

**The Corporation of the City of  
North Vancouver**  
Consolidated Financial Statements  
For the year ended December 31, 2025

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## Statement of Management Responsibility

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The Council of the Corporation of the City of North Vancouver ("CNV") has delegated the responsibility for the integrity and objectivity of the financial information contained in the consolidated financial statements to the management of CNV. The consolidated financial statements which, in part, are based on informed judgments and estimates, have been prepared by management in accordance with Canadian public sector accounting standards, which have been applied on a basis consistent with that of the preceding year.

To assist in carrying out their responsibility, management maintains an accounting system and internal controls to provide reasonable assurance that transactions are executed and recorded in accordance with authorization, and that financial records are reliable for preparation of financial statements.

The Mayor and Council oversee management's responsibilities for the financial reporting and internal control systems. Council annually reviews and accepts the consolidated financial statements.

CNV's independent auditors, BDO Canada LLP, are engaged to express an opinion as to whether CNV's consolidated financial statements present fairly in all material respects the financial position of CNV as at December 31, 2025, and the results of operations, changes in net financial assets and cash flows for the year then ended in accordance with Canadian generally accepted auditing standards.

The consolidated financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and in accordance with Canadian public sector accounting standards.



Larry Sawrenko

Chief Financial Officer

May 14, 2026



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## Independent Auditor's Report

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To the Mayor and Council of The Corporation of the City of North Vancouver

### Opinion

We have audited the consolidated financial statements of the Corporation of the City of North Vancouver and its controlled entities (the "City"), which comprise the consolidated statement of financial position as at December 31, 2025 and the consolidated statement of operations, the consolidated statement of changes in net financial assets and 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the City as at December 31, 2025, and its consolidated results of operations, its changes in consolidated net financial assets, its consolidated 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 Consolidated Financial Statements* section of our report. We are independent of the City in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Unaudited Information

We have not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of the Schedules A, B and C of the City's consolidated financial statements.

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

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

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

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



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

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than 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 City'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 City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the City to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the City to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the City audit. We remain solely responsible for our audit opinion.

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

*BDO Canada LLP*  
Chartered Professional Accountants

Vancouver, British Columbia  
May 14, 2026

**The Corporation of the City of North Vancouver**  
**Consolidated Statement of Financial Position**  
**As at December 31, 2025 with comparative figures for 2024**  
**(in thousands of dollars)**

	<u>2025</u>	<u>2024</u>
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	\$ 234,680	\$ 212,705
Restricted cash (note 2 (h))	21,000	-
Investments (note 3)	24,379	55,362
Investment in Lonsdale Energy Corp. (note 4)	5,412	5,071
Due from other governments	8,010	7,219
Accounts receivable	12,108	10,709
Loan to Lonsdale Energy Corp. (note 5)	25,098	26,318
Interest receivable	597	750
	<u>331,284</u>	<u>318,134</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	31,758	30,062
Deferred revenue (note 14 (a))	61,867	45,660
Deferred lease revenue (note 14 (b))	47,892	48,402
Deferred development cost charges	31,824	30,018
Employee future benefits (note 6)	8,738	8,555
Advances and other liabilities	26,984	18,066
Debt (note 15)	49,895	873
Asset retirement obligations (note 8)	2,738	2,829
	<u>261,696</u>	<u>184,465</u>
<b>NET FINANCIAL ASSETS</b>	<u>69,588</u>	<u>133,669</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 7)	678,260	599,653
Inventories	724	1,013
Prepaid expenses	2,828	2,195
	<u>681,812</u>	<u>602,861</u>
<b>ACCUMULATED SURPLUS</b> (note 9)	<u>\$ 751,400</u>	<u>\$ 736,530</u>

Commitments and contingencies (note 10)

See accompanying notes to the consolidated financial statements



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Chief Financial Officer  
Larry Sawrenko

**The Corporation of the City of North Vancouver**  
**Consolidated Statement of Operations**  
**Year ended December 31, 2025 with comparative figures for 2024**  
**(in thousands of dollars)**

	<b>2025 Budget</b>	<b>2025</b>	<b>2024</b>
	(notes 2(i) and 17)		
<b>REVENUE</b>			
Property value tax (note 10 (a))	\$ 87,487	\$ 87,448	\$ 81,899
Other levies	6,191	6,252	5,621
Licences and permits	6,308	6,492	4,723
Fines and fees	6,898	6,847	6,110
Rent	3,028	3,607	3,584
Interest, dividends and penalties	5,230	9,641	14,427
Sale of services	44,832	47,085	41,785
Rebate and recoveries	124	149	116
Grants and other (note 13)	9,607	20,802	17,682
Developer contributions and other transfers	521	11,660	4,608
Gain (Loss) on disposition of assets	-	(829)	1,231
Lonsdale Energy Corp. income (note 4)	-	341	242
	<u>170,226</u>	<u>199,495</u>	<u>182,028</u>
<b>EXPENSES</b>			
General government	27,253	33,564	28,465
Transportation and transit	8,420	10,118	13,414
Health, social services and housing	3,470	5,179	3,144
Development services	10,123	11,128	8,872
Protective services	37,344	36,848	35,880
Parks, recreation and culture	40,903	43,229	41,846
Water utilities	14,335	15,278	13,140
Sewer & drainage utilities	21,696	24,968	14,081
Solid waste	4,476	4,313	3,779
	<u>168,020</u>	<u>184,625</u>	<u>162,621</u>
Annual surplus	2,206	14,870	19,407
Accumulated surplus beginning of year	<u>736,530</u>	<u>736,530</u>	<u>717,123</u>
Accumulated surplus end of year	<u>\$ 738,736</u>	<u>\$ 751,400</u>	<u>\$ 736,530</u>

See accompanying notes to the consolidated financial statements

**The Corporation of the City of North Vancouver**  
**Consolidated Statement of Changes in Net Financial Assets**  
**Year ended December 31, 2025 with comparative figures for 2024**  
**(in thousands of dollars)**

	<b>2025</b>	<b>2025</b>	<b>2024</b>
	<b>Budget</b>		
	(notes 2(i) and 17)		
Annual surplus	\$ 2,206	\$ 14,870	\$ 19,407
Acquisition of tangible capital assets	(99,362)	(89,477)	(87,079)
Non-cash developer contributed assets	-	(6,552)	(2,887)
Proceeds on sale of tangible capital assets	-	221	1,994
Amortization of tangible capital assets	18,160	16,372	17,571
Loss (gain) on disposition of tangible capital assets	-	829	(1,231)
	<u>(81,202)</u>	<u>(78,607)</u>	<u>(71,632)</u>
Acquisition of inventories	-	(1,204)	(1,222)
Acquisition of prepaid expenses	-	(5,864)	(3,072)
Use of inventories	-	1,493	1,187
Use of prepaid expenses	-	5,231	4,193
	<u>-</u>	<u>(344)</u>	<u>1,086</u>
Decrease in net financial assets	(78,996)	(64,081)	(51,139)
Net financial assets, beginning of year	<u>133,669</u>	<u>133,669</u>	<u>184,808</u>
Net financial assets, end of year	<u>\$ 54,673</u>	<u>\$ 69,588</u>	<u>\$ 133,669</u>

