VILLAGE OF PORT CLEMENTS

Statement of Financial Information

2025

www.portclements.ca

STATEMENTS AND SCHEDULES INCLUDED
IN THE STATEMENT OF FINANCIAL INFORMATION

		Page(s)
A. Audited Financial Statements	Sections 1,2,3,4	1-30
B. Schedule 1 Information		
Schedule of Debts		31
Schedule of Guarantee and Indemnity Agreements		32
Schedule of Remuneration and Expenses		33
Statement of Severance Agreements		34
Schedule of Suppliers of Goods and Services		35
Schedule of Grant Payments		36
C. Approval of Financial Information		
Certified Extract- Audited financial Statements		37
Council Statement of Approval		38
Financial Administration Statement of Approval		39
Management Report		40

Village of Port Clements

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

INDEX

	Page
Management's Responsibility	2
Independent Auditor's Report	3-4
Consolidated Statement of Financial Position	5
Consolidated Statement of Operations	6
Consolidated Statement of Change in Net Financial Assets	7
Consolidated Statement of Cash Flows	8
Notes to the Consolidated Financial Statements	9-19
Schedule of Grant Revenue	20
Independent Auditor's Report on Supplementary Information	21
General Operating Fund Statement of Financial Position	22
General Operating Fund Statement of Operations	23
Water System Statement of Financial Position	24
Water System Statement of Operations	25
Sewer System Statement of Financial Position	26
Sewer System Statement of Operations	27
Northern Capital and Planning Grant Statement of Operations	28
Growing Communities Fund Statement of Operations	29
Northwest Resource Benefit Alliance Statement of Operations	30

MANAGEMENT'S RESPONSIBILITY

The information and representations in the consolidated financial statements are the responsibility of management and have been approved by the Mayor and Council of the Village of Port Clements. The consolidated financial statements were prepared by management in accordance with Canadian Public Sector Accounting Standards and, where necessary, reflect management's best estimates and judgements at this time. It is reasonably possible that circumstances may arise which cause actual results to differ. Management does not believe it is likely that any differences will be material.

The Village of Port Clements maintains systems of internal accounting controls, policies and procedures to provide reasonable assurances as to the reliability of the financial records and safeguarding of its assets.

The Mayor and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and are ultimately responsible for reviewing and approving the consolidated financial statements.

The consolidated financial statements have been reviewed and approved by the Mayor and Council. The consolidated financial statements have been audited by FBB Chartered Professional Accountants LLP, the independent auditors, whose report follows.

May 6, 2026
Port Clements, British Columbia

FBB CHARTERED PROFESSIONAL ACCOUNTANTS LLP

Ryan Broughton, CPA, CA*
Partner
Quan Cheng, CPA, CA*
Partner
**Denotes incorporated professional*

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council,
Village of Port Clements

Opinion

We have audited the financial statements of Village of Port Clements, which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Village of Port Clements as at December 31, 2025, and its financial performance and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Village in accordance with ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

#101 - 1440 Second Avenue
Prince George, BC V2L 3B6
Phone: 250-563-0026 • Fax: 250-561-7331

223 Reid Street
Quesnel, BC V2J 2M1
Phone: 778-414-5678 • Fax: 778-414-5679

INDEPENDENT AUDITOR'S REPORT (continued)

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 one resulting from error, as fraud may involve collusion, forgery, intentional omissions, mispresentations, 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 municipality'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 municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are basied on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

May 6, 2026
Prince George, British Columbia

FBB Chartered Professional Accountants LLP

Village of Port Clements

Consolidated Statement of Operations
For the year ended December 31, 2025

	2025 Budget (unaudited)	2025 Actual	2024 Actual
Revenue			
Property taxes	$ 221,050	$ 225,143	$ 224,921
Grants in lieu	8,894	9,030	8,468
Sale of services	31,795	6,663	6,915
Revenue from own sources	222,784	234,960	273,326
Multi-purpose building rental	14,900	14,643	14,791
Unconditional grants (Schedule 1)	371,500	332,000	371,500
Conditional grants (Schedule 1)	4,791,145	3,209,759	1,667,232
Interest and penalties on taxes and user fees	100,308	378,821	316,801
Collections for other agencies	325,355	335,683	317,128
	6,087,731	4,746,702	3,201,082
Expenses			
Legislative	55,550	42,882	41,881
General administration	451,538	437,538	380,696
Emergency services	3,500	14,717	7,225
Protective services	71,100	60,487	40,918
Common services	83,740	64,628	78,406
Wharf	33,980	22,722	3,662
Small craft harbour	19,000	11,070	12,231
Roads and public works	65,150	43,450	65,991
Economic development	5,000	110,280	158,065
Parks, recreation and tourism	91,400	95,474	94,465
Water and sewer utility operations	231,880	163,997	195,371
Multi-purpose building maintenance	87,300	62,245	64,035
Fiscal services	5,400	5,221	2,140
Amortization	145,521	175,448	174,957
Payments to other agencies	325,355	336,139	317,536
	1,675,414	1,646,298	1,637,579
Annual Surplus	4,412,317	3,100,404	1,563,503
Accumulated surplus, beginning of year		12,543,248	10,979,745
Accumulated surplus, end of year (Note 8)		$ 15,643,652	$ 12,543,248

