

Consolidated Financial Statements of

THE DISTRICT OF LOGAN LAKE

Year ended December 31, 2025

THE DISTRICT OF LOGAN LAKE

Consolidated Financial Statements

Year ended December 31, 2025

Financial Statements

Management's Responsibility for the Consolidated Financial Statements	1
Independent Auditor's Report	2
Consolidated Statement of Financial Position	5
Consolidated Statement of Earnings and Accumulated Surplus	6
Consolidated Statement of Changes in Net Financial Assets	7
Consolidated Statement of Cash Flows	8
Notes to Consolidated Financial Statements	9
Schedule 1 - Covid-19 Safe Restart Grant (unaudited)	32
Schedule 2 - Growing Communities Fund Grant (unaudited)	33

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of The District of Logan Lake (the "District") are the responsibility of management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of The Chartered Professional Accountants of Canada. The significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The District's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

Mayor and Council meet with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the District. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the District's consolidated financial statements.

Chief Administrative Officer

Director of Finance



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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council of the District of Logan Lake

Opinion

We have audited the consolidated financial statements of The District of Logan Lake (the "District"), which comprise:

- the consolidated statement of financial position as at December 31, 2025
- the consolidated statement of earnings 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 and other explanatory information

(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, 2025, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our auditor's report.

We are independent of the District in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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



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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the District's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the District or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report 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 risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related 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 auditors' 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.
- Obtain sufficient, appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity, to express an opinion on the consolidated financial statements. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants

Vernon, Canada
April 24, 2026

THE DISTRICT OF LOGAN LAKE

Consolidated Statement of Financial Position

December 31, 2025, with comparative information for 2024

	2025	2024
Financial assets:		
Cash and cash equivalents	\$ 8,939,695	\$ 9,626,757
Accounts receivable:		
Taxes receivable	375,788	201,818
Other receivables	821,597	969,244
Land held for resale (note 2)	2,119,743	2,577,124
Net financial assets of Logan Lake TV Society (note 3)	165,860	159,765
Investment in Logan Lake Community Forest Corp. (note 4)	1,317,125	1,020,393
	<u>13,739,808</u>	<u>14,555,101</u>
Financial liabilities:		
Accounts payable and accrued liabilities	153,129	352,072
Deferred revenue (note 5)	1,760,074	2,099,053
Term debt (note 6)	-	237,670
	<u>1,913,203</u>	<u>2,688,795</u>
Net financial assets	11,826,605	11,866,306
Non-financial assets:		
Tangible capital assets (note 7)	24,221,823	22,659,170
Prepaid expenses	155,616	148,215
	<u>24,377,439</u>	<u>22,807,385</u>
Trust funds (note 10)		
Commitments and contingencies (note 12)		
Subsequent event (note 16)		
Accumulated surplus (note 8)	<u>\$ 36,204,044</u>	<u>\$ 34,673,691</u>

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

THE DISTRICT OF LOGAN LAKE

Consolidated Statement of Earnings and Accumulated Surplus

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

	Budget (note 14)	2025	2024
Revenue:			
Taxation (note 9)	\$ 5,069,300	\$ 4,897,533	\$ 4,553,221
User charges	1,067,000	1,165,146	1,109,338
Government transfers (note 11)	3,001,900	1,848,647	2,698,578
Penalties and interest	-	38,997	32,269
Investment income	-	249,592	464,455
Other contributions	94,000	167,799	127,355
Sale of land held for resale (note 2)	-	582,432	423,290
Total revenue	9,232,200	8,950,146	9,408,506
Expenses:			
General government	2,260,600	1,921,585	1,596,897
Leisure, parks & culture	2,124,400	2,266,024	1,961,873
Planning, development & transportation	1,553,900	1,893,312	1,449,684
Protective services	1,182,700	696,136	816,174
Sewer utility	142,700	226,358	233,136
Solid waste	234,500	247,611	244,817
Water utility	292,100	465,499	434,681
Total expenses	7,790,900	7,716,525	6,737,262
Annual surplus before the undernoted	1,441,300	1,233,621	2,671,244
(Loss) income of Logan Lake Community Forest Corporation (note 4)	-	296,732	990,836
Annual surplus	1,441,300	1,530,353	3,662,080
Accumulated surplus, beginning of year	34,673,691	34,673,691	31,011,611
Accumulated surplus, end of year	\$ 36,114,991	\$ 36,204,044	\$ 34,673,691

