

**SUMMER VILLAGE OF BIRCH COVE**  
**Financial Statements**  
**Year Ended December 31, 2021**



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INDEPENDENT AUDITOR'S REPORT

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To the Members of Council of Summer Village of Birch Cove

*Opinion*

We have audited the financial statements of Summer Village of Birch Cove (the Summer Village), which comprise the statement of financial position as at December 31, 2021, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Summer Village as at December 31, 2021, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

*Basis for Opinion*

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

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

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

In preparing the financial statements, management is responsible for assessing the Summer 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 Summer Village or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Summer Village'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 these 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:

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**SUMMER VILLAGE OF BIRCH COVE**

**Statement of Financial Position**

**December 31, 2021**

	2021	2020
<b>FINANCIAL ASSETS</b>		
Cash (Note 2)	\$ 88,152	\$ 120,107
Term deposits (Notes 2, 3)	462,225	411,696
Restricted cash (Note 2)	17,546	64,592
Taxes and grants in place of taxes receivable (Note 4)	8,205	13,429
Grants and receivables from other governments (Note 5)	349,277	259,655
Trade and other receivables	159	834
	<b>925,564</b>	<b>870,313</b>
<b>LIABILITIES</b>		
Accounts payable	20,459	5,413
Deferred income (Note 7)	365,227	319,883
	<b>385,686</b>	<b>325,296</b>
<b>NET FINANCIAL ASSETS</b>	<b>539,878</b>	<b>545,017</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 6)	899,130	907,574
<b>ACCUMULATED SURPLUS</b>	<b>\$ 1,439,008</b>	<b>\$ 1,452,591</b>

**APPROVED ON BEHALF OF COUNCIL**

\_\_\_\_\_ Mayor

\_\_\_\_\_ Councilor

The accompanying notes form an integral part of these financial statements

**SUMMER VILLAGE OF BIRCH COVE**  
**Statement of Operations and Accumulated Surplus**  
**Year Ended December 31, 2021**

	Budget (Unaudited) 2021	2021	2020
<b>REVENUES</b>			
Net municipal taxes (Schedule 1)	\$ 68,980	\$ 68,981	\$ 89,696
Government transfers for operating (Schedule 2)	10,500	10,800	6,172
Investment income	2,500	2,243	2,598
Penalties and costs of taxes	4,000	3,980	4,647
Licenses and permits	200	1,734	1,285
Other	355	354	349
	86,535	88,092	104,747
<b>EXPENSES</b>			
Administration and legislative	33,625	39,348	32,337
Protective services	4,275	4,291	3,205
Transportation services	66,800	73,364	57,452
Land use planning, zoning and development	8,100	8,530	7,725
Parks and recreation	13,335	14,966	11,989
	126,135	140,499	112,708
<b>DEFICIT FROM OPERATIONS</b>	<b>(39,600)</b>	<b>(52,407)</b>	<b>(7,961)</b>
<b>OTHER INCOME (EXPENSES)</b>			
Government transfers for capital (Schedule 2)	25,650	37,794	66,296
Gain on disposal of tangible capital assets	1,350	1,030	-
	27,000	38,824	66,296
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>(12,600)</b>	<b>(13,583)</b>	<b>58,335</b>
<b>ACCUMULATED SURPLUS - BEGINNING OF YEAR</b>	<b>1,452,591</b>	<b>1,452,591</b>	<b>1,394,256</b>
<b>ACCUMULATED SURPLUS - END OF YEAR</b>	<b>\$ 1,439,991</b>	<b>\$ 1,439,008</b>	<b>\$ 1,452,591</b>

