194	-	20,218	110,018	426,233
	<u>641,910</u>	<u>68,107</u>	<u>399,399</u>	<u>176,658</u>	<u>132,006</u>	<u>26,304</u>	<u>185,975</u>	<u>2,859</u>	<u>77,438</u>	<u>251,701</u>	<u>1,958,813</u>
Annual Surplus (Deficit)	\$ 638,941	\$ (65,107)	\$ (399,399)	\$ (112,034)	\$ (113,665)	\$ (21,392)	\$ (185,975)	\$ (2,859)	\$ (12,988)	\$ (108,842)	\$ (382,726)
											<u>\$ 2,741,497</u>

VILLAGE OF PORT ALICE

Schedule 3 - Combined Statement of Operations by Segment

Year Ended December 31, 2020

	General Government	Volunteer Fire Department	Public Works Department	Environmental Health Services	Recreation Services	Arena	Community Centre	Sea View Activity Centre	Water Utility	Sewer Utility	2020 Actual	2020 Plan
Revenues												
General Taxes	\$ 540,460	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 340,460	\$ 877,700
Grants - Federal	5,664	-	-	-	-	-	-	-	-	-	5,664	4,800
Grants - Provincial	810,420	-	-	-	-	-	-	-	-	-	810,420	626,500
Utility Charges	-	-	-	-	-	-	-	-	66,230	145,991	212,223	203,000
Sales of Services	-	-	-	65,608	16,667	4,412	-	-	-	-	86,687	60,000
Other Revenue	178,064	-	-	-	-	-	-	-	-	-	178,064	113,200
Equity Loss from NICH and NICTLP	(70,922)	-	-	-	-	-	-	-	-	-	(70,922)	-
	\$ 1,513,686	\$ -	\$ -	\$ 65,608	\$ 16,667	\$ 4,412	\$ -	\$ -	\$ 66,230	\$ 145,994	\$ 1,814,597	\$ 1,884,900
Expenditures												
Goods and Services	\$ 301,537	\$ 23,443	\$ 154,060	\$ 116,334	\$ 42,346	\$ 24,666	\$ 41,260	\$ 3,818	\$ 34,244	\$ 68,825	\$ 810,533	\$ 1,076,300
Labour	257,914	7,118	224,129	60,585	44,818	-	34,277	-	10,232	29,410	658,453	775,800
Interest and Bank Charges	6,042	-	-	-	-	-	14,190	-	-	-	20,232	39,000
Amortization	94,409	26,319	22,500	409	6,888	21,448	97,195	-	20,218	101,401	103,032	403,252
	659,802	57,880	410,689	177,338	94,622	46,114	176,661	3,818	64,694	199,696	1,892,389	2,333,352
	853,884	(57,160)	(410,689)	(111,720)	(77,385)	(41,702)	(178,921)	(3,818)	1,536	(55,702)	(79,655)	(298,932)
Loss on Disposition of Tangible Capital Assets	(234,102)	-	-	-	-	-	-	-	-	-	(234,102)	-
	\$ 619,782	\$ (57,160)	\$ (410,689)	\$ (111,720)	\$ (77,385)	\$ (41,702)	\$ (178,921)	\$ (3,818)	\$ 1,536	\$ (55,702)	\$ (79,655)	\$ (298,932)
Annual Surplus (Deficit)												
	\$ 893,904	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 934,942	\$ 586,968

VILLAGE OF PORT ALICE

Schedule 4 - Reserve Fund Transactions

Year Ended December 31, 2021

	Capital Works Machinery and Equipment	Fire Hall	Rec Centre	Economic Development	Total 2021	Total 2020
Balance, Beginning of Year	\$ 239,851	\$ 116,817	\$ 157,637	\$ 856,068	\$ 1,370,373	\$ 1,248,247
Interest Earned	1,079	526	709	4,217	6,531	13,504
Transfer (To) From Other Funds	-	-	32,946	170,191	203,137	116,934
Used for Capital Expenditures	-	-	-	(34,924)	(34,924)	(8,312)
Balance, End of Year	\$ 240,930	\$ 117,343	\$ 191,292	\$ 995,552	\$ 1,545,117	\$ 1,370,373

VILLAGE OF PORT ALICE

Schedule 5 - COVID-19 Safe Restart Grant Unaudited

Year Ended December 31, 2021

The Village of Port Alice received a grant of \$386,000 under the COVID-19 Safe Restart Grant for Local Governments in the year ending December 31, 2020. The details surrounding these funds are shown in the schedule below:

	2021
COVID-19 Safe Restart Grant Funds Carried Forward	\$ 330,529
Eligible Expenses	
Revenue Shortfall	9,000
Facility Reopening and Operating	29,423
Computer and Other Electronic Technology	12,763
Other Related Costs	4,845
	56,031
Unused Grant at December 31, 2021	\$ 274,498

VILLAGE OF PORT ALICE
BYLAW NO. 665, 2021

BEING A BYLAW FOR THE VILLAGE OF PORT ALICE FINANCIAL PLAN 2021 - 2025

WHEREAS, under section 165 of the Community Charter the Council of the Village of Port Alice is required to adopt a financial plan before the annual property tax bylaw is adopted.

NOW THEREFORE, the Council of the Village of Port Alice, in open meeting assembled, enacts as follows:

1. Schedule "A" attached to and forming part of this Bylaw is the Village of Port Alice Financial Plan 2021 – 2025, Revenues and Expenditures.
2. Schedule "B" attached to and forming part of this Bylaw is the Village of Port Alice Financial Plan 2021 – 2025 Statement of Objectives and Policies.
3. This Bylaw may be cited for all purposes as the "Village of Port Alice Financial Plan 2021 - 2025 Bylaw No.665, 2021".

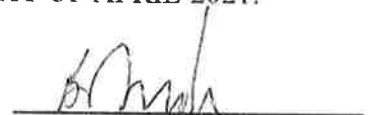
READ A FIRST AND SECOND TIME THIS 10th DAY OF MARCH 2021.

PUBLIC CONSULTATION HELD FROM MARCH 17 to MARCH 24, 2021.