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

THE DISTRICT OF LOGAN LAKE

Consolidated Statement of Changes in Net Financial Assets

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

	Budget (note 14)	2025	2024
Annual surplus	\$ 1,441,300	\$ 1,530,353	\$ 3,662,080
Acquisition of tangible capital assets	(2,897,700)	(2,751,605)	(4,051,499)
Amortization of tangible capital assets	966,500	1,126,408	963,994
Loss on sale of tangible capital assets	-	62,544	2,810
	(1,931,200)	(1,562,653)	(3,084,695)
Acquisition of prepaid expenses	-	(155,614)	(148,598)
Use of prepaid expenses	-	148,213	115,393
	-	(7,401)	(33,205)
Change in net financial assets	(489,900)	(39,701)	544,180
Net financial assets, beginning of year	11,866,306	11,866,306	11,322,126
Net financial assets, end of year	\$ 11,376,406	\$ 11,826,605	\$ 11,866,306

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

THE DISTRICT OF LOGAN LAKE

Consolidated Statement of Cash Flows

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

	2025	2024
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 1,530,353	\$ 3,662,080
Items not involving cash:		
Amortization of tangible capital assets	1,126,408	963,994
Loss on disposal of tangible capital assets	62,544	2,810
Logan Lake TV Society deficit	(6,095)	7,460
Actuarial adjustment	-	(76,050)
Gain on sale of land held for resale	(100,003)	(117,133)
Proceeds on land held for resale	582,432	423,290
(Income) loss of Logan Lake Community Forest Corporation	(296,732)	(990,836)
Change in non-cash assets and liabilities:		
Accounts receivable	(26,323)	(237,968)
Land held for resale	(25,049)	(18,540)
Accounts payable and accrued liabilities	(198,943)	97,277
Deferred revenue	(338,978)	(1,128,802)
Prepaid expenses	(7,401)	(33,205)
Net change in cash from operating activities	2,302,213	2,554,377
Capital activities:		
Acquisition of tangible capital assets	(2,751,605)	(4,051,499)
Financing activities:		
Repayments on debt	(237,670)	(216,568)
Net change in cash and cash equivalents	(687,062)	(1,713,690)
Cash and cash equivalents, beginning of year	9,626,757	11,340,447
Cash and cash equivalents, end of year	\$ 8,939,695	\$ 9,626,757
Supplemental cash flow information:		
Cash paid for interest	\$ 27,947	\$ 55,894
Cash received from interest	288,589	496,724

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

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements

Year ended December 31, 2025

The District of Logan Lake (the "District") was incorporated on November 10, 1970 under statute of the Province of British Columbia. The District provides municipal services such as general government, fire protection, solid waste, planning, development and transportation, leisure, parks and culture, water utility, sewer utility and fiscal services.

1. Significant accounting policies:

The consolidated financial statements of the District are prepared by management in accordance with Canadian generally accepted accounting principles for governments as prescribed by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada.

Significant accounting policies adopted by the District are as follows:

(a) Basis of consolidation:

(i) Consolidated entities:

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the District and which are owned or controlled by the District except for the District's government business enterprise, Logan Lake Community Forest Corporation ("LLCFC") which is accounted for on the modified equity basis of accounting.

The consolidated entity includes the Logan Lake T.V. Society (the "Society"), which receives majority of its funding by way of an annual grant-in-aid from the District. In addition, the District owns the tangible capital assets used by the Society for its operations. The Society is accounted for on the modified equity basis of accounting.

Inter-departmental and inter-organizational transactions and balances between these entities have been eliminated.

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

(a) Basis of consolidation (continued):

(ii) Investment in Government Business Enterprise:

The District's investment in LLCFC is accounted for on a modified equity basis, consistent with Canadian generally accepted accounting principles as recommended by PSAB for investments in Government Business Enterprises. Under the modified equity basis, LLCFC's accounting policies are not adjusted to conform with those of the municipality and inter-organizational transactions and balances are not eliminated. The District recognizes its equity interest in the annual income or loss of LLCFC in its consolidated statement of operations with a corresponding increase or decrease in its investment asset account. Any dividends that the District may receive from LLCFC will be reflected as reductions in the investment asset account.