The accompanying notes form an integral part of these financial statements

**SUMMER VILLAGE OF BIRCH COVE**

**Statement of Cash Flows**

**Year Ended December 31, 2021**

	2021	2020
<b>OPERATING ACTIVITIES</b>		
Annual surplus (deficit) for the year	\$ (13,583)	\$ 58,335
Items not affecting cash:		
Amortization of tangible capital assets	43,918	42,347
Gain on disposal of tangible capital assets	(1,030)	-
	<b>29,305</b>	<b>100,682</b>
Changes in non-cash working capital:		
Trade and other receivables	675	(396)
Grants and receivables from other governments	(89,622)	(8,102)
Taxes and grants in place of taxes	5,224	(2,272)
Accounts payable	15,048	(3,179)
Deferred income	45,344	24,332
	<b>(23,331)</b>	<b>10,383</b>
Cash flow from operating activities	<b>5,974</b>	<b>111,065</b>
<b>CAPITAL ACTIVITIES</b>		
Cash used to acquire tangible capital assets	(35,794)	(66,296)
Proceeds on disposal of tangible capital assets	1,350	-
Cash flow used by capital activities	<b>(34,444)</b>	<b>(66,296)</b>
<b>INVESTING ACTIVITIES</b>		
Decrease (increase) in restricted cash	47,046	(17,976)
Decrease (increase) in term deposits	(50,529)	(1,794)
Cash flow used by investing activities	<b>(3,483)</b>	<b>(19,770)</b>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>(31,953)</b>	<b>24,999</b>
Cash - beginning of year	<b>120,107</b>	<b>95,108</b>
<b>CASH - END OF YEAR (Note 2)</b>	<b>\$ 88,154</b>	<b>\$ 120,107</b>

The accompanying notes form an integral part of these financial statements

**SUMMER VILLAGE OF BIRCH COVE**

(Schedule 4)

**Schedule of Changes in Accumulated Surplus  
Year Ended December 31, 2021**

	Unrestricted Surplus	General Restricted Surplus	Equity in Tangible Capital Assets	Total 2021	Total 2020
<b>BALANCE, BEGINNING OF YEAR</b>	\$ 196,135	\$ 348,883	\$ 907,574	\$ 1,452,591	\$ 1,394,256
Excess (deficiency) of revenues over expenses	(13,583)	-	-	(13,583)	58,335
Disposal net of proceeds on tangible capital assets	320	-	(320)	-	-
Current year funds used to purchase of tangible capital assets	(35,794)	-	35,794	-	-
Annual amortization expense	43,918	-	(43,918)	-	-
	(5,139)	-	(8,444)	(13,583)	58,335
<b>BALANCE, END OF YEAR</b>	\$ 190,996	\$ 348,883	\$ 899,130	\$ 1,439,008	\$ 1,452,591

The accompanying notes form an integral part of these financial statements

**SUMMER VILLAGE OF BIRCH COVE**  
**Schedule of Tangible Capital Assets**  
**Year Ended December 31, 2021**

(Schedule 6)

	Opening Balance	Additions and Transfers	Disposals, Impairments and Transfers	Closing Balance
<b>For the year ended December 31, 2021</b>				
<b>Cost</b>				
Land	\$ 330,721	\$ -	\$ -	\$ 330,721
Land improvements	117,511	-	-	117,511
Engineered structures	1,268,233	-	-	1,268,233
Buildings	85,935	84,152	-	170,087
Machinery and equipment	3,200	5,641	(3,200)	5,641
Assets under construction	53,999	-	(53,999)	-
	1,859,599	89,793	(57,199)	1,892,193
<b>Accumulated Amortization</b>				
Land improvements	(46,365)	(7,834)	-	(54,199)
Buildings	(22,683)	(5,120)	-	(27,803)
Engineered structures	(880,097)	(30,682)	-	(910,779)
Machinery and equipment	(2,880)	(282)	2,880	(282)
	(952,025)	(43,918)	2,880	(993,063)
<b>Net Book Value</b>	<b>\$ 907,574</b>	<b>\$ 45,875</b>	<b>\$ (54,319)</b>	<b>\$ 899,130</b>

**For the year ended December 31, 2020**

<b>Cost</b>				
Land	\$ 330,721	\$ -	\$ -	\$ 330,721
Land improvements	117,511	-	-	117,511
Buildings	73,638	12,297	-	85,935
Engineered structures	1,268,233	-	-	1,268,233
Machinery and equipment	3,200	-	-	3,200
Assets under construction	-	53,999	-	53,999
	1,793,303	66,296	-	1,859,599
	-	-	-	-
<b>Accumulated Amortization</b>				
Land improvements	(38,531)	(7,834)	-	(46,365)
Buildings	(19,492)	(3,191)	-	(22,683)
Engineered structures	(849,415)	(30,682)	-	(880,097)
Machinery and equipment	(2,240)	(640)	-	(2,880)
	(909,678)	(42,347)	-	(952,025)
<b>Net Book Value</b>	<b>\$ 883,625</b>	<b>\$ 23,949</b>	<b>\$ -</b>	<b>\$ 907,574</b>

Additions to assets under construction are reported net of those tangible capital assets placed in service during the year which are shown in their respective asset classifications.