See accompanying notes to the consolidated financial statements

**The Corporation of the City of North Vancouver**  
**Consolidated Statement of Cash Flows**  
**Year ended December 31, 2025 with comparative figures for 2024**  
**(in thousands of dollars)**

	<u>2025</u>	<u>2024</u>
<b>Cash provided by (used for):</b>		
<b>Operating Transactions</b>		
Annual surplus	\$ 14,870	\$ 19,407
Items not involving cash:		
Amortization expense	16,372	17,571
Accretion expense	90	96
Gain on disposal of ARO	(181)	(9)
Loss (gain) on disposal of tangible capital assets	829	(1,231)
Non-cash developer contributed assets	(6,552)	(2,887)
Lonsdale Energy Corp. income	(341)	(242)
Changes in non-cash operating items:		
Decrease (increase) in due from other governments	(791)	512
Increase in accounts receivable	(1,399)	(1,936)
Change in loan to Lonsdale Energy Corp.	1,220	305
Decrease (increase) in interest receivable	153	(441)
Increase (decrease) in accounts payable and accrued liabilities	1,696	(294)
Increase in deferred revenue	16,207	6,699
Decrease in deferred lease revenue	(510)	(509)
Increase in deferred development cost charges	1,806	2,203
Increase in accrued employee future benefits	183	221
Increase in advances and other liabilities	8,918	5,416
Decrease (increase) in inventories	289	(35)
Decrease (increase) in prepaid expenses	(633)	1,121
	<u>52,226</u>	<u>45,967</u>
<b>Capital Transactions</b>		
Cash used to acquire tangible capital assets	(89,477)	(87,079)
Proceeds from sale of tangible capital assets	221	1,994
	<u>(89,256)</u>	<u>(85,085)</u>
<b>Investing Transactions</b>		
Decrease in investments	<u>30,983</u>	<u>13,565</u>
	30,983	13,565
<b>Financing Transactions</b>		
Increase in debt	<u>49,022</u>	<u>873</u>
	49,022	873
Increase (decrease) in cash and cash equivalents	42,975	(24,680)
Cash and cash equivalents, beginning of year	<u>212,705</u>	<u>237,385</u>
Cash and cash equivalents, end of year	234,680	212,705
Restricted cash, end of year	21,000	-
Cash and cash equivalents and restricted cash, end of year	<u>\$ 255,680</u>	<u>\$ 212,705</u>

See accompanying notes to the consolidated financial statements

**The Corporation of the City of North Vancouver**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2025**  
**(Tabular amounts in thousands of dollars)**

**1. OPERATIONS**

The City of North Vancouver (“CNV”) was incorporated in 1907 and operates under the provisions of the Community Charter and the Local Government Act of British Columbia. CNV’s principal activity is the provision of local government services to residents of the incorporated area. These services include administrative, protective, transportation, environmental, recreational, water and sanitary services.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of CNV have been prepared in accordance with Canadian public sector accounting standards, as prescribed by the Public Sector Accounting Board (“PSAB”). The significant accounting policies are summarized below:

**(a) Basis of Presentation**

The consolidated financial statements include the accounts of all the funds of CNV, the accounts of the North Vancouver City Library, which is controlled by CNV, CNV’s 33.94% proportionate share of the operations of the North Vancouver Recreation Commission (“NVRC”), CNV’s 50% proportionate share of the operations of the North Vancouver Museum and Archives Commission (“NVMA”) and CNV’s funding of North Shore Emergency Management (“NSEM”), which is jointly controlled by the Districts of North Vancouver and West Vancouver. CNV’s investment in Lonsdale Energy Corporation (“LEC”), a wholly owned government business enterprise, is accounted for using the modified equity method.

CNV has agreements with the District of North Vancouver (“DNV”) in the operation and management of NVRC and NVMA. Each municipality is responsible for its own facilities and pays 100% of all capital costs relating to improvement, expansion and replacement of buildings or facility equipment.

CNV includes its proportionate share in its consolidated financial statements. The current agreements specify that the NVRC operating costs shall be paid 33.94% (2024 – 33.94%) by CNV and 66.06% (2024 – 66.06%) by DNV and that the NVMA operating costs shall be paid 50% (2024 – 50%) by CNV and 50% (2024 – 50%) by DNV.

**(b) Basis of Accounting**

Revenue is recorded on an accrual basis and recognized when earned as specified below. Expenses are recognized as they are incurred and measurable as a result of the receipt of goods and services.

**(c) Revenue Recognition**

Revenue from transactions with performance obligations is recognized when (at a point in time) or as (over a period of time) the organization satisfies the performance obligations, which occurs when control of the benefits associated with the promised goods or services has passed to the payor.

**The Corporation of the City of North Vancouver**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2025**  
**(Tabular amounts in thousands of dollars)**

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

**(c) Revenue Recognition (continued)**

Revenue from transactions without performance obligations are recognized at realizable value when the organization has the authority to claim or retain an inflow of economic resources received or receivable and there is a past transaction or event that gives rise to the economic resources.

Property value taxes are recognized as revenue in the year that the taxes are authorized, the taxable event occurs and they are considered collectible. Through the British Columbia Assessments appeal process, taxes may be adjusted by way of supplementary roll adjustments. The effects of these adjustments on taxes are recognized at the time they are awarded. Levies imposed for Regional District services and other taxing authorities are not included in the revenues of CNV.

License and permit revenues are recognized when CNV's performance obligations are satisfied.

Rent revenue is recognized on a straight-line basis over the term of the lease.

Charges for sewer, water and solid waste usage are recorded as user fees and recognized as the service is provided. Connection fees revenues are recognized when the connection has been established.

Sale of service and other revenue are recognized on an accrual basis when the service is provided or control of the goods is transferred.

Unrestricted government transfers are recognized as revenue in the year that the transfer is authorized by the issuing government and any eligibility criteria have been met. Restricted government transfers, in the way of grants or other transfers, are recognized as revenue in the year in which any stipulations that create liabilities are met.

Tangible capital assets received as contributions or transfers from developers are recorded at their estimated fair value at the date of receipt and also are recorded as revenue.

**(d) Deferred Revenue**

Deferred revenue consists of prepaid property taxes, prepaid business licenses, deposits, unspent portion of restricted grants and fees paid in advance for services yet to be provided.

