

| AGENDA INFORMATION                                  |                    |
|-----------------------------------------------------|--------------------|
| <input checked="" type="checkbox"/> Regular Meeting | Date: May 11, 2026 |
| <input type="checkbox"/> Other:                     | Date: _____        |

|                  |                 |                                                                                            |
|------------------|-----------------|--------------------------------------------------------------------------------------------|
| Dept.<br>Manager | GM/<br>Director | <br>CAO |
|------------------|-----------------|--------------------------------------------------------------------------------------------|

## The District of North Vancouver REPORT TO COUNCIL

April 24, 2026

**AUTHOR:** Rick Danyluk, GM, Finance & CFO

**SUBJECT:** 2025 Audited Consolidated Financial Statements

### RECOMMENDATION:

THAT the 2025 Audited Consolidated Financial Statements of the District of North Vancouver be approved;

AND THAT the 2025 Audited Financial Statements of the North Vancouver Recreation and Culture Commission be approved.

### SUMMARY:

The audited financial statements of the District of North Vancouver and the North Vancouver Recreation and Culture Commission have been prepared by management and audited by KPMG, LLP. In accordance with the requirements of both assurance engagements, the external auditors attended the meeting with the Finance and Audit Standing Committee on April 24, 2026 to discuss their audit findings and render an unqualified opinion. At the meeting, the Finance and Audit Standing Committee considered this matter and recommended approval of the financial statements to Council.

### EXISTING POLICY:

Financial Information Act, BC Reg. 371/93, section 9, requires that the annual audited financial statements of the District be approved by Council.

Community Charter Section 167 (1) requires that municipal financial statements must be prepared by the Financial Officer and presented to Council for acceptance.

Community Charter Section 170 (2) states “reports submitted by the municipal auditor to a committee under this section are deemed to have been submitted to Council”.

### *North Vancouver Recreation and Culture Commission*

Responsibility for the approval of the financial statements of the North Vancouver Recreation and Culture Commission falls to the District of North Vancouver Council by virtue of the delegation of the responsibility for the annual audit to the District’s Chief Financial Officer.

Under the North Vancouver Recreation Commission Establishing Bylaw 7987 – Part 4, Section 38, the Chief Financial Officer for the District of North Vancouver is the Appointed

**SUBJECT: 2025 Audited Consolidated Financial Statements**

April 24, 2026

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Financial Officer responsible for the annual financial audit of the Commission. The approval of the financial statements of the North Vancouver Recreation and Culture Commission is part of this responsibility.

Community Charter Section 14(2) provides that the municipal powers, duties and functions of one or more of the participating municipalities may be exercised in relation to the “North Vancouver Recreation Commission” in another participating municipality. Community Charter Section 154 requires a Council to approve the financial statements of the North Vancouver Recreation and Culture Commission.

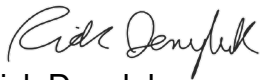
**ANALYSIS:**

The audited financial statements are presented for Council’s approval, on recommendation from the Finance and Audit Standing Committee. Attachment 1 “2025 Financial Statements Analysis” provides a full analysis of the financial statements, highlighting that the overall financial position of the municipality is tightening, leaving less flexibility to address emerging issues and financial risks in the near term. Additional analysis on the District’s financial position will be presented through the 2025 Annual Report.

**Timing/Approval Process:**

Approval of the audited financial statements of the District of North Vancouver is required prior to submitting them to the Ministry of Municipal Affairs before May 15, 2026.

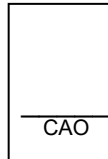
Respectfully submitted,



Rick Danyluk  
GM, Finance & CFO

- |               |                                                                                            |
|---------------|--------------------------------------------------------------------------------------------|
| Attachment 1: | 2025 Financial Statements Analysis                                                         |
| Attachment 2: | 2025 Audited Consolidated Financial Statements of the District of North Vancouver          |
| Attachment 3: | 2025 Audited Financial Statements of the North Vancouver Recreation and Culture Commission |

| AGENDA INFORMATION                                    |                      |
|-------------------------------------------------------|----------------------|
| <input checked="" type="checkbox"/> Finance and Audit | Date: April 24, 2026 |
| <input type="checkbox"/> Advisory Oversight           | Date: _____          |
| <input type="checkbox"/> Other: _____                 | Date: _____          |

|                                                                                                        |                                                                                                |                                                                                           |
|--------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|
| <br>Dept.<br>Manager | <br>Director | <br>CAO |
|--------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|

## The District of North Vancouver

### MEETING REPORT TO COMMITTEE

April 17, 2026

File:

**AUTHOR:** Jaskaran Gill, Manager, Financial Planning and Reporting

**SUBJECT:** Draft 2025 Audited Consolidated Financial Statements – Analysis

**RECOMMENDATION:**

THAT the report entitled “Draft 2025 Audited Consolidated Financial Statements – Analysis” is received for information.

**SUMMARY**

This report is provided for information purposes to report on the District’s finances for 2025, including analysis and explanation of major variances along with the status of District reserves.

## **ANALYSIS**

### **Economic Environment**

The District along with all other municipalities across the region continued to experience a challenging fiscal environment heightened by affordability concerns, despite general inflation and interest rates stabilizing in the last quarter. The Canadian economy adjusted to steep US tariffs on several industries and coped with elevated uncertainty. Tariffs led to a fall in the demand for Canadian goods, affecting the broader economy. The reconfiguration of global trade and domestic production also led to higher costs. Local construction inflation and demand for services remained high and staffing levels continued to be a challenge. As a result, capital project costs continued to rise and project deferrals/cancellations were used to help manage on-going risk due to market uncertainty and inflationary pressures. Additional cost pressures related to protective services, new legislative requirements, collective agreements, climate impacts and rising Metro Vancouver charges including impacts from the North Shore Wastewater Treatment Plant, required \$4.3 million in operating budget savings. Despite these challenges and careful financial management, the District's base operating results were very close to budget after excess funds were set aside and allocated to respective reserves per policy.

Majority of the surplus from operations was comprised of lagging spending on initiatives, routine capital maintenance, timing of development revenue, non-market tax revenue, vacancies and unspent operating contingency. Once you remove the impact of these items including the latest information on financial risks, surplus from base operating results was much lower in comparison to prior years.

New pressures continue to emerge as we move into 2026 such as higher than anticipated labour agreements, cost of building new infrastructure and maintaining the old, housing legislation, investment in affordable housing and closing the gap on infrastructure deficit that need to be balanced carefully as we aim to implement council priorities. Operating and risk management reserves are below the levels required to address risks identified in the financial risk register and will continue to be monitored as risk mitigation actions are implemented through 2026.

### **Variance Analysis**

Highlights from the Consolidated Financial Statements for the District of North Vancouver ("District") for the year ended December 31, 2025 focus on the:

- Statement of Financial Position – summary of financial and non-financial assets, liabilities and accumulated surplus.
- Statement of Operations – summary of revenues, expenses and annual surplus.
- Accumulated Surplus – Note 12 to the Financial Statements.

**Statement of Financial Position**

| (\$Millions)         | 2025       | 2024       | Change  |
|----------------------|------------|------------|---------|
| Financial assets     | \$ 403.3   | \$ 360.9   | \$ 42.4 |
| Liabilities          | 216.7      | 193.5      | 23.2    |
| Net financial assets | 186.6      | 167.4      | 19.2    |
| Non-financial assets | 1002.2     | 962.4      | 39.8    |
| Accumulated surplus  | \$ 1,188.8 | \$ 1,129.8 | \$ 59.0 |

The District's overall financial position improved by \$59.0 million in 2025 with accumulated surplus totalling \$1,188.8 million (2024 - \$1,129.8 million).

The District's "Net financial assets" is calculated as "Financial assets less Liabilities" and indicates funds are available for future expenditures. This amount has increased by \$19.2 million from 2024. This amount is primarily due to more cash and investments on hand. Included is the Metro Permit fee for the NSWWTW \$12.9 million which is recorded as a receivable in 2025. However, the entire amount is deferred as the related performance obligations have not been met and revenue will be recognized over the life of the permit as services are delivered.

Non-financial assets are the major infrastructure and other assets the District owns. These assets increased in 2025 by \$39.8 million (2024 - \$50.1 million). The increase is the result of both the renewal of existing assets and new assets offset by disposals and depreciation.

**Notable items****Financial assets**

- Cash and cash equivalents and investments – includes a mix of short and long-term investment products with more funds shifted to long-term notes & deposits. Note 2 has been added to show additional information on restrictions attached to these funds.
- Taxes receivable – increased due to more folios outstanding in 2025 and Seaspan case settlement resulting in supplementary roll adjustments for 2013-2019 along with Fibreco remaining on the receivables list contributed to the total increase.
- Accounts receivable – increased due to higher development related DCCs recorded for 2nd and 3rd payments to be received.
- Due from governments – included the Metro permit fee for NSWWTW \$13 million and other claims in progress.

**Liabilities**

- Accounts payable and accrued liabilities – can fluctuate due to large projects in progress and timing of invoices received. In 2025 a large number of invoices (\$5.2

million) was received from BA Blacktop related to paving projects and Upland contracting for Whey-ah-Wichen shoreline restoration work.

- Deferred revenue – Note 7 provides more details on this but the amount increased largely due to the Metro permit fee revenue deferral and prepaid taxes.

#### Non-financial assets

- Tangible capital assets – Includes net book value of District assets after depreciation.

#### **Statement of Operations**

| (\$Millions)   | 2025 Budget | 2025 Actual | Budget to<br>Actual<br>Variance |
|----------------|-------------|-------------|---------------------------------|
| Revenues       | \$ 309.3    | \$ 335.6    | \$ 26.3                         |
| Expenses       | 271.4       | 276.5       | (5.1)                           |
| Annual surplus | \$ 37.9     | \$ 59.1     | \$ 21.2                         |

**Consolidated revenues** of \$335.6 million were higher than budgeted revenues of \$309.3 million by \$26.3 million mainly due to:

- Taxation - \$2.7 million higher than budgeted due to Seaspan settlement of \$3.3 million, which includes reversal of final 10% liability accrual, prior year taxes owed and reversal of pollution abatement 2004-2024, offset by supplementary roll refunds of \$1.5 million issued during 2025, slightly lower BC Hydro grant in lieu and credit card surcharge program to launch in 2026 \$0.4 million. Increase in Non-market tax revenue of \$0.8 million due to more units added than planned. Also, there was \$0.6 million increase in penalties and interest received on outstanding taxes.
- Water & Sewer Utilities - \$0.3 million lower than budgeted due to lower consumption by major industrial customers. Compared to 2024, the overall total metered consumption is down by 6%, offset by an increase from flat rate utility customers due to some developments reaching completion and being billed for services.
- Parks, Recreation and Culture - \$0.7 million higher than budgeted due to more rounds of golf played at Northlands Golf and increase in North Vancouver Recreation Commission (NVRC) membership fees, program registrations, Centennial Theatre and arena rentals as a result of increased participation and demand. DNV Parks attractions were slightly favourable offset by unfavourable fees from Sportsfields and Parks tree removal permits.
- Other fees and charges - \$5.2 million higher than budgeted due to increased permit revenue \$2.3 million, business license fees \$0.3 million, additional \$0.3 million received from Tourism Vancouver in MRDT tax revenue for affordable housing, short/long term property leases \$1.1 million, Tsleil Waututh & Squamish Nation Service agreement negotiations \$0.5 million, offset by lower traffic fines revenue and timing of streets restoration and Asphalt work.

- Transfer from Governments - \$2.1 million higher than budgeted due to timing of grant funds received. The amount in 2024 was much higher due to more grant funded projects on the go i.e. Liveable Deep Cove \$2.3 million, Cates Park shoreline restoration \$3.0 million and other community planning, climate action, MRN projects.
- Investment Income - \$7.4 million higher than budgeted due to higher average rates of return, 4.15% in 2025, 4.84% in 2024, 4.45% in 2023 along with better mix of investment products.
- Land Sales and Other contributions - \$8.5 million higher than budgeted due to developer contributed assets including roads, sidewalks, streetlights, water, sewer and storm mains for a value of \$2.4 million, increase in community amenity contributions received \$2.6 million, sale of surplus road allowance \$1.8 million as part rezoning, redevelopment and repositioning lanes in Lynn Creek, and \$1.0 in emergency response claim recovery and other contributions recorded in 2025.

**Consolidated expenses** of \$276.5 million (less depreciation of \$26.0 million), were lower than budgeted expenses of \$271.4 million by \$20.9 million. The main variances were due to:

- General Government - actual expenses include the depreciation of District assets. The General Government budget does not include the depreciation of District assets. Budgets are prepared on a cash basis and include the renewal of assets and new assets; not the depreciation of assets.

| (\$millions)                       | <b>2025 Budget</b> | <b>2025 Actual</b> | <b>Difference</b> |
|------------------------------------|--------------------|--------------------|-------------------|
| General Government                 | \$ 42.2            | \$ 62.6            | \$ (20.4)         |
| Depreciation                       | -                  | (26.0)             | 26.0              |
| General Government before Deprecia | <u>\$ 42.2</u>     | <u>\$ 36.6</u>     | <u>\$ 5.6</u>     |

General Government expenses, (excluding depreciation of \$26.0 million) are \$5.6 million lower than budgeted due to unallocated emergency contingency, lower insurance premium costs due to contract renegotiations and lower legal and claim costs.