Village of Port Clements

Consolidated Statement of Financial Position
As at December 31, 2025

	2025	2024
Financial assets		
Cash and investments	$ 10,705,612	$ 8,499,665
Taxes and accounts receivable (note 2)	244,115	228,245
	10,949,727	8,727,910
Financial Liabilities		
Accounts payable and accrued liabilities (note 3)	89,872	80,174
Liability for contaminated site (note 13)	2,310,787	3,475,900
Deferred revenue (note 4)	2,838,417	1,704,677
	5,239,076	5,260,751
Net financial assets	5,710,651	3,467,159
Non-financial assets		
Property acquired for taxes	9,202	9,202
Prepaid expenses	45,889	42,285
Tangible capital assets (note 5)	9,877,910	9,024,602
	9,933,001	9,076,089
Accumulated Surplus (note 8)	$ 15,643,652	$ 12,543,248

Approved by the Mayor and Council

Village of Port Clements

Consolidated Statement of Changes in Net Financial Assets
For the year ended December 31, 2025

	2025 Budget (unaudited)	2025 Actual	2024 Actual
Annual surplus	$ 4,412,317	$ 3,100,404	$ 1,563,503
Amortization	-	175,448	174,957
Change in prepaid expenses	-	(3,604)	171,631
Transfer (to) from reserve funds	(1,742,163)	-	-
Disposition of tangible capital assets	-	-	1,288
Proceeds on sale of tangible capital assets	-	-	(1,288)
Acquisition of tangible capital assets	(2,670,154)	(1,028,756)	(639,559)
Increase in net financial assets	$ -	2,243,492	1,270,532
Net Financial Assets, beginning of year		3,467,159	2,196,627
Net Financial Assets, end of year		$ 5,710,651	$ 3,467,159

Village of Port Clements
Consolidated Statement of Cash Flows
For the year ended December 31, 2025

	2025	2024
NET INFLOW (OUTFLOW) OF CASH:		
Operating Activities		
Annual surplus	$ 3,100,404	$ 1,563,503
Non-cash charges to operations		
Amortization	175,448	174,957
Gain on disposition of tangible capital assets	-	(1,288)
Liability for contaminated site	(1,165,113)	(967,760)
Changes in non-cash operating balances:		
(Increase) decrease in taxes and accounts receivable	(15,870)	(56,056)
Decrease in accounts payable and accrued liabilities	9,698	(22,554)
Decrease in deferred revenue	1,133,740	940,305
Decrease (increase) in prepaid expenses	(3,604)	171,631
	3,234,703	1,802,738
Capital Activity		
Proceeds on sale of tangible capital assets	-	1,288
Acquisition of tangible capital assets	(1,028,756)	(639,559)
Increase in cash and investments	2,205,947	1,164,467
Cash and investments, beginning of year	8,499,665	7,335,198
Cash and investments, end of year	$ 10,705,612	$ 8,499,665

General

The Village of Port Clements is a municipality and provides general government, water, sewer and related services to the residents of Port Clements, British Columbia.

1. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Presentation

These consolidated financial statements reflect all revenues, expenses, assets and liabilities of the Village of Port Clements. It is the Village's policy to follow Canadian public sector accounting standards and apply such principles consistently. The consolidated financial statements have been prepared incorporating guidelines issued by the Public Sector Accounting Board (PSAB) of the CPA Canada Handbook as recommended by Municipal Affairs, Province of British Columbia.

The focus of Canadian public sector accounting standards is on the financial position of the Village and the changes thereto. The Consolidated Statement of Financial Position reflects the combined results and activities of the Village's Operating, Capital and Reserve Funds. The purposes of these funds are:

i. **Operating Funds**
Operating Funds are to be used to record the costs associated with providing Village services.

ii. **Capital Funds**
Capital Funds are used to account for the acquisition costs of the Village's Tangible Capital Assets, the accumulated amortization thereon, and the funding thereof including related long-term debt.

iii. **Reserve Funds**
Under the Local Government Act of the Province of British Columbia, the Mayor and Council of the Village may, by bylaw, establish Reserve Funds for specific purposes. Money in a Reserve Fund and interest thereon must be used only for the purpose for which the fund was established. If the amount in a Reserve Fund is greater than required, the Mayor and Council may, by bylaw, transfer all or part of the balance to another Reserve Fund.

Financial assets are economic resources controlled by the government as a result of past transactions from which future economic benefits may be obtained. Liabilities are present obligations of the government to others arising from past transactions, the settlement of which is expected to result in the future sacrifice of economic benefits.