**(e) Deferred Lease Revenue**

Deferred lease revenue consists of funds collected in advance of rental periods for long-term prepaid leases, which will be recognized as revenue on a straight-line basis over the term of the lease.

**The Corporation of the City of North Vancouver  
Notes to Consolidated Financial Statements  
Year ended December 31, 2025  
(Tabular amounts in thousands of dollars)**

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

**(f) Deferred Development Cost Charges**

Development cost charges collected to pay for future capital projects are deferred upon receipt and recognized as revenue when the capital costs for which they were collected are incurred.

**(g) Cash and cash equivalents**

Cash and cash equivalents consist of cash and highly liquid pooled high interest savings accounts with the Municipal Finance Authority ("MFA").

**(h) Restricted cash**

Cash available for general operations is distinguished from restricted cash in accordance with third-party agreements. The ability for CNV to withdraw funds at any time is contractually restricted.

**(i) Budget Figures**

The budget figures are based on the financial plan adopted by Council as the "Financial Plan for the Years 2025 to 2029 Bylaw, 2025, No. 9107" on April 14, 2025.

**(j) Employee Future Benefits**

CNV and its employees make contributions to the Municipal Pension Plan. As this plan is a multi-employer plan, contributions are expensed as incurred.

Sick leave and post-employment benefits also accrue to CNV's employees. The liabilities related to these benefits are actuarially determined based on services and best estimates of retirement ages and expected future salary and wage increases. The liabilities under these benefits plans are accrued based on projected benefits as the employees render services necessary to earn the future benefits.

**(k) Debt**

CNV capitalizes interest costs incurred on borrowings that are directly attributable to the construction or development of qualifying assets. Such interest is added to the cost of related asset during the period of construction or development. Debt issued through the MFA is recorded in the consolidated financial statements net of sinking fund payments and adjustments.

**(l) Non-Financial Assets**

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

**The Corporation of the City of North Vancouver**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2025**  
**(Tabular amounts in thousands of dollars)**

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

**(I) Non-Financial Assets (continued)**

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

Land improvements	Straight-line over useful life of each asset unit	10 – 100 years
Parks	Straight-line over useful life of each asset unit	10 – 75 years
Buildings	Straight-line over useful life of each asset unit	10 – 100 years
Machinery & equipment	Straight-line over useful life of each asset unit	3 – 25 years
Vehicles	Straight-line over useful life of each asset unit	6 – 25 years
Infrastructure	Straight-line over useful life of each asset unit	7 – 100 years
Library materials	Straight-line over useful life of each asset unit	2 – 5 years
Work in progress	Not amortized until put into use	

**(ii) Works of Art and Historic Assets**

CNV and the NVMA manages and controls various works of art and non-operational historic assets, including buildings, artifacts, paintings and sculptures located at City sites and public display areas. Works of art and historic assets are not recorded as assets in these consolidated financial statements.

**(iii) Natural Resources**

Horticultural assets such as treed areas, grassy areas and gardens are not recognized as assets in the consolidated financial statements.

**(iv) Interest Capitalization**

CNV capitalizes interest costs associated with the construction of a tangible capital asset.

**(v) Leased Tangible Capital Assets**

Leases that transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the payments are charged to expenses as incurred.

**The Corporation of the City of North Vancouver  
Notes to Consolidated Financial Statements  
Year ended December 31, 2025  
(Tabular amounts in thousands of dollars)**

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

**(l) Non-Financial Assets (continued)**

**(vi) Inventories**

Inventories held for consumption are recorded at the lower of weighted average cost and replacement cost.

**(m) Estimates**

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts in the consolidated financial statements and the disclosure of contingent liabilities. Areas requiring significant estimation are post-employment benefits, compensated absences and termination benefits, estimated useful life of tangible capital assets, asset retirement obligations and measurement of contingent liabilities. Actual results could differ from these estimates.

**(n) Segment Disclosure**

A segment is defined as a distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information related to expenses (note 12).

**(o) Asset Retirement Obligations**

A liability is recognized when, as at the financial reporting date:

- i) there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- ii) the past transaction or event giving rise to the liability has occurred;
- iii) it is expected that future economic benefits will be given up; and
- iv) a reasonable estimate of the amount can be made.

The resulting costs have been capitalized into the carrying amount of the related tangible capital assets and are being amortized on the same basis as the related tangible capital asset. Assumptions used in the calculations are reviewed annually.

**(p) Financial Instruments**

Financial instruments classification is determined upon inception and financial instruments are not reclassified into another measurement category for the duration of the period they are held. Financial assets and financial liabilities, other than hedges, equity instruments quoted in an active market, and financial instruments designated at fair value, are measured at cost or amortized cost upon inception and subsequent to initial recognition. Cash and cash equivalents are measured at cost. Accounts receivable, investments, other receivables, and accounts payable and accrued liabilities are measured at amortized cost using the effective interest rate method to determine interest revenue or expense in the Consolidated Statement of Operations for the period it is earned. Valuation allowances are made when collection is in doubt. Investments include bank issued notes and bonds and provincial bonds and debentures maturing after the current year. Investments are adjusted for any amortization of premiums or discounts. Sales and purchases

**The Corporation of the City of North Vancouver**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2025**  
**(Tabular amounts in thousands of dollars)**

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

**(p) Financial Instruments (continued)**

of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are included in the carrying value of the related investments.

All financial assets recorded at cost or amortized cost are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the Consolidated Statement of Operations. A financial liability is de-recognized when it is extinguished.

**3. INVESTMENTS**

The fair value of investments at December 31, 2025 is \$23,940,000 (2024 - \$54,264,000). CNV's investment portfolio consists of provincial governments and Canadian bank bonds with an amortized cost of \$24,379,000 (2024 - \$55,362,000).

Financial instruments maturing between January 2026 to December 2026 range in yield from 1.40% to 2.91% (2024 – 1.30% to 7.52%). Investments maturing from January 2027 to May 2031 range in yield from 1.48% to 3.36%.

No investments valued at market value were revalued in 2025, so a Consolidated Statement of Remeasurement Gains and Losses is not applicable.

**4. INVESTMENT IN LONSDALE ENERGY CORPORATION (“LEC”)**

CNV owns all the issued and outstanding shares of LEC, which was incorporated under the Business Corporations Act (British Columbia) on July 7, 2003. LEC operates a district energy system providing hydronic energy to residential, institutional and commercial buildings in the City of North Vancouver.