- Transportation and other services - \$0.9 million lower than budgeted primarily due to timing of work on road networks, facility maintenance, streetlight operations, capital maintenance and intermittent project work, offset by higher salaries and vacancy adjustment applied and lower overhead recovery or costs attributable to projects that would otherwise be capitalized into District assets. Fleet recovery favourable but offset by higher costs in rental equipment, repairs and maintenance. Snow and Ice related staff overtime is offset by lower salt purchases and other operating expenses.
- Parks, Recreation and Culture Services - \$4.0 million lower than budgeted due to timing of asset maintenance related work and other operating expenses. Savings from deferred tree removal consulting and vacant positions is offset by target budget savings and under recovery of project overhead.

- Water and Sewer Utility Services - \$4.7 million lower than budgeted costs due to deferred capital maintenance work, vacant positions, and other operating expenses, including lower water purchases from GVRD.
- Protective Services - \$4.6 million lower than budgeted due to lower allocation of officers to the detachment and vacancies in civilian support staff, lagging consulting/contract work in climate and biodiversity and vacancies, offset by recoverable costs related to climate response.
- All Other Areas - \$1.1 million lower than budgeted due to lower operating expenses, staff vacancies and consulting / contract for services work.

**Annual Surplus** - When adjusted for the \$26.0 million depreciation, the District's \$59.0 million annual surplus is \$85.0 million and exceeds budget (\$37.9 million) by \$47.1 million.

| (\$millions)                | <u>2025 Budget</u> | <u>2025 Actual</u> | <u>Difference</u> |
|-----------------------------|--------------------|--------------------|-------------------|
| Annual Surplus              | \$ 37.9            | \$ 59.0            | \$ 21.1           |
| Depreciation                | -                  | 26.0               | 26.0              |
| Surplus before Depreciation | <u>\$ 37.9</u>     | <u>\$ 85.0</u>     | <u>\$ 47.1</u>    |

- Each year this annual surplus funds the District's capital expenditures. The amended budget in Note 17 to the financial statements profiles planned capital expenditures for 2025 at \$110.0 million. Reserve funds are drawn upon to help fund the plan.

### **Accumulated Surplus – Note 12 to the Financial Statements**

Accumulated Surplus is comprised of reserves, capital projects in progress and equity in tangible capital assets.

**Reserves** - The District has a number of reserve funds for specific purposes under bylaw 8418. The bylaw provides a clear purpose for these reserve funds and aligns them with Council priorities and long-term plans. At the end of 2025, reserve funds totalled \$167.0 million (2024 -\$187.0 million) which is \$20.0 million lower than in 2024 and are primarily used for capital works.

|                                     |                    |                    |                   |
|-------------------------------------|--------------------|--------------------|-------------------|
| (\$millions)                        |                    |                    |                   |
| Reserve Funds                       | <b>2025 Actual</b> | <b>2024 Actual</b> | <b>Difference</b> |
| Operating and risk management       | \$ 44.3            | \$ 48.0            | \$ (3.7)          |
| Existing capital                    | 47.6               | 74.5               | (26.9)            |
| New capital, initiatives and growth | 33.9               | 29.8               | 4.1               |
| Land and housing                    | 41.2               | 34.7               | 6.5               |
| Total Reserve funds                 | <u>\$ 167.0</u>    | <u>\$ 187.0</u>    | <u>\$ (20.0)</u>  |
| Capital projects in progress        | <u>\$ 65.7</u>     | <u>\$ 30.2</u>     | <u>\$ 35.5</u>    |
| Equity in tangible capital assets   | <u>\$ 956.1</u>    | <u>\$ 912.3</u>    | <u>\$ 43.8</u>    |
| Accumulated Surplus                 | <u>\$ 1,188.8</u>  | <u>\$ 1,129.5</u>  | <u>\$ 59.3</u>    |

The District's reserve funds are grouped into four main categories, highlights are as follows:

*Operating and Risk Management* – provides for the mitigation of risks and enables an appropriate response to adverse or unplanned events.

- Assessment appeal and property tax reserve funds tax loss risks including waterfront appeals.
- Working capital reserves for the utilities provide for the mitigation of risks related to these operations. Funds have been drawn from the utilities rate stabilization reserves in prior years to help fund significant cost increases passed onto residents by Metro Vancouver related to the North Shore Wastewater Treatment Plant.

*Existing Capital* – provides for renewal, replacement and major maintenance of existing capital assets to maintain service levels and keep the assets in a state of good repair.

- Balances decreased in this category by \$26.9 million due to internal borrowing from the infrastructure reserve to fund projects planned to be funded from external debt. Debt issue was deferred in anticipation of interest rates coming down and will be undertaken in spring of 2026. Once debt financing comes in, internal reserves will be fully reimbursed with interest and projects funded from debt financing.

*New Capital, Initiatives and Growth* – support investments in transportation and mobility, community health and safety, climate mitigation and innovation and to fund financial impacts as the community grows.

- Tax growth was established to match growth in property tax revenue to related impacts on services, including on-going costs related to new assets and increased demand on services.
- Majority of Community Amenity Contributions were moved to the Housing reserve to help support future investments in social and supportive housing.

*Land and Housing* – provides funding to preserve the value of the District's lands and support investments in social and supportive housing.

- Land income was established to accumulate income earned from real property for the purpose of planning, acquiring, and disposing of land and improvements as well as servicing and other activities which improve land value.

***Capital projects in progress*** – represent committed funds for specific projects to be completed in future years. The balance fluctuates year over year due to the number and magnitude of major multi-year projects in progress. The amount also includes capital contingency funds of \$18.3 million which was originally setup to address hyperinflation in capital projects and will be reviewed in 2026 to establish a reasonable required amount given the current economic environment. Efforts continue to catch up on delayed work impacted by shifting priorities, resource challenges and on-going economic challenges.

***Equity in tangible capital assets*** – represents District's net investment in tangible capital assets. The \$956.1 million is the remaining value of monies expended after depreciation and debt. It is important to note that under Public Sector Accounting Board standards the audited financial statements are based upon historical cost. The District's assets have a replacement value of approximately \$4.8 billion.

Respectfully submitted,



Jaskaran Gill, CPA CGA  
Manager, Financial Planning and Reporting

Consolidated Financial Statements of

**THE CORPORATION OF THE DISTRICT  
OF NORTH VANCOUVER**

And Independent Auditor's Report thereon

Year ended December 31, 2025



KPMG LLP  
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Vancouver, BC V7Y 1K3  
Canada  
Tel 604 691 3000  
Fax 604 691 3031

## INDEPENDENT AUDITOR'S REPORT

To the Mayor and Councillors of The Corporation of the District of North Vancouver

### **Opinion**

We have audited the consolidated financial statements of The Corporation of the District of North Vancouver (the "District"), which comprise:

- the consolidated statement of financial position as at December 31, 2025
- the consolidated statement of operations for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- notes to the consolidated financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the District as at December 31, 2025 and its consolidated results of operations, its consolidated changes in net financial assets, and its consolidated 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 auditor's report.

We are independent of the District 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 audit opinion.

**DRAFT - April 28, 2026**

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.



## ***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 District's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the District or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the District's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report and 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 the 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 District's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosure 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 District's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the District to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a matter that achieves fair presentation.
- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

Chartered Professional Accountants

Vancouver, Canada

DATE

# THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

## Consolidated Statement of Financial Position

December 31, 2025, with comparative information for 2024

|                                                          | 2025             | 2024             |
|----------------------------------------------------------|------------------|------------------|
| Financial assets:                                        |                  |                  |
| Cash and cash equivalents (note 2)                       | \$ 41,955,185    | \$ 106,862,619   |
| Investments (note 2)                                     | 318,838,840      | 235,843,963      |
| Taxes receivable                                         | 9,167,977        | 7,174,855        |
| Accounts receivable                                      | 11,287,645       | 6,383,759        |
| Due from governments (note 3)                            | 20,927,105       | 3,583,006        |
| Municipal Finance Authority ("MFA") debt reserve deposit | 888,661          | 862,824          |
| Inventories held for resale                              | 237,883          | 229,103          |
|                                                          | 403,303,296      | 360,940,129      |
| Liabilities:                                             |                  |                  |
| Accounts payable and accrued liabilities (note 4)        | 32,655,625       | 23,744,921       |
| Due to governments (note 5)                              | 25,149,948       | 26,927,644       |
| Restricted revenue (note 6)                              | 24,961,360       | 23,691,081       |
| Deferred revenue (note 7)                                | 51,008,340       | 30,814,104       |
| Debt (note 8)                                            | 39,881,031       | 43,212,589       |
| Post-employment benefits (note 9)                        | 12,080,578       | 11,608,187       |
| Asset retirement obligation (note 11)                    | 4,339,070        | 4,621,478        |
| Deposits and other liabilities                           | 26,595,573       | 28,904,292       |
|                                                          | 216,671,525      | 193,524,296      |
| Net financial assets                                     | 186,631,771      | 167,415,833      |
| Non-financial assets:                                    |                  |                  |
| Prepaid expenses                                         | 2,018,643        | 2,337,133        |
| Inventories held for consumption                         | 1,945,646        | 1,648,686        |
| Tangible capital assets (note 10)                        | 998,238,223      | 958,396,875      |
| Other assets                                             | 3,375            | 7,831            |
|                                                          | 1,002,205,887    | 962,390,525      |
| Accumulated surplus (note 12)                            | \$ 1,188,837,658 | \$ 1,129,806,358 |
| Commitments and contingencies (note 14)                  |                  |                  |
| Contractual rights (note 18)                             |                  |                  |

See accompanying notes to consolidated financial statements.

Rick Danyluk, CPA, CMA  
GM, Finance & CFO

# THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

## Consolidated Statement of Operations

Year ended December 31, 2025, with comparative information for 2024

|                                            | 2025 Budget<br>(note 17) | 2025             | 2024             |
|--------------------------------------------|--------------------------|------------------|------------------|
| Revenue:                                   |                          |                  |                  |
| Taxation (note 13)                         | \$ 145,459,323           | \$ 148,179,946   | \$ 137,396,242   |
| Sales, fees, and user charges:             |                          |                  |                  |
| Water                                      | 37,228,953               | 36,771,249       | 35,563,409       |
| Sewer                                      | 43,218,667               | 43,448,050       | 36,704,766       |
| Solid waste                                | 9,329,791                | 9,199,122        | 8,889,140        |
| Parks, recreation and culture              | 17,125,146               | 17,825,585       | 16,394,941       |
| Other                                      | 36,353,372               | 41,591,130       | 33,739,711       |
| Transfer from governments:                 |                          |                  |                  |
| Federal Government                         | 437,672                  | 37,926           | 3,075,739        |
| Provincial Government                      | 2,173,235                | 4,320,152        | 6,472,621        |
| Regional Government                        | 4,387,304                | 4,780,083        | 2,282,694        |
| Investment income                          | 6,980,830                | 14,336,268       | 14,962,455       |
| Land sales and other contributions         | 6,615,119                | 15,072,739       | 9,116,240        |
|                                            | 309,309,412              | 335,562,250      | 304,597,958      |
| Expenses (note 16):                        |                          |                  |                  |
| General government                         | 42,232,351               | 62,612,344       | 57,906,028       |
| Protective services                        | 66,631,514               | 62,041,123       | 60,114,213       |
| Solid waste removal services               | 9,103,525                | 9,258,597        | 8,369,181        |
| Social services                            | 6,188,081                | 5,185,512        | 4,799,053        |
| Development services                       | 9,848,102                | 9,638,137        | 8,582,355        |
| Transport and other services               | 13,206,770               | 12,315,471       | 12,552,631       |
| Parks, recreation and cultural services    | 60,425,645               | 56,381,152       | 52,280,911       |
| Water utility services                     | 26,721,696               | 23,327,189       | 22,611,375       |
| Sewer utility services                     | 37,076,980               | 35,771,425       | 23,338,953       |
|                                            | 271,434,664              | 276,530,950      | 250,554,700      |
| Annual surplus                             | 37,874,748               | 59,031,300       | 54,043,258       |
| Accumulated surplus, beginning of year     | 1,129,806,358            | 1,129,806,358    | 1,075,763,100    |
| Accumulated surplus, end of year (note 12) | \$ 1,167,681,106         | \$ 1,188,837,658 | \$ 1,129,806,358 |

See accompanying notes to consolidated financial statements.

# THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

## Consolidated Statement of Cash Flows

Year ended December 31, 2025, with comparative information for 2024

|                                                                 | 2025          | 2024           |
|-----------------------------------------------------------------|---------------|----------------|
| Cash provided by (used in):                                     |               |                |
| Operating activities:                                           |               |                |
| Annual surplus                                                  | \$ 59,031,300 | \$ 54,043,258  |
| Items not involving cash:                                       |               |                |
| Amortization of tangible capital assets                         | 26,038,322    | 25,330,485     |
| Accretion expense                                               | 146,253       | 149,471        |
| Loss on disposal of tangible capital assets                     | 794,694       | 824,701        |
| Amortization of other assets                                    | 4,456         | 8,445          |
| Contributed tangible capital assets                             | (2,440,987)   | (7,130,839)    |
| Gain on disposal of asset retirement obligation                 | (88,892)      | -              |
| Changes in non-cash operating working capital:                  |               |                |
| Taxes receivable                                                | (1,993,122)   | (1,345,707)    |
| Accounts receivable                                             | (4,903,886)   | 2,066,407      |
| Due from governments                                            | (17,344,099)  | 477,481        |
| Inventories held for resale                                     | (8,780)       | (3,302)        |
| Prepaid expenses                                                | 318,490       | 221,175        |
| Inventories held for consumption                                | (296,960)     | (32,178)       |
| Accounts payable and accrued liabilities                        | 8,910,704     | (4,605,748)    |
| Due to governments                                              | (1,777,696)   | (4,581,905)    |
| Restricted revenue                                              | 1,270,279     | (3,316,116)    |
| Deferred revenue                                                | 20,194,236    | 762,167        |
| Post-employment benefits                                        | 472,391       | 420,663        |
| Deposits and other liabilities                                  | (2,308,719)   | (2,878,112)    |
| Net change in cash provided by operating activities             | 86,017,984    | 60,410,346     |
| Capital activities:                                             |               |                |
| Cash used to acquire tangible capital assets                    | (64,573,146)  | (70,101,889)   |
| Net change in cash used in capital activities                   | (64,573,146)  | (70,101,889)   |
| Investing activities:                                           |               |                |
| Net change in investments                                       | (82,994,877)  | 67,005,312     |
| Net change in cash provided by (used in) investing activities   | (82,994,877)  | 67,005,312     |
| Financing activities:                                           |               |                |
| Proceeds from debt                                              | -             | 20,000,000     |
| Debt repayment                                                  | (3,331,558)   | (2,517,814)    |
| MFA debt reserve deposit                                        | (25,837)      | (224,401)      |
| Net change in cash provided by financing activities             | (3,357,395)   | 17,257,785     |
| Increase (decrease) in cash and cash equivalents                | (64,907,434)  | 74,571,554     |
| Cash and cash equivalents, beginning of year                    | 106,862,619   | 32,291,065     |
| Cash and cash equivalents, end of year                          | \$ 41,955,185 | \$ 106,862,619 |
| Non-cash transactions, related to asset retirement obligations: |               |                |
| Tangible capital assets                                         | \$ (339,769)  | \$ (834,927)   |

See accompanying notes to consolidated financial statements.

# THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

## Consolidated Statement of Changes in Net Financial Assets

Year ended December 31, 2025, with comparative information for 2024

|                                                  | 2025 Budget<br>(note 17) | 2025           | 2024           |
|--------------------------------------------------|--------------------------|----------------|----------------|
| Annual surplus                                   | \$ 37,874,748            | \$ 59,031,300  | \$ 54,043,258  |
| Contributed tangible capital assets (note 10(a)) | -                        | (2,440,987)    | (7,130,839)    |
| Asset retirement obligation                      | -                        | 339,769        | 834,927        |
| Acquisition of tangible capital assets           | (96,622,615)             | (64,573,146)   | (70,101,889)   |
| Amortization of tangible capital assets          | -                        | 26,038,322     | 25,330,485     |
| Loss on disposal of tangible capital assets      | -                        | 794,694        | 824,701        |
|                                                  | (96,622,615)             | (39,841,348)   | (50,242,615)   |
| Amortization of other assets                     | -                        | 4,456          | 8,445          |
| Acquisition of inventories held for consumption  | -                        | (1,945,646)    | (1,648,686)    |
| Acquisition of prepaid expenses                  | -                        | (2,018,643)    | (2,337,133)    |
| Use of inventories held for consumption          | -                        | 1,648,686      | 1,616,508      |
| Use of prepaid expenses                          | -                        | 2,337,133      | 2,558,308      |
|                                                  | -                        | 25,986         | 197,442        |
| Change in net financial assets                   | (58,747,867)             | 19,215,938     | 3,998,085      |
| Net financial assets, beginning of year          | 167,415,833              | 167,415,833    | 163,417,748    |
| Net financial assets, end of year                | \$ 108,667,966           | \$ 186,631,771 | \$ 167,415,833 |

See accompanying notes to consolidated financial statements.

# THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

## Notes to Consolidated Financial Statements

Year ended December 31, 2025

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The Corporation of the District of North Vancouver (the "District") was incorporated in 1891 and operates under the provision of the Community Charter and the *Local Government Act* of British Columbia. The District's principal activities include the provision of local government services to residents and businesses of the incorporated area. These include administrative, protective, transportation, environmental, recreational, water and sewer services.

### 1. Significant accounting policies:

#### (a) Basis of presentation:

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards as prescribed by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada.

#### (b) Basis of consolidation:

These consolidated financial statements reflect the assets, liabilities, revenues, expenses and changes in net financial assets of the reporting entity.

The reporting entity is comprised of all organizations that are controlled by the District. The consolidated financial statements reflect the consolidation of the District's funds with the financial position and results of operations of the District of North Vancouver Municipal Public Library and the District's proportionate interest in the North Vancouver Recreation & Culture Commission, North Vancouver Museum and Archives Commission, and North Shore Emergency Management Office.

Inter-entity and inter-fund balances and transactions have been eliminated on consolidation.

#### (c) Segment disclosures:

A segment is defined as a distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information. Consolidated financial statements report financial activities by major service. Segment disclosures provide information on the District's services delivered by department.

#### (d) Revenue recognition:

Revenue, unless specified below, is recognized when the District has provided goods or services through exchange transactions with performance obligations, based on each distinct good or service. Revenue is also recognized in non-exchange transactions such as fees, where there is no direct transfer of goods or services (voluntary and/or involuntary). Specific revenue recognitions are detailed below:

##### (i) Property taxes, penalties and interest relating to property taxes:

The Community Charter provides the District with the ability to impose and enforce collection of property taxes and levies, and to introduce penalties and interest. Property taxes are calculated based on the British Columbia Assessment Authority's ("BCAA") assessment value and annually approved tax rates set by Council. Taxation revenue is recorded at the time property tax bills are issued. Annual property tax levies and payments-in-lieu of taxes are recorded as taxes for municipal services in the year which they are levied. The BCAA's appeal process may affect current year property assessments by supplementary roll adjustments. Adjustments on taxes are recognized in the year when the appeals are settled.

# THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

## Notes to Consolidated Financial Statements

Year ended December 31, 2025

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### 1. Significant accounting policies (continued):

#### (d) Revenue recognition (continued):

##### (i) Property taxes, penalties and interest relating to property taxes (continued):

Property taxes collected in advance of the taxation year to which it relates is recorded in deferred revenue. Amounts collected on behalf of other governments and entities are recorded in the District's consolidated financial statements on a net basis.

The District is entitled to collect interest and penalties on overdue taxes. This revenue is recorded in the period the interest and penalties are levied.

##### (ii) Contributed asset revenue:

Tangible capital assets from developers are a condition of the development approval process. PSAB rules require municipalities to recognize as revenue the fair value of the tangible capital assets when they are made available for use and received by the District.

The delivery of the contributed tangible capital assets is dependent upon the developer. The revenue is recognized on the Consolidated Statement of Operations with an increase in tangible capital assets on the Consolidated Statement of Financial Position of the same amount. Contributed asset revenue represents the fair value of assets received. It is not a source of funding available to meet current operating expenditures or obligations.

##### (iii) Deferred revenues:

Deferred revenues represent the receipt of funds for which the provision of services occurs in the future. These revenues may only be used in the conduct of certain services, in the completion of specific work. Revenue will be recognized once the performance obligations are satisfied.

##### (iv) Restricted revenue and Development cost charges ("DCC's"):

The District collects development cost charges in accordance with Council-approved bylaws to finance growth-related projects including parks and engineering infrastructure, which includes roads, drainage, sewer and water. DCC's must be spent on projects within defined area boundaries and are recognized as revenue as Council approved expenditures are incurred. Restricted revenue from non-government sources with externally imposed restrictions are recognized as revenue when spent in accordance with the funder's specified purpose or when the restriction is fulfilled.

##### (v) Government transfers:

Restricted transfers from governments are deferred and recognized as revenue as the related expenditures are incurred or the stipulations in the related agreements are met. Unrestricted transfers are recognized as revenue when received or if the amount to be received can be reasonably estimated and collection is reasonably assured.

##### (vi) Business license revenue:

Business license revenue is recognized upon issuance. All licenses issued are calendar year licenses.

# THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

## Notes to Consolidated Financial Statements

Year ended December 31, 2025

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### 1. Significant accounting policies (continued):

#### (d) Revenue recognition (continued):

##### (vii) License and development fees:

Revenue from building and development permits and rezoning fees is received in advance of services, 50% when the application is submitted and the remaining 50% collected when the permit is issued. Revenue is recognized at each phase once the performance obligations are fulfilled. The nature of the permit determines the number and type of performance obligation and when the revenue is recognized.

##### (A) Single performance obligation:

When a permit includes a single performance obligation, revenue is recognized at the time the performance obligation is fulfilled, being either issuance or completion of the permit.

##### (B) Multiple performance obligations:

For permits with multiple performance obligations, the first performance obligation is the issuance of the permit, subsequent performance obligations include activities such as inspections or compliance related tasks. Revenue is recognized based on the best estimate of when each performance obligation is fulfilled. When multiple performance obligations exist, revenue is allocated between the performance obligations based on the estimated cost to satisfy each performance obligation.

##### (viii) Cost recoveries and donations:

Fees from sewer and water connection permits are initially deferred and subsequently recognized as revenue when the installation of the connection is completed. Donations are recognized when the related expenditure is incurred.

##### (ix) All other revenues:

Unilateral transactions are recognized as revenue when the District has the authority to retain the inflow of economic resources and identifies a past transaction or event giving rise to an asset. Exchange transactions are recognized as revenue when the District's performance obligation, which is usually to provide goods and/or services, is fulfilled.

#### (e) Expense recognition:

Expenses are recognized on an accrual basis by the receipt of goods and services or the creation of an obligation to pay.

# THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

## Notes to Consolidated Financial Statements

Year ended December 31, 2025

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### 1. Significant accounting policies (continued):

#### (f) Fund accounting:

Funds within the consolidated financial statements consist of operating, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate fund balance. All inter-fund assets and liabilities and financial operations have been eliminated in the consolidated financial statements. The funds consist of the following:

#### (i) Operating fund:

These funds include the General, Water and Sewer Operating funds as well as the operating fund of the District of North Vancouver Municipal Public Library and the District's interest in the operating fund of the North Vancouver Recreation & Culture Commission, North Vancouver Museum and Archives Commission, and North Shore Emergency Management Office. They are used to record the consolidated operating assets, liabilities, revenue and expenses of the District.

#### (ii) Capital fund:

These funds include the General, Water and Sewer Capital funds as well as the Capital fund of the District of North Vancouver Municipal Public Library. They are used to record the acquisition and construction costs of tangible capital assets and any related debt outstanding.

#### (iii) Reserve fund:

These funds have been established for a specific purpose and include the following types:

- (1) Existing Capital Reserves, to enable the District to maintain existing assets in a state of good repair;
- (2) New Capital, Initiatives and Growth Reserves, to support investments in transportation and mobility, community health and safety, climate mitigation and innovation, and to help smooth financial impacts as the community grows; and
- (3) Land and Housing Reserves, to preserve the value of the District's lands, acquire new lands and support investments in social and supportive housing.

#### (g) Cash and cash equivalents and investments:

Cash and cash equivalents consist of cash, highly liquid money market investments and short-term investments with maturities of less than 90-days from the date of acquisition.

Investments are recorded at cost plus accrued interest receivable and net of amortized discounts or premiums.

#### (h) Inventories held for resale:

Inventories held for resale are valued at the lower of cost or net realizable value. Net realizable value is determined by estimating the selling price of these goods, minus the cost of their sale or disposal. Cost is determined on a weighted average basis.

# THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

## Notes to Consolidated Financial Statements

Year ended December 31, 2025

### 1. Significant accounting policies (continued):

#### (i) 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. They include prepaid expenses, inventories held for consumption, tangible capital assets and other assets.

#### (i) Inventories held for consumption:

Inventories of supplies held for consumption are recorded at the lower of cost and replacement cost. Cost is determined on a weighted average basis.

#### (ii) Tangible capital assets:

Tangible capital assets are initially recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of assets. The cost, less residual value, of the tangible capital assets, excluding land, is depreciated on a straight-line basis over their estimated useful lives as follows:

| Asset category                       | Useful lives (years) |
|--------------------------------------|----------------------|
| Land improvements                    | 5 - 100              |
| Buildings and building improvements  | 2 - 50               |
| Vehicles                             | 2 - 25               |
| Furniture and equipment              | 4 - 30               |
| Water and waste water infrastructure | 15 - 100             |
| Road infrastructure:                 |                      |
| Base                                 | 75                   |
| Surface                              | 16 - 80              |
| Other infrastructure                 | 12 - 100             |
| Library collection                   | 2 - 10               |

Assets under construction are not depreciated until the asset is placed in service.

Tangible capital assets are written down to residual value when conditions indicate they no longer contribute to the ability of the District to provide services or when the value of future economic benefits associated with the tangible capital assets are less than their net book value.

#### (A) Contributions of tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue when received. Where an estimate of fair value cannot be made, the tangible capital asset is recognized at a nominal value.

# THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

## Notes to Consolidated Financial Statements

Year ended December 31, 2025

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### 1. Significant accounting policies (continued):

(i) Non-financial assets (continued):

(ii) Tangible capital assets (continued):

(B) Natural resources:

Natural resources are not recognized as assets in these consolidated financial statements. These assets may include wetlands, riparian areas, forests, freshwater ecosystems, coastal marine areas, and urban green spaces and parks. The District acknowledges the need to manage natural resources in conjunction with engineered infrastructure.