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues. Expenses are recorded in the period in which goods and services are acquired and a liability is incurred.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Restricted Financial Assets

Restricted financial assets include assets held in trust to be expended only in accordance with the conditions of the trust, and amounts from reserve funds set aside for future debt retirement or for future capital expenditures.

c. Revenue recognition

Taxes are recognized as revenue when they are levied. Sale of services and user fee revenues are recognized when the service or product is provided by the Village. Conditional grants are recorded as revenue when specified conditions have been met. Unconditional grants are recorded when funding is received or receivable. Revenues received where conditions have not yet been met are recorded as deferred revenue.

d. Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset, excluding all interest costs. Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Assets under development or construction are not amortized until put into use.

Amortization is provided using the straight-line method at the estimated useful lives of the assets at the following rates:

Land	Nil
Buildings	20-150 years
Automotive	6-13 years
Fire department	10-30 years
Office equipment	15 years
Tools and equipment	4-20 years
Parks and recreation	3-100 years
Roads and sidewalks	20-40 years
Biomass heating system	50-70 years
Solar Panel	15 years
Water system	4-140 years
Sewer system	165 years

e. Property acquired for taxes

Property acquired for taxes is recorded at acquistion cost.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Use of Estimates

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Significant areas requiring the use of management estimates include: determination of accrued sick benefits, collectibility of accounts receivable, amortization of tangible capital assets, liability for contaminated site and provisions for contingencies. Actual results could differ from those estimates. Adjustments, if any, will be reflected in operations in the period of settlement.

g. Liability for contaminated sites

The Village recognizes a liability for contaminated sites as at the reporting date when:

a) an environmental standard exists;
b) contamination exceeds the environmental standard;
c) the government:
(i) is directly responsible; or
(ii) accepts responsibility;
(d) it is expected that future economic benefits will be given up; and
(e) a reasonable estimate of the amount can be made.

An asset acquired as part of remediation is recorded as an expense if the asset has no alternate use.

2. TAXES AND ACCOUNTS RECEIVABLE

	2025	2024
Property taxes	$ 27,769	$ 43,835
Utilities	22,236	26,474
Sales taxes	114,517	70,430
Other receivables	79,593	87,506
	$ 244,115	$ 228,245

3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2025	2024
Trade and accrued liabilities	$ 87,344	$ 79,339
Payroll and withholding taxes	2,528	835
	$ 89,872	$ 80,174

4. DEFERRED REVENUE

	2025	2024
Federal Gas Tax Community Works	$ 272,004	$ 552,741
Province of B.C. - Climate Action Program	127,203	202,537
Province of B.C. - Development approval process	96,663	151,141
Province of B.C. - EDMA Indigenous Engagement grant	81,100	40,000
Northwest Resource Benefit Alliance - 85% restricted	2,259,634	757,347
Prepaid taxes, business licences, fitness memberships	1,813	910
	$ 2,838,417	$ 1,704,676

The Village is a participant under the Community Works Fund that provides for the Village's receiving Federal gas taxes transferred under the New Deal for Cities and Communities signed by the Union of BC Municipalities, the Province of British Columbia, and the Government of Canada. Although the Village has some latitude in determining which projects to pursue, the agreement provides that projects should address the reduction of greenhouse gas emissions, cleaner air and cleaner water.

In 2025, the Village received funds as a local government member through the Northwest Resource Benefit Alliance providing $50M in funding to all Northwest B.C. local governments. The Village's share of these funds was $2,672,991. The terms of the agreement states that 85% of this amount must be expended on major capital projects and the Village has deferred this portion of the funds for major capital projects to occur in subsequent years.

5. TANGIBLE CAPITAL ASSETS

			2025	2024
	Cost	Accumulated Amortization	Net Carrying Amount	
Land	$ 466,958	$ -	$ 466,958	$ 466,958
Buildings	3,896,712	818,442	3,078,270	3,087,156
Automotive	678,591	147,316	531,275	561,908
Fire department	546,175	502,967	43,208	57,337
Office equipment	38,967	17,700	21,267	21,823
Tools and equipment	57,685	44,710	12,975	15,076
Parks and recreation	1,230,651	393,312	837,339	815,554
Roads and sidewalks	542,156	305,830	236,326	181,554
Biomass heating system	414,148	107,036	307,112	315,395
Solar Panel	151,900	96,206	55,694	65,821
Water system	3,465,655	454,698	3,010,957	2,159,332
Sewer system	1,630,195	353,666	1,276,529	1,276,688
	$ 13,119,793	$ 3,241,883	$ 9,877,910	$ 9,024,602

5. TANGIBLE CAPITAL ASSETS (continued)

Tangible Capital Asset Additions for the year are as follows:

	Cost January 1, 2025	Additions	Disposals	Cost December 31, 2025
Land	$ 466,958	$ -	$ -	$ 466,958
Buildings	3,864,107	32,605	-	3,896,712
Automotive	678,591	-	-	678,591
Fire department	546,175	-	-	546,175
Office equipment	38,967	-	-	38,967
Tools and equipment	57,685	-	-	57,685
Parks and recreation	1,185,764	44,887	-	1,230,651
Roads and sidewalks	471,067	71,089	-	542,156
Biomass heating system	414,148	-	-	414,148
Solar panel	151,900	-	-	151,900
Water system	2,595,142	870,513	-	3,465,655
Sewer system	1,620,533	9,662	-	1,630,195
	$ 12,091,037	$ 1,028,756	$ -	$ 13,119,793

Amortization for the year is as follows:

	Balance January 1, 2025	Adjustments	Amortization	Balance December 31, 2025
Land	$ -	$ -	$ -	$ -
Buildings	776,951	-	41,491	818,442
Automotive	116,683	-	30,633	147,316
Fire department	488,838	-	14,129	502,967
Office equipment	17,144	-	556	17,700
Tools and equipment	42,609	-	2,101	44,710
Parks and recreation	370,210	-	23,102	393,312
Roads and sidewalks	289,513	-	16,317	305,830
Biomass heating system	98,753	-	8,283	107,036
Solar panel	86,079	-	10,127	96,206
Water system	435,810	-	18,888	454,698
Sewer system	343,845	-	9,821	353,666
	$ 3,066,435	$ -	$ 175,448	$ 3,241,883

5. TANGIBLE CAPITAL ASSETS (continued)

	2025	2024
Details of asset additions:		
Water system - Tingley Street Watermain	$ 716,773	$ -
Water system - Well #3 & 4 Capital	38,522	136,920
Water system - Pumps, meters, & related upgrades	115,219	-
Paving	71,088	-
St. Marks Heat pumps	32,605	-
Public works yard - Quanset cover for seacan, crush	-	10,698
Computers for public works and office	-	2,787
2016 Ford F150 Public Works	-	14,766
Freightliner M2-106 Pumper Truck	-	467,636
Public works - landscaping equipment	-	6,752
Sewer lagoon capital	9,662	-
Mobi mats for Wharf	44,887	-
	$ 1,028,756	$ 639,559

6. NET ASSETS INVESTED IN TANGIBLE CAPITAL ASSETS

	2025	2024
Net assets in tangible capital assets, beginning of year	$ 9,024,602	$ 8,560,000
Add: acquisition of tangible capital assets	1,028,756	639,559
Less: amortization	(175,448)	(174,957)
	$ 9,877,910	$ 9,024,602

7. RESERVE FUNDS

	Balance January 1, 2025	Appropriations	Funds used	Balance December 31, 2025
Northern Capital and Planni	$ 2,522,227	$ 80,392	$ (616,556)	$ 1,986,063
Growing Communities Gran	618,006	27,712	-	645,718
NWRBA reserve	898,065	2,717,374	(769,756)	2,845,683
Latecomer's fee reserve	9,369	-	-	9,369
Fire department reserve	5,500	-	-	5,500
Bursary reserve	500	-	-	500
Planning fund reserve	3,595	-	-	3,595
	$ 4,057,262	$ 2,825,478	$ (1,386,312)	$ 5,496,428

These internally restricted net assets are not available for other purposes without the approval of mayor and council. Interest was added to the following reserves: NCPG grant reserve $80,392, Growing Communities Fund $27,712, and NWRBA reserve $44,383.

During the year, the Province of B.C. announced an payout of the remaining 3 years to the Northwest Resource Benefit Alliance. The funds have been distributed to the member municipalities proportionately based on population; the Village received $2,672,990 as its share.

8. ACCUMULATED SURPLUS

	2025	**2024**
General operating fund	$ 5,056,030	$ 3,402,344
Water system	(328,381)	509,555
Sewer system	(4,458,335)	(4,450,515)
Net assets invested in tangible capital assets (note 6)	9,877,910	9,024,602
Reserve funds (note 7)	5,496,428	4,057,262
	$ 15,643,652	$ 12,543,248

9. COMMITMENTS AND CONTINGENCIES

a. The Village is jointly and severally liable under the provisions of the Community Charter for any default on monies borrowed by the Village.

b. Municipal Pension Plan

The Village and its employees contribute to the Municipal Pension Plan (Plan), a jointly trusteed pension plan. The Board of Trustees, representing Plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer defined benefit pension plan. Basic pension benefits provided are based on a formula. The Plan has about 273,000 active members and approximately 133,000 retired members. Active members include approximately 47,000 contributors from local governments.

Every three years an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of Plan funding. The actuary determines an appropriate combined employer and member contribution rate to the fund. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate is then adjusted to the extent there is amortization of any funding deficit. The most recent valuation as at December 2024 indicated a funding surplus of $2,675 million for basic pension benefits on a going concern basis.

The next valuation will be December 31, 2027 with results available in 2028. Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension accounting). This is because the Plan records accrued liabilities and assets for the Plan in aggregate with the result that there is no consistent and reliable basis for allocating the obligation, assets and costs to the individual employers participating in the Plan.

