



Regular Council Meeting

Date: **MONDAY MAY 12, 2025**
Time: **7:00 P.M.**

ADDENDUM

Supporting documents have been added to the agenda package for the following items:

7(a) – Delegation by KPMG (1)

8(a) – Report dated May 6, 2025 from the Director of Finance (59)
Re: 2024 Audited Consolidated Financial Statements

Original Signed by Branden Morgan

Deputy Corporate Officer



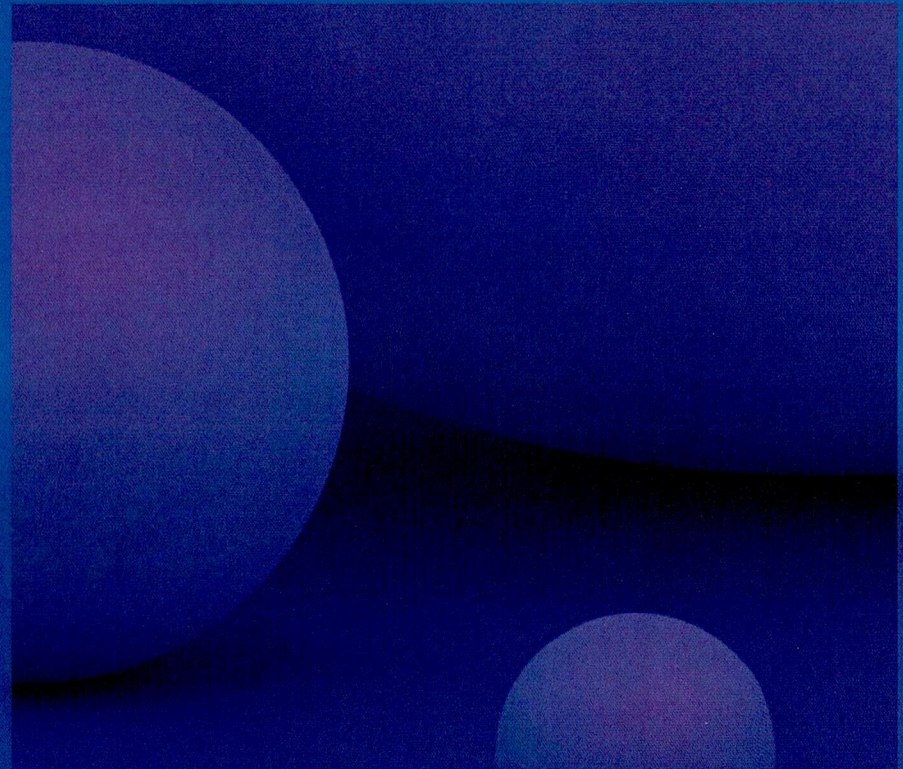
District of Hope

**Audit Findings Report for the year
ending December 31, 2024**

KPMG LLP

Prepared on May 7, 2025, for presentation on May 12, 2025

kpmg.ca/audit



KPMG contacts

Key contacts in connection with this engagement



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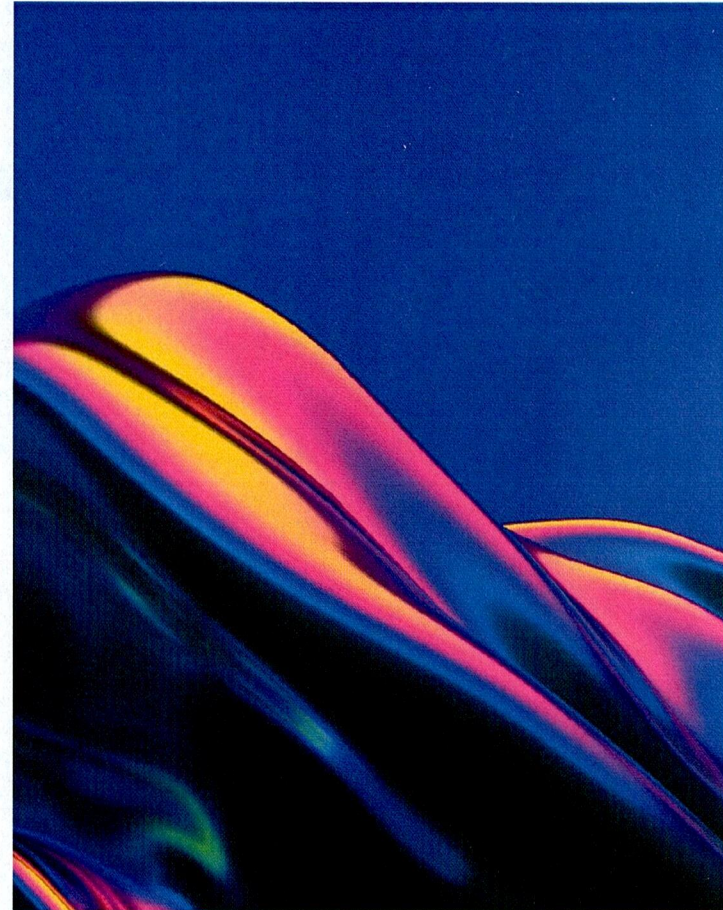


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The purpose of this report is to assist you, as the Mayor and Council (the "Council") in your review of the plan for our audit of the financial statements. This report is intended solely for the information and use of management and the Council and should not be used for any other purpose or any other party. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this report to the Board has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.

Digital use information

This Audit Planning Report is also available as a "hyper-linked" PDF document.

If you are reading in electronic form (e.g. In "Adobe Reader" or "Board Books"), clicking on the home symbol on the top right corner will bring you back to this slide.



Click on any item in the table of contents to navigate to that section.



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Highlights



No matters to report



Matters to report – see link for details

Scope

Our audit of the consolidated financial statements (“financial statements”) of the District of Hope (the “District”) of and for the year ending December 31, 2024 is performed in accordance with Canadian generally accepted auditing standards.

Status

As of the date of this report, we have completed the audit of the financial statements, with the exception of certain remaining outstanding procedures, which include amongst others:

- Completing our discussion with the Council;
- Obtaining evidence of the Council’s approval of the financial statements;
- Obtaining the signed management representation letter; and,
- Completing subsequent event review procedures up to the date of the Council’s approval of the financial statements.

We will update the Council, on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures. Our auditor’s report, a draft of which is attached to the financial statements, will be dated upon the completion of any remaining procedures.

Risk assessment



Other risks of material misstatement



Risk of management override of controls



- Tangible capital assets
- Revenue and deferred revenue, including impact of *PS 3400 Revenue*; and
- Expenses, including salaries & benefits;



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Highlights (continued)



No matters to report



Matters to report – see link for details

Materiality

Materiality \$490,000



Corrected misstatements



There were no corrected misstatements in our audit.

Uncorrected misstatements



There were uncorrected misstatements found in our audit. Refer to the management representation letter for further details.



Accounting policies



There have been no initial selections of, or changes to, significant accounting policies and practices to bring to your attention, with the exception of the adoption of new accounting standards during the year, disclosed in the notes to the financial statements.



Control deficiencies



We did not identify any control deficiencies that we determined to be significant deficiencies in internal control over financial reporting.



Independence

We confirm that we are independent with respect to the District within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulation from January 1, 2024 up to the date of this report.

Current developments

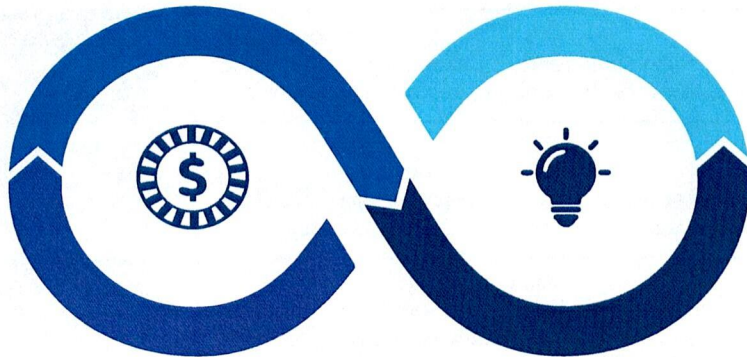
Please refer to Appendices 3 and 4 for the current developments updates, including an update on upcoming changes to accounting standards and tax and regulatory updates.



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Materiality



We **initially determine materiality** at a level at which we consider that misstatements could reasonably be expected to influence the economic decisions of users. Determining materiality is a matter of **professional judgement**, considering both quantitative and qualitative factors, and is affected by our perception of the common financial information needs of users of the financial statements as a group. We do not consider the possible effect of misstatements on specific individual users, whose needs may vary widely.

We **reassess materiality** throughout the audit and revise materiality if we become aware of information that would have caused us to determine a different materiality level initially.

Plan and perform the audit

We **initially determine materiality** to provide a basis for:

- Determining the nature, timing and extent of risk assessment procedures;
- Identifying and assessing the risks of material misstatement; and
- Determining the nature, timing, and extent of further audit procedures.

We design our procedures to detect misstatements at a level less than materiality in individual accounts and disclosures, to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

Evaluate the effect of misstatements

We also **use materiality** to evaluate the effect of:

- Identified misstatements on our audit; and
- Uncorrected misstatements, if any, on the financial statements and in forming our opinion.



Materiality (continued)



Materiality
\$490,000
(2023: \$460,000)

**Benchmark: Total expenses for the year
ended December 31, 2024**

\$20,331,580

(2023: \$17,749,225)

Percentage of benchmark

2.41%

Professional standards prescribe between 0.5% to 3.0%

Audit misstatement posting threshold

\$24,500

(2023: \$23,000)



Significant risk



Management override of controls (non-rebuttable significant risk of material misstatement)

RISK OF



FRAUD

Presumption
of the risk of fraud
resulting from
management
override of
controls

Why is it significant?

Management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from District to District, the risk nevertheless is present in all entities.

Our planned response

As this presumed risk of material misstatement due to fraud is not rebuttable, our audit methodology incorporates the required procedures in professional standards to address this risk. These procedures include:

- testing of journal entries and other adjustments
- performing a retrospective review of estimates
- evaluating the business rationale of significant unusual transactions.

Significant findings

There were no issues noted in our testing.



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Required inquiries of the Council



Inquiries regarding risk assessment, including fraud risks

- What are the Council's views about fraud risks, including management override of controls, in the District? And have you taken any actions to respond to any identified fraud risks?
- Is the Council aware of, or has the District identified, any instances of actual, suspected, or alleged fraud, including misconduct or unethical behavior related to financial reporting or misappropriation of assets?
 - If so, have the instances been appropriately addressed and how have they been addressed?
- How does the Council exercise oversight of the District's fraud risks and the establishment of controls to address fraud risks?



Inquiries regarding processes

- Is the Council aware of tips or complaints regarding the District's financial reporting (including those received through the internal whistleblower program, if such programs exist)? If so, what was the Council's responses to such tips and complaints?



Inquires regarding related parties and significant unusual transactions

- Is the Council aware of any instances where the District entered into any significant unusual transactions?
- What is the Council's understanding of the Company's relationships and transactions with related parties that are significant to the District?
- Is the Council concerned about those relationships or transactions with related parties? If so, the substance of those concerns?



Other risks of material misstatement and results



Tangible capital assets ("TCA")

Estimate – Amortization &
Asset Retirement Obligation

RISK OF



Background

The District continues to expand and invest in property, buildings, road, water and sewer related infrastructure. The District acquired and constructed \$2.08M in capital assets in 2024 (2023 - \$3.66 million).

Our response

- We updated our understanding of the process activities and controls over TCA.
- We tested a sample of asset additions and inspected supporting documentation to determine if additions are capital in nature and amounts recorded are accurate.
- We performed analytical procedures over the TCA amortization expense.
- We obtained management's updated calculation of the District's asset retirement obligation liability. We noted management had updated the liability to reflect the 2024 discount rates, remediation costs and to record accretion expense. There were no other changes in the assumptions used to determine the liability in the current year.

Significant findings

During 2024, there was a government transfer of the Dan Sharrers Aquatic Centre (DSAC) and the Building and Capital Reserve held for the DSAC to the Fraser Valley Regional District (FVRD) from the District of Hope. We reviewed the agreements relating to this transfer and the accounting treatment & financial statement presentation relating to this transfer. There were no issues noted in our testing.

There were two uncorrected misstatements related to TCA from previous years which is reflected in the management representation letter (Appendix 5). No other issues noted in our testing.



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Other risks of material misstatement and results



Revenue and deferred revenue, including impact of PS 3400 Revenue

RISK OF



ERROR

Background

The District's main sources of revenue are from municipal taxation, sales of services, government grants and transfers, and other sources of revenue. Revenue from municipal taxation payments, grants in lieu of taxes and utility charges are recognized when the levies are billed or billable to the property owner. Revenue from sales of services are recognized when the services are provided and collection is reasonably assured. Government grants are recognized when they are approved by senior governments and the conditions required to earn the grants have been completed. Development cost charges are recognized as revenue in the period the funds are expended on a development project. Development cost charges not expended are recorded as unearned revenue.

PS 3400 Revenue ("PS 3400") is a new accounting standard effective for the District's 2024 fiscal year. The new standard establishes a single framework to categorize revenue to enhance the consistency of revenue recognition and measurement.

Our response

- We updated our understanding of the process activities and controls over revenue and deferred revenue.
- We inspected significant grant funding agreements to confirm the appropriateness of revenues recognized, and agreed to the amounts to deposits received. We tested a sample of grant related expenditures and ensured they are eligible expenses per the funding agreement.
- We performed analytical procedures over municipal taxation revenue by using the 2024 assessed tax rates and assessed values directly from the Province of BC.
- We performed a test of details sale of services and developer contributions earned by selecting samples and agreeing to relevant supporting documentation.
- We assessed the impact of PS 3400 on timing, measurement, recognition, and presentation of revenue. The impact of the adoption of this new standard has been disclosed in note 2 of the financial statements.

Significant findings

There were no issues noted in our testing.



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Other risks of material misstatement and results



Expenses, including salaries and benefits

RISK OF



ERROR

Background

The District incurs significant operating expenses. There is a need to ensure that the expenses recognized are appropriate. Below is the composition of total expenses:

Expense category	2024	2023
Salaries and benefits	28%	27%
Office & administration	32%	41%
Repairs & maintenance	24%	16%
Amortization & accretion	11%	12%
Other expenses	5%	4%

Our response

- We updated our understanding of the process activities and controls over expenses, including salaries and benefits.
- We performed a test of operating effectiveness over employee timesheet approvals by selecting a sample of employees.
- We selected a sample of payroll expenses made to employees and recalculated the expense based on hours worked, approved employment letters and collective agreements.
- We performed a test of detail over non-payroll related expenses by selecting samples and agreeing to relevant supporting documentation.
- We selected a sample of payments made, invoices received and amounts recorded subsequent to the year end to ensure expenses are appropriately recorded in the correct fiscal period.

Significant findings

There were two uncorrected misstatements related to salaries and benefits expense noted in our testing, which is reflected in the management representation letter (Appendix 5). There were no other issues noted in our testing.



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Accounting policies and practices



Significant accounting policies

- There have been no initial selections of, or changes to, significant accounting policies and practices, except for the adoption of Canadian public standards *PS 3400 Revenue*, *PS 3160 Public Private Partnerships*, and *PSG-8 Purchased Intangibles*. Refer to Note 2 in the Financial statements for the full note disclosure on the adoption.
- There were no significant accounting policies in controversial or emerging areas.
- There were no issues noted with the timing of the District's transactions in relation to the period in which they were recorded.
- There were no issues noted with the extent to which the financial statements are affected by a significant unusual transaction and extent of disclosure of such transactions.
- There were no issues noted with the extent to which the financial statements are affected by non-recurring amounts recognized during the period and extent of disclosure of such transactions.



Significant accounting estimates

- There were no issues noted with management's identification of accounting estimates.
- There were no issues noted with management's process for making accounting estimates.
- There were no indicators of possible management bias.
- There were no significant factors affecting the District's asset and liability carrying values.