READ A THIRD TIME THIS 24th DAY OF MARCH 2021.

RECONSIDERED, AND ADOPTED THIS 14th DAY OF APRIL 2021.


Mayor


Chief Administrative Officer

Certified a true copy of Bylaw No.665, as adopted by Council on the 14th day of April 2021.

Chief Administrative Officer

**VILLAGE OF PORT ALICE
BYLAW NO. 665, 2021**

**VILLAGE OF PORT ALICE FINANCIAL PLAN 2021 - 2025
Bylaw No. 665, 2021 - Schedule 'A' REVENUES**

REVENUES	2021	2022	2023	2024	2025
Property Taxes	\$620,450	\$776,571	\$777,581	\$788,702	\$799,934
Utility/Grant in Place of Taxes	\$22,500	\$22,725	\$22,953	\$23,182	\$23,413
Total Taxation	\$642,950	\$799,296	\$800,534	\$811,884	\$823,347
Fees and Charges					
Garbage Rates/Penalties	\$65,000	\$65,650	\$66,307	\$66,970	\$67,639
Recreation Supplies and Services	\$5,400	\$5,454	\$5,509	\$5,564	\$5,619
Recreation Facilities Rentals	\$13,750	\$13,888	\$14,026	\$14,167	\$14,308
Licenses/Permits	\$8,500	\$8,585	\$8,671	\$8,758	\$8,845
Water Utility	\$61,000	\$61,610	\$62,226	\$62,848	\$63,477
Sewer Utility	\$142,000	\$143,420	\$144,854	\$146,303	\$147,766
Other Revenue	\$51,000	\$51,510	\$52,025	\$52,545	\$53,071
Total Fees and Charges	\$346,650	\$350,117	\$353,618	\$357,155	\$360,725
Other Revenue					
Federal Govt Grants	\$1,100	\$0	\$0	\$0	\$0
Provincial Govt Grants -	\$3,616,530	\$426,989	\$427,079	\$427,170	\$427,261
Regional District of Mt. Waddington	\$2,500	\$0	\$0	\$0	\$0
Total Other Revenue	\$3,620,130	\$426,989	\$427,079	\$427,170	\$427,261
Appropriation from Reserve					
Appropriation from NICF Funds	\$56,670	\$0	\$0	\$0	\$0
Appropriation from Surplus	\$70,000	\$0	\$0	\$0	\$0
Appropriation from Deferred Revenue: Gas Tax Fun	\$275,000	\$40,000	\$0	\$0	\$0
Appropriation from Covid Recovery Funds	\$90,000				
Total Appropriation from Reserve	\$491,670	\$40,000	\$0	\$0	\$0
Funds Transfers	\$0	\$0	\$0	\$0	\$0
TOTAL LOCAL GOVERNMENT REVENUE	\$5,101,400	\$1,616,402	\$1,581,231	\$1,596,209	\$1,611,333

**VILLAGE OF PORT ALICE
BYLAW NO. 665, 2021**

**VILLAGE OF PORT ALICE FINANCIAL PLAN 2021 - 2025
Bylaw No. 665, 2021 - Schedule 'A'**

EXPENDITURES		2021	2022	2023	2024	2025
Debenture Debt Interest						
Community Centre Upgrades	Matures - 2036	\$33,900	\$34,239	\$34,581	\$34,927	\$35,276
Total Debenture Debt		\$33,900	\$34,239	\$34,581	\$34,927	\$35,276
Capital Expenditures						
General		\$3,338,800	\$0	\$0	\$0	\$0
Water Utility		\$50,000	\$40,000	\$0	\$0	\$0
Sewer Utility		\$145,000	\$0	\$0	\$0	\$0
Total Capital Expenditures		\$3,533,800	\$40,000	\$0	\$0	\$0
Other Municipal Purposes						
General Government, & Fiscal Services		\$405,800	\$409,859	\$403,858	\$407,898	\$411,974
Fire & Protective Services		\$78,000	\$78,780	\$79,568	\$80,363	\$81,167
Public Works		\$338,100	\$345,441	\$348,895	\$352,384	\$355,908
Health & Environmental Services		\$212,500	\$204,620	\$206,661	\$208,723	\$210,805
Recreation Services		\$213,300	\$215,433	\$217,587	\$219,763	\$221,960
Water Utility		\$54,500	\$55,045	\$55,595	\$56,151	\$56,713
Sewer Utility		\$105,900	\$106,959	\$108,029	\$109,109	\$110,200
Total Other Municipal Purposes		\$1,408,100	\$1,416,137	\$1,420,193	\$1,434,391	\$1,448,727
Transfers to Reserves						
General Fund		\$83,000	\$83,000	\$83,000	\$83,000	\$83,000
Water Fund		\$6,500	\$6,565	\$6,631	\$6,697	\$6,764
Sewer Fund		\$36,100	\$36,461	\$36,826	\$37,194	\$37,566
Total Transfer of Funds		\$125,600	\$126,026	\$126,457	\$126,891	\$127,330
GRAND TOTAL		\$5,101,400	\$1,616,402	\$1,581,231	\$1,596,209	\$1,611,333
		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

VILLAGE OF PORT ALICE
BYLAW NO. 665, 2021

Schedule B
Statement of Objectives and Policies

In accordance with Section 165 (3.1) of the Community Charter, the Village is required to include in the Five-Year Financial Plan, objectives and policies regarding each of the following:

1. The proportion of total revenue that comes from each of the funding sources described in Section 165 (7) of the Community Charter;
2. The distribution of property taxes among the property classes, and
3. The use of permissive tax exemptions.

Funding Sources

Table 1 shows the proportion of total revenue proposed to be raised from each funding source in 2021. Property taxes normally contribute to the greatest proportion of the Village's revenue, however, in 2021 the largest proportion is Grant Revenue which is directly related to Capital Projects. The property tax revenue source offers several advantages. For example, it is simple to administer, and it is easy for residents to understand. It offers a stable and reliable source of revenue for local government services that are simply not practical or undesirable to fund on a user-pay basis. These services include general administration, fire protection, police services, bylaw enforcement, solid waste management, recreation, and local transportation services (i.e) maintenance & upkeep of local roads and streets.