(iii) Accounting for Thompson-Nicola Regional District and School Board transactions:

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the Thompson-Nicola Regional District and the School Board are not reflected in these consolidated financial statements.

(iv) Trust funds:

Trust funds and their related operations administered by the District are not included in these consolidated financial statements (note 10).

(b) Basis of accounting:

The District follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

(c) Government transfers:

Government transfers (other than grants in lieu of taxes) are recognized in the consolidated financial statements as revenues in the periods in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made unless the transfer contains stipulations that create a liability in which case the transfers are recognized as revenue in the periods that the liability is extinguished. Grants in lieu of taxes are recognized at the earlier of when received or when money is determined to be more likely than not to be collected.

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

(d) Deferred revenue:

Deferred revenue includes conditional government transfers, development cost charges, and other fees which have been collected, but for which the related expenditures or services have yet to be incurred or performed and recognition criteria not yet met. In addition, certain user charges and fees are collected for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed or expenditures incurred.

(e) Cash equivalents:

Cash equivalents include highly liquid investments with a term to maturity of 90 days or less at acquisition.

(f) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(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, are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful life - years
Land improvements	20-40
Buildings and building improvements	20-60
Vehicles, machinery and equipment	5-50
Linear assets	15-60
Furniture and IT equipment	3-10
TV equipment	7-50

Assets under construction are not amortized until the asset is available for productive use.

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

(f) Non-financial assets (continued):

(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.

(v) Interest capitalization:

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

(g) Use of estimates:

The preparation of financial statements in conformity with PSAB requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Management reviews these estimates on a periodic basis and, where necessary, makes adjustments prospectively.

(h) Land held for resale:

Land held for resale is recorded at the lower of cost and net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing.

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

(i) Asset retirement obligations:

Asset retirement obligations are recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and,
- A reasonable estimate of the amount can be made.

The District has assessed its tangible capital assets in consideration of these and noted that there are no obligations which meet the above criteria.

(j) Financial instruments:

Financial instruments include cash and cash equivalents, investments, accounts receivable, and accounts payable.

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

Unrealized changes in fair value are recognized on the consolidated statement of remeasurement gains and losses. They are recorded in the consolidated statement of operations and accumulated surplus when they are realized. There are no unrealized changes in fair value as at December 31, 2025 and December 31, 2024. As a result, the District does not have a consolidated statement of remeasurement gains and losses.

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

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the consolidated statement of operations and accumulated surplus.

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

2. Land held for resale:

	2025	2024
Balance, beginning of year	\$ 2,577,124	\$ 2,864,741
Sales	(482,430)	(306,157)
Additions	25,049	18,540
Balance, end of year	\$ 2,119,743	\$ 2,577,124

During the year, the District sold five (2024 - four) properties for total proceeds of \$582,432 (2024 - \$423,290).

3. Net financial assets of Logan Lake TV Society:

The District has made certain tangible capital assets available for use to the Society. The District collects and transmits a levy for the Society for operating purposes. The Society's year end is June 30 and there have been no events relating to or transactions of the Society that occurred during the intervening period that would significantly affect the financial position or results of operations of the District.

The following is a summarized financial statement of the Society, which has been included in the consolidated financial statements of the District:

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

3. Net financial assets of Logan Lake TV Society (continued):

	2025	2024
Statement of Financial Position:		
Cash and marketable securities	\$ 182,890	\$ 164,540
Accounts receivable and prepaid expenses	12,279	22,489
Lifetime membership in Canadian Cable System Alliance Inc.	1,000	1,000
Accounts payable and accrued liabilities	(30,309)	(28,264)
Net assets of the Society	\$ 165,860	\$ 159,765
Statement of Operations:		
Revenue:		
District of Logan Lake	325,956	324,024
Other	10,908	16,072
	336,864	340,096
Expenses:		
Administrative	34,181	37,240
Amortization of tangible capital assets	-	31,584
Maintenance	26,304	33,940
Subscription and fees	270,284	248,994
	330,769	351,758
Surplus (deficiency) of revenue over expenses for the Society	\$ 6,095	\$ (11,662)

The Society's revenue provided by the District is netted and eliminated against the cost to the District in these consolidated financial statements and the Society's expenses are classified as leisure, parks and cultural development expenses (note 13).