(C) Works of art and historic assets:

The District manages and controls various works of art and non-operational historical cultural assets including artifacts, paintings and sculptures located at District sites and public display areas. These assets are not recorded as tangible capital assets and are not depreciated.

(D) Leased tangible capital assets:

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

(iii) Other assets:

Commissions, free rent and lease inducements are deferred and amortized over the first term of the lease agreement, which is typically five years. Any expenses related to a tenant that vacates prior to the end of their lease are written off immediately.

(j) Capitalization of interest:

Interest is capitalized whenever external debt is issued to finance the construction of assets.

(k) Contaminated sites:

A liability for contaminated sites is recognized when a site is not in productive use and the following criteria are met:

- (i) An environmental standard exists;
- (ii) Contamination exceeds the environmental standard;
- (iii) The District is directly responsible or accepts responsibility;
- (iv) It is expected that future economic benefits will be given up; and
- (v) 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. As at December 31, 2025, no liability for contaminated sites was recognized.

# THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

## Notes to Consolidated Financial Statements

Year ended December 31, 2025

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### 1. Significant accounting policies (continued):

#### (l) Post-employment benefits:

Post-employment benefits also accrue to the District's employees. The liabilities related to these benefits are actuarially determined based on the service and best estimates of retirement ages and expected future salary and wages increases. The liabilities under these benefits plans are accrued based on projected benefits prorated as employees render services necessary to earn the future benefits.

#### (m) Financial instruments:

Financial instruments include cash and cash equivalents, investments, accounts receivables, accounts payable and accrued liabilities and debt.

Financial instruments are recorded at fair value on initial recognition. Equity instruments quoted in an active market and derivatives are subsequently measured at fair value as at the reporting date. All other financial instruments are subsequently recorded at cost or amortized cost unless management elects to carry the financial instrument at fair value. The District has not elected to carry any other financial instruments at fair value.

Unrealized changes in fair value are recognized in the Consolidated Statement of Remeasurement Gains and Losses. They are recorded in the Consolidated Statement of Operations when they are realized. There are no unrealized changes in fair value as at December 31, 2025 and December 31, 2024. As a result, the District does not have a Consolidated Statement of Remeasurement Gains and Losses.

Transaction costs incurred on the acquisition of financial instruments recorded at cost are expensed as incurred.

Sales and purchases of investments are recorded on the trade date.

Accounts receivables, investments, accounts payable and accrued liabilities, and debt are measured at amortized cost using the effective interest rate method.

All financial assets measured at amortized cost are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the Consolidated Statement of Operations.

#### (n) Asset retirement obligations:

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- 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.

The liability is initially recorded at the best estimate of the expenditures required to retire a tangible capital asset, and the resulting costs are capitalized as part of the carrying amount of the related tangible capital asset if the asset is recognized and in productive use.

# THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

## Notes to Consolidated Financial Statements

Year ended December 31, 2025

### 1. Significant accounting policies (continued):

#### (n) Asset retirement obligations (continued):

This liability is subsequently reviewed at each financial reporting date and adjusted for any revisions to the timing or amount required to settle the obligation.

The changes in the liability for the passage of time are recorded as accretion expense in the Consolidated Statement of Operations and all other changes are adjusted to the tangible capital asset. The cost is amortized over the remaining useful life of the tangible capital asset (note 1(j)(ii)) and remaining term of the lease agreement for ground leases. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

Recoveries related to asset retirement obligations are recognized when the recovery can be appropriately measured, a reasonable estimate of the amount can be made and it is expected that future economic benefits will be obtained. A recovery is recognized on a gross basis from the asset retirement obligations liability.

#### (o) Pension plan:

The District and its employees make contributions to the Municipal Pension Plan. As this plan is a multi-employer plan, contributions are expensed as incurred.

#### (p) Use of accounting estimates:

The preparation of the consolidated financial statements 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 and the reported amounts of revenues and expenses during the reporting period. Areas requiring the use of management estimates relate to the determination of post-employment benefits, amounts to settle asset retirement obligations, and permit revenue.

Actual results could differ from those estimates. Adjustments, if any, will be reflected in the consolidated financial statements in the year that the change in estimate is made, as well as in the year of settlement if the amount is different.

### 2. Cash and cash equivalents and investments:

|                                                 | 2025           | 2024           |
|-------------------------------------------------|----------------|----------------|
| Cash                                            | \$ 41,955,185  | \$ 106,862,619 |
| Investments:                                    |                |                |
| Bank and Credit Union notes & deposits          | 313,341,151    | 225,334,244    |
| Provincial Government Notes                     | 5,497,689      | 10,509,719     |
|                                                 | 318,838,840    | 235,843,963    |
| Total cash and cash equivalents and investments | \$ 360,794,025 | \$ 342,706,582 |

# THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

## Notes to Consolidated Financial Statements

Year ended December 31, 2025

### 2. Cash and cash equivalents and investments (continued):

|                                          | 2025                  | 2024                  |
|------------------------------------------|-----------------------|-----------------------|
| Unrestricted operating and reserve funds | \$ 152,512,786        | \$ 150,717,313        |
| Restricted statutory reserve funds       | 189,514,399           | 170,466,665           |
| Development cost charge funds            | 14,660,266            | 17,789,483            |
| Restricted revenue                       | 4,106,614             | 3,733,121             |
|                                          | <b>\$ 360,794,025</b> | <b>\$ 342,706,582</b> |

The District's investments have an average rate of return of 4.15% (2024 – 4.84%). During 2025, amounts previously held in cashable deposits were invested in longer-term investments.

### 3. Due from governments:

|                                | 2025                 | 2024                |
|--------------------------------|----------------------|---------------------|
| Due from Federal Government    | \$ 1,038,114         | \$ 660,053          |
| Due from Provincial Government | 4,902,506            | 2,134,625           |
| Due from Regional Government   | 14,986,485           | 788,328             |
|                                | <b>\$ 20,927,105</b> | <b>\$ 3,583,006</b> |

### 4. Accounts payable and accrued liabilities:

|                                  | 2025                 | 2024                 |
|----------------------------------|----------------------|----------------------|
| Trade and other accounts payable | \$ 19,451,697        | \$ 12,447,852        |
| Holdbacks payable                | 3,490,337            | 2,964,062            |
| Wages payable                    | 9,713,591            | 8,333,007            |
|                                  | <b>\$ 32,655,625</b> | <b>\$ 23,744,921</b> |

# THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

## Notes to Consolidated Financial Statements

Year ended December 31, 2025

### 5. Due to governments:

|                                                                             | 2025          | 2024          |
|-----------------------------------------------------------------------------|---------------|---------------|
| Due to Federal Government:                                                  |               |               |
| RCMP police contract                                                        | \$ 6,276,847  | \$ 9,191,125  |
| Other                                                                       | 181,614       | 191,731       |
|                                                                             | 6,458,461     | 9,382,856     |
| Due to Provincial Government:                                               |               |               |
| Taxes collected on behalf of other jurisdictions                            | 2,237,588     | 2,303,956     |
| Ministry of Transportation and Infrastructure Capital Project               | -             | 363,407       |
| Payroll liability                                                           | 353,199       | 218,231       |
| Other                                                                       | 163,552       | 34,358        |
|                                                                             | 2,754,339     | 2,919,952     |
| Due to Other Regional Entities:                                             |               |               |
| Metro Vancouver Regional District                                           | 9,019,063     | 8,522,214     |
| Due to partner organizations                                                | 2,877,152     | 3,043,907     |
| Municipal Pension Plan                                                      | 531,716       | 819,079       |
| District of West Vancouver                                                  | -             | 405,188       |
| City of North Vancouver                                                     | 1,092,436     | 756,709       |
| City of Vancouver                                                           | -             | -             |
| Development cost charges ("DCC") collected on behalf of other jurisdictions | 2,135,657     | 959,386       |
| Other                                                                       | 281,124       | 118,353       |
|                                                                             | 15,937,148    | 14,624,836    |
|                                                                             | \$ 25,149,948 | \$ 26,927,644 |

### 6. Restricted revenue:

- (a) Restricted revenue are comprised mainly of DCC that are collected to pay for the general capital and utility expenses due to development. In accordance with the Community Charter, these funds are deposited into separate accounts. When the related expenses are incurred, the DCC are then recognized as revenue.

|                                          | 2025          | 2024          |
|------------------------------------------|---------------|---------------|
| Development cost charges (i):            |               |               |
| Water *                                  | \$ (16,195)   | \$ (330,711)  |
| Sewer *                                  | (497,453)     | (811,778)     |
| Drainage                                 | 556,867       | 398,891       |
| Safety                                   | (408,752)     | -             |
| Roads                                    | 11,824,261    | 7,950,773     |
| Parks                                    | 9,396,018     | 12,750,785    |
|                                          | 20,854,746    | 19,957,960    |
| Restricted donations and other           | 3,152,124     | 2,816,678     |
| Community amenity contribution           | 610,249       | 585,924       |
| Developer parkland reserve contributions | 344,241       | 330,519       |
|                                          | \$ 24,961,360 | \$ 23,691,081 |

\* The Community Charter authorizes borrowing between DCC reserves to cover deficit within other reserves. DCC reserves utilized will be repaid with interest at the earlier of when the funds are required to complete DCC capital works or when sufficient DCCs are collected.

# THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

## Notes to Consolidated Financial Statements

Year ended December 31, 2025

### 6. Restricted revenue (continued):

(a) (continued):

Development cost charges are comprised of restricted cash, cash equivalents and investments of \$14,660,226 (2024 - \$17,789,483) and restricted development fees receivable of \$6,194,520 (2024 - \$2,168,477).

(i) Development cost charges:

In accordance with Section 569 of the *Local Government Act*, 2025 annual development cost charges include the following, reported for each purpose under Sections 559(2) and 559(3) for which the local government imposes the DCC in the applicable year:

(A) The amount of DCC received;

(B) The expenditures from the DCC reserve funds;

(C) The balance in the DCC reserve fund at the start and at the end of the applicable year; and

(D) Any waivers and reductions under Section 533(2).

|                                        | Water        | Sewer        | Drainage   | Safety       | Roads         | Parks         | Total         |
|----------------------------------------|--------------|--------------|------------|--------------|---------------|---------------|---------------|
| Balance, beginning of year             | \$ (330,711) | \$ (811,778) | \$ 398,891 | \$ -         | \$ 7,950,773  | \$ 12,750,785 | \$ 19,957,960 |
| Add:                                   |              |              |            |              |               |               |               |
| Interest income                        | -            | -            | 18,770     | -            | 401,705       | 450,382       | 870,857       |
| DCC collected                          | 1,402,960    | 695,947      | 489,591    | 194          | 3,879,872     | 2,822,469     | 9,291,033     |
|                                        | 1,402,960    | 695,947      | 508,361    | 194          | 4,281,577     | 3,272,851     | 10,161,890    |
|                                        | 1,072,249    | (115,831)    | 907,252    | 194          | 12,232,350    | 16,023,636    | 30,119,850    |
| Deduct:                                |              |              |            |              |               |               |               |
| Acquisition of tangible capital assets | 1,088,444    | 381,622      | 350,385    | 408,946      | 408,089       | 6,627,618     | 9,265,104     |
| Balance, end of year                   | \$ (16,195)  | \$ (497,453) | \$ 556,867 | \$ (408,752) | \$ 11,824,261 | \$ 9,396,018  | \$ 20,854,746 |

No DCC Waivers were provided in 2025 (2024 - \$757,196)

### 7. Deferred revenue:

|                              | 2025          | 2024          |
|------------------------------|---------------|---------------|
| Prepaid taxes                | \$ 24,856,020 | \$ 21,067,532 |
| Deferred permit fees         | 18,280,187    | 3,279,636     |
| Contributions for future use | 3,380,846     | 2,633,805     |
| Prepaid membership fees      | 1,480,311     | 1,438,999     |
| Prepaid concrete             | 1,046,319     | 966,214       |
| Prepaid connection fees      | 993,633       | 733,688       |
| Other                        | 971,024       | 694,230       |
|                              | \$ 51,008,340 | \$ 30,814,104 |

# THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

## Notes to Consolidated Financial Statements

Year ended December 31, 2025

### 8. Debt:

The District finances certain tangible capital asset acquisitions through the MFA in accordance with the Community Charter. During the year ended December 31, 2025, the District did not finance a new debt instrument and has deferred borrowing to early 2026 (2024 - \$20,000,000) through the MFA. The District makes payments to sinking funds related to its debt. Sinking fund balances, managed by the MFA, are netted against related debt.

|              | Gross amount<br>borrowed | Sinking<br>fund | 2025<br>Net debt | 2024<br>Net debt |
|--------------|--------------------------|-----------------|------------------|------------------|
| General fund | \$ 67,745,000            | \$ 27,863,969   | \$ 39,881,031    | \$ 43,212,589    |

Repayments on net outstanding debt over the next five years and thereafter are as follows:

|            |                      |
|------------|----------------------|
| 2025       | \$ 3,396,561         |
| 2026       | 3,515,441            |
| 2027       | 2,539,692            |
| 2028       | 2,628,582            |
| 2029       | 2,720,582            |
| Thereafter | 25,080,173           |
|            | <b>\$ 39,881,031</b> |

The District paid \$2,567,356 (2024 - \$1,600,606) in interest on debt during the year ended December 31, 2025. Interest rates on debt range from 2.20% to 4.52% (2024 - 2.20% to 4.52%).