Summarized financial information relating to LEC is as follows:

	2025	2024
Cash and accounts receivable	\$ 6,873	\$ 4,952
Plant and equipment	56,268	50,595
Other assets	756	729
Total assets	\$ 63,897	\$ 56,276
Accounts payable and accrued liabilities	\$ 7,775	\$ 4,810
Deferred contributions	12,817	12,037
Debt	37,893	34,358
Total Liabilities	\$ 58,485	\$ 51,205
Shareholder's equity	\$ 5,412	\$ 5,071

**The Corporation of the City of North Vancouver**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2025**  
**(Tabular amounts in thousands of dollars)**

**4. INVESTMENT IN LONSDALE ENERGY CORPORATION (“LEC”) (continued)**

	2025	2024
Total revenue	\$ 11,540	\$ 10,651
Total expenses	11,199	10,409
Net income	\$ 341	\$ 242

Included in CNV’s Consolidated Statement of Financial Position is “Investment in Lonsdale Energy Corp.” in the amount of \$5,412,000 (2024 - \$5,071,000) and a loan receivable in the amount of \$25,098,000 (2024 – \$26,318,000) (note 5). Also included in accounts receivable in CNV’s Consolidated Statement of Financial Position are receivables from LEC in the amount of \$1,182,000 (2024 - \$1,040,000).

**5. LOAN TO LONSDALE ENERGY CORPORATION**

The loan receivable balance of \$25,098,000 (2024 - \$26,318,000) consists of the following interest bearing promissory notes: On August 1, 2023, a five-year demand term loan was issued by CNV to borrow a maximum of \$35,632,966. This promissory note replaced and nullified all previous promissory notes issued by CNV to LEC. The loan matures on August 1, 2028 and bears interest at 3.51% per annum.

As at December 31, 2025 an amount of \$25,097,804 remains due to CNV. During the year, LEC drew \$0 (2024 - \$715,000) from this promissory note. After considering the principal payments of \$6,609,162 made to date, the remaining funding available to LEC under the terms of the agreement is \$3,926,000, which LEC expects to draw on for future asset construction. At the maturity date of the loan to LEC, CNV may, at its discretion, extend the terms of the loan in whole or in part or LEC may repay the loan in whole or in part using either internal or external financing.

Interest revenue of \$922,000 (2024 - \$949,000) and dividend revenue of \$51,000 (2024 - \$54,000) has been included in the Consolidated Statement of Operations.

**6. EMPLOYEE FUTURE BENEFITS**

**(a) Sick and Severance**

Employees of CNV are entitled to payments related to unused sick leave and severance upon retirement or resignation after ten years of service. The amount recorded for these benefits is based on an actuarial valuation done by an independent firm of actuaries using a projected benefit actuarial valuation method pro-rated on services. The most recent actuarial valuation of CNV’s future benefits was completed as at December 31, 2024.

Information regarding CNV’s obligations for these benefits, including 100% of the North Vancouver City Library and its proportionate share of the NVRC and NVMA, is as follows:

**The Corporation of the City of North Vancouver**  
**Notes to Consolidated Financial Statements**  
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**6. EMPLOYEE FUTURE BENEFITS (continued)**

**(a) Sick and Severance (continued)**

	2025	2024
Benefit obligation - beginning of the year	\$ 8,175	\$ 7,958
Add: Current service costs	708	708
Interest on accrued benefit obligation	357	337
Actuarial gain	(529)	(169)
Less: Benefits paid	(800)	(659)
Benefit obligation - end of the year	\$ 7,911	\$ 8,175
Add: Unamortized actuarial gain	827	380
Benefit liability - end of the year	\$ 8,738	\$ 8,555

The significant actuarial assumptions adopted in measuring CNV's accrued benefit liability are as follows:

	2025	2024
Discount rates	4.55%	4.30%
Future inflation rates	3.5% for 2025 and 2.0% thereafter	3.5% for 2024 and 2.0% thereafter
Compensation increases, net of inflation	0.0% to 1.9%	0.0% to 1.9%

The unamortized actuarial gain is amortized over a period equal to the employees' average remaining service lifetime of 12 years for CNV (2024 - 12 years).

**(b) Council Retirement Stipend**

Starting 2005, Council Members are entitled to a retirement stipend based on 9.31% of the individual's total indemnity received subsequent to 2002. These amounts are accrued as earned and recorded in accounts payable and accrued liabilities.

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**7. TANGIBLE CAPITAL ASSETS**

2025	Land	Land Improvements	Parks	Buildings	Machinery & Equipment	Vehicles	Infrastructure	Library Materials	Work in Progress	Total
<b>Costs</b>										
Balance beginning of year	\$ 46,228	\$ 82,423	\$ 63,082	\$ 153,993	\$ 26,854	\$ 14,998	\$ 296,588	\$ 992	\$ 190,163	\$ 875,321
Additions and Adjustments	4,056	-	-	10,878	2,779	2,004	5,722	266	89,157	114,862
Disposals	-	-	76	269	-	991	1,438	182	18,833	21,789
Balance end of year	\$ 50,284	\$ 82,423	\$ 63,006	\$ 164,602	\$ 29,633	\$ 16,011	\$ 300,872	\$ 1,076	\$ 260,487	\$ 968,394
<b>Accumulated Amortization</b>										
Balance beginning of year	\$ -	\$ 25,847	\$ 24,419	\$ 86,350	\$ 22,341	\$ 6,540	\$ 109,704	\$ 467	\$ -	\$ 275,668
Amortization and Adjustments	-	1,937	2,165	4,605	1,593	1,094	4,745	233	-	16,372
Disposals	-	-	76	264	-	820	564	182	-	1,906
Balance end of year	\$ -	\$ 27,784	\$ 26,508	\$ 90,691	\$ 23,934	\$ 6,814	\$ 113,885	\$ 518	\$ -	\$ 290,134
<b>Net Book Value</b>	<b>\$ 50,284</b>	<b>\$ 54,639</b>	<b>\$ 36,498</b>	<b>\$ 73,911</b>	<b>\$ 5,699</b>	<b>\$ 9,197</b>	<b>\$ 186,987</b>	<b>\$ 558</b>	<b>\$ 260,487</b>	<b>\$ 678,260</b>
<b>2024</b>										
	Land	Land Improvements	Parks	Buildings	Machinery & Equipment	Vehicles	Infrastructure	Library Materials	Work in Progress	Total
<b>Cost</b>										
Balance beginning of year	\$ 46,229	\$ 82,423	\$ 63,082	\$ 152,820	\$ 26,854	\$ 14,504	\$ 282,658	\$ 960	\$ 118,468	\$ 787,998
Additions and Adjustments	-	-	-	1,196	-	976	15,853	246	86,860	105,131
Disposals	1	-	-	23	-	482	1,923	214	15,165	17,808
Balance end of year	\$ 46,228	\$ 82,423	\$ 63,082	\$ 153,993	\$ 26,854	\$ 14,998	\$ 296,588	\$ 992	\$ 190,163	\$ 875,321
<b>Accumulated Amortization</b>										
Balance beginning of year	\$ -	\$ 23,710	\$ 22,271	\$ 81,859	\$ 21,007	\$ 5,939	\$ 104,727	\$ 464	\$ -	\$ 259,977
Amortization and Adjustments	-	2,137	2,148	4,514	1,334	1,012	6,209	217	-	17,571
Disposals	-	-	-	23	-	411	1,232	214	-	1,880
Balance end of year	\$ -	\$ 25,847	\$ 24,419	\$ 86,350	\$ 22,341	\$ 6,540	\$ 109,704	\$ 467	\$ -	\$ 275,668
<b>Net Book Value</b>	<b>\$ 46,228</b>	<b>\$ 56,576</b>	<b>\$ 38,663</b>	<b>\$ 67,643</b>	<b>\$ 4,513</b>	<b>\$ 8,458</b>	<b>\$ 186,884</b>	<b>\$ 525</b>	<b>\$ 190,163</b>	<b>\$ 599,653</b>