The Village of Port Clements paid $26,063 for employer contributions and $24,103 in employee contributions to the Plan in the year ended December 31, 2025 (2024 - $26,719 and $24,710).

10. ECONOMIC DEPENDENCE

The Village receives a significant portion of revenue from the Province of British Columbia through the government's Small Community Protection Program.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Village's financial instruments consist of cash and investments, taxes and accounts receivable, accounts payable and accrued liabilities and deferred revenue. Unless otherwise noted, it is management's opinion that the Village 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, unless otherwise noted.

The Village is exposed to financial risk that arises from the credit quality of the entities to which it provides services. Credit risk arises from the possibility that the entities to which the Village provides services may experience financial difficulty and be unable to fulfill their obligations. The Village mitigates this risk by dealing with counterparties management considers to be of high integrity.

The Village is exposed to interest rate risk arising from fluctuations in interest rates on its cash and investments. No financial instruments are held that mitigate this risk.

12. EXPENSES BY OBJECT

	2025 Budget (Unaudited)	2025 Actual	2024 Actual
Salaries, wages and benefits	$ 490,438	$ 378,653	$ 445,677
Materials and supplies	138,100	142,154	108,325
Contracted services	61,000	98,405	49,123
Rent, maintenance and utilities	357,000	291,079	264,932
Mayor and council remuneration and travel	48,550	42,498	41,697
Insurance	51,750	68,300	59,958
Grant expenses	54,516	110,664	173,317
Interest and bank charges	3,200	2,958	2,057
Amortization	145,521	175,448	174,957
Payment to other agencies	325,339	336,139	317,536
	$ 1,675,414	$ 1,646,298	$ 1,637,579

13. LIABILITY FOR CONTAMINATED SITES

The Village is aware of one potentially contaminated site on land the Village is responsible for. An old gas station site may require environmental remediation. The Village has no plans to redevelop or sell the property and has no future plans to remediate the property. Since there is no obligation to remediate the property or expected future outlay, no provision has been made in these financial statements. Should management become aware of any contaminated sites the Village is responsible for remediating, a liability for contaminated sites would be setup in accordance with PS3260.

During the year, the Village has exceeded environmental standards relating to its effluent discharge from its wastewater operations into the Masset Inlet which has been deemed hazardous to fish as per Environment Canada. As directed by Environment Canada, the Village has to remediate the effluent discharge fully or reduce to acceptable levels by September 2022. Given the issues surrounding Covid-19 and obtaining contractors to complete the project, the Village was granted additional time to complete the project. The Village has determined the only effective way to mitigate the issue is the construction of a new sewer lagoon and related wastewater facility. The Village has undertaken studies and quotation from professional contractors for the costs to extend the sewer lagoon and facilities and has recorded a liability for environmental contamination as follows:

Construction costs, with 3% inflation allowance for materials	$ 3,552,000
Consultant costs (engineers, forester, monitor)	349,000
Other costs (federal and provincial required signage)	2,000
Contingency for cost overruns and unforeseen items (15%)	878,000
	4,781,000
Less costs incurred to date	(2,470,213)
Provision for environmental remediation	$ 2,310,787

During the year, the Village has incurred $1,165,113, (2024 to date, $1,305,100) in costs with respect to planning and preparation for this project. These items have been expensed in the year incurred under Environmental remediation expenses in the statement of operations along with the above provision. The item is recorded as an expense rather than an asset since it has no alternate use as required by PS3260.45 and Note 2.

The Villages believes the above liability will be funded $1,000,000 by the Village from a combination of reserves and surpluses and the balance will be funded by federal and provincial grants. The Village has applied for and received confirmation for the relevant federal and provincial grants and these grant will be recorded as revenue when received or receivable. $1,497,996 of funding was received in 2025 from the Province of B.C. channeled from the federal government through the Investing In Canada Infrastructure Program (ICIP).

14. BUDGETED FIGURES

The budget amounts presented throughout these consolidated financial statements are unaudited and represent the amended five year financial plan bylaw No. 493.1 approved by the Village Mayor and Council on December 15, 2025.

15. CONTINGENT LIABILITY

The Village is contingently liable for fines of $500,000 to $6,000,000 from Environment Canada should they not carry out the environmental remediation as disclosed in Note 13. The Village believes their remediation plan will be accepted by Environment Canada and the project will be completed before any fines are applied (significant work has taken place on this project to date).

16. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform to the current year's presentation. Investing in Canada Infrastructure grant funds have been reclassified from unconditional grants to conditional grants for 2025.