### 9. Post-employment benefits:

As per the terms of the various collective agreements and compensation policies, the District provides its employees with sick days and certain employee benefits on termination and retirement. These include service severance pay based on years of service and a full year's vacation entitlement in the year of retirement.

The District uses an actuarial valuation to determine the estimated value of post-employment benefits. The most recent full actuarial valuation was completed as at December 31, 2023 and has been updated to December 31, 2025.

| Accrued benefit obligation | 2025                 | 2024                 |
|----------------------------|----------------------|----------------------|
| Balance, beginning of year | \$ 11,272,322        | \$ 12,117,971        |
| Current service cost       | 1,088,521            | 1,070,645            |
| Interest cost              | 504,202              | 493,150              |
| Benefits paid              | (1,117,584)          | (1,228,524)          |
| Actuarial gain             | (306,827)            | (1,180,920)          |
| Balance, end of year       | <b>\$ 11,440,634</b> | <b>\$ 11,272,322</b> |

# THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

## Notes to Consolidated Financial Statements

Year ended December 31, 2025

### 9. Post-employment benefits (continued):

Actuarial gains and losses are amortized over 10 years (2024 - 10 years), being the expected average remaining service period of the related employee group, commencing the year after the gain or loss arises.

|                                                 | 2025          | 2024          |
|-------------------------------------------------|---------------|---------------|
| Accrued benefit obligation balance, end of year | \$ 11,440,634 | \$ 11,272,322 |
| Unamortized net actuarial gains and losses      | 622,661       | 327,582       |
| Other employee benefit liabilities              | 17,283        | 8,283         |
| Accrued benefit liability, end of year          | \$ 12,080,578 | \$ 11,608,187 |

The significant actuarial assumptions used in estimating the District's accrued benefit obligation are as follows:

|                                             | 2025          | 2024         |
|---------------------------------------------|---------------|--------------|
| Discount rate                               | 4.50%         | 4.30%        |
| Expected future inflation rates             | 2.50%         | 2.50%        |
| Expected cost of living and other increases | 2.50% - 5.90% | 2.50%- 5.90% |

### 10. Tangible capital assets:

| Cost                              | Balance at<br>December 31,<br>2024 | Additions     | Disposals      | Balance at<br>December 31,<br>2025 |
|-----------------------------------|------------------------------------|---------------|----------------|------------------------------------|
| Land and improvements             | \$ 263,910,158                     | \$ 17,271,452 | \$ (325,260)   | \$ 280,856,350                     |
| Buildings                         | 233,571,248                        | 52,313,129    | (13,735)       | 285,870,642                        |
| Furniture, equipment and vehicles | 74,798,302                         | 3,220,637     | (1,817,234)    | 76,201,705                         |
| Roads                             | 293,712,361                        | 13,003,032    | (1,757,389)    | 304,958,004                        |
| Water                             | 186,188,894                        | 12,875,594    | (256,493)      | 198,807,995                        |
| Sewer                             | 80,735,532                         | 2,846,472     | (222,805)      | 83,359,199                         |
| Drainage                          | 148,747,098                        | 4,286,250     | (125,027)      | 152,908,321                        |
| Library collection                | 4,738,822                          | 771,991       | (672,443)      | 4,838,370                          |
| Assets under construction         | 119,879,616                        | (39,914,193)  | -              | 79,965,423                         |
| Total                             | \$ 1,406,282,031                   | \$ 66,674,364 | \$ (5,190,386) | \$ 1,467,766,009                   |

# THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

## Notes to Consolidated Financial Statements

Year ended December 31, 2025

### 10. Tangible capital assets (continued):

| Accumulated depreciation          | Balance at December 31, 2024 | Depreciation for the year | Disposals      | Balance at December 31, 2025 |
|-----------------------------------|------------------------------|---------------------------|----------------|------------------------------|
| Land and improvements             | \$ 47,017,212                | \$ 2,463,474              | \$ (167,183)   | \$ 49,313,503                |
| Buildings                         | 104,297,564                  | 4,101,983                 | (13,735)       | 108,385,812                  |
| Furniture, equipment and vehicles | 38,847,721                   | 5,004,784                 | (1,720,314)    | 42,132,191                   |
| Roads                             | 130,411,796                  | 6,994,287                 | (1,526,472)    | 135,879,611                  |
| Water                             | 37,752,868                   | 2,551,433                 | (255,873)      | 40,048,428                   |
| Sewer                             | 35,570,390                   | 2,723,726                 | (134,278)      | 38,159,838                   |
| Drainage                          | 51,175,956                   | 1,709,059                 | (97,950)       | 52,787,065                   |
| Library collection                | 2,811,649                    | 489,576                   | (479,887)      | 2,821,338                    |
| Total                             | \$ 447,885,156               | \$ 26,038,322             | \$ (4,395,692) | \$ 469,527,786               |

|                                   | 2025           | 2024           |
|-----------------------------------|----------------|----------------|
|                                   | Net book value | Net book value |
| Land and improvements             | \$ 216,892,946 | \$ 231,542,847 |
| Buildings                         | 129,273,684    | 177,484,830    |
| Furniture, equipment and vehicles | 35,950,581     | 34,069,514     |
| Roads                             | 163,300,565    | 169,078,393    |
| Water                             | 148,436,026    | 158,759,567    |
| Sewer                             | 45,165,142     | 45,199,361     |
| Drainage                          | 97,571,142     | 100,121,256    |
| Library collection                | 1,927,173      | 2,017,032      |
| Assets under construction         | 119,879,616    | 79,965,423     |
| Total                             | \$ 958,396,875 | \$ 998,238,223 |

#### (a) Contributed tangible capital assets:

Contributed tangible capital assets have been recognized at fair value at the date of contribution and are recorded in land sales and other contributions on the Consolidated Statement of Operations. The value of contributed assets received during the year is as follows:

|          | 2025         | 2024         |
|----------|--------------|--------------|
| Roads    | \$ 1,332,627 | \$ 4,189,688 |
| Water    | 269,788      | 558,100      |
| Sewer    | 332,147      | 466,370      |
| Drainage | 506,425      | 1,916,681    |
|          | \$ 2,440,987 | \$ 7,130,839 |

# THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

## Notes to Consolidated Financial Statements

Year ended December 31, 2025

### 10. Tangible capital assets (continued):

#### (b) Write-down of tangible capital assets:

The write-down of tangible capital assets during the year ended December 31, 2025 was nil (2024 - nil).

### 11. Asset retirement obligations:

The District owns and leases some buildings that are known to contain asbestos and other hazardous materials, which represents a health hazard when undergoing certain repairs and maintenance work and upon demolition of the building. Additionally, some sites owned by the District contain underground fuel tanks. As there is a legal obligation to remove hazardous materials, the District has recognized a liability relating to the asset retirement obligations, as estimated at December 31, 2025.

|                                              | 2025         | 2024         |
|----------------------------------------------|--------------|--------------|
| Asset retirement obligation, opening balance | \$ 4,621,478 | \$ 5,306,934 |
| Gain on disposal of ARO                      | (88,892)     | -            |
| Accretion expense during the year            | 146,253      | 149,471      |
| Change in estimate                           | (339,769)    | (834,927)    |
| Total                                        | \$ 4,339,070 | \$ 4,621,478 |

The liability has been estimated using a net present value technique with a discount rate of 5.64% (2024 - 5.37%) and inflation rate of 2.48% (2024 - 2.00%).

# THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

## Notes to Consolidated Financial Statements

Year ended December 31, 2025

### 12. Accumulated surplus:

|                                                      | 2025             | 2024             |
|------------------------------------------------------|------------------|------------------|
| (a) Reserves are comprised of the following:         |                  |                  |
| Operating and risk management:                       |                  |                  |
| Assessment appeal and property tax                   | \$ 4,576,761     | \$ 2,089,991     |
| Development stabilization                            | 834,535          | 984,516          |
| General municipal operations                         | 6,566,153        | 8,334,076        |
| Utilities - Water working capital                    | 6,560,040        | 6,421,228        |
| Utilities - Sewer working capital                    | 17,313,240       | 22,118,732       |
| Human Resources                                      | 443,236          | 468,259          |
| Auto, fire and liability insurance                   | 1,820,138        | 1,716,977        |
| Operating projects in progress (future expenditures) | 5,136,290        | 4,613,980        |
|                                                      | 43,250,393       | 46,747,759       |
| Partner organizations:                               |                  |                  |
| District of North Vancouver Municipal Public Library | 883,464          | 1,019,825        |
| North Vancouver Recreation & Cultural Commission     | 97,108           | 97,108           |
| North Vancouver Museum and Archives                  | (68,573)         | (78,487)         |
| North Shore Emergency Management Office              | 108,065          | 163,436          |
|                                                      | 1,020,064        | 1,201,882        |
| Existing capital:                                    |                  |                  |
| Infrastructure                                       | (9,248,769)      | 23,646,184       |
| Utilities - water                                    | 16,942,387       | 15,700,131       |
| Utilities - sewer and drainage                       | 24,102,290       | 19,900,563       |
| Utilities - solid waste                              | 8,987,456        | 8,618,767        |
| Vehicles and equipment                               | 6,843,296        | 6,624,039        |
|                                                      | 47,626,660       | 74,489,684       |
| New capital, initiatives and growth:                 |                  |                  |
| Transportation and mobility                          | 988,440          | 2,008,480        |
| Community health and safety                          | 2,315,900        | 3,542,019        |
| Climate and innovation                               | 1,381,348        | 240,425          |
| Heritage retention and conservation                  | 154,798          | 146,668          |
| Other development charges                            | 1,995,975        | 1,490,687        |
| Community amenity contributions                      | 8,873,851        | 734,202          |
| Growing communities grant                            | 8,305,897        | 10,854,444       |
| Local improvement                                    | 358,636          | 344,340          |
| Film reserve fund                                    | 141,026          | 223,624          |
| Business Initiatives                                 | 610,652          | 369,545          |
| Local Government Housing Initiatives                 | -                | 217,093          |
| Tax growth                                           | 8,765,636        | 9,666,026        |
|                                                      | 33,892,159       | 29,837,553       |
| Land and housing:                                    |                  |                  |
| Land and land income                                 | 13,832,757       | 10,166,757       |
| Housing                                              | 27,379,495       | 24,566,349       |
|                                                      | 41,212,252       | 34,733,106       |
| (b) Capital projects in progress:                    |                  |                  |
| Land and improvements                                | 2,255,889        | 11,974,305       |
| Buildings                                            | 7,992,663        | (13,531,275)     |
| Furniture, equipment and vehicle                     | 13,411,077       | 6,271,959        |
| Roads                                                | 1,616,678        | (295,755)        |
| Water                                                | 6,295,158        | 3,454,296        |
| Sewer                                                | 2,822,919        | 943,083          |
| Drainage                                             | 3,082,884        | 805,281          |
| Future major repair and maintenance                  | 12,175,512       | 11,012,041       |
| Other                                                | 16,110,484       | 9,570,505        |
|                                                      | 65,763,264       | 30,204,440       |
| (c) Equity in tangible capital assets                | 956,072,866      | 912,591,934      |
| Accumulated surplus                                  | \$ 1,188,837,658 | \$ 1,129,806,358 |

# THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

## Notes to Consolidated Financial Statements

Year ended December 31, 2025

### 13. Taxation:

In addition to levying and collecting property tax for municipal purposes, the District is required to levy and collect taxes on behalf of other jurisdictions.

|                                                                      | 2025<br>Budget | 2025<br>Actual | 2024<br>Actual |
|----------------------------------------------------------------------|----------------|----------------|----------------|
| Gross taxes levied on property                                       | \$ 248,450,338 | \$ 250,911,346 | \$ 232,630,447 |
| Deduct: Taxes levied and collected on behalf of other jurisdictions: |                |                |                |
| Province of B.C. - school taxes                                      | 78,936,581     | 78,735,498     | 75,144,371     |
| Translink                                                            | 24,182,336     | 24,089,267     | 20,478,750     |
| BCAA                                                                 | 2,937,120      | 2,914,436      | 2,768,199      |
| Metro Vancouver Regional District ("MVRD")                           | 4,280,465      | 4,268,021      | 4,006,407      |
| MFA                                                                  | 14,667         | 14,623         | 14,316         |
|                                                                      | 110,351,169    | 110,021,845    | 102,412,043    |
| Add:                                                                 |                |                |                |
| Payment in lieu of taxes                                             | 7,360,154      | 7,290,445      | 7,177,838      |
| Net taxes for municipal purposes                                     | \$ 145,459,323 | \$ 148,179,946 | \$ 137,396,242 |

### 14. Commitments and contingencies:

#### (a) Contingent liabilities:

As a member of the MVRD, the Greater Vancouver Sewerage and Drainage District and the Greater Vancouver Water District, the District is jointly and severally liable for the net capital liabilities of these districts. Any liability which may arise as a result will be accounted for in the period in which the required payment is made.

On November 1, 2024, Metro Vancouver approved amendments to its cost-sharing bylaw related to the North Shore Wastewater Treatment Plant, under which the North Shore municipalities are collectively responsible for 37.3% of the estimated total project cost of \$3.86 billion.