**(a) Work in Progress**

Work in progress having a cost of \$260,487,000 (2024 - \$190,163,000) has not been amortized. Amortization of these assets will commence when the asset is in service.

**(b) Developer Contributed Tangible Capital Assets and Other Transfers**

Developer contributed tangible capital assets and other transfers such as land, buildings, roads, street lighting and other infrastructure of \$6,552,000 (2024 - \$2,887,000) have been recognized during the year.

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**8. ASSET RETIREMENT OBLIGATIONS**

CNV owns several buildings known to have asset retirement obligations at their retirement. Estimated costs have been discounted to the present value using a discount rate of 3.5% per annum (2024 – 3.5%).

Balances of the asset retirement obligations are as follows:

	2025	2024
Balance beginning of year	\$ 2,829	\$ 2,742
Accretion expense	90	96
Disposal of ARO	(181)	(9)
Balance end of year	\$ 2,738	\$ 2,829

**9. ACCUMULATED SURPLUS**

	2025	2024
General funds – general, water, sewer & drainage (a)	\$ 73,941	\$ 72,016
Reserve funds (b)	77,693	77,190
Capital funds (c)	647,658	635,726
Prepaid lease revenue not yet recognized	(47,892)	(48,402)
Accumulated surplus, end of year	\$ 751,400	\$ 736,530

The prepaid lease revenue not yet recognized is available to temporarily finance specific operations until planned revenues are received. The proceeds from the prepaid lease (note 14 (b)) have been utilized for the construction of the Harry Jerome Community Recreation Centre.

**(a) General funds – general, water, sewer & drainage**

	2025	2024
Appropriated:		
General fund	\$ 19,669	\$ 21,404
Water fund	9,084	6,304
Sewer & Drainage fund	13,996	15,707
Unappropriated:		
General fund	15,552	13,445
Water fund	8,254	7,238
Sewer & Drainage fund	7,386	7,918
	\$ 73,941	\$ 72,016

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**9. ACCUMULATED SURPLUS (continued)**

**(b) Reserve funds**

	Balance December 31, 2024	Contributions & Transfers	Earnings	Expenditures	Balance December 31, 2025
Machinery and Equipment					
Engineering	\$ 2,403	\$ 105	\$ 64	\$ 1,570	\$ 1,002
Fire	412	406	21	135	704
General	25	2	1	17	11
Computer	85	38	3	69	57
Building	29	-	-	-	29
Local Improvements	906	1	35	1	941
Affordable Housing	320	179	15	45	469
Tax Sale Lands	37,124	-	1,439	3,055	35,508
Waterworks	5,586	-	216	-	5,802
Parking	6	-	-	-	6
Civic Amenity	6,993	14,941	135	15,634	6,435
Justice Administration Accommodation	35	-	-	-	35
Streets DCC	-	1,817	-	1,817	-
Parks DCC	-	358	-	358	-
Lower Lonsdale Legacy	2,744	-	104	80	2,768
Infrastructure	1,648	601	64	604	1,709
Public Art	867	85	34	64	922
Sustainable Transportation	222	88	8	115	203
Carbon Fund	1,191	65	40	369	927
Growing Communities Fund	11,805	-	432	1,216	11,021
Housing Accelerator Fund	4,789	4,650	264	559	9,144
<b>Total</b>	<b>\$ 77,190</b>	<b>23,336</b>	<b>2,875</b>	<b>25,708</b>	<b>\$ 77,693</b>

**(c) Capital funds**

	2025	2024
Invested in tangible capital assets	\$ 625,627	\$ 595,951
Appropriated capital funds, net of debt (see note 15)	22,031	39,775
	<b>\$ 647,658</b>	<b>\$ 635,726</b>

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**10. COMMITMENTS AND CONTINGENCIES**

**(a) Property Value Taxes**

CNV is obliged to levy, collect and remit property taxes on behalf of, and to finance the arrears of property value taxes of, other bodies as follows:

	2025	2024
Tax collected	\$ 152,481	\$ 143,008
Less collections for and remittances to other bodies:		
Provincial Government - Schools	\$ 46,040	\$ 44,170
Greater Vancouver Regional District	2,510	2,407
Greater Vancouver Transportation Authority	14,285	12,392
British Columbia Assessment Authority	1,693	1,633
Municipal Finance Authority	9	8
BIA Lower Lonsdale Society	496	499
	\$ 65,033	\$ 61,109
Property Value Tax	\$ 87,448	\$ 81,899

**(b) Pension Liability**

CNV and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2024, the plan has about 273,000 active members and approximately 133,000 retired members. Active members include approximately 47,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and 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 actuarial 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. CNV paid \$6,060,000 (2024 - \$5,895,000) for employer contributions while employees contributed \$5,367,000 (2024 - \$5,195,000) to the plan in fiscal 2025.

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

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**10. COMMITMENTS AND CONTINGENCIES (continued)**

**(c) Contingent Liabilities**

CNV is currently engaged in or party to certain legal actions, assessment appeals and other existing conditions involving uncertainty, which may result in material loss. A reasonable estimate of these future liabilities has been made where possible and is recorded in the financial statements as a liability. Where the outcomes or amounts or losses are uncertain, management has determined that there are no potential material amounts involved.

**(d) E-Comm**

CNV is a member of Emergency Communications for British Columbia, Incorporated ("E-Comm"), an organization comprised predominately of member municipalities, for the purpose of providing emergency dispatch services. CNV is represented on the board and as a class "A" shareholder has voting rights should the organization want to incur additional debt.