The accompanying notes form an integral part of these financial statements

# SUMMER VILLAGE OF BIRCH COVE

## Notes to Financial Statements

Year Ended December 31, 2021

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Government Transfers

Government transfers are the transfer of monetary assets or tangible capital assets from other orders of government that are not the result of an exchange transaction and for which there is no expectation of repayment or direct financial return to the transferor in the future. The Summer Village receives government transfers from the Federal and Provincial governments to fund operating and capital expenditures. These transfers to the Summer Village are recognized as revenues when the transfers are authorized and all the eligibility criteria, if any, has been met except when and to the extent that the transfer gives rise to an obligation that meets the definition of a liability for the recipient. Prior to that time, any amounts received along with restricted interest thereon are recorded as deferred revenue.

#### Measurement Uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates. Significant estimates include:

- Estimated accrued receivables.
- Useful lives for tangible capital assets.
- Assessment of impairment of long term assets.
- Estimated accrued payables.

#### Deferred Revenue

Deferred revenue comprises funds received in advance of services performed or where the use of funds is externally restricted. These amounts are recognized as revenue in the period the service is performed or when the funds are used for the purpose specified. When agreements stipulate that interest earned on contributions should be restricted for a specific purpose that interest is treated as a contribution received and recorded as an addition to deferred revenue.

#### Debt Charges Recoverable

Debt recoverable consists of long term debt amounts borrowed that are recoverable under loans or other financial arrangements made to non-profit organizations. These debt recoverable amounts are recorded at a value equivalent to the offsetting outstanding long term debt balances as at December 31. Loans are recorded at the lower of cost and net recoverable value. A valuation allowance in the debt recoverable is recognized when there is no longer any reasonable assurance of collection.

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SUMMER VILLAGE OF BIRCH COVE

Notes to Financial Statements

Year Ended December 31, 2021

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Tangible Capital Assets

Tangible capital assets are stated at cost which include all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less accumulated amortization of the tangible capital assets, is amortized on a straight-line basis at the following rates:

Land improvements	15-20 years
Buildings	25 - 50 years
Machinery and equipment	5 - 20 years
Engineered structures	15 - 65 years

The Summer Village regularly reviews its tangible capital assets to eliminate obsolete items.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Impairment of Long Lived Assets

The Summer Village tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

Cultural and Historical Tangible Capital Assets

Works of art for display are not recorded as tangible capital assets but are disclosed.

Leases

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

Reserves and Equity in Tangible Capital Assets

Certain amounts, as approved by Council, are designated within accumulated surplus as reserves for future operating and capital expenditures.

Equity in tangible capital assets is included within accumulated surplus. It represents the investment in tangible capital assets after deducting the portion financed by long term debt.

SUMMER VILLAGE OF BIRCH COVE

Notes to Financial Statements

Year Ended December 31, 2021

2. CASH, TEMPORARY INVESTMENTS, AND RESTRICTED CASH

	2021	2020
Cash and temporary investments	\$ 88,152	\$ 120,107
Term deposits	462,225	411,696
	<b>550,377</b>	<b>531,803</b>
Restricted portion of cash and term deposits	17,546	64,592
	<b>\$ 567,923</b>	<b>\$ 596,395</b>

Temporary investments are short term deposits with original maturities of one year or less.

Restricted amounts received from municipal grants and are held exclusively for future approved projects (Note 7).

3. TERM DEPOSITS

	2021 Cost	2021 Market value	2020 Cost	2020 Market value
1 year Cashable GIC due on Dec 2022 at 0.60% per annum	\$ 103,575	\$ 103,575	-	-
1 year Cashable GIC due on Dec 2022 at 0.60% per annum	103,575	103,575	-	-
1 year Cashable GIC due on Dec 2022 at 0.60% per annum	103,575	103,575	-	-
1 year Cashable GIC due on Dec 2022 at 0.60% per annum	151,500	151,500	-	-
1 Year Non Redeemable GIC due on Dec 2021 at 0.40% per annum	-	-	51,124	51,124
1 Year Cashable GIC due on Mar 2021 at 1.25% per annum	-	-	51,096	51,096
1 year Cashable GIC due on Dec 2021 at 0.40% per annum	-	-	103,159	103,159
1 year Cashable GIC due on Dec 2021 at 0.40% per annum	-	-	103,159	103,159
1 year Cashable GIC due on Dec 2021 at 0.40% per annum	-	-	103,159	103,159
	<b>\$ 462,225</b>	<b>\$ 462,225</b>	<b>\$ 411,697</b>	<b>\$ 411,697</b>