Village of Port Clements

Schedule 1

Schedule of Grant Revenues

For the year ended December 31, 2025

	2025	2024
Unconditional Grants		
Small Community Protection Grant	$ 332,000	$ 371,500
Conditional Grants		
CERIP 2023 carried forward	$ -	$ 219,000
UBCM Fire department equipment grant	14,722	14,722
UBCM Gas Tax Funds spent	381,549	-
Local government climate action program funds spent	75,334	-
Western Economic Diversification	-	11,449
Gwaii Trust - Youth program	-	5,000
Gwaii Trust - major contribution	-	250,000
Gwaii Trust - community events	-	806
Gwaii Trust - holiday event grant	2,880	8,106
Province of B.C. - development approval process spent	54,478	-
EDMA - Indigenous Engagement Grant spent	900	-
Province of B.C. - waste water improvements	-	1,000,000
Northwest Resource Benefit Alliance	2,672,991	890,997
Northwest Resource Benefit Alliance restricted funds spent	769,755	-
Northwest Resource Benefit Alliance - 85% restricted deferred	(2,272,042)	(757,347)
NDIT - grant writer	4,106	8,000
Vibrant community commission	-	615
Investing in Canada Infrastructure - waste water upgrades	1,497,996	11,457
Other	7,090	4,427
	$ 3,209,759	$ 1,667,232

CHARTERED
PROFESSIONAL
ACCOUNTANTS LLP

Ryan Broughton, CPA, CA*
Partner
Quan Cheng, CPA, CA*
Partner
**Denotes incorporated professional*

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Mayor and Council,
Village of Port Clements,

We have audited and reported separately herein on the consolidated financial statements of the Village of Port Clements as at and for the year ended December 31, 2025.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The current year's supplementary information included is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

May 6, 2026
Prince George, British Columbia

FBB Chartered Professional Accountants LLP

#101 - 1440 Second Avenue
Prince George, BC V2L 3B6
Phone: 250-563-0026 • Fax: 250-561-7331

223 Reid Street
Quesnel, BC V2J 2M1
Phone: 778-414-5678 • Fax: 778-414-5679

Village of Port Clements

General Operating Fund - Statement of Financial Position
As at December 31, 2025

	2025	2024
Financial assets		
Cash and investments	$ 10,705,612	$ 8,499,665
Due from other funds	2,475,929	465,060
Taxes and accounts receivable	244,115	228,245
	13,425,656	9,192,970
Financial Liabilities		
Accounts payable and accrued liabilities	89,872	80,174
Deferred revenue	2,838,417	1,704,677
	2,928,289	1,784,851
Net financial assets	10,497,367	7,408,119
Non-financial assets		
Property acquired for taxes	9,202	9,202
Prepaid expenses	45,889	42,285
Tangible capital assets	5,590,424	5,588,584
	5,645,515	5,640,071
	$ 16,142,882	$ 13,048,190
Accumulated surplus		
Accumulated surplus	5,056,030	3,402,344
Equity in tangible capital assets	5,590,424	5,588,584
Reserves	5,496,428	4,057,262
	$ 16,142,882	$ 13,048,190

Village of Port Clements

General Operating Fund - Statement of Operations
For the year ended December 31, 2025

	2025 Budget (unaudited)	2025 Actual	2024 Actual
Revenue			
Property taxes	$ 136,000	$ 136,002	$ 135,780
Grants in lieu	8,894	9,030	8,468
Sale of services	31,795	6,663	6,915
Revenue from own sources	124,185	128,319	167,372
Multi-purpose building rental	14,900	14,643	14,791
Unconditional grants	371,500	332,000	382,957
Conditional grants	4,791,145	3,209,759	1,655,775
Interest and penalties on taxes and user fees	98,599	376,185	314,841
Collections for other agencies	325,355	335,683	317,128
	5,902,373	4,548,284	3,004,027
Expenses			
Legislative	55,550	42,882	41,881
General administration	451,538	437,538	380,697
Emergency services	3,500	14,717	7,225
Protective services	71,100	60,487	40,918
Common services	83,740	64,628	78,406
Wharf	33,980	22,722	3,662
Small craft harbour	19,000	11,070	12,231
Roads and public works	65,150	43,450	65,991
Economic development	5,000	110,280	158,060
Parks, recreation and tourism	91,400	95,474	94,465
Multi-purpose building maintenance	87,300	62,245	64,035
Fiscal services	5,400	5,221	2,140
Amortization	118,657	146,739	147,813
Payments to other agencies	325,355	336,139	317,536
	1,416,670	1,453,592	1,415,060
Annual surplus	4,485,703	3,094,692	1,588,967
Accumulated surplus, beginning of year		13,048,190	11,459,223
Accumulated surplus, end of year		$ 16,142,882	$ 13,048,190

Village of Port Clements

Water System - Statement of Financial Position
As at December 31, 2025

		2025		2024
Financial assets				
Due from general operating fund	$	-	$	509,555
Financial Liabilities				
Due to general operating fund		328,381		-
Net financial assets		(328,381)		509,555
Non-financial assets				
Tangible capital assets		3,010,957		2,159,332
	$	2,682,576	$	2,668,887
Accumulated Surplus				
Accumulated surplus	$	(328,381)	$	509,555
Equity in tangible capital assets		3,010,957		2,159,332
	$	2,682,576	$	2,668,887

