MAYNE ISLAND IMPROVEMENT DISTRICT

FINANCIAL STATEMENTS

Year Ended December 31, 2025

MAYNE ISLAND IMPROVEMENT DISTRICT
INDEX TO FINANCIAL STATEMENTS
Year Ended December 31, 2025

PROULX SMART + ASSOCIATES INC.
CHARTERED PROFESSIONAL ACCOUNTANTS

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Trustees of Mayne Island Improvement District

I have reviewed the accompanying financial statements of Mayne Island Improvement District (the organization) that comprise the statement of financial position as at December 31, 2025, and the statements of operations, changes in accumulated surplus, changes in net financial assets (debt) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards (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.

Practitioner's Responsibility

My responsibility is to express a conclusion on the accompanying financial statements based on my review. I conducted my review in accordance with Canadian generally accepted standards for review engagements, which require me to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, I do not express an audit opinion on these financial statements.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the financial statements do not present fairly, in all material respects, the financial position of Mayne Island Improvement District as at December 31, 2025, and the results of its operations and its cash flows for the year then ended in accordance with PSAS.

Other Matter

The financial statements of Mayne Island Improvement District for the year ended December 31, 2024 were audited by another practitioner who expressed an unmodified conclusion on those financial statements on April 10, 2025.

Proulx Smart & Associates Inc.

Sidney, British Columbia
April 10, 2026

CHARTERED PROFESSIONAL ACCOUNTANTS

MAYNE ISLAND IMPROVEMENT DISTRICT
STATEMENT OF FINANCIAL POSITION
December 31, 2025

		2025		2024
FINANCIAL ASSETS				
Cash	$	**313,165**	$	313,006
Renewal reserve funds *(Note 6)*		**424,552**		836,059
Accounts receivable		**45,791**		16,307
		783,508		1,165,372
LIABILITIES				
Accounts payable and accrued liabilities		**40,118**		59,509
Long term debt *(Note 5)*		**1,380,939**		1,497,891
		1,421,057		1,557,400
NET FINANCIAL DEBT		**(637,549)**		(392,028)
NON-FINANCIAL ASSETS				
		-		-
Prepaid expenses		**38,719**		94,334
Tangible capital assets *(Note 3)*		**3,163,844**		2,702,710
		3,202,563		2,797,044
ACCUMULATED SURPLUS	**$**	**2,565,014**	$	2,405,016

APPROVED BY THE TRUSTEES

D Hill *Trustee*

Trustee

See notes to financial statements

MAYNE ISLAND IMPROVEMENT DISTRICT
STATEMENT OF OPERATIONS
Year Ended December 31, 2025

	Budget 2025	**Total 2025**	Total 2024
REVENUES			
Fire Protection Tax Levies	$ 797,689	**$ 797,685**	$ 769,036
Capital Tax Advance Levies	-	**159,606**	159,606
Health Centre Tax Levies	112,594	**112,594**	107,849
Health Centre Rental Revenue	28,368	**29,868**	38,930
Penalties & Interest on Tax Levies	3,400	**3,884**	3,707
Burn Permit Sales	5,500	**5,300**	5,560
Operating interest and other revenue	7,000	**12,489**	16,749
Interest Revenue on Reserve Funds	20,500	**14,510**	39,717
	975,051	**1,135,936**	1,141,154
EXPENSES			
Fire Protection Expenditures *(Schedule 1)*	701,688	**677,916**	743,341
Health Centre Expenditures *(Schedule 2)*	136,063	**124,454**	129,083
	837,751	**802,370**	872,424
SURPLUS FROM OPERATIONS	137,300	**333,566**	268,730
OTHER INCOME (EXPENSES)			
Amortization	-	**(173,567)**	(170,910)
Budgeted transfer to Fire Protection reserve	(124,000)	-	-
Budgeted transfer to Health Centre reserve	(13,300)	-	-
	(137,300)	**(173,567)**	(170,910)
ANNUAL SURPLUS	$ -	**$ 159,999**	$ 97,820