Significant disclosures and financial statement presentation

- There were no issues noted with the judgments made, in formulating particularly sensitive financial statement disclosures.
- There were no issues noted with the overall neutrality, consistency, and clarity of the disclosures in the financial statements.
- There were no significant potential effects on the financial statements of significant risks, exposures, and uncertainties.



Control deficiencies

Consideration of internal control over financial reporting (“ICFR”)

In planning and performing our audit, we considered ICFR relevant to the District's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on ICFR.



Our understanding of internal control over financial reporting was for the limited purpose described above and was not designed to identify all control deficiencies that might be significant deficiencies. The matters being reported are limited to those deficiencies that we have identified during the audit that we have concluded are of sufficient importance to merit being reported to those charged with governance.

Our awareness of control deficiencies varies with each audit and is influenced by the nature, timing, and extent of audit procedures performed, as well as other factors. Had we performed more extensive procedures on internal control over financial reporting, we might have identified more significant deficiencies to be reported or concluded that some of the reported significant deficiencies need not, in fact, have been reported.

A deficiency in internal control over financial reporting



A deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Significant deficiencies in internal control over financial reporting



A deficiency, or a combination of deficiencies, in internal control over financial reporting that, in our judgment, is important enough to merit the attention of those charged with governance.

We did not identify any control deficiencies that we determined to be significant deficiencies in ICFR.

Appendices

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Introducing the tariff modeler



Appendix 1: Required communications



Auditor's report

A copy of our draft auditor's report setting out the conclusion of our audit has been enclosed with this report.

Engagement letter

The objectives of the audit, our responsibilities in carrying out our audit, as well as management's responsibilities, are set out in the engagement letter in Appendix 6.



Audit findings report

We have provided this audit findings report to the Council.

Management representation letter

We will obtain from management certain representations. In accordance with professional standards, a copy of the representation letter is included in Appendix 5.



Independence

We have confirmed our independence to the Council.

Internal control deficiencies

There were no control deficiencies identified in the current year to be communicated to management and the Council.



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Appendix 2: How do we deliver audit quality?

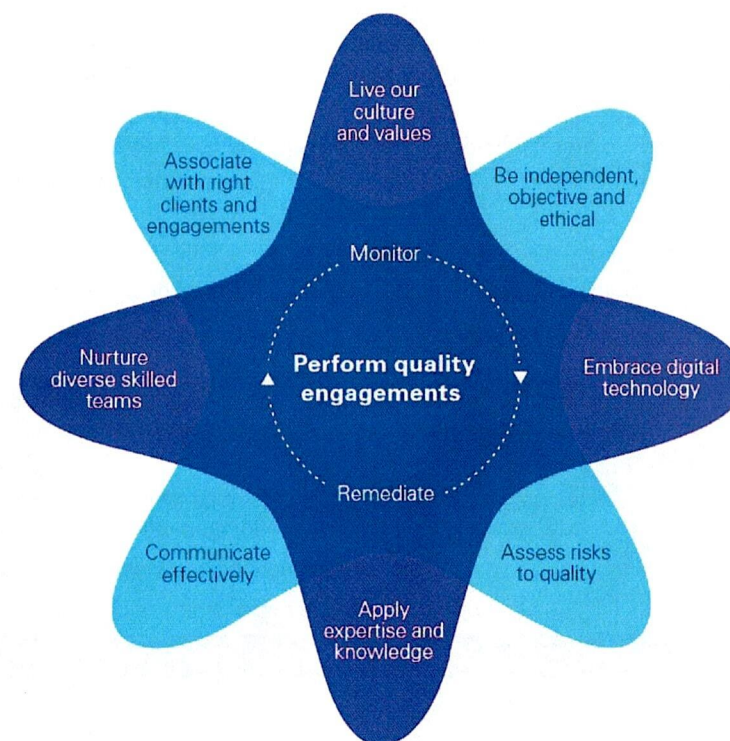
Quality essentially means doing the right thing and remains our highest priority. Our Global Quality Framework outlines how we deliver quality and how every partner and staff member contributes to its delivery.

The drivers outlined in the framework are the ten components of the KPMG System of Quality Management (SoQM). Aligned with ISQM 1/CSQM 1, our SoQM components also meet the requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA) and the relevant rules of professional conduct / code of ethics applicable to the practice of public accounting in Canada, which apply to professional services firms that perform audits of financial statements. Our Transparency Report includes our firm's Statement on the Effectiveness of our SoQM.

[KPMG Canada Transparency Report](#)

We define 'audit quality' as being the outcome when:

- audits are **executed consistently**, in line with the requirements and intent of **applicable professional standards** within a strong **system of quality management**; and
- all of our related activities are undertaken in an environment of the utmost level of **objectivity, independence, ethics and integrity**.



Doing the right thing. Always.



Appendix 3: Current developments

Accounting standards

Standard	Summary and implications
Concepts Underlying Financial Performance	<ul style="list-style-type: none"> The revised Conceptual Framework is effective for fiscal years beginning on or after April 1, 2026 with early adoption permitted. The framework provides the core concepts and objectives underlying Canadian public sector accounting standards. The ten chapter conceptual framework defines and elaborates on the characteristics of public sector entities and their financial reporting objectives. Additional information is provided about financial statement objectives, qualitative characteristics and elements. General recognition and measurement criteria, and presentation concepts are introduced.
Financial Statement Presentation	<ul style="list-style-type: none"> The proposed section PS 1202 <i>Financial statement presentation</i> will replace the current section PS 1201 <i>Financial statement presentation</i>. PS 1202 <i>Financial statement presentation</i> will apply to fiscal years beginning on or after April 1, 2026 to coincide with the adoption of the revised conceptual framework. Early adoption is permitted. The proposed section includes the following: <ul style="list-style-type: none"> Relocation of the net debt indicator to its own statement called the statement of net financial assets/liabilities, with the calculation of net debt refined to ensure its original meaning is retained. Separating liabilities into financial liabilities and non-financial liabilities. Restructuring the statement of financial position to present total assets followed by total liabilities. Changes to common terminology used in the financial statements, including re-naming accumulated surplus (deficit) to net assets (liabilities). Removal of the statement of remeasurement gains (losses) with the information instead included on a new statement called the statement of changes in net assets (liabilities). This new statement would present the changes in each component of net assets (liabilities), including a new component called "accumulated other". A new provision whereby an entity can use an amended budget in certain circumstances. Inclusion of disclosures related to risks and uncertainties that could affect the entity's financial position.



Appendix 3: Current developments (continued)

Accounting standards (continued)

Standard	Summary and implications
Employee Benefits	<ul style="list-style-type: none"> The Public Sector Accounting Board has issued proposed new standard PS 3251 <i>Employee benefits</i> which would replace the current sections PS 3250 <i>Retirement benefits</i> and PS 3255 <i>Post-employment benefits, compensated absences and termination benefits</i>. After evaluating comments received about the July 2021 exposure draft, a new re-exposure draft was released in October 2024. The re-exposure draft continues to use principles from International Public Sector Accounting Standard 39 <i>Employee benefits</i> as a starting point to develop the Canadian standard. The proposed standard would result in public sector entities recognizing the impact of revaluations of the net defined benefit liability (asset) immediately on the statement of financial position. The re-exposure draft also proposes that fully funded post-employment benefit plans use a discount rate based on the expected market-based return of plan assets and unfunded plans use a discount rate based on the market yield of government bonds, high-quality corporate bonds or another appropriate financial instrument. A simplified approach to determining a plan's funding status is provided. For most other topics, the re-exposure draft is consistent with the original exposure draft. A few exceptions are: <ul style="list-style-type: none"> Deferral provisions – Remeasurement gains and losses will be presented as part of accumulated remeasurement gains and losses. Valuation of plan assets – Public sector entities may continue to recognize non-transferable financial instruments that meet the definition of plan assets under existing PS 3250 guidance. Joint defined benefit plans – Defined benefit accounting will be used for measurement of the proportionate share of the plan, instead of previously proposed multi-employer plan accounting which was based on defined contribution plan concepts. Disclosure of other long-term employee benefits and termination benefits – The re-exposure draft does not include prescriptive disclosure requirements for other long-term employee benefits and termination benefits. The proposed section PS 3251 <i>Employee benefits</i> will apply to fiscal years beginning on or after April 1, 2029. Early adoption will be permitted and guidance applied retroactively, with or without prior period restatement. Comments on the re-exposure draft are due on January 20, 2025. The re-exposure draft can be viewed at the following link: Click here



Appendix 3: Current developments (continued)

Changes in auditing standards

Effective for periods beginning on or after December 15, 2024

ISA 260/CAS 260

.....
Communications
with those charged
with governance

ISA 700/CAS 700

.....
Forming an opinion
and reporting on
the financial
statements



Appendix 4: Thought leadership and insights

2024 Canadian CEO Outlook

KPMG interviewed more than 800 business owners and C-suite leaders across Canada on a variety of topics ranging from their top-of-mind concerns to their acquisition plans, the risks and rewards of artificial intelligence (AI), productivity, the omnipresent threat of cybercrime, and the impact of aging demographics on the workforce.

[Click here](#) to access KPMG's portal.

Future of Risk

Enterprises are facing an array of reputational, environmental, regulatory and societal forces. To navigate this complex landscape, the C-suite should seek to embrace risk as an enabler of value and fundamentally transform their approach. KPMG's global survey of 400 executives reveals that their top priorities for the next few years are adapting to new risk types and adopting advanced analytics and AI. As organizations align risk management with strategic objectives, closer collaboration across the enterprise will be essential.

[Click here](#) to access KPMG's portal.

Resilience Amid Complexity

In today's rapidly evolving and interconnected business landscape, organizations face unprecedented challenges and an increasingly complex and volatile risk landscape that can threaten their competitiveness and future survival. We share revealing real-world examples of how companies have overcome their challenges and emerged stronger as the rapid pace of change accelerates and look at the key components of KPMG's enterprise resilience framework and how it is helping these businesses build resilience and achieve their strategic objectives in an increasingly uncertain world.

[Click here](#) to access KPMG's portal.

Future of Procurement

Procurement is at an exciting point where leaders have the opportunity to recast their functions as strategic powerhouses. In this global report we examine how these forces may affect procurement teams and discuss how procurement leaders can respond – and the capabilities they will need to thrive. Our insights are augmented by findings from the KPMG 2023 Global Procurement Survey, which captured the perspectives of 400 senior procurement professionals around the globe, representing a range of industries.

[Click here](#) to access KPMG's portal.





Appendix 4: Thought leadership and insights (continued)

Artificial Intelligence in Financial Reporting and Audit

Artificial intelligence (AI) is transforming the financial reporting and auditing landscape, and is set to dramatically grow across organizations and industries. In our new report, KPMG surveyed 1,800 senior executives across 10 countries, including Canada, confirming the importance of AI in financial reporting and auditing. This report highlights how organizations expect their auditors to lead the AI transformation and drive the transformation of financial reporting. They see a key role for auditors in supporting the safe and responsible rollout of AI, including assurance and attestation over the governance and controls in place to mitigate risks.

[Click here](#) to access KPMG's portal.

Control System Cybersecurity Annual Report 2024

Based on a survey of more than 630 industry members (13% from government organizations), this report reveals that while the increase in cyberattacks is concerning, organizations have become more proactive in their cybersecurity budgets, focused on prevention, and acknowledging the threat of supply chain attacks. Furthermore, the report highlights a pressing need for skilled cybersecurity professionals in the face of escalating cyber threats. Explore the full report to help gain a clearer understanding of the growing cyber threat landscape and learn how to overcome the roadblocks to progress.

[Click here](#) to access KPMG's portal.

Cybersecurity Considerations 2024: Government and Public Sector

In every industry, cybersecurity stands as a paramount concern for leaders. Yet, for government and public sector organizations, the game of digital defense takes on a whole new level of intensity. The reason? The sheer volume and sensitivity of data they manage, which can amplify the potential fallout from any breach. These agencies are the custodians of a vast array of personal and critical data, spanning from citizen welfare to public safety and national security. This article delves into the pivotal cybersecurity considerations for the government and public sector. It offers valuable perspectives on critical focus areas and provides actionable strategies for leaders and their security teams to fortify resilience, drive innovation, and uphold trust in an ever-changing environment.

[Click here](#) to access KPMG's portal.



Appendix 4: Thought leadership and insights (continued)

Why the Public Sector Must Take the Lead in Sustainability Reporting

As the world prepares for the implementation of sustainability reporting standards from the International Sustainability Board (ISSB), the need for public sector leadership is pronounced. While governments around the world have collaborated on vital policy and regulatory solutions, they have yet to provide sustainability reporting for their own government reporting entities. This presents a major obstacle to global sustainability ambitions, particularly considering the vast physical infrastructure, non-renewable resources, rare earth elements, water and natural assets controlled by governments around the world. .

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Fighting Modern Slavery in Canadian Supply Chain

The deadline for the first year of reporting under Canada's Fighting Forced Labour and Child Labour in Supply Chains Act (the Act) was May 31, 2024. Under the Act, eligible entities are required to publicly report on steps taken to reduce the risk of forced labour and child labour in their business and supply chain. KPMG in Canada reviewed 5,794 report submissions for the act to identify key takeaways.

[Click here](#) to access KPMG's portal.

ESG for Cities Webinar Series

Cities and municipalities play a crucial role to drive climate action and resilience measures, acting as stewards for the communities they serve – including their constituents, and public, private and non-profit organizations. With the physical impacts of climate changes – including floods, wildfires and droughts – accelerating in terms of both increased frequency and severity, city and municipal leaders are increasingly considering how they can tackle the multifaceted challenge of achieving net zero greenhouse gas (GHG) emissions by 2050. KPMG in Canada's Public Sector and ESG practices completed a three-part national webinar series focusing on the journey to net zero – from strategic planning and stakeholder engagement to the implementation at the asset and operational level, and subsequent reporting obligations.

[Click here](#) to access KPMG's portal.

Building a Successful Transformation Program

Today's government and public sector organizations have a rapidly evolving customer service relationship with the populations they serve. Canadians are used to finding and accessing information and services easily and conveniently through digital channels. When digital interactions don't meet expectations or become obstacles to program access, service delivery innovation and other stakeholder objectives are not met.

[Click here](#) to read KPMG's article.



Appendix 4: Thought leadership and insights (continued)

Unlocking Government's Technology Future

This article is based on data from the KPMG global tech report 2024 which includes the results of a survey of 118 senior government technology executives and decision-makers around the world. It shows that public sector organizations are building – and maintaining – change momentum, particularly in key capabilities such as cloud enablement, cyber security and data and analytics.

[Click here](#) to access KPMG's portal.

From Smart to Smarter Cities

Canadian cities are at a pivotal moment, evolving beyond basic “smart” solutions towards integrated, sustainable strategies that address challenges from resource efficiency to community engagement. KPMG's From Smart to Smarter Cities report highlights how Canadian leaders can embrace data-driven approaches and citizen-focused urban planning to reshape their cities.

[Click here](#) to access KPMG's portal.

Getting Nature into Financial Reporting

By integrating nature into financial reporting, local governments in Canada can plan for sustainable growth and get ahead of new accounting standards that are on the horizon. The new guide, Getting Nature into Financial Reporting, authored by the University of Waterloo's Intact Centre on Climate Adaptation, and supported by the Standards Council of Canada, KPMG LLP and Natural Assets Initiative, was developed with over 120 experts across the country. The guide outlines how local governments of all sizes can start integrating nature into their financial reports today.

[Click here](#) to access KPMG's portal.

AI in Finance

Artificial intelligence is rapidly transforming the finance landscape, moving beyond accounting and making significant inroads into financial reporting, management, planning and analytics. A report from KPMG International reveals that nearly three-quarters of finance teams across diverse industries and company sizes are already using AI to some degree to enhance their financial reporting processes, implementing AI across wider areas of finance, including financial planning, treasury management, risk management and tax operations.

[Click here](#) to read KPMG's article.