The District has recorded consolidation adjustments to capitalize tangible capital assets expensed in the Society's financial statements and to record amortization expense on tangible capital assets.

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

4. Investment in Logan Lake Community Forest Corporation:

LLCFC is owned and controlled by the District and is considered a Government Business Enterprise. As such, LLCFC is accounted for on the modified equity basis in these consolidated financial statements. LLCFC is to use the timber license obtained from the provincial government, acquired at a nominal cost, to sustainably manage the forests of Logan Lake to diversify the economic base, to enhance recreational opportunities and to secure a fire safe community.

The following table provides condensed supplementary financial information for LLCFC for the year ended December 31:

	2025	2024
Financial position:		
Assets:		
Current	\$ 3,741,952	\$ 3,575,941
Total assets	\$ 3,741,952	\$ 3,575,941
Liabilities:		
Current	1,014,759	740,035
Long-term	1,410,068	1,815,513
Total liabilities	2,424,827	2,555,548
Equity:		
Share capital	120	120
Retained earnings	1,317,005	1,020,273
Total equity	1,317,125	1,020,393
Total liabilities and equity	\$ 3,741,952	\$ 3,575,941
Operations:		
Revenue	\$ 2,212,566	\$ 4,452,220
Expenses	1,915,834	3,542,249
Adjustment to prior year estimate	-	80,865
Change in equity	\$ 296,732	\$ 990,836
Investment represented by:		
Investment in shares of LLCFC	\$ 120	\$ 120
Accumulated net earnings	1,317,005	1,020,273
Total investment	\$ 1,317,125	\$ 1,020,393

There were \$nil (2024 - \$46,750) in related party transactions between the District and LLCFC for the year comprised of contributions towards community events. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

5. Deferred revenue:

Deferred revenue consists of the following:

	2025	2024
Development cost charges - Water Utility Fund	\$ 498,632	\$ 458,433
Development cost charges - Sewer Utility Fund	638,490	614,649
Federal Gas Tax funds	187,376	156,399
Other	435,576	869,572
Total deferred revenue	\$ 1,760,074	\$ 2,099,053

Continuity of deferred revenue is as follows:

	2025	2024
Balance, beginning of year:		
Development cost charges - Water Utility Fund	\$ 458,433	\$ 410,054
Development cost charges - Sewer Utility Fund	614,649	572,181
Federal Gas Tax funds	156,399	1,014,909
Other	869,572	1,230,711
	2,099,053	3,227,855
Other contributions received	285,729	632,858
Interest earned	56,078	96,749
Total contributions	341,807	729,607
Less amounts spent on projects and recorded as revenue	(680,786)	(1,858,409)
Balance, end of year	\$ 1,760,074	\$ 2,099,053

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

6. Term debt:

- (a) In 2015, the District issued debt instruments through the Municipal Finance Authority (the "MFA") to finance the cost of constructing a new firehall. Under the terms of the debt, the District is required to make principal payments once annually while interest is calculated semi-annually at 3.5% per annum and is based on the original debt principal borrowed. Associated with these principal payments, the MFA provides an actuarial adjustment, which is a non-cash reduction in the loan balance representing the investment earnings the MFA expects to realize on each principal payment.

Debt interest charges are recorded as an expense in the period incurred. Principal payments and actuarial adjustments are applied to reduce recorded liabilities.

Changes in term debt are shown below:

	2025	2024
Balance, beginning of the year	\$ 237,670	\$ 530,288
Principal payments	(237,670)	(216,568)
Actuarial adjustment of term debt	-	(76,050)
Debt, end of year	\$ -	\$ 237,670

During the year, the District repaid the debt to MFA. The District's deposit plus interest was returned to the District upon maturity of the debt. Included in other contributions revenue is a debt reserve fund payout of \$32,456 which was received on the repayment of the debt.