The District participates in regional wastewater services provided by Metro Vancouver and is required to fund its share of related costs through regional sewerage levies. The ultimate financial impact to the District will depend on final project costs, financing arrangements, and future decisions by Metro Vancouver. As at the date of the financial statements, the amount and timing of the District's future obligations related to this project cannot be reasonably estimated.

# THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

## Notes to Consolidated Financial Statements

Year ended December 31, 2025

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### 14. Commitments and contingencies (continued):

#### (b) Municipal Pension Plan:

The District and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula.

As at December 31, 2024, the plan has about 273,000 (2024 - 256,000) active members and approximately 133,000 (2024 - 129,000) retired members. Active members include approximately 47,000 (2024 - 45,000) contributors from local governments. Active members include approximately 1,011 contributors (2024 - 970 contributors) from the District.

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 for the Municipal Pension Plan as of 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.

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, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to the individual employers participating in the plan.

The District paid \$8,631,886 (2024 - \$8,326,734) for employer contributions to the plan in fiscal 2025.

#### (c) Third party claims and property tax appeals:

Several claims have been initiated against the District in varying or unspecified amounts. In addition, several property tax appeals have been filed with BC Assessment and are pending at December 31, 2025. Any amounts payable in addition to the accrued amounts, if any, arising from the claims and the appeals will be recorded in the year in which the amount is determinable.

Reserves have been established to fund potential additional unfavourable results.

#### (d) Insurance:

In the ordinary course of business, claims are asserted or made against the District, and the District is currently involved in various legal actions. The outcome of these actions cannot be determined at this time. A provision has been made in the accounts for any possible unfavourable outcome of these actions. The amount of any loss in excess of the provision and insurance coverage will be recorded when determinable.

# THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

## Notes to Consolidated Financial Statements

Year ended December 31, 2025

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### 14. Commitments and contingencies (continued):

(e) Contractual obligations:

The District has entered into an agreement with a facility manager to manage a recreational facility for a period of 5-years commencing September 1, 1998 and renewable at the option of the facility manager for further 5-year terms to August 31, 2048. As part of the agreement the District has committed to the payment of 2,800 hours of facility rental for each year ended August 31. For the year ended December 31, 2025, the District's liability is estimated at \$764,500. For succeeding years, this amount will be adjusted by any change in the Vancouver average all-in consumer price index for the previous year.

(f) MFA demand notes:

The District issues its debt instruments through the MFA. The District also executes demand notes in connection with each debenture whereby the District may be required to lend certain amounts to the MFA. Demand notes have been executed in the amount of \$1,636,096 (2024 - \$1,636,096). These demand notes are contingent in nature and are therefore not recorded as liabilities.

(g) E-Comm Emergency Communications for British Columbia Incorporated ("E-Comm"):

The District is a shareholder and member of E-Comm Emergency Communications for British Columbia Incorporated ("E-Comm"), whose services include: regional 911 call centre for the MVRD, Area Wide Radio emergency communications network, dispatch operations and records management. The District holds 1 Class A share and 1 Class B share (of a total 37 Class A and 18 Class B shares issued and outstanding at December 31, 2025). As a Class A shareholder, the District is committed to paying levies for services received under a cost-sharing formula to fund operating and capital costs of the E-Comm operations. In addition, the District is contingently liable to cover its proportionate share of such costs should any member be unable to fulfill its funding obligations. Annual levy amounts fluctuate based on various factors under the cost-sharing formula and amounted to \$467,079 during 2025 (2024 - \$393,291).

### 15. Performance deposits:

In addition to cash deposits, the District is holding irrevocable Letters of Credit in the amount of \$80,633,164 (2024 - \$63,896,051), which were received from depositors to ensure their performance of works to be undertaken within the District. These amounts are not reflected in these consolidated financial statements.

# THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

## Notes to Consolidated Financial Statements

Year ended December 31, 2025

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### 16. Segment disclosures:

District services are provided by departments and their activities are reported in the District's funds as described in note 1(f). The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in note 1.

Revenues not directly attributable to a specific segment are included in General Government and Administration.

Amounts shown for operating expenses are the gross amounts including interfund eliminations incurred by departments for all segmented activity.

The segments include the following:

- (a) **General Government and Administration** provides support services to Council, the community and other departments providing direct services to residents and businesses. These internal departments include the District Manager's Office, Corporate Services, Finance and Climate Action. Various corporate expenses not directly attributable to a specific segment are included in General Government, including but not limited to depreciation, climate related events, interest on long term debt and third-party claims.
- (b) **Utility Services** provides planning, design, construction and maintenance for water distribution, sewage collection, drainage, neighbourhood energy utilities and refuse removal services.
- (c) **Transportation and Engineering** provides planning, design, construction and maintenance of the District's streets, street lighting, traffic control, transportation planning, utility and communication corridors and project delivery services.
- (d) **Protective Services** includes Police, Fire and Rescue, Natural Hazards, Bylaws and Emergency Management. Emergency Management is a shared service provided by the District, the District of West Vancouver and the City of North Vancouver.
- (e) **Community Services** includes Parks and Community Grants, as well as the North Vancouver Museum and Archives Commission ("NVMA") and North Vancouver Recreation & Culture Commission ("NVRC") which are shared services provided by the District and the City of North Vancouver.
- (f) **Planning and Development** creates plans, programs and policies required for District wide community planning, zoning, subdivision and permitting. It also includes Real Estate and Properties, Business Services and Economic Development.
- (g) **Library Services** includes the District of North Vancouver Municipal Public Library (the "Library") which enriches our community by connecting people, sharing knowledge and inspiring stories. The Library is a welcoming community hub that provides free access to a wide range of public resources and services to the residents of the District of North Vancouver.

# THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

## Notes to Consolidated Financial Statements

Year ended December 31, 2025

### 16. Segment disclosures (continued):

|                                        | General<br>Government<br>and<br>Administration | Utility<br>Services | Transportation<br>and<br>Engineering | Protective<br>Services | Community<br>Services | Planning and<br>Development | Library<br>Services | Eliminations  | 2025<br>Consolidated | 2024<br>Consolidated |
|----------------------------------------|------------------------------------------------|---------------------|--------------------------------------|------------------------|-----------------------|-----------------------------|---------------------|---------------|----------------------|----------------------|
| <b>Revenues:</b>                       |                                                |                     |                                      |                        |                       |                             |                     |               |                      |                      |
| Taxation                               | \$ 148,179,946                                 | \$ -                | \$ -                                 | \$ -                   | \$ -                  | \$ -                        | \$ -                | \$ -          | \$ 148,179,946       | \$ 137,396,242       |
| Sales, fees and user charges:          |                                                |                     |                                      |                        |                       |                             |                     |               |                      |                      |
| Water                                  | -                                              | 37,367,950          | -                                    | -                      | -                     | -                           | -                   | (596,701)     | 36,771,249           | 35,563,409           |
| Sewer                                  | -                                              | 43,460,948          | -                                    | -                      | -                     | -                           | -                   | (12,898)      | 43,448,050           | 36,704,766           |
| Solid waste                            | -                                              | 9,512,079           | -                                    | -                      | -                     | -                           | -                   | (312,957)     | 9,199,122            | 8,889,140            |
| Parks, recreation<br>and culture       | 10                                             | -                   | -                                    | -                      | 17,659,696            | -                           | 165,879             | -             | 17,825,585           | 16,394,941           |
| Other                                  | 5,391,934                                      | 2,712,892           | 5,294,430                            | 3,102,179              | 4,642,951             | 20,147,095                  | -                   | 299,649       | 41,591,130           | 33,739,711           |
| Transfers from government:             |                                                |                     |                                      |                        |                       |                             |                     |               |                      |                      |
| Federal government                     | -                                              | -                   | -                                    | -                      | 8,363                 | -                           | 14,934              | 14,629        | 37,926               | 3,075,739            |
| Provincial government                  | 323,697                                        | -                   | 348,491                              | 800,824                | 129,122               | 530,369                     | 229,852             | 1,957,797     | 4,320,152            | 6,472,621            |
| Regional government                    | -                                              | 24,651              | 892,902                              | 13,000                 | 14,448                | 33,284                      | 9,041,264           | (5,239,466)   | 4,780,083            | 2,282,694            |
| Investment income                      | 3,887,030                                      | 3,004,416           | 482,244                              | -                      | 983,158               | 1,740,922                   | -                   | 4,238,498     | 14,336,268           | 14,962,455           |
| Land, sales and other<br>contributions | 298,511                                        | 32,176              | 28,901                               | 1,453,164              | 467,558               | 10,446,866                  | 97,394              | 2,248,169     | 15,072,739           | 9,116,240            |
|                                        | 158,081,128                                    | 96,115,112          | 7,046,968                            | 5,369,167              | 23,905,296            | 32,898,536                  | 9,549,323           | 2,596,720     | 335,562,250          | 304,597,958          |
| <b>Operating expenses:</b>             |                                                |                     |                                      |                        |                       |                             |                     |               |                      |                      |
| Salaries and benefits                  | 23,191,671                                     | 8,778,571           | 10,391,933                           | 29,206,938             | 31,849,976            | 14,998,104                  | 6,675,141           | -             | 125,092,334          | 117,717,479          |
| Goods and materials                    | 1,877,771                                      | 1,627,952           | 638,640                              | 219,372                | 1,633,878             | 133,219                     | 560                 | -             | 6,131,392            | 6,255,638            |
| Building and grounds                   | 1,880,229                                      | 2,385,612           | 1,301,631                            | 1,089,249              | 6,324,163             | 300,490                     | 797,642             | (922,556)     | 13,156,460           | 10,338,438           |
| Equipment costs                        | (2,495,970)                                    | 3,856,316           | 1,407,176                            | 1,554,751              | 2,199,424             | 308,526                     | 779,249             | -             | 7,609,472            | 7,186,189            |
| Service costs                          | -                                              | -                   | 612,929                              | -                      | -                     | -                           | -                   | -             | 612,929              | 633,003              |
| Administrative costs                   | 4,000,095                                      | 1,932,260           | (8,242)                              | 1,552,981              | 5,559,234             | 2,151,314                   | 1,022,590           | (360,480)     | 15,849,752           | 16,782,748           |
| Contract services                      | (483,864)                                      | 50,757,261          | 13,297                               | 23,650,590             | 9,761,073             | 1,146,730                   | 59,881              | (8,835,686)   | 76,069,282           | 61,300,207           |
| Grants                                 | 6,000                                          | -                   | -                                    | -                      | 3,049,474             | 13,012                      | 69,966              | -             | 3,138,452            | 3,085,458            |
| Debt interest                          | 2,832,555                                      | -                   | -                                    | -                      | -                     | -                           | -                   | -             | 2,832,555            | 1,925,055            |
|                                        | 30,808,487                                     | 69,337,972          | 14,357,364                           | 57,273,881             | 60,377,222            | 19,051,395                  | 9,405,029           | (10,118,722)  | 250,492,628          | 225,224,215          |
| Amortization                           | 7,400,104                                      | 7,486,396           | 6,657,572                            | 649,595                | 3,200,708             | -                           | 643,947             | -             | 26,038,322           | 25,330,485           |
|                                        | 38,208,591                                     | 76,824,368          | 21,014,936                           | 57,923,476             | 63,577,930            | 19,051,395                  | 10,048,976          | (10,118,722)  | 276,530,950          | 250,554,700          |
| Annual (surplus) deficit               | \$ 119,872,537                                 | \$ 19,290,744       | \$ (13,967,968)                      | \$ (52,554,309)        | \$ (39,672,634)       | \$ 13,847,141               | \$ (499,653)        | \$ 12,715,442 | \$ 59,031,300        | \$ 54,043,258        |

# THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

## Notes to Consolidated Financial Statements

Year ended December 31, 2025

### 17. Budget figures:

The operating and capital budget figures, presented on a basis consistent with that used for actual results, were approved by Council as the "2025-2029 Financial Plan Approval Bylaw 8737 on April 7, 2025 and the 2025 Amendment Bylaw 8737 (Amendment 1)" on October 20, 2025. Amortization was not included in the development of the budget and, as such, has not been included.

|                                     | Original<br>budget | Amended<br>budget | Change        |
|-------------------------------------|--------------------|-------------------|---------------|
| Revenue:                            |                    |                   |               |
| Taxation                            | \$ 146,336,177     | \$ 146,336,177    | \$ -          |
| Sales, fees, and other user charges | 139,088,259        | 138,260,435       | (827,824)     |
| Developer contributions             | 14,236,339         | 14,236,339        | -             |
| Grants and other contributions      | 9,470,004          | 6,565,055         | (2,904,949)   |
| Investment income                   | 7,283,542          | 7,283,542         | -             |
| Penalties and interest on taxes     | 1,184,747          | 1,184,747         | -             |
|                                     | 317,599,068        | 313,866,295       | (3,732,773)   |
| Proceeds from borrowing             | 12,144,128         | 12,335,462        | 191,334       |
| Appropriations from:                |                    |                   |               |
| Operating reserves                  | 10,607,208         | 23,072,197        | 12,464,989    |
| Capital reserves                    | 83,806,543         | 91,018,084        | 7,211,541     |
|                                     | 94,413,751         | 114,090,281       | 19,676,530    |
| Source of funds                     | 424,156,947        | 440,292,038       | 16,135,091    |
| Operating expenditures:             |                    |                   |               |
| Community services                  | 55,448,054         | 56,907,496        | 1,459,442     |
| Planning and development            | 18,783,999         | 20,425,641        | 1,641,642     |
| Protective services                 | 58,190,276         | 58,835,059        | 644,783       |
| Transportation and engineering      | 13,175,515         | 13,942,733        | 767,218       |
| Utilities                           | 75,701,954         | 76,100,530        | 398,576       |
| Governance and administration       | 30,754,970         | 32,346,182        | 1,591,212     |
|                                     | 252,054,768        | 258,557,641       | 6,502,873     |
| Capital expenditures                | 99,287,878         | 110,101,532       | 10,813,654    |
| Debt service                        | 5,356,898          | 5,356,898         | -             |
| Contributions to:                   |                    |                   |               |
| Operating reserves                  | 540,729            | (184,655)         | (725,384)     |
| Capital reserves                    | 66,916,674         | 66,460,622        | (456,052)     |
|                                     | 67,457,403         | 66,275,967        | (1,181,436)   |
| Use of funds                        | \$ 424,156,947     | \$ 440,292,038    | \$ 16,135,091 |

# THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

## Notes to Consolidated Financial Statements

Year ended December 31, 2025

### 17. Budget figures (continued):

The chart below reconciles the amended budget to the budget figures reported in these consolidated financial statements.

|                                                             |                |
|-------------------------------------------------------------|----------------|
| Revenue:                                                    |                |
| Operating budget                                            | \$ 426,055,699 |
| Capital budget                                              | 14,236,339     |
| Total revenue per approved budget                           | 440,292,038    |
| Less:                                                       |                |
| Transfers from other funds                                  | (114,090,281)  |
| Capital funding less repair and maintenance:                |                |
| Inter-agency eliminations                                   | (4,556,883)    |
| Proceeds from debt                                          | (12,335,462)   |
| Total revenues, as reported                                 | 309,309,412    |
| Expenses:                                                   |                |
| Operating budget                                            | 330,190,506    |
| Capital budget                                              | 110,101,532    |
| Total expenses per approved budget                          | 440,292,038    |
| Less:                                                       |                |
| Transfers to other funds                                    | (66,275,969)   |
| Inter-agency eliminations                                   | (601,892)      |
| Capital expenses, including major repair and maintenance    | (110,101,532)  |
| Debt principal repayment                                    | (5,356,898)    |
| Operating repair and maintenance funded as capital expenses | 13,478,917     |
| Total expenses as reported                                  | 271,434,664    |
| Annual surplus, per Consolidated Statement of Operations    | \$ 37,874,748  |

### 18. Contractual rights:

The District has entered into contracts or agreements in the normal course of operations that it expects will result in the realization of revenue and assets in future fiscal years. The District's contractual rights arise because of contracts entered into for leases, and various agreements. The following table summarizes the expected revenue from the contractual rights of the District for future assets for the next four years:

|                        | 2026          | 2027         | 2028         | 2029         | Total         |
|------------------------|---------------|--------------|--------------|--------------|---------------|
| Development agreements | \$ 9,220,883  | \$ 3,100,775 | \$ 7,662,225 | \$ 2,623,170 | \$ 22,607,053 |
| Leases                 | 3,604,286     | 1,666,710    | 1,227,702    | 1,009,314    | 7,508,012     |
|                        | \$ 12,825,169 | \$ 4,767,485 | \$ 8,889,927 | \$ 3,632,484 | \$ 30,115,065 |

# THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

## Notes to Consolidated Financial Statements

Year ended December 31, 2025

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### 19. Financial risk management:

Financial instruments include cash and cash equivalents, investments, receivables, payables, and debt. The District has exposure to the following financial risks from its use of financial instruments: credit risk, market risk, interest rate risk and liquidity risk. Management is responsible for safeguarding resources, managing risks, and implementing appropriate policies and framework. This note presents information on how the District manages those financial risks.

#### (a) Credit risk:

Credit risk is the risk of economic loss should the counterparty to a transaction default or otherwise fail to meet its obligation. The District is exposed to credit risk through its cash and cash equivalents, accounts receivables, and investments. The maximum exposure to credit risk on these instruments is their carrying value.

Credit risk associated with cash and cash equivalents is minimized by ensuring that these assets are held at financial institutions with a high credit quality. The District has deposited cash with reputable financial institutions, from which management believes the risk of loss to be remote.

The District mitigates credit risk in its investments by adhering to its investment Policy which limits the type and distribution of investments.

Accounts receivables mainly consist of property taxes, utilities, trade and other receivables. The Community Charter grants legislative authority for the District to enforce the collection of unpaid property taxes. As at December 31, 2025 and 2024, there were no significant collection issues related to outstanding receivable accounts. The District assesses, on a continuous basis, accounts receivables and provides for any amounts that are not collectible.

#### (b) Market risk:

Market risk is the risk that changes in market prices, as a result of changes in foreign exchange rates or interest rate will affect the District's value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing return on investments.

#### (i) Interest rate risk:

Interest rate risk relates to the risk that changes in interest rates will affect the fair value or future cash flows of financial instruments held by the District. There is no interest rate risk regarding the District's short terms notes and deposits, government guaranteed bonds, bank guaranteed bonds and Municipal Finance Authority bonds.

The District is exposed to interest rate risk related to its debt issued by the MFA which is subject to fixed interest rate. Fluctuations in rates could impact future payments upon renewal.

# THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

## Notes to Consolidated Financial Statements

Year ended December 31, 2025

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### 19. Financial risk management (continued):

#### (b) Market risk (continued):

##### (ii) Currency risk:

Investments in foreign securities would be exposed to currency risk due to fluctuations in foreign exchange rates. The District does not hold investments in foreign currencies.

##### (iii) General risk:

Tariffs, other potential changes to tariff and import/export regulations, and ongoing trade disputes between the United States and other jurisdictions may have a negative effect on global economic conditions and the stability of global financial markets.

These tariffs are relatively recent and are subject to a number of uncertainties as they are implemented, and the impact cannot be predicted at this time.

#### (c) Liquidity risk:

Liquidity risk is the risk that the District will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The District manages its liquidity risk by monitoring its operating and capital requirements. The District prepares budget and cash flow forecasts to ensure it has sufficient funds to fulfill its obligations.

There has been no significant change to the risk exposure from 2024.

# THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

## Unaudited Statement of Growing Communities Fund

Year ended December 31, 2025

### Growing Communities Grant - (Unaudited):

In March 2023, the District received \$10,254,000 from the Province of B.C. relating to the Growing Communities Fund grant. The Growing Communities grant is a one-time grant that can be used to address the District's infrastructure and amenity needs. This amount was recognized as revenue in 2023. The schedule below provides details on the amount of grant funding received, the use of those funds and ending balance of unused funds.

|                                     | 2025          | 2024          |
|-------------------------------------|---------------|---------------|
| Opening balance                     | \$ 10,854,444 | \$ 10,353,205 |
| Less capital costs:                 |               |               |
| Handsworth Artificial Turf Field    | 180,897       | -             |
| Inter River Artificial Turf Field   | 2,268,643     | -             |
| Spirit Trail Parkgate to Cates Roch | 488,656       | -             |
| Add interest allocation             | 389,649       | 501,239       |
| Ending balance                      | \$ 8,305,897  | \$ 10,854,444 |

# THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

## Unaudited Statement of Local Government Housing Initiatives

Year ended December 31, 2025

### Local Government Housing Initiatives Grant - (Unaudited):

In January 2024, the District received \$563,354 from the Province of B.C. relating to the Local Government Housing Initiatives grant. The Local Government Housing Initiatives grant is a one-time grant that can be used by local governments to meet the new legislative requirements to support housing initiatives, including small-scale multi-unit housing and proactive planning, development finance, and transit-oriented development. This amount was recognized as revenue in 2024. The schedule below provides details on the amount of grant funding received, the use of those funds and ending balance of unused funds.

|                                                 | 2025       | 2024       |
|-------------------------------------------------|------------|------------|
| Opening balance                                 | \$ 217,093 | \$ 563,354 |
| Less operating costs:                           |            |            |
| Housing initiatives and Official Community Plan | 217,093    | 353,165    |
| Add interest allocation                         | -          | 6,904      |
| Ending balance                                  | \$ -       | \$ 217,093 |

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Financial Statements of

**NORTH VANCOUVER  
RECREATION & CULTURE  
COMMISSION**

And Independent Auditor's Report thereon

Year ended December 31, 2025

## INDEPENDENT AUDITOR'S REPORT

To the Mayor and Councillors of the Corporation of the District of North Vancouver

### ***Opinion***

We have audited the financial statements of North Vancouver Recreation & Culture Commission (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2025;
- the statement of operations for the year then ended;
- the statement of change in net debt for the year then ended;
- the statement of cash flows for the year then ended; and
- notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2025 and its results of operations, its changes in net debt 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 auditor's report.

We are independent of the Entity 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 audit opinion.



## ***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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 and 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 the 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosure 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 Entity'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 Entity 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 matter that achieves fair presentation.
- 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.

Chartered Professional Accountants

Vancouver, Canada

DATE

# NORTH VANCOUVER RECREATION & CULTURE COMMISSION

## Statement of Financial Position

As at December 31, 2025, with comparative information for 2024

|                                                   | 2025              | 2024              |
|---------------------------------------------------|-------------------|-------------------|
| <b>Assets</b>                                     |                   |                   |
| Current assets:                                   |                   |                   |
| Accounts receivable                               | \$ 729,341        | \$ 685,279        |
| Due from District of North Vancouver (note 4)     | 9,011,063         | 7,867,562         |
| Inventories held for resale                       | 14,901            | 14,006            |
|                                                   | <u>9,755,305</u>  | <u>8,566,847</u>  |
| <b>Liabilities</b>                                |                   |                   |
| Current liabilities:                              |                   |                   |
| Accounts payable and accrued liabilities (note 3) | 3,243,433         | 2,467,847         |
| Due to City of North Vancouver (note 4)           | 955,444           | 687,671           |
| Deposits held                                     | 892,611           | 935,927           |
| Deferred revenue (note 5)                         | 2,240,859         | 2,178,321         |
| Post-employment benefits (note 6)                 | 2,522,900         | 2,411,500         |
|                                                   | <u>9,855,247</u>  | <u>8,681,266</u>  |
| Net debt                                          | (99,942)          | (114,419)         |
| Non-financial assets:                             |                   |                   |
| Prepaid expenses                                  | 246,942           | 261,419           |
| Accumulated surplus (note 7)                      | <u>\$ 147,000</u> | <u>\$ 147,000</u> |

Commitments and contingencies (note 9)

See accompanying notes to the financial statements.

Approved by:

\_\_\_\_\_  
Chief Financial Officer, District of North Vancouver

\_\_\_\_\_  
Director, North Vancouver Recreation & Culture Commission

# NORTH VANCOUVER RECREATION & CULTURE COMMISSION

## Statement of Operations

Year ended December 31, 2025, with comparative information for 2024

|                                             | 2025<br>Budget<br>(note 2(c)) | 2025         | 2024         |
|---------------------------------------------|-------------------------------|--------------|--------------|
| Revenue:                                    |                               |              |              |
| Admissions                                  | \$ 3,759,353                  | \$ 3,825,368 | \$ 3,193,430 |
| Programs and lessons                        | 9,772,986                     | 10,083,238   | 9,305,230    |
| Rentals                                     | 2,205,348                     | 2,424,210    | 2,326,485    |
| Other                                       | 983,047                       | 1,096,618    | 1,154,479    |
|                                             | 16,720,734                    | 17,429,434   | 15,979,624   |
| Expenses (note 8):                          |                               |              |              |
| Program                                     | 13,853,760                    | 13,342,796   | 12,048,587   |
| Maintenance                                 | 7,754,538                     | 7,875,909    | 7,374,396    |
| Operating                                   | 11,419,165                    | 11,363,321   | 10,816,382   |
| Administration                              | 5,235,215                     | 5,488,213    | 5,110,145    |
|                                             | 38,262,678                    | 38,070,239   | 35,349,510   |
| Net cost of operations                      | (21,541,944)                  | (20,640,805) | (19,369,886) |
| Municipal contributions (note 1):           |                               |              |              |
| District of North Vancouver                 | 14,199,605                    | 14,199,605   | 14,091,064   |
| City of North Vancouver                     | 7,342,339                     | 7,342,339    | 7,324,917    |
|                                             | 21,541,944                    | 21,541,944   | 21,415,981   |
| Annual surplus, before distributions        | -                             | 901,139      | 2,046,095    |
| Distribution to District of North Vancouver | -                             | (637,011)    | (1,280,029)  |
| Distribution to City of North Vancouver     | -                             | (264,128)    | (619,066)    |
| Annual surplus                              | -                             | -            | 147,000      |
| Accumulated surplus, beginning of year      | -                             | 147,000      | -            |
| Accumulated surplus, end of year            | \$ -                          | \$ 147,000   | \$ 147,000   |

See accompanying notes to the financial statements.

# NORTH VANCOUVER RECREATION & CULTURE COMMISSION

## Statement of Change in Net Debt

Year ended December 31, 2025, with comparative information for 2024

|                                 | 2025<br>Budget<br>(note 2(c)) | 2025        | 2024         |
|---------------------------------|-------------------------------|-------------|--------------|
| Annual surplus                  | \$ -                          | \$ -        | \$ 147,000   |
| Acquisition of prepaid expenses | -                             | (246,942)   | (261,419)    |
| Use of prepaid expenses         | -                             | 261,419     | 338,405      |
| Change in net debt              | -                             | 14,477      | 223,986      |
| Net debt, beginning of year     | -                             | (114,419)   | (338,405)    |
| Net debt, end of year           | \$ -                          | \$ (99,942) | \$ (114,419) |

See accompanying notes to the financial statements.