See notes to financial statements

MAYNE ISLAND IMPROVEMENT DISTRICT
STATEMENT OF CHANGES IN ACCUMULATED SURPLUS
Year Ended December 31, 2025

	Total 2025	Total 2024
ACCUMULATED SURPLUS - BEGINNING OF YEAR	**$ 2,405,015**	$ 2,401,469
ANNUAL SURPLUS	**159,999**	97,820
	2,565,014	2,499,289
Incease (decrease) in reserve funds	**-**	(94,273)
ACCUMULATED SURPLUS - END OF YEAR	**$ 2,565,014**	$ 2,405,016

See notes to financial statements

MAYNE ISLAND IMPROVEMENT DISTRICT
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS (DEBT)
Year Ended December 31, 2025

	Budget 2025	**2025**	2024
ANNUAL SURPLUS	$ -	$ **159,999**	$ 97,820
Amortization of tangible capital assets	-	**173,567**	170,910
Purchase of tangible capital assets	-	**(634,701)**	-
Decrease (increase) in prepaid expenses	-	**55,615**	(66,603)
	-	**(405,519)**	104,307
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	-	**(245,520)**	202,127
NET FINANCIAL ASSETS (DEBT) - BEGINNING OF YEAR	-	**(392,028)**	(594,155)
NET FINANCIAL ASSETS (DEBT) - END OF YEAR	$ -	$ **(637,548)**	$ (392,028)

See notes to financial statements

MAYNE ISLAND IMPROVEMENT DISTRICT
STATEMENT OF CASH FLOWS
Year Ended December 31, 2025

	2025	2024
OPERATING ACTIVITIES		
Annual surplus	**$ 159,999**	$ 97,820
Item not affecting cash:		
Amortization of tangible capital assets	**173,567**	170,910
	333,566	268,730
Changes in non-cash working capital:		
Accounts receivable	**(29,484)**	1,266
Accounts payable and accrued liabilities	**(19,393)**	4,160
Prepaid expenses	**55,615**	(66,603)
Interest accrued on long term debt	**(1,649)**	(1,539)
	5,089	(62,716)
Cash flow from operating activities	**338,655**	206,014
CAPITAL TRANSACTIONS		
Purchase of capital assets	**(634,701)**	-
Cash flow from (used by) capital transactions	**(634,701)**	-
FINANCING ACTIVITY		
Repayment of long term debt	**(115,302)**	(111,944)
INCREASE (DECREASE) IN CASH FLOW	**(411,348)**	94,070
Cash - beginning of year	**1,149,065**	1,054,995
CASH - END OF YEAR	**$ 737,717**	$ 1,149,065
CASH CONSISTS OF:		
Cash	**$ 313,165**	$ 313,006
Cashable Investments Fire Protection Renewal Reserve	**291,068**	727,575
Cashable Investments Health Centre Renewal Reserve	**133,484**	108,484
	$ 737,717	$ 1,149,065

See notes to financial statements

1. NATURE OF OPERATIONS

The Mayne Island Improvement District (the "Improvement District") is an Improvement District in British Columbia, Canada, governed by the Local Government Act, Letters Patent and its own bylaws. It is tax-exempt pursuant to the Canadian Income Tax Act.

The Improvement District is empowered to levy taxes to support the provisions of fire protection, the operation of the Mayne Island Health Centre and the provision of garbage collection and disposal services to the community of Mayne Island. Fire protection consists of prevention services, fire control, medical first response and public education. The Health Centre facility and heliport are maintained by the Improvement District while the operations are carried out by other parties, including Mayne Island Health Centre Association (MIHCA). Garbage collection and disposal, as included in the original mandate, is not provided by the Improvement District and is provided by independent operator(s). The Improvement District does not collect taxes for the provision of garbage collection and disposal services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian public sector accounting standards (PSAS) as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants Canada.