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

7. Tangible capital assets:

2025	Land	Land Improvements	Buildings and Building Improvements	Vehicles, Machinery and Equipment	Linear Assets	Furniture and IT Equipment	TV Equipment	Total
Cost:								
Balance, beginning of year	\$ 3,245,485	\$ 5,034,243	\$10,047,287	\$ 8,855,955	\$ 15,496,439	\$ 460,361	\$ 1,402,522	\$ 44,542,292
Additions	-	1,022,857	537,414	995,922	174,285	21,127	-	2,751,605
Disposals	-	-	-	(330,330)	-	-	-	(330,330)
Balance, end of year	3,245,485	6,057,100	10,584,701	9,521,547	15,670,724	481,488	1,402,522	46,963,567
Accumulated amortization:								
Balance, beginning of year	-	2,322,307	3,907,530	4,248,546	9,769,688	364,464	1,270,587	21,883,122
Amortization	-	167,505	221,999	380,247	301,475	27,002	28,180	1,126,408
Disposals	-	-	-	(267,786)	-	-	-	(267,786)
Balance, end of year	-	2,489,812	4,129,529	4,361,007	10,071,163	391,466	1,298,767	22,741,744
Net book value, end of year	\$ 3,245,485	\$ 3,567,288	\$ 6,455,172	\$ 5,160,540	\$ 5,599,561	\$ 90,022	\$ 103,755	\$ 24,221,823

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

7. Tangible capital assets (continued):

2024	Land	Land Improvements	Buildings and Building Improvements	Vehicles, Machinery and Equipment	Linear Assets	Furniture and IT Equipment	TV Equipment	Total
Cost:								
Balance, beginning of year	\$ 3,245,485	\$ 3,633,992	\$ 9,982,100	\$ 8,443,092	\$ 13,454,345	\$ 410,161	\$ 1,375,140	\$ 40,544,315
Additions	-	1,400,251	65,187	447,112	2,042,094	69,473	27,382	4,051,499
Disposals	-	-	-	(34,249)	-	(19,273)	-	(53,522)
Balance, end of year	3,245,485	5,034,243	10,047,287	8,855,955	15,496,439	460,361	1,402,522	44,542,292
Accumulated amortization:								
Balance, beginning of year	-	2,165,282	3,672,248	3,988,996	9,550,933	353,378	1,239,003	20,969,840
Amortization	-	157,025	235,282	290,989	218,755	30,359	31,584	963,994
Disposals	-	-	-	(31,439)	-	(19,273)	-	(50,712)
Balance, end of year	-	2,322,307	3,907,530	4,248,546	9,769,688	364,464	1,270,587	21,883,122
Net book value, end of year	\$ 3,245,485	\$ 2,711,936	\$ 6,139,757	\$ 4,607,409	\$ 5,726,751	\$ 95,897	\$ 131,935	\$ 22,659,170

Assets under construction which have not been amortized are included in machinery, vehicles and equipment totaling \$nil (2024 - \$1,273,790), linear assets \$185,335 (2024 - \$2,064,105), land improvements \$1,185,193 (2024 - \$592,217), and building and building improvements \$545,891 (2024 - \$36,671). Amortization of these assets will commence when the asset is put into service upon completion of the project.

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

8. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserves as follows:

	2025	2024
Surplus:		
Invested in tangible capital assets	\$ 24,221,823	\$ 22,421,500
Unrestricted	6,560,046	6,659,571
Total surplus	30,781,869	29,081,071
Reserves set aside by Council for operating purposes:		
Reserve for future expenditures - Sewer Utility Fund	127,569	314,069
Recreation centre	310,420	325,319
Parks	100,000	100,000
Office equipment	25,000	25,000
Fire Hall	84,800	30,750
Roads	100,000	100,000
Campground	240,060	286,763
Reserve for future expenditures - Water Utility Fund	211,140	136,842
Crushed gravel	100,000	100,000
Cemetery	329,450	369,972
Total operating reserve funds	1,628,439	1,788,715
Reserves set aside by Council for capital purposes:		
Economic diversification reserve	1,808,170	1,365,207
Capital reserve - General Operating Fund	805,760	703,217
Growing Communities Fund reserve (Schedule 2)	1,179,806	1,735,481
Total capital reserve funds	3,793,736	3,803,905
Total accumulated surplus	\$ 36,204,044	\$ 34,673,691

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

9. Taxation:

Taxation revenue consists of the following:

	2025	2024
Municipal and Regional District and other government property taxes levied	\$ 6,971,545	\$ 6,460,916
Payments-in-lieu of property taxes	629,168	623,809
Balance, end of year	7,600,713	7,084,725
Less: payments to Regional District and other governments	(2,703,180)	(2,531,504)
Net taxes available for municipal purposes	\$ 4,897,533	\$ 4,553,221

10. Trust funds:

The District operates the Whispering Pines Cemetery and maintains a Cemetery Perpetual Care Fund in trust, in accordance with the Cremation, Internment and Funeral Services Act of British Columbia. The funds held in trust amount to \$20,723 (2024 - \$18,866) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

11. Government transfers:

The District recognizes the transfer of government funding as expenses or revenues in the period that the events giving rise to the transfer occurred. The Government transfers reported on the consolidated statement of operations and accumulated surplus are:

	2025	2024
Revenue:		
Provincial grants:		
Destination Development Fund	\$ 465,184	\$ 527,101
Small Community Protection	386,000	425,700
Fuel Management Program	90,140	198,245
Fire Rehabilitation Grant	174,743	142,956
Climate Action Program	-	133,589
ICIP Rural Community Fund	1,057	76,183
Northern Development Initiative Trust	50,000	50,000
NDIT Recreation Program	29,174	27,707
BC Active Transportation Plan	26,210	18,236
NDIT LG Internship Program	52,301	-
CEPF Flood Risk Assessment	90,948	14,832
Fortis BC Rebate	216,175	12,910
Local Government Housing Initiative	90,550	9,000
Community Regreening Program	5,921	7,500
Indigenous Engagement Requirements Fund	8,383	4,441
Subtotal provincial grants	1,686,786	1,648,400
Federal grants:		
Canada Community Building Fund	142,100	1,035,400
Canada Summer Jobs Program	19,760	11,898
Canada Day Grant	-	2,880
Subtotal federal grants	161,860	1,050,178
Total revenue	\$ 1,848,646	\$ 2,698,578

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

12. Commitments and contingencies:

- (a) The District, as a member of the Thompson Nicola Regional District, is liable for its proportion of any operating deficits or long-term debt related to functions in which it participates.
- (b) The District and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trustee pension plan. The Board of Trustees, representing Plan members and employers, is responsible for administering the plan, including investment of the assets and administration of benefits. The Plan is a multi-employer defined benefit pension plan. Basic pension benefits provided are based on a formula. As at December 31, 2024 the Plan has approximately 273,000 active members and approximately 133,000 retired members. Active members include approximately 47,000 contributors from local government.

Every three years, an actuarial valuation is performed to assess the financial position of the Plan and adequacy of Plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the Plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the Plan. This rate 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 at December 31, 2024, indicated a \$2,675 million funding surplus for basic pension benefits on a going concern basis.

The next valuation will be as at December 31, 2027.

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

The District paid \$175,883 (2024 - \$171,742) for employer contributions, while employees contributed \$159,634 (2024 - \$155,691) to the Plan in fiscal 2025.

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

12. Commitments and contingencies (continued):

- (c) From time to time the District is brought forth as a defendant in various lawsuits. The District reviews its exposure to any potential litigation for which it would not be covered by insurance and assesses whether a successful claim against the District would materially affect the consolidated financial statements of the District. The District is currently not aware of any claims brought against it that if not defended successfully would result in a material change to the consolidated financial statements of the District.
- (d) The District is a participant in the Municipal Insurance Association of British Columbia. Should the Association pay out claims in excess of premiums received, it is possible the District, along with the other participants, would be required to contribute towards the deficit.
- (e) The District has provided a letter of guarantee of \$10,000 (2024 - \$10,000) to Canadian Imperial Bank of Commerce (the "CIBC") on behalf of Meadow Creek Golf Club (the "Club"), representing a continuing guarantee covering both the present and future liabilities of the Club for a revolving line of credit at the current prime rate + 1%.

The guarantee would require the District to make payment in the event that the Club does not meet its payment obligations to the CIBC. The outstanding loan balance at December 31, 2025 was \$nil (2024 - \$nil). See Note 16 for details of subsequent events relating to this.

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

13. Segmented information:

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. Certain lines of service that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

(a) General Government:

General government operations provide the functions of Building Services and Maintenance, Corporate Administration, Finance, Human Resources, Legislative Services and any other functions not categorized to a specific department.