4. TAXES RECEIVABLES

Taxes receivables are comprised of:

	2021	2020
Current taxes and grants in place of taxes	\$ 5,195	\$ 8,719
Arrears taxes and grants in place of taxes	3,010	4,710
	<b>\$ 8,205</b>	<b>\$ 13,429</b>

**SUMMER VILLAGE OF BIRCH COVE**

**Notes to Financial Statements**

**Year Ended December 31, 2021**

**5. GRANTS AND RECEIVABLES FROM OTHER GOVERNMENTS**

Grants and receivables from other governments are comprised of:

	2021	2020
Grants receivable	\$ 347,681	\$ 265,205
Goods and Services Tax refundable	1,596	4,450
	<b>\$ 349,277</b>	<b>\$ 259,655</b>

**6. TANGIBLE CAPITAL ASSETS**

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Land	\$ 330,721	\$ -	\$ 330,721	\$ 330,721
Land improvements	117,511	54,199	63,312	71,146
Engineered structures	1,268,233	910,779	357,454	388,136
Buildings	170,087	27,803	142,284	63,252
Machinery and equipment	5,641	282	5,359	320
Assets under construction	-	-	-	53,999
	<b>\$ 1,892,193</b>	<b>\$ 993,063</b>	<b>\$ 899,130</b>	<b>\$ 907,574</b>

For additional information see the Schedule of Tangible Capital Assets (Schedule 6).

**7. DEFERRED REVENUE**

Deferred revenue is comprised of:

	2021	2020
Federal Gas Tax Fund	\$ 52,844	\$ 37,575
Municipal Sustainability Initiative - Capital	312,142	272,665
Municipal Operating Support Grant	241	9,557
Other	-	86
	<b>\$ 365,227</b>	<b>\$ 319,883</b>

**Municipal Sustainability Initiative - Capital**

Funding from the Provincial Government was allocated to the Summer Village in the current year from the Municipal Sustainability Initiative - Capital Grant. The grant funding is restricted to eligible capital projects, as approved under the funding agreements, which are scheduled for completion in the next few years. Unexpended funds related to the advance, less amounts receivable from the Provincial Government, are supported by restricted cash held exclusively for these projects (refer to Note 2.).

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**SUMMER VILLAGE OF BIRCH COVE**

**Notes to Financial Statements**

**Year Ended December 31, 2021**

**10. EQUITY IN TANGIBLE CAPITAL ASSETS**

Equity in tangible capital assets is comprised of:

	2021	2020
Tangible capital assets (Note 6.)	\$ 1,892,193	\$ 1,859,599
Accumulated amortization (Note 6.)	(993,063)	(952,025)
	<b>\$ 899,130</b>	<b>\$ 907,574</b>

**11. SEGMENTED DISCLOSURE**

The Summer Village of Birch Cove provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

Refer to the Schedule of Segmented Disclosure (Schedule 4).

**12. SALARY AND BENEFITS DISCLOSURE**

Disclosure of salaries and benefits for municipal officials, the Chief Administrative Officer and designated officers as required by Alberta Regulation 313/2000 is as follows:

			2021	2020
	Salary (1)	Benefits & allowances (2)	Total	Total
Chief Administrative Officer	\$ 20,250	\$ -	\$ 20,250	\$ 19,380
S. Tymafichuk - Mayor	-	-	-	-
E. Dugan - Deputy Mayor	-	-	-	-
C. Teha - Former Councilor	-	-	-	-
D. Sample - Councilor	-	-	-	-

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.

2. Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial and retirement planning services, concessionary loans, travel allowances, car allowances and club memberships.

**13. FINANCIAL INSTRUMENTS**

The Summer Village is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Summer Village's risk exposure and concentration as of December 31, 2021.

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