Fund accounting

Operating Funds - Fire Protection and Health Centre
The Operating Fund reports the revenues and expenses related to fire protection, administration and the Health Centre (including heliport). The operating fund also accounts for the net bank debt and long term debt and the associated costs for these, unless considered construction costs. Costs specific to one function only are charged to the specific cost centre. When costs relate to the entire Improvement District, the expenses are allocated 65% to fire department administration expenditures and 35% to the Health Centre.

Previously the expenses were allocated 35% to Fire Protection, 30% to Governance of the Fire Protection operations, and 35% to the Health Centre. Comparative amounts have been reclassified to conform to the current year's presentation. Expenditures relating to both Fire Protection and Governance have been combined and reclassified to Administration Expenditures.

Tangible Capital Assets Fund
The Tangible Capital Assets Fund reports the assets, liabilities, revenues, and expenses related to Mayne Island Improvement District's capital assets for fire protection and the Health Centre. Bank debt and long term debt relating to the fire hall building are considered part of the applicable operating fund.

Renewal Reserve Funds
The Renewal Reserve Funds are funds established through bylaw for the upgrading, replacement or renewal of existing works. The funds, as well as interest earned on the funds, are held in separate interest earning cash or cash equivalent accounts. Expenditures may only be made from these funds after a bylaw is approved by the trustees of the Improvement District.

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.

(continues)

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

Revenue recognition

The Improvement District collects taxes for Fire Protection and the Mayne Island Health Centre. The provincial government distributes the taxes collected for fire protection as an annual statutory advance in July. In addition, the provincial government collects taxes for the capital advance tax levy which is distributed directly to offset the long term debt held with the provincial government. Other revenues, including tax revenues, are recorded in the period in which the transaction or events that gave rise to the revenues occurred. Expenditures are recorded in the period that the goods and services are acquired and a liability is incurred.

Restricted contributions (if any) are recognized as revenue in the year in which the related expenses are incurred. When the related expenses have not been incurred, the restricted contribution is recognized as deferred revenue on the statement of financial position.

Budget

The budget reflects the Statutory Annual Budget as adopted by the Improvement District and is not subject to review or audit.

Financial instruments

The Improvement District's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable, and long term debt. The carrying amounts of these financial instruments approximates their fair value. The Improvement District records accrued interest on the long term debt to reflect the balance as at year end.

Unless otherwise noted, it is management's opinion that the Improvement District is not exposed to significant interest, liquidity or credit risk arising from these financial instruments.

Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives at the following rates and methods: One-half amortization charged in the year of acquisition.

Land	N/A	non-depreciable
Building - Health Centre	4%	declining balance method
Building - Fire Hall	40 years	straight-line method
Computer equipment	2 years	straight-line method
Equipment and furniture	5 years	straight-line method
Fire fighting clothing	10 years	straight-line method
Fire fighting equipment	10 years	straight-line method
Generator	20 years	straight-line method
Heliport	20 years	straight-line method
Paving	20 years	straight-line method
Radios and pagers	5 years	straight-line method
Vehicles	10 years and 20 years	straight-line method
Water access and equipment	10 years	straight-line method
Water storage	20 years	straight-line method

The Improvement District regularly reviews its tangible capital assets to eliminate obsolete items. The tangible capital assets are considered for their fair value and any impairments are expensed. There were no impairments during the year.

Tangible capital assets acquired or constructed during the year but not placed into use are not amortized. There are currently no assets under construction.

3. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	**2025 Net book value**	2024 Net book value
Fire Protection				
Land	$ 4,690	$ -	**$ 4,690**	$ 4,690
Building - Fire Hall	2,581,764	642,630	**1,939,134**	2,003,678
Computer equipment	51,893	51,893	**-**	105
Equipment and furniture	22,677	22,677	**-**	-
Fire fighting clothing	56,010	56,010	**-**	-
Fire fighting equipment	399,098	399,098	**-**	11,315
Generator	108,073	98,404	**9,669**	15,072
Paving	151,500	59,213	**92,287**	99,862
Radios and pagers	15,587	15,587	**-**	-
Vehicles	1,728,610	904,641	**823,969**	265,948
Water access and equipment	56,770	56,770	**-**	-
Water storage	55,197	55,197	**-**	-
	5,231,869	2,362,120	**2,869,749**	2,400,670
Health Centre				
Building - Health Centre	612,433	334,125	**278,308**	289,904
Building - Morgue Facitity	7,574	379	**7,195**	-
Computer equipment	23,627	23,627	**-**	-
Equipment	595	595	**-**	-
Heliport	60,173	55,293	**4,880**	7,889
Water system	10,682	6,970	**3,712**	4,247
	715,084	420,989	**294,095**	302,040
	$ 5,946,953	$ 2,783,109	**$ 3,163,844**	$ 2,702,710

4. CAPITAL ASSET PURCHASE - BYLAW NO. 222

The Improvement District entered into an agreement and paid a deposit towards the purchase of a Fire Engine. Bylaw No. 222 was passed on November 19, 2024, cited as "Authorization to Execute Agreements to complete purchase of and insure Fire Apparatus Maximetal Paragon Fire Engine - Stock Truck INC4594 to be known as "Engine 3". This purchase was deemed necessary to meet the service delivery mandate of Mayne Island Volunteer Fire Department. The total cost of $656,432 (including taxes) was invoiced in January 2025 and Engine 3 was delivered February 2025. The amounts have been paid during the year end using Fire Department renewal reserve funds (Bylaw No. 221). See Note 6.

5. LONG TERM DEBT

	2025	2024
Bylaw 167 - Capital Tax Advance issued, for the purpose of financing the construction of the new fire hall, in the amount of $2,400,000, requiring annual payments of loan bearing interest at 3% per annum, repayable in annual blended payments of $159,606, beginning in 2016 through 2035.	$ **1,361,468**	$ 1,476,771
Accrued interest	**19,471**	21,120
	$ **1,380,939**	$ 1,497,891

Principal repayment terms for the next five years are approximately:

2026	$ 118,762
2027	122,324
2028	125,994
2029	129,774
2030	133,667
	$ 630,521

Tax levies are collected by the BC provincial government and applied directly each July to the debt held with the provincial government.

Interest on long term debt is not budgeted and the annual payment has not changed.

6. RENEWAL RESERVE FUNDS

Changes to renewal reserve funds for the year, are as follows:

	Fire Protection Renewal Reserve	Health Centre Renewal Reserve	2025
Budget transfer - as per approved budget	$ 124,000	$ 13,300	$ **137,300**
Revenue - Interest earned on renewal accounts	10,682	3,828	**14,510**
Bylaw 221 - Fire Engine 3 deposit (see note below)	(590,789)	-	**(590,789)**
Other renewal fund transafers	19,600	7,872	**27,472**
	(436,507)	25,000	**(411,507)**
FUND SURPLUS, BEGINNING OF YEAR	727,575	108,484	**836,059**
FUND SURPLUS, DECEMBER 31, 2025	$ 291,068	$ 133,484	$ **424,552**

Renewal reserve funds are held in separate interest earning cash or cash equivalent accounts in accordance to the the Improvement District's policies.

Bylaws where all funds have not been spent or the work not yet completed, may not yet be finalized by the year end. The expenditures included are actual expenditures incurred.

Bylaw No. 221 - "2024 Capital Works Reserve Fund Disbursement Bylaw (Engine 3)" was passed November 2024 to appropriate $656,432 from the Renewal Reserve Funds. The deposit of $65,643 was paid in the current year and the remainder was paid in the subsequent year. See Note 4.