User fees and charges form the fourth largest portion of planned revenue. Many services can be measured and charged on a user-pay basis. Services that are effectively charged on a user fee basis include water and sewer services, garbage collection, building permits, and the sale of other goods and services such as recreation and cemetery services. Village Council and Staff support the value of user fees that are relative to the cost of the service to avoid the service being subsidized by taxation.

Objective

Over the next 5 years, the Village of Port Alice will review the proportion of revenue that is received from user fees and charges and increase current levels as required.

Policies

The Village will annually review all user fee levels to ensure they are adequately meeting the delivery costs of service.

Where possible, the Village will endeavor to supplement revenues from user fees and charges, rather than taxation, to lessen the burden on its limited property tax base.

Table 1: 2021 Sources of Revenue

Revenue Source	Revenue: Percentages of Total Budget	Dollar Value
Taxation	13%	642,950
Fees, Charges & Other Revenue	7%	346,650
Federal & Provincial Grants	71%	3,620,130
Appropriation from Reserves & Surplus	9%	491,670
Total	100.00%	\$ 5,101,400

VILLAGE OF PORT ALICE
BYLAW NO. 665, 2021

Schedule B Continued

Distribution of Property Tax Rates

Table 2 outlines the distribution of property taxes among the property classes. Historically the major industrial property class provided the largest proportion of property tax revenue. This was appropriate as this class formed the largest portion of the assessment base and was the main reason for the existence of the community. BC Assessment changed the Class of the Major Industrial property to Business in 2020 and significantly reduced the value.

Objectives

The Village Council continues to work with all levels of government and local business to attract additional economic opportunities.

The Village also recognizes the need to maintain the property tax rate for business (class 6) at a low rate.

Policies

Supplement, where possible, revenues from user fees and charges to help offset the tax burden on all property classes. This will provide some relief and reduction of dependency on the pulp mill and other rate payers.

Council will continue to maintain and encourage economic development initiatives designed to attract more retail and commercial business to invest in the community. New business investments will help offset revenue dependency on all taxpayers by providing a broader tax base.

Align the distribution of tax rates among the property classes with the social and economic goals of the community, particularly to encourage a range of employment opportunities

Regularly review and compare the Village's distribution of tax burden relative to other BC municipalities.

Table 2: 2021 Distribution of Property Tax Rates
Based on Preliminary Values

Property Class	Percentage of Total Property Taxation	Dollar Value
Residential (1)	79.9%	\$ 491,546
Utilities (2)	8%	\$ 51,173
Major Industrial (4)	0%	
Light Industrial (5)	5%	\$ 33,012
Business (6)	7%	\$ 44,439
Recreation (8)	0.1%	\$ 280
Total	100.00%	\$ 620,450

VILLAGE OF PORT ALICE
BYLAW NO. 665, 2021

Schedule B Continued

Permissive Tax Exemptions

The Village of Port Alice Council reviews all existing permissive tax exemption bylaws on an annual basis. Council bases their consideration on the following criteria:

The tax exemption must demonstrate benefit to the community and residents of Port Alice by enhancing the quality of life (economically, socially and culturally) within the community.

The goals, policies and principles of the organization receiving the exemption must not be inconsistent or in conflict with those of the Village of Port Alice.

The organization receiving the exemption must be a registered non-profit society, as the support of the municipality will not be used for commercial or private gain.

Permissive tax exemptions will be considered in conjunction with: (a) other assistance being provided by the Village; (b) the potential demands for Village services or infrastructure arising from the property; and (c) the amount of revenue that the Village will lose if the exemption is granted.

Objective

The Village of Port Alice will continue to provide permissive tax exemptions to non-profit societies that contribute social, economic and cultural benefits to the community.

Policies

Council will continue working with all the non-profit societies for the betterment of the Community.

Reviewed and adopted by Council on 10th March 2021.


Mayor


Chief Administrative Officer

VILLAGE OF PORT ALICE

BYLAW NO. 663

A BYLAW TO EXEMPT SPECIFIC PROPERTIES FROM TAXATION FOR THE YEAR 2021

WHEREAS, Section 220 of the Community Charter exempts from taxation: 1) land, improvements or both of a public library; 2) a building and the land on which the building stands if title registered in the name of the religious organization using the building and Section 224 of the Community Charter empowers Council, by Bylaw, to exempt from taxation, land, improvements or both owned or held by a charitable, philanthropic or other not for profit corporation that are used for a purpose that is directly related to the purposes of the corporation;

NOW THEREFORE, the Council of the Village of Port Alice, in open meeting assembled, enacts that the following lands and improvements thereon, are hereby exempted from taxation, imposed under Section 197 (1) of the *Community Charter*, for the year 2021:

1. THE WHARF AT JEUNE LANDING

- 1.1 Plan 594321, D.L. 188, Rupert District, Wharf Approach, & D.L. 1514, Rupert District, Wharf Properties registered in the name of the Port Alice Marine Rescue Society **Roll No: 00002.000 & Roll No. 01025.00**

2. ECUMENICAL AND PENTECOSTAL CHURCHES

- 2.1 Plan 18774, Lot 3, Block 7, D.L. 2137, Rupert District, located at 1100 Nigei St Property registered in the name of the Port Alice Ecumenical Society **Roll No. 00648.000**
- 2.2 Plan 33023, Lots 13 & 14, D.L. 2137, Rupert District, located at 850-860 Marine Dr Properties registered in the name of the Pentecostal Assemblies of Canada **Roll No. 00788.030 & Roll No. 00788.031**

3. THE LEGION HALL

- 3.1 The Legion Hall, Plan 22668, Lot 1, D.L. 2137, Rupert District Registered to the Royal Canadian Legion Branch #180 **Roll No. 00779.000**
- 3.2 The portion of Plan 22668, Lot 1, DL 2137, Rupert District, which contains a residential housing unit is exclusive of this Bylaw

4. THE YACHT CLUB

- 4.1 Rupert Land District, District Lot PT304 Roll Number 27506.940 The property registered in the name of the Port Alice Yacht Club **Roll No. 27506.940**

5. PORT ALICE GOLF CLUB

- 5.1 Eastern portion of District Lot 1187, Rupert Land District which is identified and assessed by BC Assessment as Recreation / Non-profit. Property registered in the name of Neucel Specialty Cellulose Ltd. **Roll No: 00075.000**

6. CITATION

This Bylaw may be cited as the "Village of Port Alice Permissive Exemption Taxation Bylaw for the Year 2021, Bylaw No. 663, 2020."