Appendix 4: Thought leadership and insights (continued)

Our latest thinking on the issues that matter most to the Boards, Board and management.

KPMG Audit & Assurance Insights

Curated research and insights for audit Boards and boards.

Board Leadership Centre

Leading insights to help board members maximize boardroom opportunities

Audit Board Guide – Canadian Edition

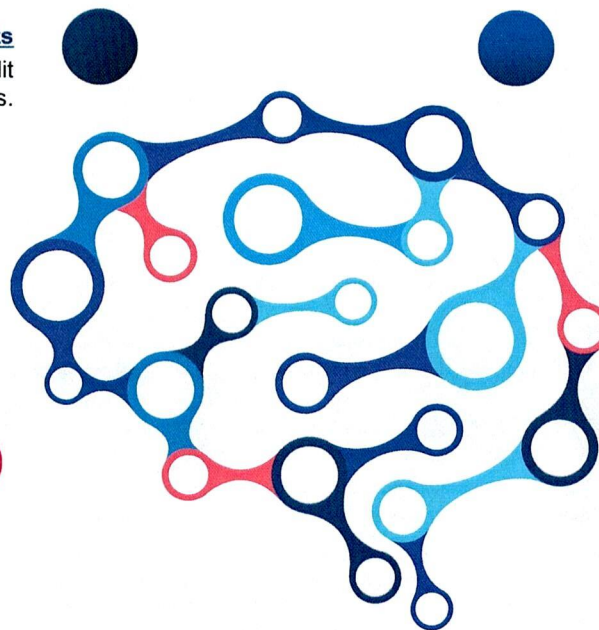
A practical guide providing insight into current challenges and leading practices shaping audit Board effectiveness in Canada.

Accelerate 2025

The key issues driving the audit Board agenda in 2025.

Sustainability Reporting

Resource centre on implementing the new Canadian reporting standards





Appendix 4: Thought leadership and insights (continued)



KPMG research shows that:

Eighty-seven percent of IT decision makers believe that technologies powered by AI should be subject to regulation.

- Of that group, 32 percent believe that regulation should come from a combination of both government and industry.
- Twenty-five percent believe that regulation should be the responsibility of an independent industry consortium.

Ninety-four percent of IT decision makers feel that firms need to focus more on corporate responsibility and ethics while developing AI solutions.

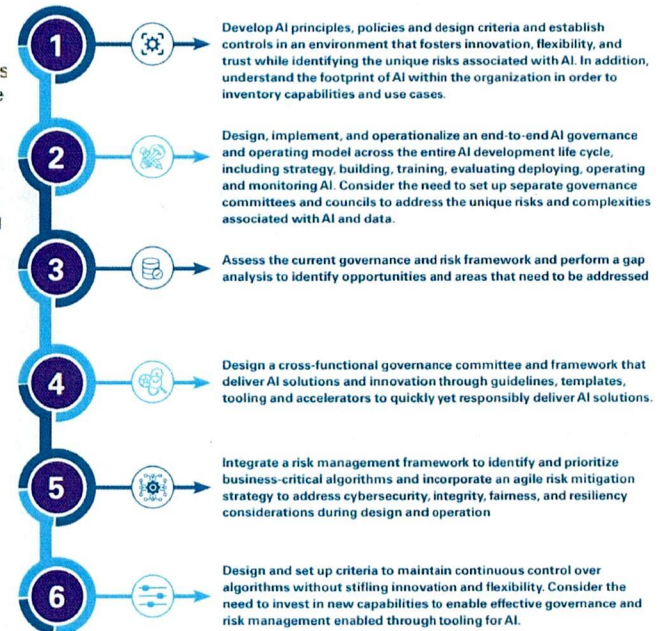
Source:

Per a study of 300 ITDMs from the UK and the US, conducted by Vanson Bourne on behalf of SnapLogic:

<https://www.businesswire.com/news/home/20190326005362/en/AI-Ethics-Deficit-%E2%80%9494-Leaders-Call>

For AI solutions to be transformative, trust is imperative. This trust rests on four main anchors: integrity, explainability, fairness, and resilience. These four principles (enabled through governance) will help organizations drive greater trust, transparency, and accountability.

1. **Integrity** — algorithm integrity and data validity including lineage and appropriateness of how data is used
2. **Explainability** — transparency through understanding the algorithmic decision-making process in simple terms
3. **Fairness** — ensuring AI systems are ethical, free from bias, free from prejudice and that protected attributes are not being used
4. **Resilience** — technical robustness and compliance of your AI and its agility across platforms and resistance against bad actors



home.kpmg/ShapeofAIGovernance



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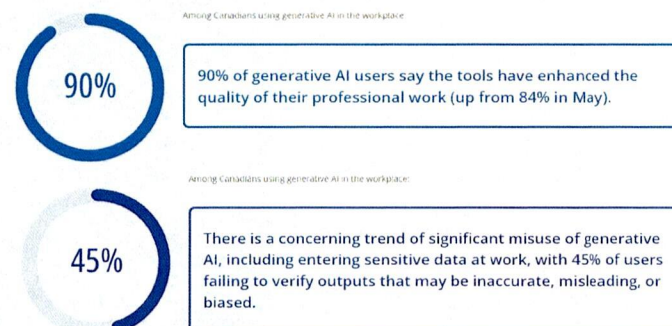
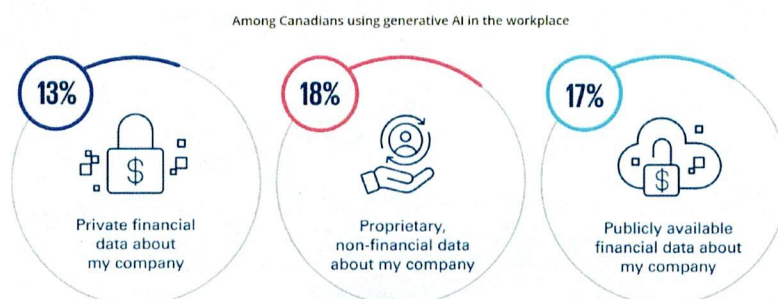


Appendix 4: Thought leadership and insights (continued)

Generative AI

Ever since ChatGPT launched publicly on November 30, 2022, generative AI has caught the attention of users around the world – including Canada. One year after its launch, KPMG in Canada conducted a survey about generative AI use in Canada's workplaces: [Generative AI Adoption Index - KPMG Canada](#)

What type of information have you entered into your AI prompts?



For governance bodies, generative AI stands as a pivotal innovation that offers unprecedented opportunities to drive business value, improve productivity, reach broader audiences, streamline operations, and help address complicated global issues. However, it also raises complex business and ethical questions. To gain the full trust of stakeholders, AI systems need to be designed with governance, risk, legal, and ethical frameworks in mind. The aim is not just to manage these challenges as they emerge, but to proactively elevate your organization's AI practices to achieve Trusted AI.

3 key guiding principles that can help boards achieve their Trusted AI objectives

- Ensure AI applications align with ethical and legal standards, safeguarding the organization from potential financial, operational, and reputational risks
- Foster innovation, enabling the business to gain a competitive edge through trustworthy AI development
- Establish a commitment to Trusted AI, enhancing trust and brand value among stakeholders and employees

Learn more about how generative AI affects governance responsibilities and tools to emerge as leaders of responsible innovation that serves the greater good: [Preparing your board for generative AI](#)



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Appendix 4: Thought leadership and insights (continued)

Current trends in internal audit

Organizations continually face a wide spectrum of risks beyond the already complex financial and regulatory compliance risks. Many organizations are recognizing the impact and benefit of internal audit activity that is agile, properly resourced, effectively managed, and aligned with strategic priorities, which can improve risk management and control processes and drive better efficiencies.

Examples of internal audits are noted below.

Cost reduction / efficiency planning

Review the governance arrangements for the monitoring and efficiency delivery of programs / services as required. This includes considering how efficiency requirements have been apportioned and communicated to support planning.

Fraud risk management

Internal Audit assesses whether a fraud risk management framework exists and whether fraud risk assessment is performed at these levels. Internal Audit reviews the overall governance surrounding this process and review the communication and reporting protocols in place.

Staff inclusion and diversity

Assess the strategy and plan in place for inclusion and diversity amongst staff, the governance of them and the measures in place to measure achievement of the goals. Training and awareness programs are offered to staff and faculty to provide understanding of roles and responsibilities and material is updated on a regular basis.

Asset management / maintenance

Review the processes and controls in place to ensure assets are adequately managed based on an appropriate schedule.

Well being (staff)

Review processes in place to develop and promote employee wellness programs and mental health strategies for staff. Areas of focus include overall program framework, communication to faculty and staff, feedback mechanisms and management's approach to assessing the suitability of the current wellness offerings version faculty and staff needs.



Appendix 5: Management representation letter



DISTRICT OF HOPE
325 WALLACE STREET
PO BOX 609
HOPE, BC V0X 1L0

KPMG LLP
45890 Hocking Avenue, Suite 302
Chilliwack, BC V2P 1B4
Canada

May 12, 2025

Ladies and Gentlemen:

We are writing at your request to confirm our understanding that your audits were for the purpose of expressing an opinion on the consolidated financial statements (hereinafter referred to as "financial statements") of the District of Hope ("the Entity") as at and for the period ended December 31, 2024.

General:

We confirm that the representations we make in this letter are in accordance with the definitions as set out in [Attachment I](#) to this letter.

We also confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Responsibilities:

- 1) We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated March 28, 2022, including for:
 - a) the preparation and fair presentation of the financial statements and believe that these financial statements have been prepared and present fairly in accordance with the relevant financial reporting framework.
 - b) providing you with all information of which we are aware that is relevant to the preparation of the financial statements ("relevant information"), such as financial records, documentation and other matters, including:
 - the names of all related parties and information regarding all relationships and transactions with related parties;
 - the complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of shareholders, board of directors and committees of the board of directors that may affect the financial statements. All significant actions are included in such summaries.
 - c) providing you with unrestricted access to such relevant information.
 - d) providing you with complete responses to all enquiries made by you during the engagement.

- e) providing you with unrestricted access to persons within the Entity from whom you determined it necessary to obtain audit evidence.
- f) such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We also acknowledge and understand that we are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.
- g) ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements.
- h) ensuring that internal auditors providing direct assistance to you, if any, were instructed to follow your instructions and that we, and others within the entity, did not intervene in the work the internal auditors performed for you.

Internal control over financial reporting:

- 2) We have communicated to you all deficiencies in the design and implementation or maintenance of internal control over financial reporting of which we are aware.

Fraud & non-compliance with laws and regulations:

- 3) We have disclosed to you:
 - a) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
 - b) all information in relation to fraud or suspected fraud that we are aware of that involves:
 - management;
 - employees who have significant roles in internal control over financial reporting; or
 - otherswhere such fraud or suspected fraud could have a material effect on the financial statements.
 - c) all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements, communicated by employees, former employees, analysts, regulators, short sellers, or others.
 - d) all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements, whose effects should be considered when preparing financial statements.
 - e) all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Subsequent events:

- 4) All events subsequent to the date of the financial statements and for which the relevant financial reporting framework requires adjustment or disclosure in the financial statements have been adjusted or disclosed.

Related parties:

- 5) We have disclosed to you the identity of the Entity's related parties.
- 6) We have disclosed to you all the related party relationships and transactions/balances of which we are aware.
- 7) All related party relationships and transactions/balances have been appropriately accounted for and disclosed in accordance with the relevant financial reporting framework.

Estimates:

- 8) The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

Going concern:

- 9) We have provided you with all information relevant to the use of the going concern assumption in the financial statements.
- 10) We confirm that we are not aware of material uncertainties related to events or conditions that may cast significant doubt upon the Entity's ability to continue as a going concern.

Non-SEC Registrant or non-reporting issuers:

- 11) We confirm that the Entity is not a Canadian reporting issuer (as defined under any applicable Canadian securities act) and is not a United States Securities and Exchange Commission ("SEC") Issuer (as defined by the Sarbanes-Oxley Act of 2002).
- 12) We also confirm that the financial statement of the Entity will not be included in the group financial statements of a Canadian reporting issuer audited by KPMG or an SEC Issuer audited by any member of the KPMG organization.

Misstatements:

- 13) The effects of the uncorrected misstatements described in [Attachment II](#) are immaterial, both individually and in the aggregate, to the financial statements as a whole.
- 14) We approve the corrected misstatements identified by you during the audit described in [Attachment II](#).

Other:

- 15) Expenditures are appropriately authorized and actual expenditures have not exceeded budgeted expenditures detailed in the budget bylaw.
- 16) All reserve transactions have been appropriately approved, in accordance with applicable legislation and are appropriately credited to or charged against fund balances. Reserve amounts represent only those amounts that are available for use at the District's discretion and do not include restrictions on use by third parties.
- 17) All transfers out of statutory reserved have been approved by bylaw except those transfers which are allowed by Council resolution.

Yours very truly,

By: Mr. John Fortoloczky, Chief Administrative Officer

By: Mr. Mike Olson, Director of Finance

Attachment I – Definitions

Materiality

Certain representations in this letter are described as being limited to matters that are material.

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgments about materiality are made in light of surrounding circumstances, and are affected by perception of the needs of, or the characteristics of, the users of the financial statements and, the size or nature of a misstatement, or a combination of both while also considering the entity's own circumstances.

Fraud & error

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorization.

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Attachment II – Summary of audit misstatements

Summary of Uncorrected misstatements

ID	Description of misstatement	Type of misstatement	Accounts	Debit	(Credit)	Income Statement	Financial Position		
						Income Effect	Equity at period end	Assets	Liabilities
1	To correct payroll accrual at year end	Factual	Payroll clearing	36,041					36,041
			Salaries and wages expense		(36,401)	(36,401)	(36,401)		
2	To record the accrual for sick time during F2024	Factual	Accumulated Surplus - Opening	155,239			155,239		
			Trades payables and accrued expenses		(156,000)				(156,000)
			General Government	761		761	761		
3	To record the unrealized gain on investments during F2024	Factual	Gain/Loss on investments		(110,246)	(110,246)	(110,246)		
			MFA - Pooled Investments		(36,013)			(36,013)	
			Operating Fund - Surplus	146,259			146,259		
4	To record the NBV of the TCAs assumed as part of the 753 Waterworks acquisition in FY20.	Factual	Tangible capital assets	110,253				110,253	
			Accumulated Surplus - Opening		(110,253)		(110,253)		
5	To capitalize the legal expenses incurred as part of the 753 Waterworks acquisition acquired in FY20.	Factual	Tangible capital assets	33,050				33,050	
			Accumulated Surplus - Opening		(33,050)		(33,050)		
Total effect of uncorrected audit misstatements						(109,485)	48,710	107,290	(156,000)

Summary of Corrected misstatements

There were no corrected misstatements during the year.



Appendix 6: Engagement letter





KPMG LLP
Chartered Professional Accountants
200-9123 Mary Street
Chilliwack, BC V2P 4H7
Canada
Telephone (604) 793-4700
Fax (604) 793-4747
www.kpmg.ca

PRIVATE & CONFIDENTIAL

Mr. John Fortoloczky
District of Hope
325 Wallace Street
PO Box 609
Hope, BC V0X 1L0

March 28, 2022

The purpose of this letter is to outline the terms of our engagement to audit the consolidated annual financial statements ("financial statements or "annual financial statements") of District of Hope ("the Entity"), commencing for the period ending December 31, 2021.

This letter supersedes our previous letter to the Entity dated April 3, 2017.

The terms of the engagement outlined in this letter will continue in effect from period to period, unless amended or terminated in writing. The attached Assurance Terms and Conditions and any exhibits, attachments and appendices hereto and subsequent amendments form an integral part of the terms of this engagement and are incorporated herein by reference (collectively the "Engagement Letter").

Financial Reporting Framework for the Financial Statements

The annual financial statements will be prepared and presented in accordance with Canadian public sector accounting standards (hereinafter referred to as the "financial reporting framework").

The financial statements will include an adequate description of the financial reporting framework.