7. LEASE COMMITMENTS

The Improvement District holds a lease as landlord for the portion of the Health Centre premises leased to Vancouver Island Health Authority ("VIHA" - also known as Island Health). The lease is for the period of five (5) years from April 1, 2022, expiring on March 31, 2027. The lease has a first and a second renewal terms of an additional five (5) year renewal period each, with the same terms and conditions except for the rates which are to be updated to the then-fair market rent. The lease provides a base rent and an additional rent of the tenant's proportionate share of expenses, as set out by the lease agreement.

The Improvement District entered into a lease as the lessor with the Mayne Island Volunteer Firefighters' Association in December 2023 commencing January 1, 2024 for the period of ten (10) years ending on January 1, 2034. The lease included an additional portion of land but in all other aspects is the same terms as the prior lease entered into in 2014. Water and sewer is supplied by the Improvement District and all other expenses, costs and improvements relating to this land and building are to be borne by the tenant.

8. OTHER COMMITMENTS

The Improvement District has entered into various contracts and agreements with individuals, companies and other organizations for maintenance, cleaning, gardening and general care of the facilities as well as general operating matters for the Improvement District. These agreements are under normal operations and have been approved by the trustees of the Improvement District.

The Improvement District has a signed Facility Access Agreement with the Capital Regional District ("CRD"). The purpose of this agreement is for the CRD to gain access to Improvement District property for the purpose of operating an ongoing communications centre, or in an event of an emergency, an operations centre. The Access Agreement signed in 2017 is for 40 years, with the revenue received in the year signed for the entire period.

MAYNE ISLAND IMPROVEMENT DISTRICT
FIRE PROTECTION EXPENDITURES (Schedule 1)
Year Ended December 31, 2025

	Budget 2025	**2025**	Total 2024
FIRE PROTECTION EXPENDITURES			
Administration Expenditures			
Audit fees	$ 8,350	**$ 5,490**	$ 8,320
Bank charges	2,000	**2,094**	2,035
Insurance	1,235	**1,208**	1,211
IT maintenance, security, hardware and software	28,140	**26,618**	31,603
Legal	2,000	**-**	3,876
Newsletters and bulletins	500	**142**	145
Office supplies and equipment	-	**2,531**	3,331
Public meetings, freedom of information, misc	-	**200**	250
Telecommunications	7,576	**7,471**	7,440
Training and continuing education	2,500	**1,591**	1,914
Travel	200	**146**	-
Wages and benefits - administration	96,393	**81,806**	75,654
	148,894	**129,297**	135,779
Building Expenditures			
Building repairs and maintenance	30,938	**24,312**	31,893
Insurance	21,000	**20,827**	20,456
Interest on long term debt *(Note 5)*	-	**42,654**	46,123
Utilities	8,000	**8,997**	7,807
	59,938	**96,790**	106,279
Fire Department			
Appreciation and awards	4,500	**3,549**	3,638
Education and training	28,175	**15,672**	51,405
Equipment maintenance and supplies	45,082	**31,903**	42,130
Firefighter clothing	6,113	**5,068**	1,569
Fire prevention education	2,500	**1,756**	1,434
Subscriptions and dues	-	**600**	397
Travel	500	**593**	252
Vehicle fuel and insurance	13,100	**14,040**	8,798
Vehicle repairs and maintenance	15,000	**18,870**	17,699
Wages and benefits - firefighters	377,887	**359,778**	373,961
	492,857	**451,829**	501,283
Total Fire Protection Expenditures	$ 701,689	**$ 677,916**	$ 743,341

See notes to financial statements

MAYNE ISLAND IMPROVEMENT DISTRICT
HEALTH CENTRE EXPENDITURES (Schedule 2)
Year Ended December 31, 2025