7. SEVERABILITY

If a court of competent jurisdiction declares any portion of this bylaw invalid, then the invalid portion must be severed and the remainder of the bylaw is deemed valid.

READ A FIRST, SECOND & THIRD TIME THE 23rd DAY OF SEPTEMBER 2020.
ADOPTED THE 14th DAY OF OCTOBER 2020.


Mayor
Chief Administrative Officer

Certified a true and correct copy of Bylaw No. 663, as adopted on the ____ day of _____, 20__.

Chief Administrative Officer

VILLAGE OF PORT ALICE

2021 STATEMENT OF PERMISSIVE EXEMPTION OF PROPERTY TAXATION

Under Section 98 (2) (b) of the Community Charter Council is required to report the value of taxation that is being exempt.
On October 14, 2020 Council passed the following permissive exemption bylaws which have an effect on taxation for 2021:

Village of Port Alice Permissive Exemption Bylaw No. 663, 2020

ASSESSMENT/1000.				CLASS	GENERAL MUNICIPAL	SCHOOL	REGIONAL HOSPITAL	REGIONAL DISTRICT	B.C.A.A.	M.F.A.	POLICE	TOTAL
2020 TAX RATES				1	7.77493	3.2196	0.30078	0.74338	0.0426	0.0002	0.3146	12.39609
2020 TAX RATES				6	11.66239	1.107	0.73692	1.82129	0.1099	0.0005	0.7707	16.2087
2020 TAX RATES				8	7.77493	0.7844	0.30078	0.74338	0.0426	0.0002	0.3146	9.96089

					Gen Mun.	School	Reg. Hospital	Reg. District	B.C.A.A.	M.F.A.	Police	TOTAL
FOLIO					ROYAL CANADIAN LEGION							
779000	6	240700	240.7	\$ 2,807.14	\$ 266.45	\$ 177.38	\$ 438.38	\$ 26.45	\$ 0.12	\$ 185.51	\$ 3,901.43	
FOLIO					PORT ALICE MARINE RESCUE SOCIETY							
2000	6	16100	16.1	\$ 187.76	\$ 17.82	\$ 11.86	\$ 29.32	\$ 1.77	\$ 0.01	\$ 12.41	\$ 260.96	
1025000	6	156000	156	\$ 1,819.33	\$ 172.69	\$ 114.96	\$ 284.12	\$ 17.14	\$ 0.08	\$ 120.23	\$ 2,528.56	
1025000	8	49300	49.3	\$ 383.30	\$ 38.67	\$ 14.83	\$ 36.65	\$ 2.10	\$ 0.01	\$ 15.51	\$ 491.07	
FOLIO					ECUMENICAL SOCIETY							
648000	8	192900	192.9	\$ 1,499.78	\$ 151.31	\$ 58.02	\$ 143.40	\$ 8.22	\$ 0.04	\$ 60.69	\$ 1,921.46	
FOLIO					PENTECOSTAL ASSEMBLIES							
788030	8	312700	312.7	\$ 2,431.22	\$ 245.28	\$ 94.05	\$ 232.45	\$ 13.32	\$ 0.06	\$ 98.38	\$ 3,114.77	
788031	6	86700	86.7	\$ 1,011.13	\$ 95.98	\$ 63.89	\$ 157.91	\$ 9.53	\$ 0.04	\$ 66.82	\$ 1,405.29	
FOLIO					PORT ALICE GOLF CLUB							
75000	6	601,000	601	\$ 4,672.73	\$ 471.42	\$ 180.77	\$ 446.77	\$ 25.60	\$ 0.12	\$ 189.07	\$ 5,986.49	
FOLIO					PORT ALICE YACHT CLUB							
27506940	8	63200	63.2	\$ 491.38	\$ 49.57	\$ 19.01	\$ 46.98	\$ 2.69	\$ 0.01	\$ 19.88	\$ 629.53	
27506940	6	82400	82.4	\$ 960.98	\$ 91.22	\$ 60.72	\$ 150.07	\$ 9.06	\$ 0.04	\$ 63.51	\$ 1,335.60	
TOTAL PROPERTY TAXATION					\$ 16,264.76	\$1,600.43	\$ 795.49	\$ 1,966.06	\$ 115.88	\$ 0.53	\$ 832.00	\$ 21,575.16


Bonnie Danyk, Finance Officer

VILLAGE OF PORT ALICE
STATEMENT OF FINANCIAL INFORMATION
2021 SCHEDULE OF REMUNERATION & EXPENSES

1. Schedule of Remuneration & Expenses paid to or on behalf of Elected Officials.

Name	Position		Remuneration	Expenses	Totals
Cameron Kevin	Mayor		\$11,823.00	\$589.00	\$12,412.00
Aldis Holly	Councillor		\$7,882.00	\$0.00	\$7,882.00
Lloyd Bruce	Councillor		\$7,882.00	\$114.00	\$7,996.00
Yunker Angela	Councillor		\$7,882.00	\$0.00	\$7,882.00
Wastson Sean	Councillor		\$7,882.00	\$0.00	\$7,882.00
Sub Total (A)			\$43,351.00	\$703.00	\$44,054.00

2. Schedule of Remuneration & Expenses paid to or on behalf of Employees.

Employees	Remuneration	Expenses	Totals
Remuneration & Expenses in excess of \$75,000.00			
Bonnie Danyk, Finance Officer / Deputy CAO	\$ 111,561.00	\$ 2,500.00	\$ 114,061.00
Jason Yunker, Public Works Foreman	\$ 84,978.00	\$ 907.00	\$ 85,885.00
Consolidated Remuneration & Expenses under \$75,000.00	\$ 351,418.00	\$ 115.00	\$ 351,533.00
Sub Total (B)	\$547,957.00	\$3,522.00	\$551,479.00

3. Reconciliation

Total Remuneration Elected Officials (Sub Total (A))					\$43,351.00
Total Remuneration Employees (Sub Total (B))					\$547,957.00
Subtotal					\$591,308.00
Staff Benefits Payments					\$103,765.00
Total Per statement of Revenue & Expenditure					\$695,073.00
Variance					\$0.00

VILLAGE OF PORT ALICE
2021 STATEMENT OF SEVERANCE AGREEMENTS

There are no severance agreements under which payment commenced between the Village of Port Alice and its non-unionized employees during fiscal year 2021.