The E-Comm facility was constructed using debt as a financing mechanism and members are liable for a proportionate share of that debt. This debt is repaid by members through annual fees charged by E-Comm. Should E-Comm dissolve, the members would be liable for a proportionate share of any residual debt. Alternatively, should members choose to opt out of E-Comm, they would be liable for a proportionate share of debt at the time of withdrawal. CNV holds 2 class "A" shares and one class "B" share.

**(e) Contractual Rights and Obligations**

As at December 31, 2025 CNV had entered into various construction contracts for a total outstanding value of \$16,500,000 (2024 - \$116,600,000).

In 2025, CNV entered into an agreement with the North Vancouver School District No. 44 to contribute \$3.5 million toward the construction of a childcare facility at the Cloverley School site. Additionally, CNV entered into an agreement with a national charitable organization for the development and construction of a harbour swimming deck and on-land infrastructure located at Waterfront Park. Under the agreement, \$21 million of contributed funds from both parties are held in an escrow account (note 2(h)) and restricted for use on the project. CNV is committed to the operation and maintenance of the facility from the date of completion through December 31, 2043.

*Land Leases*

In 1978, CNV entered into 3 land lease agreements as the lessor with private sector entities as lessees, allowing the private sector entities to construct multi-unit residential premises on CNV's land. At the end of the lease, CNV will be required to pay the leaseholders consideration equal to the fair market value of the improvements, if CNV determines that the improvements have value (with no value attributable to the land), when the ownership transfers back to CNV. The amount to be paid as compensation is not currently determinable, as the fair market value of the improvements at the end of the lease terms is reliant upon factors outside of the control of CNV. The land leases are set to end in 2058.

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**10. COMMITMENTS AND CONTINGENCIES (continued)**

**(e) Contractual Rights and Obligations (continued)**

*Private Sector Leases*

CNV has also entered into lease agreements with private sector entities to allow those entities to construct buildings on CNV owned land. In return, CNV received basic rent and the land and buildings will be surrendered back to CNV with no compensation payable by CNV. The timing of the end of lease terms range from 2077 to 2121.

<b>Lessee</b>	<b>Premise</b>
The Shipyards Development Ltd.	125 Victory Ship Way
Darwin/Minto Properties (M4 at Lonsdale Square) Ltd. (name changed to Lonsdale Square Property Ltd. in January 2025)	126 East 21 <sup>st</sup> Street
SRZ North (North Vancouver) Ltd.	2141 Eastern Avenue

*Not for Profit Leases*

CNV had entered into lease agreements as the lessor with various not-for-profit organizations and other government entities as lessees. Upon expiration the leases, ownership of the buildings constructed by the lessees transfer to CNV. The timing of the end of lease terms range from 2026 to 2086, if all options to renew are exercised.

<b>Lessee</b>	<b>Premise</b>
Quay View Housing Society	150 West 2 <sup>nd</sup> Street
Entre Nous Femmes Housing Society	1800 Rufus Drive
Greater Vancouver Housing Corporation	601 West Keith Road
The Lookout Emergency Aid Society	705 West 2 <sup>nd</sup> Street
Creekside Housing Co-operative	710 West 15 <sup>th</sup> Street
Catalyst Community Developments Society	221 East 2 <sup>nd</sup> Street and 144 St. Georges Avenue
North Shore Health Region	1601 Forbes Avenue
British Columbia Photography and Media Arts Society	105 Carrie Cates

**11. TRUST FUNDS**

Certain assets have been conveyed or assigned to CNV to be administered as directed by an agreement or statute. CNV holds the assets for the benefit of, and stands in a fiduciary relationship to, the beneficiary. The Cemetery Trust Fund, totaling \$4,216,000 (2024 - \$3,974,000), which is administered by CNV, has not been included with CNV's accounts.

**12. SEGMENTED INFORMATION**

CNV is a diversified municipal government entity in the Province of British Columbia that provides a wide range of services to its citizens. Certain functional areas have been combined and separately disclosed in the segmented information. The segments and the services they provide are as follows:

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**12. SEGMENTED INFORMATION (continued)**

**General Government**

General Government provides the administrative and legislative services that support the various sectors of CNV. Functions include financial planning and reporting, economic development and legislative services.

**Transportation and Transit**

The Transportation and Transit division aims to provide enhanced access to public transit, safe pedestrian and cyclist routes, accessible transportation for people with limited mobility and maintain existing infrastructure. These goals are achieved through street design, traffic signals and signs, street lighting and road maintenance activities.

**Health, Social Services and Housing**

Health, Social Services and Housing encompasses a wide variety of City funded initiatives aimed at supporting the social structure and sustainability of the community. Included are cemetery operations, youth and family support services, seniors programs and homeless prevention initiatives.

**Development Services**

Development Services' focus is community planning, which includes land use guidelines, the management of City owned lands, heritage planning and development of CNV's official community plan.

**Protective Services**

Protective Services is comprised of the North Vancouver RCMP detachment, the North Vancouver City Fire Department, bylaw enforcement and CNV's funding to NSEM. The North Vancouver RCMP detachment plays an integral role in the protection of North Vancouver residents and their property through crime prevention and detection, emergency response and victim services. The North Vancouver City Fire Department is responsible for providing fire suppression service, fire prevention services and fire safety education. Bylaw Services is responsible for the enforcement and education of CNV's bylaws and conflict resolution. NSEM is an inter-municipal agency that works in partnership with the City and Districts of North and West Vancouver to plan, coordinate and test emergency and disaster response services.

**Parks, Recreation and Culture**

Parks, Recreation and Culture provides access to recreation facilities, the operation and maintenance of CNV's many parks and trails, the North Vancouver City Library and CNV's participation in the NVMA and the NVRC.

**Water Utilities**

The Water Utility, in conjunction with Metro Vancouver, provides safe, clean, reliable water to the residents and businesses of the city of North Vancouver.

**Sewer & Drainage Utilities**

The Sewer & Drainage Utility collects waste water and transports it to trunk water mains and wastewater treatment plants operated by Metro Vancouver. In addition to the collection of wastewater, the Sewer Utility also manages CNV's 150km storm drainage system which diverts rainfall runoff with an emphasis on flood prevention.

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**12. SEGMENTED INFORMATION (continued)**

**Solid Waste**

The Solid Waste Utility provides curbside garbage, recycling and yard trimmings collection to the residents of the city of North Vancouver.