Management's Responsibilities

Management responsibilities are described in *Appendix – Management's Responsibilities*.

An audit of the annual financial statements does not relieve management or those charged with governance of their responsibilities.



District of Hope
March 28, 2022

Auditor's Responsibilities

Our responsibilities are described in *Appendix – Auditor's Responsibilities*.

If management does not fulfill the responsibilities above, we cannot complete our audit.

Additional Responsibilities regarding "Other Information"

"Other information" is defined in professional standards to be the financial or non-financial information (other than the financial statements and the auditors' report thereon) included in the "annual report". An "annual report" is defined in professional standards to comprise a document or combination of documents. Professional standards also indicate that:

- an annual report is prepared typically on an annual basis in accordance with law, regulation or custom (i.e., is reoccurring)
- an annual report contains or accompanies the financial statements and the auditors' report thereon
- an annual report's purpose is to provide owners (or similar stakeholders) with information on the Entity's:
 - operations; and/or
 - financial results and financial position as set out in the financial statements.

Based on discussions with management, there are no documents, or combination of documents, expected to meet the definition of an "annual report" under professional standards.

Auditor's Deliverables

Unless otherwise specified, our report(s) will be in writing and the expected content of our report(s) are provided in *Appendix – Expected Form of Report*. However, there may be circumstances in which a report may differ from its expected form and content.

In addition, if we become aware of information that relates to the information we reported on after we have issued our report, but which was not known to us at the date of our report, and which is of such a nature and from such a source that we would have investigated that information had it come to our attention during the course of our engagement, we will, as soon as practicable: (1) communicate such an occurrence to those charged with governance; and (2) undertake an investigation to determine whether the information is reliable and whether the facts existed at the date of our report. Further, management agrees that in conducting that investigation, we will have the full cooperation of the Entity's personnel. If the subsequently discovered information is found to be of such a nature that: (a) our report would have been affected if the information had been known as of the date of our report; and (b) we believe that the report may have been distributed to someone who would attach importance to the information, appropriate steps will be taken by KPMG, and appropriate steps will also be taken by the Entity, to advise of the newly discovered facts and the impact to the information we reported on.



District of Hope
March 28, 2022

Fees

Appendix – Fees for Professional Services to this letter lists our fees for professional services to be performed under this Engagement Letter.

We are available to provide a wide range of services beyond those outlined above. Additional services are subject to separate terms and arrangements.

We are proud to provide you with the services outlined above and we appreciate your confidence in our work. We shall be pleased to discuss this letter with you at any time. If the arrangements and terms are acceptable, please sign the duplicate of this letter in the space provided and return it to us.

Yours very truly,

KPMG LLP

Sean Reid, CPA, CA

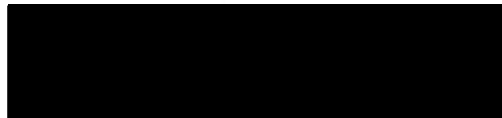
Partner, responsible for the engagement and its performance, and for the report that is issued on behalf of KPMG LLP, and who, where required, has the appropriate authority from a professional, legal or regulatory body.

(604) 793-4708

sreid@kpmg.ca

Enclosure

The terms of the engagement set out are as agreed:



John Fortoloczky, having the appropriate authority to engage
District of Hope

02/05/2022

Date (dd/mm/yyyy)



Appendix – Management’s Responsibilities

Management acknowledges and understands that they are responsible for:

- (a) the preparation and fair presentation of the annual financial statements in accordance with the financial reporting framework referred to above
- (b) providing us with all information of which management is aware that is relevant to the preparation of the financial statements (“relevant information”) such as financial records, documentation and other matters, including:
 - the names of all related parties and information regarding all relationships and transactions with related parties
 - the complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of shareholders, board of directors, and committees of the board of directors that may affect the financial statements. All significant actions are to be included in such summaries.
- (c) providing us with unrestricted access to such relevant information.
- (d) providing us with complete responses to all enquiries made by us during the engagement.
- (e) providing us with additional information that we may request from management for the purpose of the engagement
- (f) providing us with unrestricted access to persons within the Entity from whom we determine it necessary to obtain evidence
- (g) 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. Management also acknowledges and understands that they are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.
- (h) ensuring that all transactions have been recorded and are reflected in the financial statements.
- (i) ensuring that internal auditors providing direct assistance to us, if any, will be instructed to follow our instructions and that management, and others within the entity, will not intervene in the work the internal auditors perform for us.
- (j) providing us with written representations required to be obtained under professional standards and written representations that we determine are necessary. Management also acknowledges and understands that, as required by professional standards, we may disclaim an audit opinion when management does not provide certain written representations required.



Appendix – Auditor's Responsibilities

Auditor's responsibilities regarding the audit of the financial statements

Our function as auditors of the Entity is:

- to express an opinion on whether the Entity's annual financial statements, prepared by management with the oversight of those charged with governance, are, in all material respects, in accordance with the financial reporting framework referred to above
- to report on the annual financial statements

We will conduct the audit of the Entity's annual financial statements in accordance with Canadian generally accepted auditing standards and relevant ethical requirements, including those pertaining to independence (hereinafter referred to as applicable "professional standards").

We will plan and perform the audit to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error. Accordingly, we will, among other things:

- identify and assess risks of material misstatement, whether due to fraud or error, based on an understanding of the Entity and its environment, including the Entity's internal control. In making those risk assessments, we consider internal control relevant to the Entity's preparation of the annual financial statements 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
- obtain sufficient appropriate audit evidence about whether material misstatements exist, through designing and implementing appropriate responses to the assessed risks
- form an opinion on the Entity's annual financial statements based on conclusions drawn from the audit evidence obtained
- communicate matters required by professional standards, to the extent that such matters come to our attention, to the appropriate level of management, those charged with governance and/or the board of directors. The form (oral or in writing) and the timing will depend on the importance of the matter and the requirements under professional standards.



Appendix – Expected Form of Report

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of the District of Hope

Opinion

We have audited the consolidated financial statements of the District of Hope (the "District") which comprise:

- the consolidated statement of financial position as at December 31, 2021
- the consolidated statements of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and 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 financial position of the District as at December 31, 2021, and its results of operations 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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' 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 responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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 risk 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 the 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 disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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 manner 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.



Appendix – Fees for Professional Services

KPMG's fees are based on the quality of the Entity's accounting records, the agreed upon level of preparation and assistance from the Entity's personnel, and adherence to the agreed upon timetable. It is also assumed that the Entity's financial statements are in accordance with the applicable financial reporting framework and that there are no significant new or changed accounting policies or issues, or financial reporting, internal control over financial reporting or other reporting issues. KPMG will inform the Entity on a timely basis if these factors are not in place.

Additional time may be incurred for such matters as significant issues, significant unusual and/or complex transactions, informing management about new professional standards, and any related accounting advice. Where these matters arise and require research, consultation and work beyond that previously contemplated, no significant additional work will proceed without management's concurrence, and, if applicable, without the concurrence of those charged with governance.

Upon completion of these services KPMG will review with the Entity any fees and expenses incurred, following which KPMG will render the final billing. Routine administrative expenses such as long-distance telephone calls, photocopies, fax charges, printing of statements and reports, postage and delivery and secretarial and report department assistance will be charged on the basis of a percentage of KPMG's professional costs. Other disbursements for items such as travel, accommodation and meals will be charged based on KPMG's actual disbursements.

KPMG's invoices are due and payable upon receipt. Amounts overdue are subject to interest. In order to avoid the possible implication that unpaid fees might be viewed as creating a threat to KPMG's independence, it is important that KPMG's bills be paid promptly when rendered. If a situation arises in which it may appear that KPMG's independence is threatened because of significant unpaid bills, KPMG may be prohibited from signing the report and, if applicable, any consent.

Fees for any other services will be billed separately from the services described in this engagement letter and may be subject to written terms and conditions supplemental to those in this letter.

Goods and Services Tax (GST) will be computed and shown separately on our invoices, together with our firm's GST registration number, so that you will have the information required to claim input tax credits and input tax refunds, if applicable.

Routine administration expenses, such as long-distance telephone calls, photocopies, fax charges, printing, postage, delivery, and secretarial time will be charged on the basis of a percentage of our professional costs. Out of pocket costs such as travel will be charged as incurred



Appendix – COVID-19 Rider

1. During the engagement, each party shall keep the other party reasonably informed of any events which:
 - i. relate to the notifying party and the COVID-19 situation;
 - ii. are not existing or reasonably foreseeable at the date of this agreement; and
 - iii. will materially and adversely affect the notifying party's ability to perform its obligations under the engagement.
2. Each party will implement mitigation measures to enable the Services to be performed so far as reasonably practicable in the circumstances, including:
 - i. reducing travel (particularly international travel) and in-person meetings to the minimum necessary level;
 - ii. at the party's premises, implementing such infection control procedures as are recommended or required by official bodies in the applicable location;
 - iii. implementing internal corporate policies which permit and encourage individual remote working, and technical systems to enable individual remote working; and
 - iv. implementing telepresence, audio conference, videoconference, and other systems for collaborative working.
3. If, as a result of the global COVID-19 virus situation, performance by a party of its obligations under the engagement are rendered impossible or impracticable, the time for performance of such obligations shall be extended by such period as is reasonable in the circumstances, PROVIDED THAT the party in question is complying, and continues to comply, with its obligations pursuant to paragraphs 1 and 2 above.



TERMS AND CONDITIONS FOR ASSURANCE ENGAGEMENTS (PRIVATE COMPANY CLIENTS)

These Terms and Conditions are an integral part of the accompanying engagement letter or proposal from KPMG that identifies the engagement to which they relate (and collectively form the "Engagement Letter"). The Engagement Letter supersedes all written or oral representations on this matter. The term "Entity" used herein has the meaning set out in the accompanying engagement letter or proposal. The term "Management" used herein means the management of Entity.

1. DOCUMENTS AND LICENSES.

- a. All working papers, files and other internal materials created or produced by KPMG in relation to this engagement and all copyright and intellectual property rights therein are the property of KPMG.
- b. Only in connection with the services herein, Entity hereby grants to KPMG a limited, revocable, non-exclusive, non-transferable, paid up and royalty-free license, without right of sublicense, to use all logos, trademarks and service marks of Entity solely for presentations or reports to Entity or for internal KPMG presentations and intranet sites. Further, Entity agrees that KPMG may list Entity as a customer in KPMG's internal and external marketing materials, including KPMG websites and social media, indicating the general services rendered (e.g., "Client is an Audit, Advisory, and/or Tax client of KPMG LLP").

2. ENTITY'S RESPONSIBILITIES.

- a. Entity agrees that all management responsibilities will be performed and all management decisions will be made by Entity, and not by KPMG.
- b. Entity's provision of documents and information to KPMG on a timely basis is an important factor in our ability to issue any reports under this Engagement Letter. KPMG is not responsible for any consequences arising from Entity's failure to deliver documents and information as required.
- c. To the extent that KPMG personnel are on Entity's premises, Entity will take all reasonable precautions for their safety.
- d. Entity understands and acknowledges that KPMG's independence may be impaired if any KPMG partner, employee or contractor accepts any offer of employment from Entity.
- e. Except as required by applicable law or regulation, Entity shall keep confidential the terms of this Engagement Letter, and such confidential information shall not be distributed, published or made available to any other person without KPMG's express written permission.
- f. Management agrees to promptly provide us with a copy of any comment letter or request for information issued by any securities or other regulatory authority in respect of information on which KPMG reported, including without limitation any continuous disclosure filings.

3. FEE AND OTHER ARRANGEMENTS.

- a. KPMG's estimated fee is based in part on the quality of Entity's records, the agreed-upon level of preparation and assistance from Entity's personnel, and adherence by Entity to the agreed-upon timetable. KPMG's estimated fee also assumes that Entity's financial statements and/or other financial information, as applicable, are prepared in accordance with the relevant financial reporting framework or the relevant criteria, as applicable, and that there are no significant changes to the relevant financial reporting framework or the relevant criteria, as applicable; no significant new or changed accounting policies; no significant changes to internal control; and no other significant issues.
- b. Additional time may be incurred for such matters as significant issues, significant unusual and/or complex transactions, informing management about new professional standards, and any related accounting advice. Where these matters arise and require research, consultation and work beyond that included in the estimated fee, Entity and KPMG agree to revise the estimated fee. Our professional fees are also subject to an additional charge to cover information technology infrastructure costs and administrative support of our client service personnel. Disbursements for items such as travel, accommodation and meals will be charged based on KPMG's actual disbursements.
- c. KPMG's invoices are due and payable upon receipt. Amounts overdue are subject to interest. In order to avoid the possible implication that unpaid fees might be viewed as creating a threat to KPMG's independence, it is important that KPMG's bills be paid promptly when rendered. If a situation arises in which it may appear that KPMG's independence is threatened because of significant unpaid bills, KPMG may be prohibited from signing any applicable report and/or consent.

- d. Fees for any other services will be billed separately from the services described in this Engagement Letter and may be subject to written terms and conditions supplemental to those in the Engagement Letter.

e. Canadian Public Accountability Board ("CPAB") participation fees, when applicable, are charged to Entity based on the annual fees levied by CPAB.

4. USE OF MEMBER FIRMS AND THIRD PARTY SERVICE PROVIDERS; STORAGE AND USE OF INFORMATION.

- a. KPMG is a member firm of the KPMG International Cooperative ("KPMG International"). Entity acknowledges that in connection with the provision of services hereunder, KPMG may use the services of KPMG International member firms, as well as other third party service providers or subcontractors, and KPMG shall be entitled to share with them all documentation and information related to the engagement, including Entity's confidential information and personal information ("information"). KPMG may also: (i) directly, or using such aforementioned KPMG International member firms, third party service providers or subcontractors, perform data analytics in respect of the information; and (ii) retain and disclose to KPMG International member firms the information to share best practices or for knowledge sharing purposes. In all such cases, such information may be used, retained, processed, or stored outside of Canada by such KPMG International member firms, other third party service providers or subcontractors, and may be subject to disclosure in accordance with the laws applicable in the jurisdiction in which the information is used, retained, processed or stored, which laws may not provide the same level of protection for such information as will Canadian laws. KPMG represents that such KPMG International member firms, other third party service providers or subcontractors have agreed or shall agree to conditions of confidentiality with respect to Entity's confidential information, and that KPMG is responsible to ensure their compliance with those conditions. Any services performed by KPMG International member firms or other third party service providers or subcontractors shall be performed in accordance with the terms of this Engagement Letter, but KPMG remains solely responsible to Entity for the delivery of the services hereunder. Entity agrees that any claims that may arise out of the engagement will be brought solely against KPMG, the contracting party, and not against any other KPMG International member firms or other third party service providers or subcontractors referred to above.

- b. Certain information (including information relating to time, billing and conflicts) collected by KPMG during the course of the engagement may be used, retained, processed and stored outside of Canada by KPMG, KPMG International member firms or third party service providers or subcontractors providing support services to KPMG for administrative, technological and clerical/organizational purposes, including in respect of client engagement acceptance procedures and maintaining engagement profiles; and to comply with applicable law, regulation or professional standards (including for quality performance reviews). Such information may be subject to disclosure in accordance with the laws applicable in the jurisdiction in which the information is used, retained, processed or stored, which laws may not provide the same level of protection for such information as will Canadian laws. KPMG may also share information with its legal advisers and insurers for the purposes of obtaining advice.

- c. Entity acknowledges that KPMG aggregates anonymous information from sources including the Entity for various purposes, including to monitor quality of service, and Entity consents to such use. KPMG may also use Entity's information to offer services that may be of interest to Entity.

5. PERSONAL INFORMATION CONSENTS AND NOTICES.

KPMG may be required to collect, use and disclose personal information about individuals during the course of the engagement. Any collection, use or disclosure of personal information is subject to KPMG's Privacy Policy available at www.kpmg.ca. Entity represents and warrants that (i) it will obtain any consents required to allow KPMG to collect, use and disclose personal information in the course of the engagement, and (ii) it has provided notice to those individuals whose personal information may be collected, used and disclosed by KPMG hereunder of the potential processing of such personal information outside of Canada (as described in Section 4 above). KPMG's Privacy Officer noted in KPMG's privacy policy is able to answer any individual's questions about the collection of personal information required for KPMG to deliver services hereunder.