VILLAGE OF PORT ALICE
STATEMENT OF FINANCIAL INFORMATION
2021 SCHEDULE OF GOODS & SERVICES
Statement of Payments made for Goods and Services

1. Suppliers Who Received Aggregate Payments Exceeding \$25,000.00

BC HYDRO	\$ 94,869.90
CIBC CORPORATE VISA PLUS	\$ 83,266.14
LIME DESIGNS INC	\$ 31,500.00
MINISTRY OF FINANCE	\$ 36,793.05
MUNICIPAL INSURANCE ASSOCIATION OF BC	\$ 48,096.00
NORTH ISLAND WASTE MANAGEMENT LTD	\$ 84,004.32
PIPE-EYE VIDEO INSPECTIONS & SERVICES	\$ 41,061.07
RECEIVER GENERAL FOR CANADA	\$ 126,072.98
REGIONAL DISTRICT OF MT. WADDINGTON	\$ 50,738.85
TEX ELECTRIC LTD	\$ 43,341.03
VANCOUVER ISLAND REGIONAL LIBRARY	\$ 33,636.00

	\$ 673,379.34
--	----------------------

2. Consolidated total paid to suppliers receiving payments of \$25,000.00 or less

	\$ 142,705.00
--	----------------------

3. Total of payment to suppliers for grants and contributions exceeding \$25,000.00

Consolidated total of grants exceeding \$25,000.00	\$ -
Consolidated total of contributions exceeding \$25,000.00	\$ -
Consolidated total grants and contributions exceeding \$25,000.00	\$ -

4. Reconciliation

Total Aggregate Amount Paid to Suppliers over \$25,000	\$ 673,379.34
Consolidated total of payments of \$25,000 or less	\$ 142,705.00
Consolidated total of all grants & contributions exceeding \$ 25,000	\$ -
Reconciling Items	

Total Per Statement of Revenue and Expenditure	\$ 816,084.34
---	----------------------

Variance	\$ -
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VILLAGE OF PORT ALICE
2021 STATEMENT OF FINANCIAL INFORMATION APPROVAL

The undersigned, as authorized by the Financial Information Regulation, Schedule 1, subsection 9 (2), approves all the statements and schedules included in this Statement of Financial Information, produced under the Financial Information Act.



Mayor

Finance Officer

VILLAGE OF PORT ALICE
STATEMENT OF FINANCIAL INFORMATION
STATEMENT OF DECLARATION OF DISQUALIFICATION
Community Charter (Section 110)

Community Charter Section 110

Circumstances in which a person is disqualified from office on council:

- 1** A person elected or appointed to office on a council is disqualified from holding that office if any of the following applies:
 - a)** the person does not make the required oath or affirmation of office within the time established by section 120 (1) [oath or affirmation of office];
 - b)** the person is absent from council meetings for a period of 60 consecutive days or 4 consecutive regularly scheduled council meetings, whichever is the longer time period, unless the absence is because of illness or injury or is with the leave of council;
 - c)** the person is disqualified under any of the following:
 - section 101 [restrictions on participation if in conflict]
 - section 102 [restrictions on inside influence]
 - section 103 [restrictions on outside influence]
 - section 105 [restrictions on accepting gifts]
 - section 106 [disclosure of gifts]
 - section 107 [disclosure of contracts]
 - section 108 [restrictions on use of insider information]
 - d)** the person is disqualified under section 191 [liabilities for use of money contrary to Act];
 - e)** the person is disqualified under section 66 (2) [who may hold elected office] of the Local Government Act or section 38 (2) [who may hold elected office] of the Vancouver Charter.
- 2** A person disqualified under subsection (1) is disqualified from holding office on a local government, including office on the council of the City of Vancouver, as follows:

Applicable provision	Period of disqualification
(1) (a) [failure to take oath]	until the next general local election;
(1) (b) [unexcused absence]	until the next general local election;
(1) (c) [conflict]	until the next general local election;
(1) (d) [unauthorized use of money]	for 3 years from the date of the vote to which which the disqualification relates;
(1) (e) [election disqualifications]	in accordance with Part 3 [Electors and Elections] of the Local Government Act or Part I of the Vancouver Charter

Section 110 provides circumstances in which Section 111 may be used and is for information purposes only.

VILLAGE OF PORT ALICE
STATEMENT OF FINANCIAL INFORMATION
STATEMENT OF DECLARATION OF DISQUALIFICATION
Community Charter (Section 111)

Community Charter Section 111

Application to court for declaration of disqualification.

- 1** If it appears that a person is disqualified under section 110 and is continuing to act in office,
 - a)** 10 or more electors of the municipality or
 - b)** the municipality,may apply to the Supreme Court for an order under this section.

- 2** As a restriction, a municipality may only make an application under subsection (1) if this is approved by resolution that
 - a)** is adopted by a vote of a least 2/3 of all council members, and
 - b)** identifies the grounds for disqualifications under section 110 which the council considers apply.

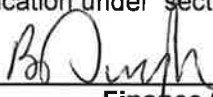
- 3** Section 100 [disclosure of conflict] and 101 [restrictions on participation if in conflict] do not apply to the council member who is subject to a resolution referred to in subsection (2) of this section in relation to that resolution.

- 4** An application under this section may only be made within 45 days after the alleged basis of the disqualification comes to the attention of
 - a)** any of the electors bringing the application, in the case of an application under subsection (1) (a), or
 - b)** any member of council other than the person alleged to be disqualified, in the case of an application under subsection (1) (b).