The Consolidated Statement of Operations by segment and services is as follows:

<b>2025</b>	<b>General Government</b>	<b>Transportation and Transit</b>	<b>Health, Social Services and Housing</b>	<b>Development Services</b>	<b>Protective Services</b>	<b>Parks, Recreation and Culture</b>	<b>Water Utilities</b>	<b>Sewer &amp; Drainage Utilities</b>	<b>Solid Waste</b>	<b>Total</b>
<b>Revenues</b>										
Property Value Tax	\$ 87,448	-	-	-	-	-	-	-	-	\$ 87,448
Other Levies	-	-	-	-	-	-	-	4,789	1,463	6,252
Licences and Permits	19	703	65	5,704	-	-	1	-	-	6,492
Fines and Fees	363	767	209	1,272	1,965	949	964	358	-	6,847
Rent	509	-	-	1,137	2	1,959	-	-	-	3,607
Interest, Dividends and Penalties	9,215	-	-	-	-	196	104	126	-	9,641
Sale of Services	839	115	395	3	210	5,134	18,647	19,424	2,318	47,085
Rebate and Recoveries	116	-	1	32	-	-	-	-	-	149
Grants and Other	11,682	3,746	(4)	13	42	5,323	-	-	-	20,802
Developer Contributions and Other Transfers	9,272	492	-	-	-	1,259	265	372	-	11,660
Gain / (Loss) on Disposition of Assets	42	(498)	-	-	-	3	(295)	(81)	-	(829)
Lonsdale Energy Corp. Income	341	-	-	-	-	-	-	-	-	341
	<u>\$ 119,846</u>	<u>5,325</u>	<u>666</u>	<u>8,161</u>	<u>2,219</u>	<u>14,823</u>	<u>19,686</u>	<u>24,988</u>	<u>3,781</u>	<u>\$ 199,495</u>
<b>Expenses</b>										
Wages & Benefits	\$ 24,707	3,965	552	9,920	22,755	21,979	2,174	2,111	2,361	\$ 90,524
Goods & Supplies	7,526	847	77	47	950	2,893	10,876	271	48	23,535
Services	6,534	13,056	4,547	1,161	12,606	76,347	3,041	24,133	1,828	143,253
Amortization and Accretion	4,123	3,001	3	-	865	6,400	985	1,017	76	16,470
Capitalized	(9,326)	(10,751)	-	-	(328)	(64,390)	(1,798)	(2,564)	-	(89,157)
	<u>\$ 33,564</u>	<u>10,118</u>	<u>5,179</u>	<u>11,128</u>	<u>36,848</u>	<u>43,229</u>	<u>15,278</u>	<u>24,968</u>	<u>4,313</u>	<u>\$ 184,625</u>
<b>Annual Surplus/(Deficit)</b>	<u>\$ 86,282</u>	<u>(4,793)</u>	<u>(4,513)</u>	<u>(2,967)</u>	<u>(34,629)</u>	<u>(28,406)</u>	<u>4,408</u>	<u>20</u>	<u>(532)</u>	<u>\$ 14,870</u>
<b>2024</b>										
	<b>General Government</b>	<b>Transportation and Transit</b>	<b>Health, Social Services and Housing</b>	<b>Development Services</b>	<b>Protective Services</b>	<b>Parks, Recreation and Culture</b>	<b>Water Utilities</b>	<b>Sewer &amp; Drainage Utilities</b>	<b>Solid Waste</b>	<b>Total</b>
<b>Revenues</b>										
Property Value Tax	\$ 81,899	-	-	-	-	-	-	-	-	\$ 81,899
Other Levies	(1)	-	-	-	-	-	-	4,229	1,393	5,621
Licences and Permits	27	504	72	4,080	90	(32)	2	-	-	4,723
Fines and Fees	430	-	181	1,296	1,683	775	848	897	-	6,110
Rent	509	-	-	1,186	3	1,886	-	-	-	3,584
Interest, Dividends and Penalties	13,962	-	-	-	-	252	102	111	-	14,427
Sale of Services	1,189	115	239	1	76	4,694	17,338	15,906	2,227	41,785
Rebate and Recoveries	81	-	3	33	(1)	-	-	-	-	116
Grants and Other	11,124	715	4	347	168	5,324	-	-	-	17,682
Developer Contributions and Other Transfers	1,624	1,571	-	-	-	365	608	440	-	4,608
Gain on Disposition of Assets	1,918	(204)	-	-	4	-	(285)	(202)	-	1,231
Lonsdale Energy Corp. Income	242	-	-	-	-	-	-	-	-	242
	<u>\$ 113,004</u>	<u>2,701</u>	<u>499</u>	<u>6,923</u>	<u>2,023</u>	<u>13,264</u>	<u>18,613</u>	<u>21,381</u>	<u>3,620</u>	<u>\$ 182,028</u>
<b>Expenses</b>										
Wages & Benefits	\$ 22,389	4,057	522	7,293	21,506	19,759	2,371	1,959	1,807	\$ 81,663
Goods & Supplies	5,090	955	75	37	827	2,720	9,697	186	25	19,612
Services	3,989	6,619	2,553	1,542	12,864	84,084	4,201	12,747	1,905	130,504
Amortization and Accretion	2,219	4,400	4	-	833	8,117	978	1,082	42	17,675
Capitalized	(5,222)	(2,617)	(10)	-	(150)	(72,834)	(4,107)	(1,893)	-	(86,833)
	<u>\$ 28,465</u>	<u>13,414</u>	<u>3,144</u>	<u>8,872</u>	<u>35,880</u>	<u>41,846</u>	<u>13,140</u>	<u>14,081</u>	<u>3,779</u>	<u>\$ 162,621</u>
<b>Annual Surplus/(Deficit)</b>	<u>\$ 84,539</u>	<u>(10,713)</u>	<u>(2,645)</u>	<u>(1,949)</u>	<u>(33,857)</u>	<u>(28,582)</u>	<u>5,473</u>	<u>7,300</u>	<u>(159)</u>	<u>\$ 19,407</u>

**13. GRANTS AND OTHER**

	<u>2025</u>	<u>2024</u>
Federal government	\$ 6,072	\$ 5,401
Provincial government	6,878	5,390
Regional, local and other grants	7,852	6,891
<b>Total</b>	<u>\$ 20,802</u>	<u>\$ 17,682</u>

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**14. DEFERRED REVENUE**

**(a) Deferred revenue**

	2024	Externally Restricted Inflows	Revenue Recognized	2025
Deposits and contributions for future use	\$ 29,103	\$ 24,598	\$ 9,383	\$ 44,318
Prepaid taxes and utilities	11,675	31,266	30,347	12,594
Prepaid licenses and permits	3,103	4,090	3,974	3,219
Other	1,779	68	111	1,736
<b>Total</b>	<b>\$ 45,660</b>	<b>\$ 60,022</b>	<b>\$ 43,815</b>	<b>\$ 61,867</b>

**(b) Deferred lease revenue**

In 2020, CNV entered into an agreement for the Harry Jerome Neighborhood Lands for a lease term of 99 years. Deferred lease revenue is comprised of \$47,892,000 (2024 - \$48,402,000) in relation to this lease.