Village of Port Clements

Water System - Statement of Operations
For the year ended December 31, 2025

	2025 Budget (unaudited)	2025 Actual	2024 Actual
Revenue			
User charges	$ 64,182	$ 68,740	$ 68,273
Water frontage tax	52,050	53,060	53,060
Interest and other	1,709	2,836	2,327
	117,941	124,636	123,660
Expenses			
Administration	15,000	15,000	15,000
Amortization	17,043	18,888	17,323
Distribution	37,800	36,498	31,216
Repairs and maintenance	34,250	14,241	16,016
Wages and benefits	53,820	26,320	51,886
	157,913	110,947	131,441
Annual surplus (deficit)	(39,972)	13,689	(7,781)
Accumulated surplus, beginning of year		2,668,887	2,676,668
Accumulated surplus, end of year		$ 2,682,576	$ 2,668,887

Village of Port Clements

Sewer System - Statement of Financial Position
As at December 31, 2025

	2025	2024
Financial Liabilities		
Liability for contaminated site	2,310,787	3,475,900
Due from general operating fund	2,147,548	974,615
	4,458,335	4,450,515
Net financial assets	(4,458,335)	(4,450,515)
Non-financial assets		
Tangible capital assets	1,276,529	1,276,688
	1,276,529	1,276,688
	$ (3,181,806)	$ (3,173,827)
Accumulated surplus		
Accumulated deficit	$ (4,458,335)	$ (4,450,515)
Equity in tangible capital assets	1,276,529	1,276,688
	$ (3,181,806)	$ (3,173,827)

Village of Port Clements

Sewer System - Statement of Operations
For the year ended December 31, 2025

	2025 Budget (unaudited)	2025 Actual	2024 Actual
Revenue			
User charges	$ 34,417	$ 37,701	$ 37,314
Sewer frontage tax	33,000	36,081	36,081
	67,417	73,782	73,395
Expenses			
Administration	10,000	10,000	10,000
Amortization	9,821	9,821	9,821
Operations	29,150	16,556	11,507
Repairs and maintenance	10,000	10,928	20,713
Wages and benefits	41,860	34,456	39,035
	100,831	81,761	91,076
Annual surplus (deficit)	(33,414)	(7,979)	(17,681)
Accumulated deficit, beginning of year		(3,173,827)	(3,156,146)
Accumlated deficit, end of year		$ (3,181,806)	$ (3,173,827)

Village of Port Clements

Northern Capital and Planning Grant - Statement of Operations
For the year ended December 31, 2025

	2025 Budget (unaudited)	2025 Actual	2024 Actual
Revenue			
Interest	-	80,392	129,625
Expenses			
Sewer lagoon project	-	616,556	-
Annual surplus (deficit)	-	(536,164)	129,625
Reserve funds, beginning of year		2,522,227	2,392,602
Reserve funds, end of year		$ 1,986,063	$ 2,522,227

Village of Port Clements

Growing Communities Grant - Statement of Operations

For the year ended December 31, 2025

	2025 Budget (unaudited)	2025 Actual	2024 Actual
Revenue			
Interest	$ -	$ 27,712	$ 18,006
Annual surplus	-	27,712	18,006
Reserve funds, beginning of year		618,006	600,000
Reserve funds, end of year		$ 645,718	$ 618,006

Village of Port Clements

Northwest Resource Benefit Alliance - Statement of Operations
For the year ended December 31, 2025

	2025 Budget (unaudited)	2025 Actual	2024 Actual
Revenue			
NW Resource Benefit Alliance	$ -	$ 2,672,990	$ 890,997
Interest	-	44,383	7,068
Expenses			
Wastermain project	-	769,755	-
Annual surplus	-	1,947,618	898,065
Reserve funds, beginning of year		898,065	-
Reserve funds, end of year		$ 2,845,683	$ 898,065

Village of Port Clements
Schedule of Debt

The Village of Port Clements did not incur any debt during the 2025 financial year as per the Financial Information Regulation Schedule 1, section 4.

Village of Port Clements
Schedule of Guarantee and Indemnity Agreements

The Village of Port Clements does not have any Guarantee and Indemnity Agreements as per the Financial Information Regulation Schedule 1, section 5.

Village of Port Clements
Schedule of Remuneration and Expenses paid to each Employee

As per the Financial Information Regulations Schedule 1, section 6.