- 5** Within 7 days after the petition commencing an application under this section is filed, it must be served on
 - a)** the person whose right to hold office is being challenged, and
 - b)** in the case of an application under subsection (1) (a), the municipality.

- 6** On the hearing of the application, the court may declare
 - a)** that the person is qualified to hold office,
 - b)** that the person is disqualified from holding office, or
 - c)** that the person is disqualified from holding office and that the office is vacant.

There were no declarations of disqualification under section 111 of the Community Charter during 2021.



Finance Officer



Municipal Services & Operations Summary for 2021

General:

PricewaterhouseCoopers Inc as Trustee in Bankruptcy of Neucel engaged in emergency clean up at the mill site in partnership with the Ministry of Environment. Hazardous materials were transported off site and demolition was started.

A new cell tower was installed by Telus and became operational late in the year. Cell service was greatly improved.

Due to the Covid-19 Pandemic, Council meetings continued to be held in the Seaview Activity Centre. RDMW Board meetings and conferences continued to be done via the internet on platforms like Zoom.

The Village received a grant from the Island Coast Economic Trust for an Economic Development Officer. Ryan Nicholson was hired for this roll in the Fall.

A contractor was selected for the Interpretive Sign project. Designs were created and approved. The signs are expected to be in place in the Summer of 2022.

A project manager was hired for the Kayak Storage Building and Launch. An RFP was issued for the building in 2022.

Fire Department:

The Fire Department struggled to recruit more volunteers. The number of active members was reduced to nine.

Recreation Department:

Due to Covid-19 there were some closures at the Community Centre and restrictions included requirements for vaccine passports and occupation limits

The Weight room was closed again for several weeks until the Covid-19 restrictions were relaxed and we were permitted to re-open with a requirement for vaccine passports.

Public Works & Operations:

Once again the Community Centre Coordinator helped in Public Works for the summer as the Community Centre hours were reduced. She looked after the Village gardens and helped with grass maintenance.

The Transfer Station had a large increase in usage. With many new residents in the Village, staff had to educate them about what is not accepted at the Transfer Station and where material is to be dropped off. Changes in the tipping rules at 7 Mile will mean that in 2022 the transfer station will need to be staffed.

Six streetlights and bases were replaced.

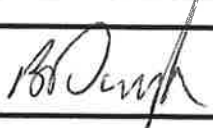

Emergency Planning and Hazard Assessment:

The Village of Port Alice entered into an agreement with the Strathcona Regional District to provide Tsunami Mapping. This project is ongoing.

Community Forest:

The Community Forest group has continued to lobby the Provincial Government to request more tenure for the North Island Community Forest.

Chief Administrative Officer

	2021 Goals & Objectives		
SERVICE	OBJECTIVE	STRATEGY	MEASURE
ADMINISTRATION & FINANCE	Source new funding opportunities	New Economic Development Officer to develop shovel ready projects to take advantage of short intake grant opportunities	Reviewed grant opportunities, looking at plan for Lion's Park
	Update Bylaws	Update outdated Bylaws	Updated Parking & Traffic Control Bylaw
	Asset Planning	Review and Update Asset Management Registry, produce Asset Management Plan.	Completed Sewer Asset Plan
COMMUNICATION	Enhanced Online Communication	Explore Twitter and Instagram accounts. Continue to update website	Added Facebook, added more content to website
COMMUNITY FOREST	Allowable Cut	Continue to lobby the Province to increase the amount of timber available to the North Island Community Forest.	Met virtually with Provincial Ministers at 2021 UBCM Conference
DIKE SAFETY	Dike Maintenance	Continue to complete maintenance items as per the Dike Maintenance schedule.	Items completed as per the schedule
ECONOMIC DEVELOPMENT	Economic Development Strategy	New Economic Development Officer to Review Port of Potential Plan.	Complete
	Lions Park Property	List property with Realtor	Listed in 2022
	Training	Investigate possible partnership with North Island College to reinstate regular training opportunities in Port Alice	Continued dialogue with NIC
	NI Communities	Work with other North Island Communities and Vancouver Island North Tourism Association to cross promote each other's communities and have consistent messaging.	Ec Dev Officer had regular meetings with other communities and VINTA
	Business Development Workshop	Collaborate with NI Community Futures to hold a Business Development Workshop	Meeting held at & Hills Golf Club in Fall of 2021
MARINA	Kayak Storage and Launch	Complete construction of the Kayak Storage Facilities and Launch	Move to 2022
PROTECTIVE SERVICES	Fire Department	Recruit new members	Ongoing, Advertised in Rumble sheet
	Emergency Planning	Update contact lists and emergency plan	Changes to Emergency Plan requirements coming in 2022
PLANNING	OCP and Zoning Bylaw	Hire a Contractor to update the OCP and Zoning Bylaw.	RFP posted in 2022
RECREATION	Community Centre	Review programming with the focus on increased participation	Added more programming for older kids and teens
TOURISM	Signage	Complete Interpretive Sign Project	Design completed, construction and installation to be done in 2022
WASTE WATER	Sewer Outfall Repairs	Complete Sanitary Sewer Outfall Repairs	Completed
Chief Administrative Officer		 Mayor	