**15. DEBT**

CNV obtains debt through the MFA pursuant to security issuing bylaws under authority of the Community Charter to finance certain capital expenditures:

Bylaw	Use	Year of Maturity	Current Interest Rate	Net debt 2024	Additions	Net debt 2025
9032	North Shore Neighborhood House	2029	2.85%	\$ 873	\$ 4,109	\$ 4,982
9032	Kings Mill Walk Park	N/A	-	-	-	-
9032	1600 Eastern Park	N/A	-	-	-	-
8909	Harry Jerome Community Recreation Centre	2030	2.85%	-	44,913	44,913
				<b>\$ 873</b>	<b>\$ 49,022</b>	<b>\$ 49,895</b>

Loan authorization bylaws 9032 and 8909 are for temporary interim borrowing loans (up to 5 years from withdrawal) with interest-only payments. After the interim period is complete, they will transfer into long-term debt with annual interest and principal payments. Starting in 2025, debt-financed construction holdbacks are shown as reductions in appropriate capital funds.

The maximum borrowing for each use is as follows:

Use	Total Authorized
North Shore Neighborhood House	\$ 49,500
Kings Mill Walk Park	4,300
1600 Eastern Park	1,900
Harry Jerome Community Recreation Centre	109,000
<b>Total Loan Authorization:</b>	<b>\$ 164,700</b>

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**(Tabular amounts in thousands of dollars)**

**16. FINANCIAL RISK MANAGEMENT**

CNV has exposure to the following risks from its use of financial instruments: credit risk, market risk and liquidity risk. CNV has identified its major risks and ensures that management monitors and controls them.

**(a) Credit risk**

Credit risk is the risk of financial loss to CNV if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Such risks arise principally from accounts receivable made up of property tax and utilities and other non-property tax related balances.

For property tax and utility balances, outstanding amounts are transferred to the property tax account associated with the invoiced real property at the end of each fiscal year and form all or part of the tax arrears for the property. CNV is required by the Local Government Act to conduct an annual tax sale by offering for sale by public auction each parcel of real property on which taxes are delinquent. Registered charge holders have the full right to redeem the property. To redeem the property, the charge holder must remit the full upset price, plus interest on the purchase price at a rate set by the Province, within one year of the tax sale.

For other account receivable balances, CNV maintains allowances for potential credit losses, with results to date within CNV's expectations. In making estimates in respect of the allowance for doubtful accounts, current economic conditions, historical information, reasons for the accounts being past due, and operational nature of invoices are all considered in the determination of when to record allowances for past due accounts. The same factors are considered when determining whether to write off amounts charged to the allowance account against amounts receivable.

**(b) Market risk**

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing the return on risk. The market risks to which CNV is exposed are foreign exchange risks and interest rate risks.

**(i) Foreign exchange risk**

Foreign exchange risk refers to the risk that the fair value of financial instruments, or future cash flows associated with the instruments, will fluctuate in Canadian dollar value due to changes in foreign exchange rates.

The functional currency of CNV is the Canadian dollar. CNV receives some US dollar payments and incurs some US dollar operating and capital costs. These US dollar transactions represent an insignificant volume and value of total overall transactions, resulting in minimal risk.

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**16. FINANCIAL RISK MANAGEMENT (continued)**

**(b) Market risk (continued)**

**(ii) 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 the market interest rates. CNV manages such risk by adoption of an investment policy and adherence to this policy and the Community Charter. Investments are in pooled funds with the Municipal Finance Authority in a diversified portfolio in accordance with CNV's investment policy, which include preservation of capital, minimization of default and interest rate risk, sufficient liquidity to meet operating and capital requirements, and generation of a stable return on investments. Investments include GICs and High Interest Savings Accounts not subject to market fluctuations. It is management's opinion that CNV is not exposed to significant market risk arising from its financial instruments.

**(c) Liquidity risk**

Liquidity risk is the risk that CNV will not be able to meet its financial obligations as they become due. For its accounts payables, CNV manages liquidity risk by holding assets that can be readily converted into cash and by continually monitoring actual and forecasted cash flows from operations and anticipated investing and financing activities to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to CNV's reputation.

**17. BUDGET FIGURES**

The budget figures presented in these consolidated financial statements include 100% of the North Vancouver City Library and CNV's proportionate share of NVRC and NVMA. The financial plan was approved by Council as the Financial Plan for the Years 2025 to 2029 Bylaw, 2025, No. 9107 April 14, 2025. The table below reconciles the approved budget to the budget figures reported:

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**17. BUDGET FIGURES (continued)**

	<u>Financial Plan Bylaw</u>
Revenue per Statement of Operations	\$ 170,226
Less:	
Budget adjustments for consolidation	12,232
Transfers from reserve	(15,409)
Interagency funds	<u>(8,222)</u>
	<u>(11,399)</u>
Revenue per Financial Plan Bylaw	<u>\$ 158,827</u>
Expenses per Statement of Operations	168,020
Adjustments:	
Decrease for capital expenditures	(17,078)
Increase for non-capital projects	4,322
Budget adjustments for consolidation	14,901
Decrease for interagency payments	<u>(8,222)</u>
	<u>(6,077)</u>
Expenses per Financial Plan Bylaw	<u>\$ 161,943</u>
Surplus for the year	(3,116)
Reserves and capital:	
Capital expenditures	(99,362)
Depreciation	18,160
Equity	(20,350)
Transfers from reserves	83,566
External contributions	25,643
Debt Servicing	<u>(4,541)</u>
Annual budgeted surplus per Financial Plan Bylaw	<u><u>\$ -</u></u>

**18. COMPARATIVE INFORMATION**

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

**The Corporation of the City of North Vancouver**  
**Schedule A, B & C - Unaudited**  
**Year ended December 31, 2025**  
**(Tabular amounts in thousands of dollars)**

**Schedule A: COVID-19 Safe Restart Grant**

	<u>2025</u>
2024 Grant Funding Balance	\$ 405
Grant Expenditures:	
Business Continuity	(148)
Community Resiliency & Recovery	(43)
City Services	<u>(42)</u>
2025 Grant Funding Balance, December 31, 2025	<u>\$ 172</u>

**Schedule B: Growing Communities Fund**

	<u>2025</u>
2024 Grant Funding Balance	\$ 11,805
Interest Earned	432
Grant Expenditures	<u>(1,216)</u>
2025 Grant Funding Balance, December 31, 2025	<u>\$ 11,021</u>

**Schedule C: Local Government Housing Initiatives Funding**

	<u>2025</u>
2024 Grant Funding Balance	\$ 362
Grant Expenditures	<u>(159)</u>
2025 Grant Funding Balance, December 31, 2025	<u>\$ 203</u>