1. Elected Officials

Name	Position	Remuneration	Expenses	Total Per Official
Cabianca, Scott	Mayor	$ 10,000.00	$ 4,301.64	$ 14,301.64
Cumming, Brigid	Councillor	$ 6,000.00	$ 0.00	$ 6,000.00
Falconbridge, Kazamir	Councillor	$ 6,000.00	$ 0.00	$ 6,000.00
Nicol, Wayne	Councillor	$ 6,000.00	$ 0.00	$ 6,000.00
Reindl, Dennis	Councillor	$ 6,000.00	$ 0.00	$ 6,000.00
TOTALS FOR ALL OFFICIALS		**$ 34,000.00**	**$ 4,301.64**	**$ 38,301.64**

2. Employees

Name	Remuneration	Expenses	Total
Dobson, Marjorie	$ 95,500.10	$ 774.96	$ 96,275.06
Employees under $75,000.00	$ 265,430.25	$ 3,653.47	$ 269,083.72
TOTALS FOR ALL EMPLOYEES	**$ 360,930.35**	**$ 4,428.43**	**$ 365,358.78**

*Remuneration includes taxable benefits

3. Reconciliation

No reconciliation is required as the financial statements record remuneration by department and not as a separate line item.

Village of Port Clements
Statement of Severance Agreements

As per the Financial Information Regulations Schedule 1 section 6 (7), a severance agreement was not entered into in 2025.

Village of Port Clements
Schedule of Payments to Suppliers of Goods and Services

As per the Financial Information Regulation Schedule 1, section 7 the table below is the alphabetical list of suppliers and their aggregate payments exceeding $25,000.00.

Name	Amount
BC Hydro	$ 55,593.47
BI Pure Water (Canada) Inc.	$ 70,573.58
BV Electric Ltd.	$ 29,116.11
CruxPoint Solutions Corp	$ 56,696.07
Cutting Edge Projects	$ 27,069.22
Deschamps Mats Systems Inc.	$ 47,131.60
Frosty Northwest Mechanical Ltd.	$ 29,605.20
Infracon Construction Inc.	$ 1,065,202.66
Municipal Insurance Association	$ 37,502.00
Municipal Pension Plan	$ 25,791.73
P.S. Turje & Associates Ltd.	$ 91,086.86
Pritchard Power West	$ 44,289.35
Prolink Supply	$ 53,661.74
Receiver General CRA	$ 26,449.90
TERUS Construction	$ 802,184.15
Young Anderson, Barristers & Solicitors	$ 25,089.58
Subtotal	**$ 2,487,043.22**

Payments Made (Venders over $25,000)	$ 2,487,043.22
Miscellaneous Payments ($25,000 and under)	$ 593,627.76
TOTAL	**$ 3,080,670.98**

Village of Port Clements
Schedule of Grant Payments (included in the suppliers listing above)

Name	Amount
Port Clements Historical Society	$5,000.00

Total Grants **$5,000.00**

Village of Port Clements

CERTIFIED EXTRACT

REGULAR MEETING OF COUNCIL

2026-05- 071- Moved by Councillor Cumming, seconded by Mayor Cabianca
THAT Council receives and approves the 2025 Audited Financial Statements as presented by FBB Chartered Professional Accountants LLP
CARRIED

Certified a true extract of the Minutes of the Special Meeting of Council, Friday, May 8th, 2026

Marjorie Dobson, Chief Administrative Officer

VILLAGE OF PORT CLEMENTS

COUNCIL STATEMENT OF FINANCIAL INFORMATION APPROVAL

At the Council meeting held on June 15, 2026, the Council of the Village of Port Clements, under the Financial Information Regulation, Schedule 1, section 9 (2), approved all the statements and schedules included in this Statement of Financial Information, produced under the Financial Information Act for the fiscal year ended December 31, 2025.

Scott Cabianca
Mayor
June 15, 2026

Village of Port Clements

STATEMENT OF FINANCIAL INFORMATION APPROVAL
For the period of January 1 – December 1, 2025

The undersigned, as authorized by the Financial Information Regulation, Schedule 1, Subsection 9(2), approves all the statements and schedules included in this Statement of Financial Information, produced under the *Financial Information Act*, for the fiscal year ended December 31, 2025.

Marjorie Dobson	Scott Cabianca
Chief Administrative Officer/Chief Financial Officer	Mayor
June 15, 2026,	June 15, 2026

Management Report

Fiscal Year 2025

The Financial Statements contained in this Statement of Financial Information under the *Financial Information Act* have been prepared by administration in accordance with generally accepted accounting principles or stated accounting principles, and the integrity and objectivity of these statements is the Chief Administrative Officer's responsibility. Administration is also responsible for all the statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

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

The Village of Port Clements Council is responsible for ensuring that administration fulfils its responsibilities for financial reporting and internal control and exercises this responsibility through the Village Council which meets at least once per month.

The CAO has the responsibility for assessing the management systems and practices of the Village office.

The external auditors, FBB Chartered Professional Accountants LLP, Prince George, BC, conducted an independent examination, in accordance with generally accepted auditing standards, and expressed their opinion on the financial statements. Their examination does not relate to the other schedules and statements required by the Act. Their examination includes a review and evaluation of the corporation's system of internal control and appropriate tests and procedures to provide reasonable assurance that the financial statements are presented fairly. The external auditors have full and free access to Village of Port Clements financial records, Council and administrative staff.

On behalf of the Village of Port Clements,

Marjorie Dobson, Chief Administrative Officer