	2022 Goals & Objectives	
SERVICE	OBJECTIVE	STRATEGY
ADMINISTRATION & FINANCE	2022 Municipal Election	Update Election Bylaws to allow for mail in ballots.
	Update Bylaws	Update Anti-Noise and Unsightly Premises Bylaws. Review Boulevard Bylaw
	Asset Planning	Apply for funding for Asset Plan for Buildings.
COMMUNICATION	Enhanced Online Communication	Explore Instagram account. Update website with Municipal Election Page
COMMUNITY FOREST	Allowable Cut	Continue to lobby the Province to increase the amount of timber available to the North Island Community Forest.
ECONOMIC DEVELOPMENT	Tourist Promotion	Continue to work with Destination BC, Trip Advisor, Ahoy BC, Marine Trails and others to update our tourism profiles.
	Tourism Accomodation	Work with potential developers to build tourist accomodation at the Lion's Park site and to rehabilitate or rebuild the Quatsino Chalet.
	Training	Lobby North Island College to reinstate regular training opportunities in Port Alice
	North Island Communities	Continue to work with other North Island Communities and Vancouver Island North Tourism Association to cross promote each other's communities and have consistant messaging.
	Bike Trails	Work with property owners for land use agreements and start rehabilitation of bike trails
	Interpretive Signage	Complete Interpretive Sign Project
	Business Development Workshop	Colaborate with Community Futures to offer a Business Development Workshop in Port Alice.
	Kayak Storage and Launch	Complete construction of the Kayak Storage Facilities and Launch
	Fire Department	Research Grant Opportunities for Hall Upgrades. Continue to work on member requitment
PROTECTIVE SERVICES	Emergency Planning	Update contact lists. Update emergency plan to align with new Provincial requirements. Investigate funding opportunities to purchase emergency equipment.
	OCP and Zoning Bylaw	Hire a Contractor to update the OCP and Zoning Bylaw.
PLANNING	Community Centre	Review programming with the focus on increased participation
RECREATION	Water Well Replacement	Upgrade and Replace 3 Water Wells
WATER	Replacement	Continue to replace streetlights with energy efficient LED models
STREETLIGHTS		



VILLAGE OF PORT ALICE

ANNUAL REPORT

FOR YEAR ENDING 2021

(Community Charter Section 98)

A P P E N D I X "A"

North Island Community Forest
Audited Financial Statements for the year ended
December 31, 2021.

**NORTH ISLAND COMMUNITY FOREST
LIMITED PARTNERSHIP
Financial Statements - December 31, 2021**



INDEPENDENT AUDITOR'S REPORT

To the Partners of the North Island Community Forest Limited Partnership,

Opinion

We have audited the financial statements of the North Island Community Forest Limited Partnership (the "Partnership"), which comprise the balance sheet as at December 31, 2021, and the statements of partners' capital, income 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 Partnership as at December 31, 2021, and the results of its operations and cash flows for the year then ended in accordance with Canadian Accounting Standards for Private Enterprises (ASPE).

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 Partnership 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.

Emphasis of Matter - Basis of Accounting and Restriction on Distribution and Use

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared for the purpose of providing information to the directors of the Partnership's General Partner and the Village of Port Alice, District of Port Hardy and Town of Port McNeill. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the directors of the Partnerships General Partner and the Village of Port Alice, District of Port Hardy and Town of Port McNeill and should not be distributed to or used by parties other than those specified.

Responsibilities of Those Charged with Governance for the Financial Statements

Those charged with governance of the Partnership, in lieu of management are responsible for the preparation and fair presentation of the financial statements in accordance with Accounting Standards for Private Enterprises, and for such internal control as they determine 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, those charged with governance are responsible for assessing the Partnership'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 those charged with governance either intends to liquidate the Partnership or to cease operations, or has no realistic alternative but to do so.

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.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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 Partnership'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 those charged with governance'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 Partnership'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 Partnership 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.

Chan Newsrad Boatis Inc

Chartered Professional Accountants
Campbell River, BC

April 12, 2022

NORTH ISLAND COMMUNITY FOREST LIMITED PARTNERSHIP

Index to Financial Statements

Year Ended December 31, 2021

	Page
INDEPENDENT AUDITORS' REPORT	1 - 2
FINANCIAL STATEMENTS	
Balance Sheet	3
Statement of Partners' Capital	4
Statement of Income	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 9

NORTH ISLAND COMMUNITY FOREST LIMITED PARTNERSHIP

Balance Sheet

December 31, 2021

2021

2020

ASSETS

Current Assets

Cash	\$ 694,865	\$ 791,493
GST Receivable	1,221	838
Prepaid Expenses	<u>2,667</u>	<u>2,895</u>
	<u>\$ 698,753</u>	<u>\$ 795,226</u>

LIABILITIES

Current Liabilities

Accounts Payable	\$ 10,572	\$ 28,852
Accrual for Silviculture Liabilities (Note 5)	<u>13,436</u>	<u>13,436</u>
	24,008	42,288

PARTNERS' CAPITAL

	<u>674,745</u>	<u>752,938</u>
	<u>\$ 698,753</u>	<u>\$ 795,226</u>

Approved by the Board of Directors of the General Partner:



Director



Director

NORTH ISLAND COMMUNITY FOREST LIMITED PARTNERSHIP

Statement of Partners' Capital

Year Ended December 31, 2021

2021

2020

Town of Port McNeill

Balance, Beginning of Year	\$ 229,193	\$ 340,071
Withdrawals	-	(90,000)
Share of Net Loss	(25,804)	(20,878)
Balance, End of Year	<u>203,389</u>	<u>229,193</u>

District of Port Hardy

Balance, Beginning of Year	229,193	340,071
Withdrawals	-	(90,000)
Share of Net Loss	(25,804)	(20,878)
Balance, End of Year	<u>203,389</u>	<u>229,193</u>

Village of Port Alice

Balance, Beginning of Year	229,193	340,071
Withdrawals	-	(90,000)
Share of Net Loss	(25,804)	(20,878)
Balance, End of Year	<u>203,389</u>	<u>229,193</u>

North Island Community Forest Ltd.