**TERMS AND CONDITIONS FOR ASSURANCE ENGAGEMENTS
(PRIVATE COMPANY CLIENTS)**

6. THIRD PARTY DEMANDS FOR DOCUMENTATION AND INFORMATION / LEGAL AND REGULATORY PROCESSES.

- a. Entity on its own behalf hereby acknowledges and agrees to cause its subsidiaries and affiliates to acknowledge that KPMG or a foreign component auditor which has been engaged in connection with an assurance engagement ("component auditor") may from time to time receive demands from a third party (each, a "third party demand"), including without limitation (i) from CPAB or from professional, securities or other regulatory, taxation, judicial or governmental authorities (both in Canada and abroad), to provide them with information and copies of documents in KPMG's or the component auditor's files including (without limitation) working papers and other work-product relating to the affairs of Entity, its subsidiaries and affiliates, and (ii) summons for production of documents or information related to the services provided hereunder; which information and documents may contain confidential information of Entity, its subsidiaries or affiliates. Except where prohibited by law, KPMG or its component auditor, as applicable, will advise Entity or its affiliate or subsidiary of the third party demand. Entity acknowledges, and agrees to cause its subsidiaries and affiliates to acknowledge, that KPMG or its component auditor, as applicable, will produce documents and provide information in response to the third party demand, without further authority from Entity, its subsidiaries or affiliates.
- b. KPMG will use reasonable efforts to withhold from production any documentation or information over which Entity asserts privilege. Entity must identify any such documentation or information at the time of its provision to KPMG by marking it as "privileged". Notwithstanding the foregoing, where disclosure of such privileged documents is required by law, KPMG will disclose such privileged documents. If and only if the authority requires such access to such privileged documents pursuant to the laws of a jurisdiction in which express consent of Entity is required for such disclosure, then Entity hereby provides its consent.
- c. Entity agrees to reimburse KPMG for its professional time and any disbursements, including reasonable legal fees and taxes, in responding to third party demands.
- d. Entity waives and releases KPMG from any and all claims that it may have against KPMG as a result of any disclosure or production by KPMG of documents or information as contemplated herein.
- e. Entity agrees to notify KPMG promptly of any request received by Entity from any third party with respect to the services hereunder, KPMG's confidential information, KPMG's advice or report or any related document.

7. CONNECTING TO THE ENTITY'S IT NETWORK; EMAIL AND ONLINE FILE SHARING AND STORAGE TOOLS.

- a. Entity authorizes KPMG personnel to connect their computers to Entity's IT Network and the Internet via the Network while at the Entity's premises for the purpose of conducting normal business activities.
- b. Entity recognizes and accepts the risks associated with communicating electronically, and using online file sharing, storage, collaboration and other similar online tools to transmit information to or sharing information with KPMG, including (but without limitation) the lack of security, unreliability of delivery and possible loss of confidentiality and privilege. Entity assumes all responsibility or liability in respect of the risk associated with the use of the foregoing, and agrees that KPMG is not responsible for any issues that might arise (including loss of data) as a result of Entity using the foregoing to transmit information to or otherwise share information with KPMG and, in the case of online tools other than email, KPMG's access to and use of the same in connection with obtaining Entity information and documents.

8. LIMITATION ON WARRANTIES.

THIS IS A SERVICES ENGAGEMENT. KPMG WARRANTS THAT IT WILL PERFORM SERVICES HEREUNDER IN GOOD FAITH WITH QUALIFIED PERSONNEL IN A COMPETENT AND WORKMANLIKE MANNER IN ACCORDANCE WITH APPLICABLE INDUSTRY STANDARDS. SUBJECT TO SECTION 14, KPMG DISCLAIMS ALL OTHER WARRANTIES, REPRESENTATIONS OR CONDITIONS, EITHER EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, WARRANTIES, REPRESENTATIONS OR CONDITIONS OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

9. LIMITATION ON LIABILITY AND INDEMNIFICATION.

- a. Subject to Section 14: (i) Entity agrees that KPMG shall not be liable to Entity for any actions, damages, claims, fines, penalties, complaints,

demands, suits, proceedings, liabilities, costs, expenses, or losses (collectively, "Claims") in any way arising out of or relating to the services performed hereunder for an aggregate amount in excess of the lesser of one million dollars (\$1,000,000) or two times the fees paid by Entity to KPMG under the engagement; and (ii) on a multi-phase engagement, KPMG's liability shall be based on the amount actually paid to KPMG for the particular phase that gives rise to the liability.

b. Subject to Section 14, in the event of a Claim by any third party against KPMG that arises out of or relates to the services performed hereunder, Entity will indemnify and hold harmless KPMG from all such Claims, including, without limitation, reasonable legal fees, except to the extent finally determined to have resulted from the intentional, deliberate or fraudulent misconduct of KPMG.

c. Subject to Section 14: (i) in no event shall KPMG be liable for consequential, special, indirect, incidental, punitive or exemplary damages, liabilities, costs, expenses, or losses (including, without limitation, lost profits and opportunity costs); (ii) in any Claim arising out of the engagement, Entity agrees that KPMG's liability will be several and not joint and several; and (iii) Entity may only claim payment from KPMG of KPMG's proportionate share of the total liability based on degree of fault.

d. For purposes of this Section 9, the term KPMG shall include its subsidiaries, its associated and affiliated entities and their respective current and former partners, directors, officers, employees, agents and representatives. The provisions of this Section 9 shall apply regardless of the form of Claim, whether in contract, statute, tort (including, without limitation, negligence) or otherwise.

10. CONSENT TO THE USE OF THE KPMG NAME OR KPMG REPORT.

Except as otherwise specifically agreed in this Engagement Letter, KPMG does not consent to:

- i. the use of our name or our report in connection with information, other than what we have reported on as part of this Engagement Letter or our report thereon, that contains, incorporates by reference, or otherwise accompanies our report or our name;
- ii. the use of our report in another language, or the use of our report in connection with information that we reported on that has been translated into another language; or the use of our name in connection with information that we reported on that has been translated into another language;
- iii. the use of our report in connection with an offering document or other securities filing, including continuous disclosure filings; or
- iv. the use of our name or our report in connection with the interim financial statements (or other interim financial information) or any statement by the Entity regarding the services that we provided on the interim financial statements or other interim financial information.

Any communication, report, statement or conclusion on the interim financial statements may not be included in, or otherwise referred to in any public document or public oral statements except when the interim review conclusion contains a modified conclusion, in which case our interim review report will accompany the interim financial statements.

If the Entity wishes to obtain KPMG's consent regarding the matters above or other matters not otherwise specifically covered by this Engagement Letter, we will be required to perform procedures as required by applicable professional standards, and such procedures would be a separate engagement and subject to separate engagement terms.

11. ALTERNATIVE DISPUTE RESOLUTION.

Any dispute or claim between the parties arising under or relating to this Engagement Letter or the services provided hereunder (the "Dispute") shall be submitted to non-binding mediation. If mediation is not successful within 90 days after the issuance by a party of a request for mediation, then the Dispute shall be referred to and finally resolved by arbitration under the Arbitration Rules of the ADR Institute of Canada in force at that time. The Seat of Arbitration shall be the province where KPMG's principal office performing this engagement is located. The language of the arbitration shall be English. The Arbitral Tribunal shall be made up of a single Arbitrator. The arbitration award shall be final, conclusive and binding upon the parties, and not subject to appeal.

12. POTENTIAL CONFLICTS OF INTEREST.

- a. KPMG is or may be engaged by entities and individuals who have potentially conflicting legal and business interests to Entity. Entity agrees that, without further notice or disclosure to Entity, KPMG may: (i) accept or continue such engagements on matters unrelated to KPMG's engagement for Entity; and (ii) provide advice or services to any other person or entity



**TERMS AND CONDITIONS FOR ASSURANCE ENGAGEMENTS
(PRIVATE COMPANY CLIENTS)**

making a competing bid or proposal to that of Entity whether or not KPMG is providing advice or services to Entity in respect of Entity's competing bid or proposal.

b. In accordance with professional standards, KPMG will not use any confidential information regarding Entity in connection with its engagements with other clients, and will establish confidentiality and other safeguards to manage conflicts, which may include, in KPMG's sole discretion, the use of separate engagement teams and data access controls.

c. In no event shall KPMG be liable to Entity, or shall Entity be entitled to a return of fees or disbursements, or any other compensation whatsoever as a result of KPMG accepting or continuing a conflicting engagement in accordance with the terms of this Engagement Letter.

d. Entity agrees that KPMG may, in its sole discretion, disclose the fact and nature of its engagement for Entity to (i) KPMG International member firms to inform conflict searches, and (ii) to the extent reasonably required in order to obtain the consent of another entity or individual in order to permit KPMG to act for such entity or individual, or for Entity, in connection with the engagement or any future engagement.

e. In the event that circumstances arise that place KPMG into a conflict of interest as between Entity and a pre-existing client, which in KPMG's sole opinion cannot be adequately addressed through the use of confidentiality and other safeguards, KPMG shall be entitled to immediately terminate the engagement with Entity, without liability.

f. Other KPMG International member firms are or may be engaged by entities and individuals who have potentially conflicting legal and business interests to Entity. Entity agrees that (i) it will not assert that other KPMG International member firms are precluded from being engaged by those other entities or individuals, and (ii) those engagements of other KPMG International member firms do not conflict with KPMG's engagement for Entity.

13. LOBBYING.

Unless expressly stated in this Engagement Letter, KPMG will not undertake any lobbying activity, as that term is defined in all applicable federal, provincial and municipal lobbyist registration statutes and regulations, in connection with the engagement. In the event that KPMG and Entity agree that KPMG will undertake lobbying activity in connection with the engagement, such agreement shall be set out in an amendment to this Engagement Letter.

14. SEVERABILITY.

The provisions of these Terms and Conditions and the accompanying proposal or engagement letter shall only apply to the extent that they are not prohibited by a mandatory provision of applicable law, regulation or professional standards. If any of the provisions of these Terms and Conditions or the accompanying proposal or engagement letter are determined to be invalid, void or unenforceable, the remaining provisions of these Terms and Conditions or the accompanying proposal or engagement letter, as the case may be, shall not be affected, impaired or invalidated, and each such provision shall remain valid and in effect and be enforceable and binding on the parties to the fullest extent permitted by law.

15. GOVERNING LAW.

This Engagement Letter shall be subject to and governed by the laws of the province where KPMG's principal office performing this engagement is located (without regard to such province's rules on conflicts of law).

16. LLP STATUS.

KPMG is a registered limited liability partnership ("LLP") established under the laws of the Province of Ontario and, where applicable, has been registered extra-provincially under provincial LLP legislation.

17. INDEPENDENT LEGAL ADVICE.

Entity agrees that it been advised to retain independent legal advice at its own expense prior to signing this Engagement Letter (including without limitation with respect to Entity's rights in connection with potential future conflicts) and agrees that any failure on its part to retain such independent

legal counsel shall not affect (and it shall not assert that the same affects) the validity of the provisions of this Engagement Letter.

18. SURVIVAL.

All sections hereof other than Section 7(a) shall survive the expiration or termination of the engagement.



Appendix 7: Financial statement trend analysis

District of Hope 5-year Revenue trend analysis

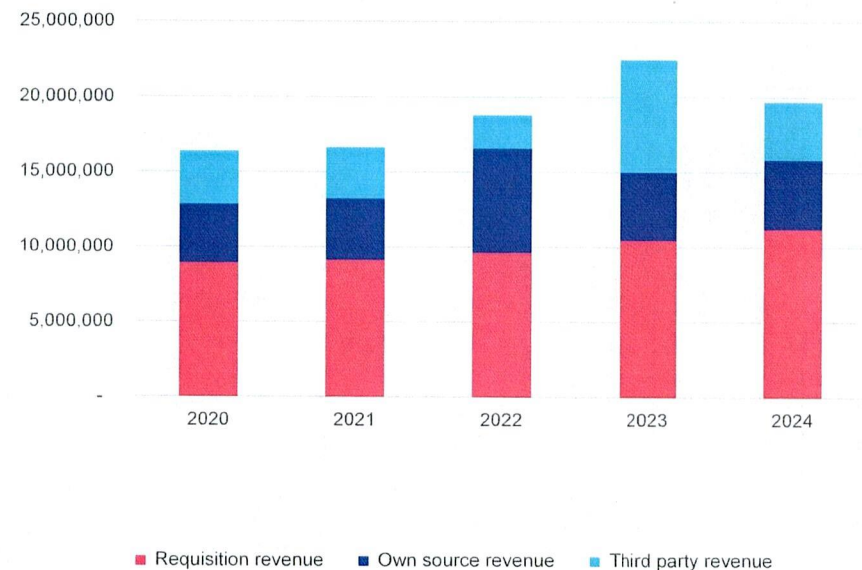
Overall revenues have decreased 12.4% compared to 2023 and have increased an average of 5.1% per year over the last five years.

The greatest change in revenues was seen in third-party revenues which includes government grants, portfolio investments, government business partnership income and more – these revenues have decreased 48% from 2023 with an average increase of 37.3% over the last five years. Third party revenues make up 19.7% of total revenues (2023 – 33.3%).

Own-source revenues make up 23.3% of total revenues (2023 – 20%) and have increased by an average of 10.1% over the last five years. This includes sales of services, and rent and leases.

Taxation revenues make up 57.1% of total revenues (2023 – 46.7%) and has increased an average of 5.9% per year over the last five years.

Revenue by category (\$)



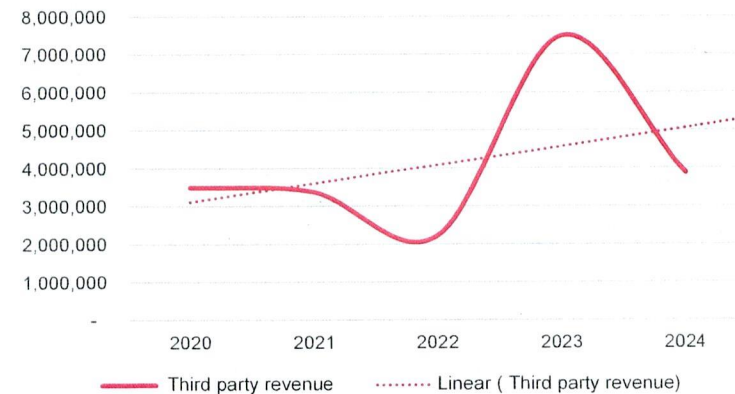


Appendix 7: Financial statement trend analysis (continued)

District of Hope 5-year Third party revenue trend analysis

Third party revenues as a percentage of total revenues has decreased to 19.7% of overall revenues in 2023 (2022 – 33.3%). Third party revenue include government grants, portfolio investments, government business partnership income and more.

Third party revenue





Appendix 7: Financial statement trend analysis (continued)

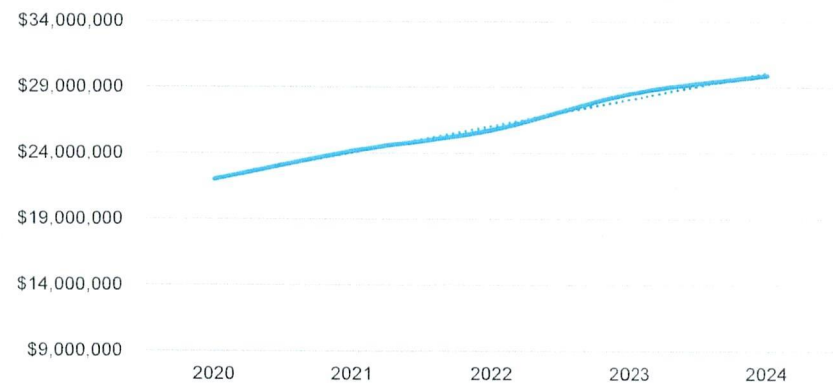
District of Hope 5-year Net financial assets trend analysis

Net financial assets is a measurement of the available resources that the District has to finance future operations.