(b) Protective Services:

Protective Services is comprised of the Fire Department. The Fire Department is responsible for providing fire suppression services, fire prevention programs, training and education related to prevention, detection or extinguishments of fires.

(c) Planning, Development, and Transportation Services:

Planning, development and transportation includes the Public Works Department, which is responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway systems and street lighting. This function also includes certain tourism and economic development activities.

(d) Leisure, Parks and Cultural Development:

Leisure, parks and cultural development includes the Logan Lake Recreation Centre operations, the Society operations, various community events, and maintenance of parks, cemetery and other open spaces.

(e) Solid Waste Services:

The District is responsible for environmental programs including solid waste collection, disposal and recycling.

(f) Water Utility:

The District is responsible for environmental programs including the engineering and operation of the potable water system.

(g) Sewer Utility:

The District is responsible for environmental programs including the engineering and operation of the wastewater systems.

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

13. Segmented information (continued):

Certain allocation methodologies are employed in the preparation of segmented financial information.

Taxation and payments-in-lieu of taxes are allocated to the segments based on the segment's budgeted net expenditure.

User charges and other revenue have been allocated to the segments based upon the segment that generated the revenue.

Government transfers have been allocated to the segment based upon the purpose for which the transfer was made.

Development charges earned and developer contributions received were allocated to the segment for which the charge was collected.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

13. Segmented information (continued):

2025	General Government	Protective Services	Planning, Development and Transportation Services	Leisure, Parks and Cultural Development	Solid Waste Services	Water Utility	Sewer Utility	Total
Revenues:								
Taxation	\$ 2,180,233	\$ 500,700	\$ 1,105,700	\$ 1,110,900	\$ -	\$ -	\$ -	\$ 4,897,533
User charges	23,824	13,723	-	339,144	257,543	348,335	182,577	1,165,146
Government transfers	438,301	98,523	257,708	912,015	-	-	142,100	1,848,647
Investment income	249,592	-	-	-	-	-	-	249,592
Penalties and interest	38,997	-	-	-	-	-	-	38,997
Sale of land for resale	-	-	582,432	-	-	-	-	582,432
Other	38,353	91,772	-	37,674	-	-	-	167,799
Total revenues	2,969,300	704,718	1,945,840	2,399,733	257,543	348,335	324,677	8,950,146
Expenses:								
Salaries, wages and employee benefits	1,296,476	256,955	350,215	722,953	94,272	126,917	67,034	2,914,822
Materials, supplies and services	559,669	286,506	787,472	1,131,133	124,519	165,270	75,753	3,130,322
Loss on disposal of tangible capital assets	-	-	-	62,544	-	-	-	62,544
Amortization	65,440	152,675	273,196	349,394	28,820	173,312	83,571	1,126,408
Property sales and writedowns	-	-	482,429	-	-	-	-	482,429
Total expenses	1,921,585	696,136	1,893,312	2,266,024	247,611	465,499	226,358	7,716,525
Annual surplus (deficit)	\$ 1,047,715	\$ 8,582	\$ 52,528	\$ 133,709	\$ 9,932	\$ (117,164)	\$ 98,319	\$ 1,233,621

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

13. Segmented information (continued):

2024	General Government	Protective Services	Planning, Development and Transportation Services	Leisure, Parks and Cultural Development	Solid Waste Services	Water Utility	Sewer Utility	Total
Revenues:								
Taxation	\$ 1,428,621	\$ 435,500	\$ 1,154,500	\$ 1,534,600	\$ -	\$ -	\$ -	\$ 4,553,221
User charges	34,189	10,680	18,750	282,441	244,440	345,211	173,627	1,109,338
Government transfers	443,936	202,686	296,132	1,755,824	-	-	-	2,698,578
Investment income	464,455	-	-	-	-	-	-	464,455
Penalties and interest	32,269	-	-	-	-	-	-	32,269
Sale of land for resale	-	-	423,290	-	-	-	-	423,290
Other	40,005	69,769	-	17,581	-	-	-	127,355
Total revenues	2,443,475	718,635	1,892,672	3,590,446	244,440	345,211	173,627	9,408,506
Expenses:								
Salaries, wages and employee benefits	1,170,632	229,361	360,345	641,068	95,288	114,344	40,234	2,651,272
Materials, supplies and services	363,073	429,938	595,733	1,040,680	120,709	147,037	115,859	2,813,029
Loss on disposal of tangible capital assets	-	-	2,810	-	-	-	-	2,810
Amortization	63,192	156,875	184,639	280,125	28,820	173,300	77,043	963,994
Property sales and writedowns	-	-	306,157	-	-	-	-	306,157
Total expenses	1,596,897	816,174	1,449,684	1,961,873	244,817	434,681	233,136	6,737,262
Annual surplus (deficit)	\$ 846,578	\$ (97,539)	\$ 442,988	\$ 1,628,573	\$ (377)	\$ (89,470)	\$ (59,509)	\$ 2,671,244