Balance, Beginning of Year	65,359	65,491
Contributions	-	500
Share of Net Loss	(781)	(632)
Balance, End of Year	<u>64,578</u>	<u>65,359</u>

Total Partners' Capital

\$ 674,745 \$ 752,938

NORTH ISLAND COMMUNITY FOREST LIMITED PARTNERSHIP

Statement of Income

Year Ended December 31, 2021

2021

2020

Revenue

\$ _____ - \$ _____ -

Expenses

Directors Fees (Note 3)	22,500	21,900
Insurance	3,501	3,529
Interest and Bank Charges	43	274
Office	1,536	847
Professional Fees	5,510	6,125
Repairs and Maintenance	-	932
Subcontractors (Note 3)	45,813	32,604
Tenure License	3,848	2,404
Travel	-	1,131
	<u>82,751</u>	<u>69,746</u>

Loss from Operations

(82,751) (69,746)

Other Income

Interest Income	<u>4,558</u>	<u>6,480</u>
-----------------	--------------	--------------

Net Loss

\$ (78,193) \$ (63,266)

NORTH ISLAND COMMUNITY FOREST LIMITED PARTNERSHIP

Statement of Cash Flows

Year Ended December 31, 2021

2021

2020

Cash Flows From Operating Activities:

Cash Paid to Suppliers and Subcontractors	\$ (101,186)	\$ (75,994)
Interest Received	<u>4,558</u>	<u>6,480</u>
	<u>(96,628)</u>	<u>(69,514)</u>

Cash Flows From Financing Activities:

Partners' Drawings	<u>-</u>	<u>(269,500)</u>
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Net Decrease in Cash and Cash Equivalents	(96,628)	(339,014)
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Cash and Cash Equivalents - Beginning of Year	<u>791,493</u>	<u>1,130,507</u>
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Cash and Cash Equivalents - End of Year	<u>\$ 694,865</u>	<u>\$ 791,493</u>
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Cash and Cash Equivalents are Represented by:

Cash	\$ 167,752	\$ 267,233
Guaranteed Investment Certificate	<u>527,113</u>	<u>524,260</u>
	<u>\$ 694,865</u>	<u>\$ 791,493</u>

NORTH ISLAND COMMUNITY FOREST LIMITED PARTNERSHIP

Notes to Financial Statements

December 31, 2021

1. Statutes of Incorporation and Nature of Activities:

The North Island Community Forest Limited Partnership (the "Partnership") was formed in British Columbia on April 15, 2011. The limited partners of the Partnership and their respective partnership unit holdings are; the Village of Port Alice (33%), the District of Port Hardy (33%) and the Town of Port McNeill (33%). The general partner of the Partnership is North Island Community Forest Ltd. (the "General Partner"), which holds 1% of the outstanding partnership units.

The Partnership has a 25 year agreement with the Province of British Columbia to operate a community forest with a quota of 52,000 cubic meters per 5 year period for the benefit of the Village of Port Alice, the District of Port Hardy and the Town of Port McNeill.

2. Significant Accounting Policies:

Basis of Presentation

These financial statements have been prepared in accordance with Canadian accounting standards for private enterprises (ASPE). The Partnership is governed by the Board of Directors of its General Partner, North Island Community Forest Ltd., and the municipalities who are partners within it and as a government business enterprise controlled by municipalities, the Partnership should be reporting under International Financial Reporting Standards (IFRS). Consequently, the basis of accounting used in these financial statements materially differs from IFRS.

Cash

Cash consists of cash on hand and balances held with chartered banks. Guaranteed Investment Certificates redeemable within one year are classified as cash equivalents.

Revenue Recognition

Revenue recognition varies with the contract. Sales through BC Timber Sales are recognized when the sale proceeds, including non-refundable pre-harvesting payments become receivable. Sales to other companies are recognized periodically as wood has been harvested. Interest income is recognized when earned and when collection is reasonably assured.

Income Taxes

The Partnership is not a taxable entity. Instead, its net income is distributed to its partners and is taxed in their hands if taxes are applicable.

Financial Instruments

Measurement of financial instruments

The entity initially measures its financial assets and liabilities at fair value. The entity subsequently measures all its financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost include cash and cash equivalents and GST receivable. Financial liabilities measured at amortized cost include accounts payable and accrual for silviculture liabilities.

Use of Estimates

The preparation of financial statements in conformity with ASPE 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 amounts of revenues and expenses during the period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known. Actual results could differ from those estimates. Significant estimates include the accrual for silviculture liabilities.

NORTH ISLAND COMMUNITY FOREST LIMITED PARTNERSHIP

Notes to Financial Statements

December 31, 2021

3. Related Party Transactions:

Related Party Services

During the year ended December 31, 2021, the Partnership paid Hecate Integrated Resources Ltd., a corporation owned by the Chair of the Board of Directors \$Nil (2020 - \$3,868) for services included within Subcontractor expenses on the Statement of Income, at normal market rates. The selection of the service provider was consistent with the Board's conflict of interest policy.

Board of Directors Remuneration

Included in the financial statements of the Partnership are directors' fees paid to the board members of the GP of \$21,900 (2020 - \$22,500).

4. Financial Instruments:

Credit Risk

Credit risk refers to the risk that a counter-party may default on its contractual obligations resulting in a financial loss. The Partnership is exposed to credit risk with respect to its accounts receivable. In order to reduce its credit risk the Partnership deals with large companies or government agencies with a history of fulfilling their payment obligations.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Partnership is exposed to this risk in respect to its ability to meet its current obligations which include accounts payable. The Partnership has sufficient current assets to meet current obligations.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Partnership's income or the value of its holding in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Based on the nature of the Partnership's operations, market risk is not considered to be a significant risk.

5. Contingent Liability:

An amount was accrued for post-harvest silviculture liabilities, which is a legislated obligation for forest tenure holders on cutblocks after harvesting. During 2021, \$Nil (2020 - \$Nil) expenditures were incurred for silviculture related costs. Management believes the current and remaining accrual to be sufficient for all costs that may arise in the future with respect to that cutblock.

The current contracts through BC Timber Sales involve no responsibility for silviculture costs related to the 2017 and 2019 harvests as BC Timber Sales has taken on the obligation on behalf of the Partnership, as per the Disposition Agreements.

The silviculture liability as at December 31, 2021 is \$13,436 (2020 - \$13,436).

NORTH ISLAND COMMUNITY FOREST LIMITED PARTNERSHIP

Notes to Financial Statements

December 31, 2021

6. COVID-19:

The Partnership evaluated its December 31, 2021 financial statements for events up to the date the financial statements were issued. As of this date, the global outbreak of the coronavirus disease (COVID-19) has caused economic uncertainties that may have a material impact on the net income of the Partnership for the year ending December 31, 2022.

The extent that the effects of COVID-19 may have on the Partnership and its operations for the year ending December 31, 2022 cannot be determined at this time.