On average, net financial assets have increased at a rate of 9% per year, representing an accumulation of financial assets and unspent revenues.

In the current year, net financial assets has by 4.8% to 2023.

Net Financial Assets - District of Hope





Appendix 7: Financial statement trend analysis (continued)

District of Hope 5-year Expenses trend analysis

Total expenses (excluding amortization) has increased by 15.7% over the prior year with an average increase of 11.8% per year for the last five years.

General government services make up 11.6% of total expenses (2023 – 12.35%) and have increased an average of 6.5% per year.

Recreation make up 18.4% of total expenses (2023 – 8.6%) and has increased an average of 50.4% per year.

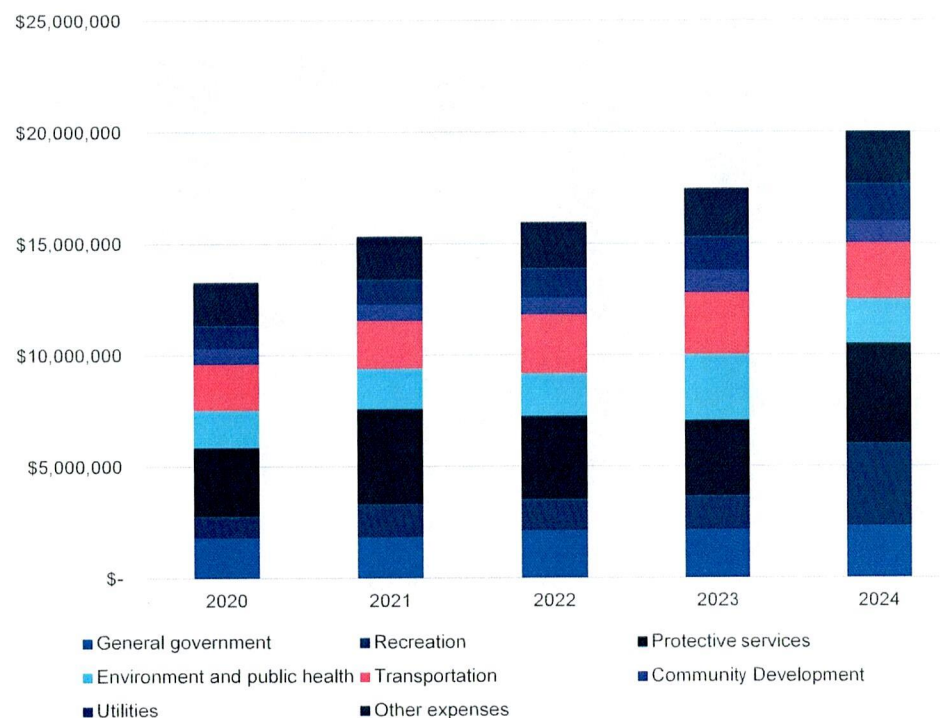
Protective services make up 22.3% of total expenses (2023 – 19.4%) and have increased an average of 12.2% per year.

Environment and public health make up 10.1% of total expenses (2023 – 17.1%) and have increased an average of 8.3% per year.

Transportation make up 12.6% of total expenses (2023 – 15.8%) and have increased an average of 6% per year.

Remaining expenses include Community, utilities, interest, accretion and amortization expense make up 24.8% of total expenses (2023 – 26.6%)

Expenses by function (\$)





Appendix 7: Financial statement trend analysis (continued)

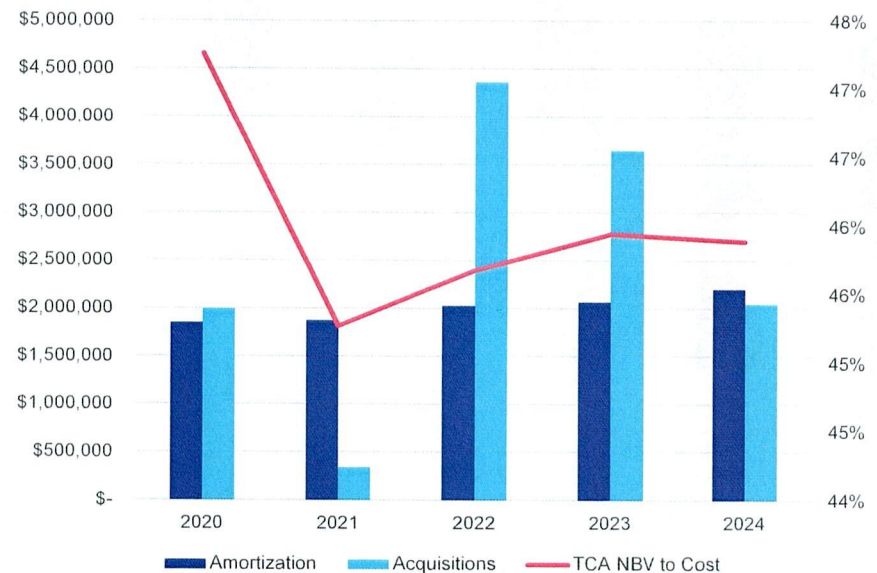
District of Hope

5-year Tangible capital asset ("TCA") reinvestment trend analysis

Capital asset net book value to cost is a metric that can be used to analyze the District's infrastructure. Total capital asset NBV as a percentage of cost has remained constant at 46% compared to 2023.

Amortization has increased to \$2.2 million in 2024 (2023 - -\$2 million).

TCA Reinvestment





Appendix 8: Introducing the tariff modeler





Analyze your tariff impact:

Introducing the tariff modeler

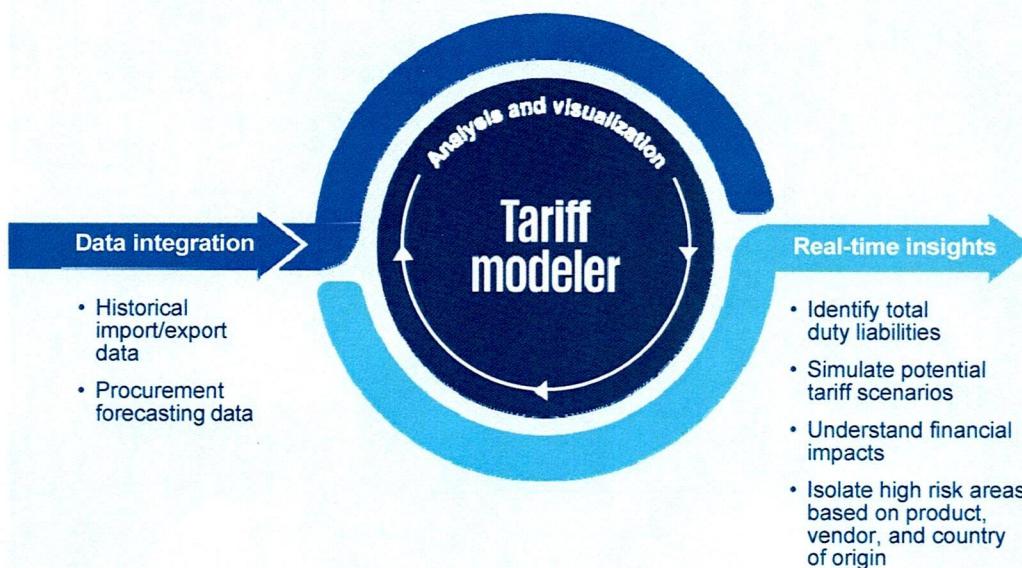


Business leaders around the world are adapting their trade strategies to address the evolving tariff disruption. As the pace of change accelerates, making quick decisions based on large volumes of data can be a significant hurdle.

KPMG's tariff modeler provides real-time insights into your trade data, empowering your organization to proactively navigate tariffs. Our solution is fully accessible to your teams and works in collaboration with our professionals to help you navigate the complexities of tariff regulations.

Immediate insights with robust data visualization

Using a variety of data sources, the tariff modeler presents an interactive dashboard to identify current trade data trends and model future tariff scenarios that can help you plan effectively for the future.



Key benefits



Delivering real-time insights

Access immediate impacts of new legislation on your tariff liabilities with refreshed data as changes take effect



Improved communications and decision-making

Empower and inform your teams and stakeholders with full access to data visualization tools and insights



Proactive scenario planning

Simulate potential tariff scenarios and visualize impacts on global supply chain operations

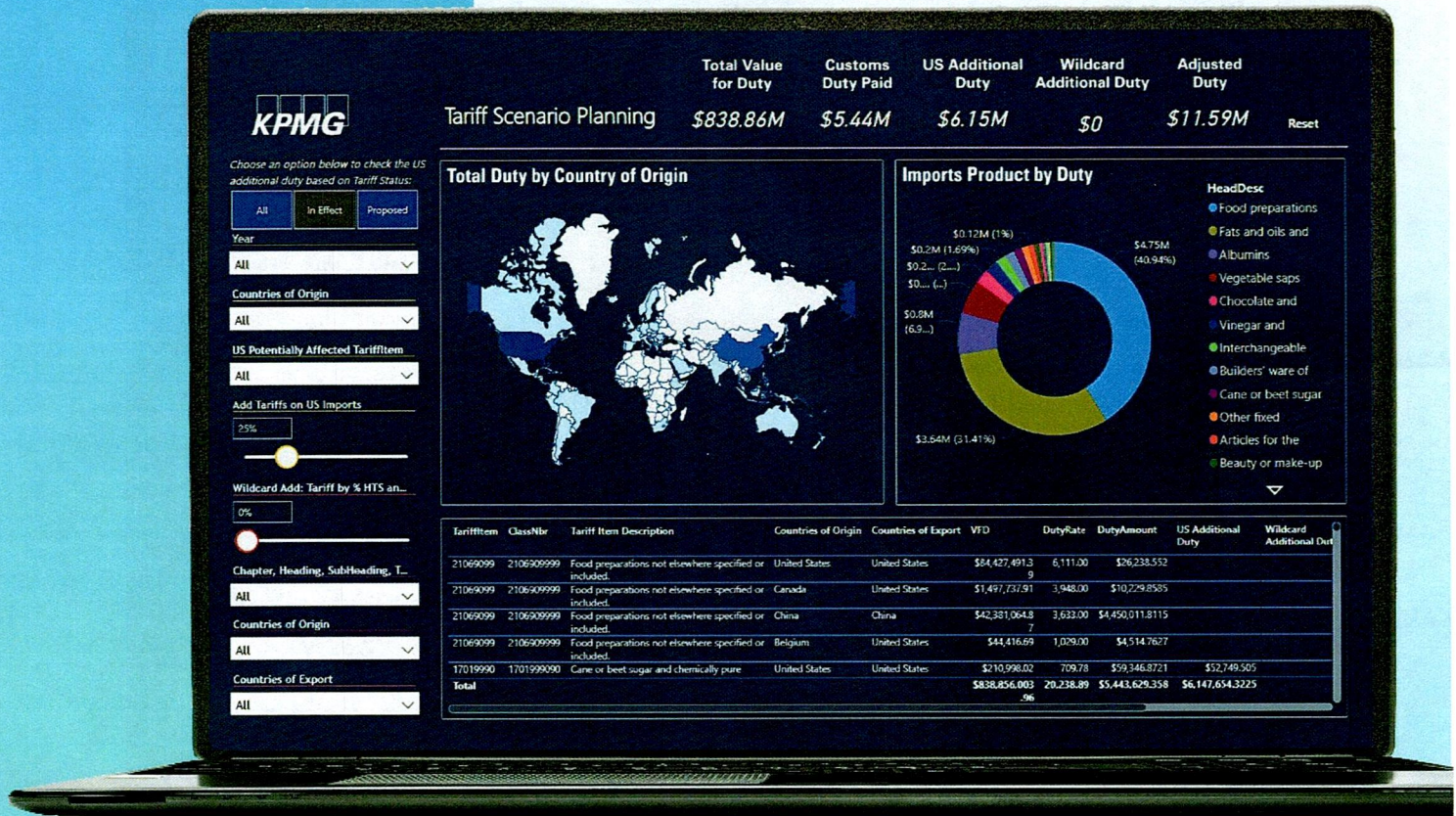


Supply chain traceability

Detect risks, manage regulatory compliance, and implement tariff and supply chain strategies

Spotlight on the tariff modeler

Delivering a tailored view of your analytics, all in one place. Globally and across Canada, KPMG Trade & Customs professionals can help enhance your trade strategy and inform next steps.



Unlock insights from your trade data

[Request a demo from one of our professionals](#)

Key contacts



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Information is current as of March 26, 2025. The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

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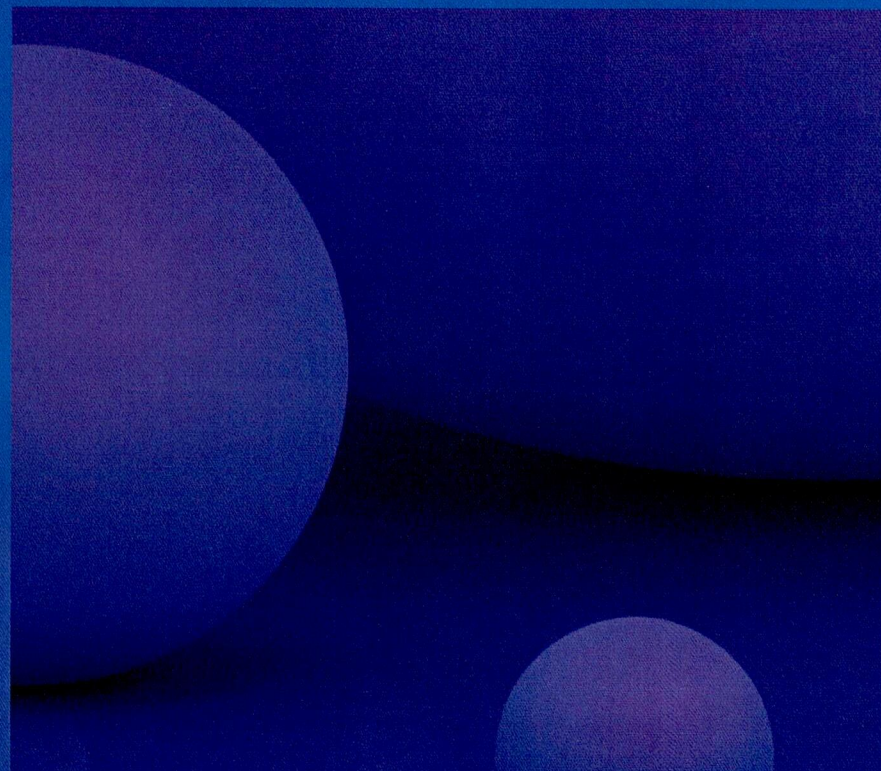
kpmg.com/ca/tariff-modeler





kpmg.ca

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REPORT/RECOMMENDATION TO COUNCIL

REPORT DATE: May 6, 2025

FILE: 1680-20

SUBMITTED BY: Michael Olson, Director of Finance

MEETING DATE: May 12, 2025

SUBJECT: 2024 Audited Consolidated Financial Statements

PURPOSE:

To approve the 2024 Audited Consolidated Financial Statements.

RECOMMENDATION:

Recommended Resolution:

THAT the 2024 Consolidated Financial Statements of the District of Hope be approved; and

FURTHER THAT the Independent Auditor's Report be received; and

FURTHER THAT the Independent Auditor's Report be attached to the Consolidated Financial Statements of the District of Hope.