# NORTH VANCOUVER RECREATION & CULTURE COMMISSION

## Statement of Cash Flows

Year ended December 31, 2025, with comparative information for 2024

|                                          | 2025        | 2024        |
|------------------------------------------|-------------|-------------|
| Cash provided by (used in):              |             |             |
| Operations:                              |             |             |
| Annual surplus                           | \$ -        | \$ 147,000  |
| Changes in non-cash operating items:     |             |             |
| Accounts receivable                      | (44,062)    | (310,871)   |
| Due from District of North Vancouver     | (1,143,501) | 1,743,918   |
| Inventories held for resale              | (895)       | (2,097)     |
| Prepaid expenses                         | 14,477      | 76,986      |
| Accounts payable and accrued liabilities | 775,586     | (2,200,380) |
| Due to City of North Vancouver           | 267,773     | 293,915     |
| Deposits held                            | (43,316)    | (68,302)    |
| Deferred revenue                         | 62,538      | 181,831     |
| Post-employment benefits                 | 111,400     | 138,000     |
| Change in cash                           | -           | -           |
| Cash, beginning and end of year          | \$ -        | \$ -        |

See accompanying notes to the financial statements.

# NORTH VANCOUVER RECREATION & CULTURE COMMISSION

## Notes to the Financial Statements

Year ended December 31, 2025

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### 1. Operations:

The North Vancouver Recreation & Culture Commission (the "Commission") was established under the Community Charter, SBC 2003, c.26 as amended ("the Community Charter") by the District of North Vancouver (the "District") and the City of North Vancouver (the "City") to provide inter-municipal recreation services. Operating since 1970, the North Vancouver Recreation and Culture Commission Establishing Bylaws of the District (#7987) and City (#8380) were amended in 2014 to include cultural services.

The annual contribution to the Commission by the District and the City is amended and agreed upon periodically, and approximates the usage of the recreation facilities by the residents of the District and the City. The current allocations are 66.06% (2024 - 66.06%) and 33.94% (2024 - 33.94%), respectively. Arts and culture grants are shared equally and building utilities are paid by the owner municipality. Any annual operating surplus is returned to the District and the City in proportion to the funding contribution of each, adjusted for any specific items. The District and the City consolidate their proportionate share of the Commission's operations into their respective annual consolidated financial statements.

The Commission's operations include the planning and delivery of a comprehensive range of recreation and cultural programming in the community and at facilities owned by the District and the City.

The Commission is required under the agreement between the District and the City to maintain detailed records of tangible capital assets. In addition, the Commission is responsible for the maintenance of these assets and charges the District and the City for capital purchases. Title to the tangible capital assets is retained by the District and City and accordingly tangible capital assets are not recorded in the financial statements of the Commission.

### 2. Summary of significant accounting policies:

#### (a) Basis of presentation:

The financial statements of the Commission have been prepared in accordance with Canadian public sector accounting standards.

#### (b) Inventories held for resale:

Inventories held for resale are valued at the lower of cost and net realizable value. Cost is determined on a weighted-average cost basis.

#### (c) Budget information:

Budget information, presented in these financial statements, was adopted by the District of North Vancouver Council on April 7, 2025 and the City of North Vancouver Council on April 14, 2025.

# NORTH VANCOUVER RECREATION & CULTURE COMMISSION

## Notes to the Financial Statements (continued)

Year ended December 31, 2025

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### 2. Summary of significant accounting policies (continued):

#### (d) Revenue recognition:

Revenues from transactions with performance obligations such as goods for resale and concession sales are recognized at a point in time and admissions, programs and lessons and rentals, are recognized over a period of time when the Commission satisfies the performance obligations, which occurs when control of the benefits associated with the promised goods or services has passed to the payor.

Revenues from transactions without performance obligations are recognized at realizable value when the Commission has the right to claim or retain an inflow of economic resources received or receivable and there is a past transaction or event that gives rise to the economic resources.

Restricted transfers from governments are deferred and recognized as revenue as the related expenditures are incurred or the stipulations in the related agreement are met. Unrestricted transfers are recognized as revenue when received or if the amount to be received can be reasonably estimated and collection is reasonably assured.

The Commission records the receipt of restricted contributions and customer advances as deferred revenue and recognizes the revenue in the year in which related expenses are incurred or when performance obligation is satisfied.

#### (e) Expense recognition:

Expenses are recognized on an accrual basis as they are incurred as a result of the receipt of goods and services or the creation of a legal obligation to pay.

#### (f) Pension fund:

The Commission makes contributions to the Municipal Pension Plan. These contributions are expensed as incurred.

#### (g) Post-employment benefits:

Post-employment benefits accrue to the Commission's employees. The liabilities related to these benefits are actuarially determined based on service and best estimates of retirement ages and expected future salary and wage increases. The obligation under these benefit plans is accrued based on projected benefits prorated as the employees render services necessary to earn the future benefits.

#### (h) 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.

#### (i) Use of accounting estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts in the financial statements and the disclosure of contingent liabilities. Areas requiring estimation relate to the determination of post-employment benefits. Actual results could differ from those estimates. Adjustments, if any, will be reflected in the financial statements in the period that the change in estimate is made, as well as in the period of settlement if the amount is different.

# NORTH VANCOUVER RECREATION & CULTURE COMMISSION

Notes to the Financial Statements (continued)

Year ended December 31, 2025

## 2. Significant accounting policies (continued):

### (j) Segment disclosure:

A segment is defined as a distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information to achieve the objectives of the standard. The Commission's activities are in only one segment and hence no additional disclosure is required.

### (k) Financial instruments:

Financial instruments include accounts receivable, due from District of North Vancouver, accounts payable and accrued liabilities, and due to City of North Vancouver.

Financial instruments are recorded at fair value on initial recognition. Equity instruments and derivatives that are quoted in an active market are subsequently recorded at fair value as at the reporting date. All other financial instruments are subsequently recorded at cost or amortized cost unless management elects to carry the financial instrument at fair value. The Commission has not elected to carry any other financial instruments at fair value.

Unrealized changes in fair value are recognized in the Statement of Remeasurement Gains and Losses. They are recorded in the Statement of Operations when they are realized. There are no unrealized changes in fair value as at December 31, 2025 and December 31, 2024. As a result, the Commission does not have a Statement of Remeasurement Gains and Losses.

Transaction costs incurred on the acquisition of financial instruments subsequently measured at fair value are expensed as incurred. Transaction costs incurred on the acquisition of financial instruments recorded at cost are included in the cost.

Accounts receivables, due from District of North Vancouver, accounts payable and accrued liabilities, and due to City of North Vancouver are measured at amortized cost using the effective interest rate method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the Statement of Operations.

## 3. Accounts payable and accrued liabilities:

|                                  | 2025                | 2024                |
|----------------------------------|---------------------|---------------------|
| Trade and other accounts payable | \$ 1,190,291        | \$ 1,242,356        |
| Payroll liabilities              | 2,053,142           | 1,225,491           |
|                                  | <u>\$ 3,243,433</u> | <u>\$ 2,467,847</u> |

# NORTH VANCOUVER RECREATION & CULTURE COMMISSION

Notes to the Financial Statements (continued)

Year ended December 31, 2025

## 4. Due from District of North Vancouver and Due to City of North Vancouver:

The amount due from the District is comprised of cash held by the District on behalf of the Commission in various bank accounts and net amounts arising from transactions throughout the years. Interest on the receivable is paid quarterly, at a variable rate based on the District's short-term investment performance. For the year ended December 31, 2025, interest earned from related party transactions totaled \$286,889 (2024 – \$453,430).

The amount due to the City represents the net amount arising from transactions between the City and the Commission throughout the year and is non- interest bearing.

These transactions are recorded at the exchange amount, which is the amount of consideration established and agreed upon by the related parties.

## 5. Deferred revenue:

Deferred revenue is comprised of the following:

|                       | 2025                | 2024                |
|-----------------------|---------------------|---------------------|
| Admissions            | \$ 386,208          | \$ 492,685          |
| Program registrations | 1,479,278           | 1,397,134           |
| Rentals               | 316,581             | 211,554             |
| Other                 | 58,792              | 76,948              |
|                       | <b>\$ 2,240,859</b> | <b>\$ 2,178,321</b> |

## 6. Post-employment benefits:

As per the Collective Agreement and compensation policy, the Commission provides its employees with sick days and certain employee benefits on termination and retirement. These include severance pay based on years of service and a full year's vacation entitlement in the year of retirement.

The Commission uses an actuarial valuation to determine the estimated value of post-employment benefits. The most recent full actuarial valuation was completed as at December 31, 2023 and has been extrapolated to December 31, 2025.

|                                               | 2025                | 2024                |
|-----------------------------------------------|---------------------|---------------------|
| Balance, beginning of year                    | \$ 2,084,400        | \$ 2,202,700        |
| Current service cost                          | 205,300             | 201,400             |
| Interest paid                                 | 93,100              | 90,600              |
| Benefits paid                                 | (156,500)           | (133,400)           |
| Amortization of net actuarial gains or losses | (121,900)           | (276,900)           |
| Balance, end of year                          | <b>\$ 2,104,400</b> | <b>\$ 2,084,400</b> |

# NORTH VANCOUVER RECREATION & CULTURE COMMISSION

Notes to the Financial Statements (continued)

Year ended December 31, 2025

## 6. Post-employment benefits (continued):

Actuarial gains and losses are amortized over 10 years (2024 – 10 years), being the expected average remaining service period of the related employee group, commencing the year after the gain or loss arises.

|                                         | 2025         | 2024         |
|-----------------------------------------|--------------|--------------|
| Accrued benefit obligation, end of year | \$ 2,104,400 | \$ 2,084,400 |
| Unamortized net actuarial gain          | 418,500      | 327,100      |
| Accrued benefit liability, end of year  | \$ 2,522,900 | \$ 2,411,500 |

The significant actuarial assumptions used in estimating the Commission's accrued benefit obligation are as follows:

|                                   | 2025        | 2024        |
|-----------------------------------|-------------|-------------|
| Discount rate                     | 4.50%       | 4.30%       |
| Expected future inflation rates   | 2.50%       | 2.50%       |
| Expected cost of living increases | 2.50%-4.70% | 2.50%-4.70% |

## 7. Accumulated surplus

Accumulated surplus is comprised of operating reserves set aside to allow for the completion of certain approved projects within the following year.

|                          | 2025       | 2024       |
|--------------------------|------------|------------|
| Recruitment project      | \$ 147,000 | \$ -       |
| Technology project       | -          | 90,000     |
| Consulting project       | -          | 57,000     |
| Total operating reserves | \$ 147,000 | \$ 147,000 |

## 8. Expenses by object:

Expenses by object are comprised of the following:

|                                  | 2025 Budget<br>(note 2(c)) | 2025 Actual   | 2024 Actual   |
|----------------------------------|----------------------------|---------------|---------------|
| Salaries and benefits            | \$ 28,381,589              | \$ 28,360,625 | \$ 26,168,583 |
| Buildings and grounds            | 2,890,242                  | 2,904,547     | 2,809,858     |
| Equipment, goods and materials   | 1,967,818                  | 1,810,394     | 1,694,840     |
| Administrative and service costs | 3,636,608                  | 3,636,141     | 3,281,880     |
| Other contract services          | 1,386,421                  | 1,358,532     | 1,394,349     |
|                                  | \$ 38,262,678              | \$ 38,070,239 | \$ 35,349,510 |

# NORTH VANCOUVER RECREATION & CULTURE COMMISSION

Notes to the Financial Statements (continued)

Year ended December 31, 2025

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## 9. Commitments and contingencies:

### (a) Pension liability:

The Commission and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2024, the plan has about 273,000 active members and approximately 133,000 retired members. Active members include approximately 47,000 contributors from local governments, including approximately 222 contributors from North Vancouver Recreation & Culture Commission.

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 for the Municipal Pension Plan as of 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.

Employers participating in the plan record their pension expense as the amount of the 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, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

The Commission paid \$1,420,804 (2024 - \$1,417,980) for employer contributions to the plan in fiscal 2025.

### (b) Contingent liabilities:

The Commission is currently engaged in or party to certain legal actions. Any amounts payable in addition to the accrued amounts, if any, arising from the claims, will be recorded in the year in which the amount is determinable.

## 10. Financial risk management:

Council of the District ensures that the Commission has identified its major risks and ensures that management monitors and mitigates them.

### (a) Credit risk:

Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. The Commission is exposed to credit risk with respect to receivable from DNV and accounts receivable. The Commission's credit risk related to receivable from DNV, and accounts receivable is minimal as receivables are with parties that have a low risk of collectability.

# **NORTH VANCOUVER RECREATION & CULTURE COMMISSION**

Notes to the Financial Statements (continued)

Year ended December 31, 2025

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## **10. Financial risk management (continued):**

### **(b) Liquidity risk:**

Liquidity risk is the risk that the Commission will not be able to meet its obligations as they fall due. The Commission is exposed to liquidity risk with respect to its accrued salaries and benefits, accounts payable and accrued liabilities. The Commission maintains adequate levels of working capital to ensure all obligations can be met when they fall due.

There has been no change to the financial risks from the prior year.

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