	Budget 2025	2025	Total 2024
HEALTH CENTRE EXPENDITURES			
Audit fees	$ 4,550	**$ 3,010**	$ 4,480
Bank charges	2,000	**1,877**	2,142
Building repairs and maintenance	32,756	**31,893**	35,493
Heliport operations and insurance	4,400	**3,486**	3,271
IT maintenance, security, hardware and software	11,550	**12,636**	16,567
Insurance	9,665	**9,977**	9,546
Maintenance contract	6,090	**6,567**	4,431
Office supplies	6,957	**4,740**	4,558
Telecommunications	991	**1,334**	1,028
Utilities	4,200	**3,625**	3,864
Wages and benefits - administration	51,904	**43,618**	43,466
Water system	1,000	**1,691**	237
Total Health Centre Expenditures	$ 136,063	**$ 124,454**	$ 129,083

See notes to financial statements

MAYNE ISLAND IMPROVEMENT DISTRICT

STATEMENT OF FIRE PROTECTION OPERATIONS **(Schedule 3)**

Year Ended December 31, 2025

	Budget 2025	**Total 2025**	Total 2024
REVENUES			
Fire Protection Tax Levies	$ 797,689	**$ 797,688**	$ 769,035
Capital Tax Advance Levies	-	**159,606**	159,606
Burn Permit Sales	5,500	**5,300**	5,560
Operating interest and other revenue	5,000	**10,168**	14,258
Interest Revenue on Reserve Funds	17,500	**10,682**	34,964
	825,689	**983,444**	983,423
EXPENSES			
Fire Protection Expenditures (Schedule 1)	701,689	**677,916**	743,341
Amortization	-	**158,049**	155,288
	701,689	**835,965**	898,629
SURPLUS FROM OPERATIONS PRIOR TO TRANSFERS	$ 124,000	**$ 147,479**	$ 84,794

See notes to financial statements

MAYNE ISLAND IMPROVEMENT DISTRICT
STATEMENT OF HEALTH CENTRE OPERATIONS (Schedule 4)
Year Ended December 31, 2025

	Budget 2025	**Total 2025**	Total 2024
REVENUES			
Health Centre Tax Levies	$ 121,954	**$ 112,594**	$ 107,849
Rental Revenue	28,368	**29,868**	38,930
Penalties & Interest on Tax Levies	3,400	**3,884**	3,707
Operating interest and other revenue	2,000	**2,321**	2,490
Interest Revenue on Reserve Funds	3,000	**3,828**	4,753
	158,722	**152,495**	157,729
EXPENSES			
Health Centre Expenditures (Schedule 2)	136,063	**124,454**	129,083
Amortization	-	**15,518**	15,622
	136,063	**139,972**	144,705
SURPLUS (DEFICIT) PRIOR TO TRANSFERS	$ 22,659	**$ 12,523**	$ 13,024

See notes to financial statements

MAYNE ISLAND IMPROVEMENT DISTRICT

STATEMENT OF CHANGES IN ANNUAL SURPLUS (DEFICIT) **(Schedule 5)**

Year Ended December 31, 2025

	Fire Protection 2025	Health Centre 2025	Tangible Capital Assets 2025	Renewal Reserve Funds 2025	**Total 2025**	Total 2024
ACCUMULATED SURPLUS (DEFICIT) BEGINNING OF YEAR	$ (1,146,814)	$ 13,060	$ 2,702,711	$ 836,059	**$ 2,405,016**	$ 2,307,196
Annual Surplus (Deficit)	147,478	12,523	-	-	**160,001**	97,820
	(999,336)	25,583	2,702,711	836,059	**2,565,017**	2,405,016
Amortization of tangible capital assets	158,049	15,519	(173,568)	-	**-**	-
Transfers to (from) renewal reserve funds	(198,194)	(25,000)	634,701	(411,507)	**-**	-
	(40,145)	(9,481)	461,133	411,507	**-**	-
ACCUMULATED SURPLUS (DEFICIT) END OF YEAR	$ (1,039,481)	$ 16,102	$ 3,163,844	$ 424,552	**$ 2,565,017**	$ 2,405,016
				(Note 6)		

See notes to financial statements