Prepared by: Michael Olson, CPA, CA

Approved for submission to Council:

Original Signed by Mike Olson

Director of Finance

Original Signed by John Fortoloczky

Chief Administrative Officer

Consolidated Financial Statements of

DISTRICT OF HOPE

Year ended December 31, 2024

DISTRICT OF HOPE

Consolidated Financial Statements

Year ended December 31, 2024

Financial Statements

Auditor's Report

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KPMG LLP

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INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of the District of Hope

Opinion

We have audited the consolidated financial statements of the District of Hope (the "District") which comprise:

- the consolidated statement of financial position as at December 31, 2024
- the consolidated statements of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and 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 financial position of the District as at December 31, 2024, and its results of operations 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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' 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 responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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 risk 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 the 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 disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the District to cease to continue as a going concern.



District of Hope
Page 3

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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

Chilliwack, Canada
May 12, 2025

DISTRICT OF HOPE

Consolidated Statement of Financial Position

December 31, 2024, with comparative information for 2023

	2024	2023
Financial assets:		
Cash and short term deposits (note 3)	\$ 14,232,905	\$ 16,046,766
Accounts receivable (note 4)	1,603,045	1,485,756
Portfolio investments (note 3)	28,448,793	23,027,933
Investment in government business partnership (note 5)	1,441,476	1,219,141
	45,726,219	41,779,596
Financial liabilities:		
Accounts payable and accrued liabilities (note 7)	4,084,735	3,473,312
Development cost charges (note 8)	2,904,392	2,548,705
Deferred revenue	5,068,981	3,229,977
Long-term debt (note 9)	2,838,550	3,102,524
Equipment financing	5,247	7,275
Asset retirement obligation (note 11)	822,276	779,059
	15,724,181	13,140,852
Net financial assets	30,002,038	28,638,744
Non-financial assets:		
Tangible capital assets (note 12)	41,231,133	42,829,737
Prepaid expenses and deposits	202,984	192,660
Inventories	176,298	503,970
Contingencies (note 15)		
Accumulated surplus (note 13)	\$ 71,612,453	\$ 72,165,111

Director of Finance

Mayor

The accompanying notes are an integral part of these consolidated financial statements.

DISTRICT OF HOPE

Consolidated Statement of Operations and Accumulated Surplus

Year Ended December 31, 2024, with comparative information for 2023

	2024 Budget (note 18)	2024	2023
Revenues:			
Municipal taxation	\$ 10,738,600	\$ 10,729,910	\$ 10,014,386
Parcel taxes	229,300	228,790	229,300
Payments in lieu of taxes	283,100	327,100	303,715
Sales of services	4,626,100	4,505,867	4,422,200
Investment income	1,100,000	2,141,771	1,961,931
Government business partnership income	90,000	222,335	741,310
Rents and leases	35,000	32,933	31,970
Transfers from other governments	1,504,900	1,479,175	4,804,883
Contributions from developers	-	49,950	-
Actuarial adjustment on debenture debt	85,000	61,091	62,466
	18,692,000	19,778,922	22,572,161
Expenses:			
General government	2,366,600	2,326,566	2,158,641
Recreation (note 22)	1,296,000	3,694,694	1,504,284
Protective services	4,365,950	4,480,907	3,405,577
Environment and public health	2,331,900	2,026,714	2,988,654
Transportation	3,152,850	2,534,787	2,764,577
Community development	1,435,000	937,153	974,884
Utilities	1,553,700	1,658,631	1,507,747
Loss on disposal of tangible capital assets	-	246,072	-
Interest	127,800	127,914	80,555
Accretion expense	-	85,226	17,717
Amortization	1,900,000	2,212,916	2,076,589
	18,529,800	20,331,580	17,479,225
Annual surplus (deficit)	162,200	(552,658)	5,092,936
Accumulated surplus, beginning of year	72,165,111	72,165,111	67,072,175
Accumulated surplus, end of year	\$ 72,327,311	\$ 71,612,453	\$ 72,165,111

The accompanying notes are an integral part of these consolidated financial statements.

DISTRICT OF HOPE

Consolidated Statement of Changes in Net Financial Assets

For the Year Ended December 31, 2024, with comparative information for 2023

	2024	2023
Annual surplus (deficit)	\$ (552,658)	\$ 5,092,936
Acquisition of tangible capital assets	(2,088,656)	(3,660,240)
Amortization of tangible capital assets	2,212,916	2,076,589
(Gain) loss on disposal of tangible capital assets	246,072	-
Initial recognition of asset retirement obligation	-	(370,497)
Capital assets transferred to other governments	1,228,272	-
	1,598,604	(1,954,148)
Change in inventories	327,672	(316,040)
Change in prepaid expenses	(10,324)	(56,939)
	317,348	(372,979)
Change in net financial assets	1,363,294	2,765,809
Net financial assets, beginning of year	28,638,744	25,872,935
Net financial assets, end of year	\$ 30,002,038	\$ 28,638,744

The accompanying notes are an integral part of these consolidated financial statements.

DISTRICT OF HOPE

Consolidated Statement of Cash Flows

For the Year Ended December 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ (552,658)	\$ 5,092,936
Items not involving cash:		
Government business partnership income	(222,335)	(741,310)
Amortization on tangible capital assets	2,212,916	2,076,589
(Gain) loss on disposal of tangible capital assets	246,072	-
Capital assets transferred to other governments	1,228,272	-
Actuarial adjustment on debt	(61,091)	(62,466)
Change in non-cash operating assets and liabilities:		
Accounts receivable	(117,289)	500,124
Prepays	(10,324)	(56,939)
Inventories	327,672	(316,042)
Accounts payable and accrued liabilities	611,424	(49,199)
Asset retirement obligation	-	388,214
Asset retirement obligation - landfill	43,217	(432,794)
Deferred revenue	1,839,004	(27,300)
Development cost charges	355,687	131,435
	5,900,567	6,503,248
Capital activities:		
Acquisition of tangible capital assets	(2,088,656)	(3,660,240)
Investing activities:		
Change in portfolio investments	(5,420,860)	4,517,616
Partnership draws	-	175,000
	(5,420,860)	4,692,616
Financing activities:		
Repayment of equipment financing debt	(2,028)	\$ (1,942)
Proceeds of long-term debt	-	1,800,000
Repayment of long-term debt	(202,884)	(126,000)
	(204,912)	1,672,058
Increase (decrease) in cash	(1,813,861)	9,207,682
Cash and equivalents, beginning of year	16,046,766	6,839,084
Cash and cash equivalents, end of year	\$ 14,232,905	\$ 16,046,766

The accompanying notes are an integral part of these consolidated financial statements.

DISTRICT OF HOPE

Consolidated Statement of Cash Flows

For the Year Ended December 31, 2024, with comparative information for 2023

	2024	2023
Supplemental cash flow information:		
Interest paid	\$ 127,914	\$ 80,555
Interest received	2,141,771	1,961,931
Non-cash transaction		
Capitalization of initial asset retirement obligation for building and wells	\$ -	\$ 370,947

The accompanying notes are an integral part of these consolidated financial statements.

DISTRICT OF HOPE

Notes to the Financial Statements

For the Year Ended December 31, 2024

General

The District of Hope (the "District") was incorporated in 1992 under Letters Patent and operates under the authority of British Columbia Community Charter. The District's principal activities include the provision of local government services to residents of the incorporated area including administrative, protective, transportation, recreational, water, sewer, environmental health and fiscal services.

1. Significant accounting policies:

These financial statements are prepared using standards issued by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants.

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon the receipt of goods and services or the creation of an obligation to pay.

(a) Basis of presentation:

These consolidated financial statements include the operations of the operating, water, sewer, and reserve funds.

All material interfund accounts and transactions have been eliminated.

The consolidated financial statements do not include assets, liabilities or surplus of trust funds administered by the District.

(b) Cash and short-term deposits:

Cash and short-term deposits include term deposits whose maturities upon acquisition were 90 days or less.

(c) Portfolio investments:

Portfolio investments are recorded at amortized cost plus accrued interest. Discounts or premiums arising on the purchase of portfolio investments are amortized on a straight line basis over the term to maturity. If it is determined that there is a permanent impairment in the value of an investment, it is written down to net realizable value.

(d) Inventories:

Inventories consist of land held for resale and supplies and are valued at the lower of cost and net realizable value.

(e) Revenue recognition:

Revenue from municipal taxation payments, grants in lieu of taxes and utility charges are recognized when the levies are billed or billable to the property owner. Revenue from sales of services are recognized when the services are provided and collection is reasonably assured. Government grants are recognized when they are

DISTRICT OF HOPE

Notes to the Financial Statements

For the Year Ended December 31, 2024

1. Significant accounting policies: (continued)

(e) Revenue recognition: (continued)

approved by senior governments and the conditions required to earn the grants have been completed. Development cost charges are recognized as revenue in the period the funds are expended on a development project. Development cost charges not expended are recorded as unearned revenue.

(f) Contaminated sites:

Contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard.

A liability for remediation of contaminated sites is recognized, net of any expected recoveries, when all of the following criteria are met:

- a) an environmental standard exists
- b) contamination exceeds the environmental standard
- c) the organization is directly responsible or accepts responsibility for the liability
- d) future economic benefits will be given up, and
- e) a reasonable estimate of the liability can be made.

(g) Use of estimates:

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported amounts of revenues and expenses at the date of the financial statements. Areas that contain estimates include assumptions used in determining the landfill post-closure liability, contingent liabilities, and estimated useful lives of tangible capital assets.

(h) Government Business Partnership

The investment in government business partnership is accounted for using the modified equity basis.

DISTRICT OF HOPE

Notes to the Financial Statements

For the Year Ended December 31, 2024

1. Significant accounting policies: (continued)

(i) Non-financial capital 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) Tangible capital assets:

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

Asset	Useful life - years
Land	Indefinite
Engineering structures	10-100
Buildings	10-75
Machinery and equipment	5-20
Water systems	10-100
Sewer systems	10-100

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

(ii) 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.

(iii) Natural resources:

Natural resources that have not been purchased are not recognized as assets in the financial statements.

(iv) Works of art and cultural and historic assets:

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

DISTRICT OF HOPE

Notes to the Financial Statements

For the Year Ended December 31, 2024

1. Significant accounting policies: (continued)

(i) Non-financial capital assets: (continued)

(v) Interest capitalization:

The District does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

(vi) 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

(j) Asset retirement obligation

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

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

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

(k) Financial instruments

The Districts financial instruments consist of cash, short-term investments, accounts and grants receivable, accounts payable, and long-term debt. It is management's opinion that the City is not exposed to significant interest, currency, or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values.

DISTRICT OF HOPE

Notes to the Financial Statements

For the Year Ended December 31, 2024

2. Change in accounting policies

(a) Revenue recognition

On January 1, 2024, the District of Hope adopted Canadian public sector accounting standard PS3400 Revenue. The new accounting standard establishes a single framework to categorize revenue to enhance the consistency of revenue recognition and its measurement. The adoption of this new standard did not have an impact on the amounts presented in the financial statements.

(b) Purchased Intangibles

On January 1, 2024, the District of Hope adopted Canadian public sector accounting guideline PSG-8 Purchased Intangibles. The new accounting guideline permits recognition of purchased intangibles that are acquired through an arm's length exchange transaction between willing parties provided the purchased intangible meets the recognition criteria for an asset. The adoption of this new guideline did not have an impact on the amounts presented in the financial statements.

(c) Public Private Partnerships

On January 1, 2024, the District of Hope adopted Canadian public sector accounting standard PS 3160 Public Private Partnerships. The new accounting standard includes requirements for the recognition, measurement and classification of infrastructure procured through a public private partnership. The adoption of this new standard did not have an impact on the amounts presented in the financial statements.

3. Restricted assets:

Included in cash and short-term deposits and portfolio investments are the following restricted amounts:

	2024	2023
Cash and short term deposits	\$ 14,232,905	\$ 16,046,766
Portfolio investments	28,448,793	23,027,933
	42,681,698	39,074,699
Less restricted for:		
Statutory reserves	5,109,360	4,837,998
Deferred revenue	5,068,981	3,229,977
Development cost charges	2,904,392	2,548,705
	13,082,733	10,616,680
Funds available for operations	\$ 29,598,965	\$ 28,458,019

DISTRICT OF HOPE

Notes to the Financial Statements

For the Year Ended December 31, 2024

4. Accounts receivable:

	2024	2023
Taxes	\$ 755,145	\$ 689,459
Utilities	483,830	437,321
Trade accounts	233,490	131,909
Provincial government	-	127,623
Federal government	130,580	99,444
	\$ 1,603,045	\$ 1,485,756

5. Investment in Government Business Partnership

(a) Partnership

The District owns a 1/3 partnership share in the Cascade Lower Canyon Community Forest LP "CLCCF" or the "Partnership".

(b) Establishment

In 2006, the District along with Yale First Nation and the Fraser Valley Regional District established the CLCCF for the purpose of operating a community forest. The District initially invested \$10,000 for 10,000 units in the Partnership. In 2013, the Partnership acquired a license to forest up to 34,300 cubic meters of timber annually. At this time net revenues are anticipated to remain within the Partnership until such time that the CLCCF Board determines that sufficient reserves exist to fund capital needs related to forestry operations. Should the Partnership cease to exist, the District would be entitled to 1/3 of the accumulated equity.

The Partnership has a March 31 year-end. The condensed results for the year end March 31, 2024 are summarized below.

DISTRICT OF HOPE

Notes to the Financial Statements

For the Year Ended December 31, 2024

5. Investment in Government Business Partnership (continued)

CLCCF Condensed Financial Statements:

Assets	2024	2023
Cash	\$ 3,606,470	\$ 3,514,036
Other Current Assets	1,186,342	1,181,243
Tangible Capital Assets	211,404	230,006
	\$ 5,004,216	\$ 4,925,285
Liabilities	2024	2023
Accounts Payable	\$ 690,112	\$ 747,950
Partnership Equity	4,327,487	4,185,416
	\$ 5,017,599	\$ 4,933,366
	2024	2023
Total Revenue	\$ 4,577,873	\$ 11,749,831
Total Expenses	3,910,802	9,525,680
Net Income	\$ 667,071	\$ 2,224,151

6. Municipal finance authority reserve deposits and demand notes:

The District issues its debt instruments through the Municipal Finance Authority. As a condition of these borrowings, a portion of the debenture proceeds are withheld by the Municipal Finance Authority as a debt reserve fund. The District also executes demand notes in connection with each debenture whereby the District may be required to loan certain amounts to the Municipal Finance Authority.

The details of the cash deposits and demand notes at the year-end are as follows:

	2024	2023
General fund	\$ 120,702	\$ 119,209
Sewer fund	91,812	73,180
	\$ 212,514	\$ 192,389

DISTRICT OF HOPE

Notes to the Financial Statements

For the Year Ended December 31, 2024

7. Accounts payable:

	2024	2023
Security deposits and other items	\$ 884,442	\$ 1,477,652
Trade accounts	1,654,215	689,054
Accrued liabilities	1,263,697	1,067,960
Accrued payroll and benefits	253,726	210,044
Accrued interest	28,655	28,602
	<hr/>	<hr/>
	\$ 4,084,735	\$ 3,473,312

8. Development cost charges:

Development cost charges represent funds received from developers for capital infrastructure expenditures required as a result of their development projects. As these funds are expended, the liability will be reduced and the amount expended will be recorded as revenue.

Assets are not always physically segregated to meet the requirements of the restricted revenues. The liability will be settled with cash and portfolio investments.

DISTRICT OF HOPE

Notes to the Financial Statements

For the Year Ended December 31, 2024

9. Long-term debt:

The balance of the long-term debt reported on the consolidated statement of financial position is made up the following:

Purpose	By-Law	Term (Years)	Year Due	Rate	Balance Outstanding	
					2024	2023
General Fund						
Other	1288	20	2030	4.00	\$ 1,131,879	\$ 1,302,524
Water fund						
Water	1477	15	2038	4.97	1,706,671	1,800,000
Sewer Fund						
					\$ 2,838,550	\$ 3,102,524

Future principal payments required over the next five years on issued debt are as follows:

2025	\$	271,067
2026		280,650
2027		290,572
2028		300,845
2029		311,481
Thereafter	\$	1,383,935

Interest on long-term debt totaled \$38,400 (2023 - \$38,400) in the General Fund, and \$89,513 (2023 - \$37,554) in the Water Fund.