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

14. Budget data:

The budget data presented in these consolidated financial statements is based upon the 2025 operating and capital budgets approved by Council on May 13, 2025 as the 2025 to 2029 Financial Plan Bylaw No. 936. The legislative requirements for the Financial Plan are that the cash inflows for the period must equal planned cash outflows.

Cash inflows and outflows budgeted for include such items as transfers to and from reserves, transfers to and from operating surpluses and proceeds on sale of assets. These items are not recognized as revenues and expenses in the Statement of Operations as they do not meet the definition of such under public sector accounting standards. PSAB requires that budget figures be presented on the same basis of accounting as actual figures.

The chart below reconciles the budget figures reported in these consolidated financial statements to the approved Financial Plan.

	Budget amount
Surplus - Statement of Operations	\$ 1,441,300
Adjust for budgeted items not included in Statement of Operations:	
Transfers from reserve funds	2,147,800
Acquisition of tangible capital assets	(2,897,700)
Principal repayments on borrowing	(216,600)
Non-cash items	966,500
Total Adjustments	-
Financial Plan Balance	\$ (1,441,300)

15. Financial instruments:

The District is exposed to credit risk, liquidity risk, and interest rate risk from its financial instruments. This note describes the District's objectives, policies, and processes for managing those risks and the methods used to measure them. Further qualitative and quantitative information in respect of these risks is presented below and throughout these financial statements.

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

15. Financial instruments (continued):

Credit Risk:

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. The District is exposed to credit risk through its cash and accounts receivable.

The District manages its credit risk by limiting the amount of credit extended and obtaining security deposits where appropriate, and through the high diversified nature of the residents of the District. The District measures its exposure to credit risk based on how long amounts have been outstanding and the District's historical experience regarding collections. The maximum exposure to credit risk at the financial statement date is the carrying value of its cash and accounts receivable. Accounts receivable arise primarily as a result of taxation and grants. Based on this knowledge, credit risk of cash and accounts receivable are assessed as low.

Liquidity Risk:

Liquidity risk is the risk that the District will encounter difficulty in meeting obligations associated with financial liabilities. The District is exposed to liquidity risk through its accounts payable.

The District manages this risk by monitoring cash activities and expected outflows through budgeting. The Municipality's five-year financial plan is approved by the Mayor and Council, which includes operational activities and capital investments.

Interest Rate Risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

16. Subsequent event:

Subsequent to year end, the District entered into the process of assuming the operations of Meadow Creek Golf Club. The acquisition had not been completed as at the date these financial statements were authorized for issue. Accordingly, no assets or liabilities related to this transaction have been recognized in these financial statements. At this time, the District has not determined the financial impact of the proposed acquisition. The land on which the golf course is situated is already recorded as an asset within these financial statements.

THE DISTRICT OF LOGAN LAKE

Consolidated

Schedule 1 - Covid-19 Safe Restart Grant (unaudited)

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

	2025	2024
Balance, beginning of year	-	144,700
Municipal Hall	-	(66,900)
Recreation Centre	-	(59,600)
Public Works	-	(8,200)
Firehall	-	(8,500)
Campground	-	(1,500)
Balance, end of year	\$ -	\$ -

THE DISTRICT OF LOGAN LAKE

Consolidated

Schedule 2 - Growing Communities Fund Grant (unaudited)

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

	2025	2024
Balance, beginning of year	\$ 1,735,481	\$ 1,618,169
Housing development planning & engineering	(599,740)	(2,500)
Interest earned	44,065	119,812
Provincial Growing Communities Fund	-	-
Balance, end of year	\$ 1,179,806	\$ 1,735,481