10. Liability for Contaminated Sites

The District has determined that as of December 31, 2024, no contamination in excess of an environmental standard exists related to land not in productive use for which the District is responsible.

DISTRICT OF HOPE

Notes to the Financial Statements

For the Year Ended December 31, 2024

11. Asset retirement obligation

(a) Landfill

The District closed the Hope Landfill in September 2013. Costs related to post closure activities at the site include, gas monitoring and recovery, leachate management and treatment, closure assessment and planning and regulatory approvals.

The Hope landfill site is still expected to require care up to, and including the year 2038. A liability of \$348,836 at December 31, 2024 (2023 - \$390,845) is calculated based on the discounted estimated future cash flows associated with closure and post-closure activities. The discount rate used in 2024 was 4.20% (2023 - 3.49%). Landfill restoration costs incurred by the District in 2024 were \$42,009 (2023 - \$62,298). The District had an agreement with a private contractor to contribute in-kind the remaining closure costs in exchange for the right to fill the remaining airspace in the landfill. This contribution and related operating expenditure was recognized in 2013 when the closure activities were significantly completed.

(b) Building and wells

The District owns and operates several assets that are known to have asbestos and lead paint, which represent a health hazard upon demolition or renovation of the assets. There is a legal obligation to remove and dispose of the hazardous materials. Following the adoption of Public Accounting Standard PS 3280 Asset Retirement Obligations, the District recognized an obligation relating to the removal of the hazardous materials in these assets as estimated at January 1, 2023. The transition and recognition of asset retirement obligations involved an accompanying increase to the Buildings and Water system capital assets. The increase in capital assets is amortized on a straight-line basis over the remaining expected useful life of the related assets.

The District has adopted this standard prospectively. Under the prospective method, the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard. Estimated costs totaling \$370,497 have been discounted using a present value calculation with a discount rate of 4.44% (2023 - 4.76%) for buildings and 4.44% (2023 - 4.84%) for well infrastructure. The timing of these expenditures is estimated to occur between 2025 and 2079 with the regular replacement, renovation, or disposal of assets. No recoveries are expected at this time.

	2024	2023
Liability, beginning of year	\$ 779,059	\$ 453,143
Initial recognition of expected discounted cash flows - buildings and wells	-	370,497
Increase due to accretion	85,226	17,717
Reduction to landfill liability for costs incurred	(42,009)	(62,298)
Total	\$ 822,276	\$ 779,059

DISTRICT OF HOPE

Notes to the Financial Statements

For the Year Ended December 31, 2024

12. Tangible capital assets:

Cost	Balance December 31, 2023	Transfers/ Additions	Transfers/ Disposals	Balance December 31, 2024
Engineering structures	\$ 40,742,613	\$ 308,087	\$ -	\$ 41,050,700
Buildings	8,615,958	97,660	(5,024,272)	(1,334,926)
Machinery and equipment	9,970,606	292,323	(253,223)	10,009,706
Land	3,416,273	-	-	3,416,273
Sewer systems	16,650,921	63,466	-	16,714,387
Water systems	13,322,667	156,150	-	13,478,817
Work in progress	487,612	1,170,970	(183,738)	1,474,844
	\$ 93,206,650	\$ 2,088,656	\$ (5,461,233)	\$ 84,809,801

Accumulated amortization	Balance December 31, 2023	Amortization	Disposals	Balance December 31, 2024
Engineering structures	\$ 23,206,061	\$ 853,299	\$ -	\$ 24,059,360
Buildings	5,510,100	296,876	(3,796,000)	2,010,976
Machinery and equipment	6,031,158	443,942	(190,888)	6,284,212
Sewer systems	8,617,660	369,162	-	8,986,822
Water systems	7,011,935	249,637	-	7,261,572
	\$ 50,376,914	\$ 2,212,916	\$ (3,986,888)	\$ 48,602,942

	Net book value December 31, 2023	Net book value December 31, 2024
Engineering structures	\$ 17,536,552	\$ 16,991,340
Buildings	3,105,860	(3,345,902)
Machinery and equipment	3,939,448	3,725,494
Land	3,416,273	3,416,273
Sewer systems	8,033,261	7,727,565
Water systems	6,310,731	6,217,245
Work in progress	487,612	1,474,844
	\$ 42,829,737	\$ 36,206,859

DISTRICT OF HOPE

Notes to the Financial Statements

For the Year Ended December 31, 2024

13. Financial equity - current fund:

	2024	2023
Unappropriated:		
Operating	\$ 12,219,143	\$ 14,650,681
Non-Statutory reserves:		
Accessibility initiatives reserve	7,960	7,638
Community events reserve	14,445	13,861
Community development regulatory reserve	46,206	44,338
Coquihalla Campground Reserve	131,413	-
Fire department reserve	870,101	698,561
Future capital expenditures reserve	6,520,654	6,441,462
Infrastructure replacement reserve	6,903,523	4,939,065
Water reserve	1,685,480	1,482,197
Sewer reserve	497,845	468,837
Assessment appeals reserve	41,263	39,595
	16,718,890	14,135,554
Statutory reserves and restricted funds:		
Parkland acquisition reserve	514,280	488,960
Landfill reserve	847,568	805,838
Land for development reserve	206,827	196,643
Growing Communities reserve	3,124,482	2,950,846
Bridge unexpended funds reserve	416,203	395,711
	5,109,360	4,837,998
Total financial equity	34,047,393	33,624,233
Equity in tangible capital assets	37,565,060	38,940,878
Accumulated surplus	\$ 71,612,453	\$ 72,565,111

DISTRICT OF HOPE

Notes to the Financial Statements

For the Year Ended December 31, 2024

14. Collections for other governments:

The District collects and remits taxes on behalf of other government jurisdictions as follows:

	2024	2023
Tax Collected - School Tax	\$ 5,321,044	\$ 4,874,982
Tax Collected - FVRD	2,358,063	1,940,567
Tax Collected - Regional Hospital	285,663	272,015
Tax Collected - BC Assessment	139,689	129,771
Tax Collected - MFA	642	627
	\$ 8,105,101	\$ 7,217,962

15. Contingencies:

- (a) Debt held by the Fraser Valley Regional District is, pursuant to the Local Government Act, a direct joint and several liability of each member municipality within the regional district, including the District.
- (b) Monitoring of leachates in the landfill is required for 25 years subsequent to the closure. Any potential costs arising from future issues will be the responsibility of the District.
- (c) The District is currently engaged in certain legal actions. The District has accrued for claims for which the amounts are known or can be reasonably estimated. The outcome of other claims is indeterminable at this time. Accordingly, no provision has been made in the accounts for these actions.
- (d) The District and its employees contribute to the Municipal Pension Plan (Plan) a jointly trusted pension plan. The Board of Trustees, representing plan members and employers, is responsible for administering the plan, including investment of the assets and administration of benefits. The Plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2024, the Plan has about 256,000 active members and approximately 129,000 retired members. Active members include approximately 45,000 contributors from local governments.

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

The most recent valuation for the Municipal Pension Plan as of December 31, 2021, indicated a \$3,761 million funding surplus for basic pension benefits on a going concern basis.

The District paid \$380,841 (2023 - \$309,337) for employer contributions to the Plan in fiscal 2024.

The next valuation will be as at December 31, 2024, with results available in 2025.

DISTRICT OF HOPE

Notes to the Financial Statements

For the Year Ended December 31, 2024

15. Contingencies: (continued)

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

16. Fair value of financial assets and financial liabilities:

The fair value of the District's cash and short term deposits, accounts receivable and accounts payable approximate their carrying amounts due to the immediate or short term maturity of these financial instruments.

The fair value of portfolio investments at December 31, 2024 was \$28,448,793 (2023 - \$23,027,933).

The fair value of the long-term debt and obligations under capital lease approximate their book value as the interest rates represent borrowing rates for loans under similar terms and maturities.

17. Contractual Rights

The District has entered into contracts for various property rentals and service agreements, and is scheduled to receive the following amounts under those contracts.

2025	\$	233,779
2026		239,647
2027		245,709
2028		251,968
2029		258,428

DISTRICT OF HOPE

Notes to the Financial Statements

For the Year Ended December 31, 2024

18. Budget figures:

The financial statements have included the Annual budget as approved by Council. The following is a reconciliation of the budget presentation required for the financial statements and the annual financial plan bylaw:

	2024
Annual deficit from statement of operations	\$ 162,200
Amortization of capital assets	1,900,000
Capital expenditures	(6,877,900)
Transfers from surplus	1,055,900
Proceeds of debt financing	1,600,000
Proceeds from grant financing	2,400,000
Reserves used for capital financing	1,231,000
Contributions to reserves	(1,268,900)
Principal repayment of debt	(202,300)
Net annual budget	\$ -

19. Perpetual Cemetery Care Trust:

The District operates a cemetery in accordance with the Cemetery and Funeral Services Act. The District is required to maintain a trust fund which is not included in these financial statements.

The asset and equity of the Perpetual Cemetery Care Trust are as follows:

	2024	2023
Cash and Deposits	\$ 158,665	\$ 146,185

	2024	2023
Equity balance, beginning of the year	\$ 146,185	\$ 140,098
Transfer from operating	5,065	5,945
Interest	7,415	142
Equity, end of year	\$ 158,665	\$ 146,185

DISTRICT OF HOPE

Notes to the Financial Statements

For the Year Ended December 31, 2024

20. Financial risks

Market risk is the risk that changes in market prices, such as interest rates, will affect the District's income. The District's cash and portfolio investments include amounts on deposit with financial institutions that earn interest at market rates. The District manages its cash by maximizing the interest income earned on excess funds while maintaining the liquidity necessary to conduct operations on a day-to-day basis. Fluctuations in market rates of interest would not have a significant effect on the District's income.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Management does not believe that the District is exposed to significant credit risk.

There has been no change to the risk exposures outlined above from 2023.

21. Comparative figures

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.

22. Recreation

During the year, the District agreed to transfer the Dan Sharrers Aquatic Centre (DSAC) facility and the DSAC reserve fund to Fraser Valley Regional District. This is a government transfer at net book value for the building of \$1,228,272, and a transfer of cash of \$1,050,000 for the DSAC Reserve. The total amount of the government transfer of \$2,278,272 is included in the Recreation expense at the statement of operations.

23. Segmented information:

The District is a diversified municipal government institution that provides a wide range of services to its citizens. For management reporting purposes, the local government's operations and activities are organized and reported by service areas. Service areas were created for the purpose of recording specific activities to attain certain objectives in accordance with Council policies and District's bylaws. The service areas are as follows:

General Government Services

General government services include activities associated with Mayor and Council administration, bylaw review and adoption, financial management, and information systems, economic development and corporate services, including human resources.

Protective Services

Protective services include activities associated with community safety. These services include local policing, fire protection, bylaw enforcement and emergency services.

Transportation Services

A component of Public Works department is transportation services. Transportation services include activities associated with roads and drainage networks. Services include traffic services, street lighting, public works administration, fleet operations, winter maintenance, and maintenance and improvements to roads, shoulders,

DISTRICT OF HOPE

Notes to the Financial Statements

For the Year Ended December 31, 2024

23. Segmented information: (continued)

Transportation Services (continued)
sidewalks, drainage, storm sewers and dykes.

Environmental Health Services

Environmental development services include all activities associated with waste management, landfill operations, transfer stations and cemetery operations.

Community Development Services

Community Development services include development activities associated with planning and zoning and building inspections.

Recreation and Culture Services

Recreation and Cultural services include activities associated with operations of parks, recreation and cultural services. Activities also include grants-in-aid, library operations, tourism and minor building maintenance services.

Utilities: Water and Sewer Services

Water and sewer services include all activities associated with water and sanitary sewer operations. Items include maintenance and enhancements of the water supply system, water pump stations, water distribution systems, hydrants, sanitary sewer collection system, sewer lift stations and sewer treatment and disposal.

Segmented information has been identified based upon lines of service provided by the District. District services are provided by departments and their activities are reported by functional area in the body of the financial statements.

DISTRICT OF HOPE

Segmented Reporting Note

For the Year Ended December 31, 2024

	Recreation and Culture	Protective Services	Transportation	Environmental Health	Community Development	Utilities - Water & Sewer	General Government	Total 2024	Total 2023
Revenues									
Municipal taxation	\$ -	\$ 2,799,831	\$ -	\$ -	\$ -	\$ -	\$ 7,930,079	\$10,729,910	\$ 10,014,386
Parcel taxes	-	-	-	-	-	228,790	-	228,790	229,300
Payments in lieu of taxes	-	-	-	-	-	-	327,100	327,100	303,715
Sales of services	130,980	118,739	19,471	2,085,781	187,533	1,674,739	288,624	4,505,867	4,422,200
Investment income	-	-	-	-	-	-	2,141,771	2,141,771	1,961,931
Government business partnership income	-	-	-	-	-	-	222,335	222,335	741,310
Rents and leases	-	-	-	-	-	-	32,933	32,933	31,970
Transfers from other governments	34,358	170,475	2,740	-	-	-	1,271,602	1,479,175	4,804,883
Actuarial adjustment on debenture debt	-	-	-	-	-	-	61,091	61,091	62,466
Contributions from developers	-	-	-	-	-	-	49,950	49,950	-
Total Revenues	165,338	3,089,045	22,211	2,085,781	187,533	1,903,529	12,325,485	19,778,922	22,572,161
Expenditures									
Salaries and benefits	382,042	1,182,522	1,252,615	82,505	572,962	554,977	1,611,421	5,639,044	4,673,642
Insurance and claims	29,707	11,100	86,721	313	-	44,315	107,607	279,763	263,240
Office and administration	464,276	3,082,054	115,458	1,897,623	364,191	28,257	547,564	6,499,423	7,234,679
Repair and maintenance	375,756	186,575	1,037,244	38,863	-	828,039	41,247	2,507,724	2,806,793
Government transfer	2,278,272	-	-	-	-	-	-	2,278,272	-
Utilities	164,641	18,656	42,749	7,410	-	203,043	18,727	455,226	326,009
Total Expense, before interest and amortization	3,694,694	4,480,907	2,534,787	2,026,714	937,153	1,658,631	2,326,566	17,659,452	15,304,363
Loss on disposal of tangible capital assets	-	-	246,072	-	-	-	-	246,072	-
Interest	-	-	-	-	-	89,514	38,400	127,914	80,555
Accretion expense	-	-	-	71,912	-	13,314	-	85,226	17,717
Amortization	-	-	-	1,594,117	-	618,799	-	2,212,916	2,076,589
Net operating revenues(expenses)	\$ (3,529,356)	\$ (1,391,862)	\$ (2,758,648)	\$ (1,606,962)	\$ (749,620)	\$ (476,729)	\$ 9,960,519	\$ (552,658)	\$ 5,092,937

The accompanying notes are an integral part of these consolidated financial statements.

DISTRICT OF HOPE

Schedule 1 - COVID-19 Safe Restart Grants for Local Governments

For the Year Ended December 31, 2024

In November 2020 the District of Hope was the recipient of a \$1,833,000 grant under the COVID-19 Safe Restart for Local Governments program from the Province of BC.

	2024	2023
COVID Reserve, beginning of year	906,612	\$ 1,002,873
Information technology	\$ 34,173	12,933
Public works	-	80,328
Fire department	18,796	-
Expenditures through the year	52,969	93,261
COVID reserve, end of year	853,643	\$ 909,612

The accompanying notes are an integral part of these consolidated financial statements.

DISTRICT OF HOPE

Schedule 2 - Growing Communities Fund

For the Year Ended December 31, 2024

In 2023, the District of Hope was the recipient of a \$2,874,000 grant under the Growing Community Fund for Local Governments program from the Province of BC.

	2024	2023
Opening balance	\$ 2,950,846	\$ -
Contributions for the year	-	2,874,000
Interest received	173,636	76,846
	\$ 3,124,482	\$ 2,950,846

The accompanying notes are an integral part of these consolidated financial statements.