

CRESTON VALLEY HOUSING CORPORATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

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MANAGEMENT'S RESPONSIBILITY

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian Public Sector Accounting Standards and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The directors are responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The directors fulfill these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The directors are also responsible for recommending the appointment of the Corporation's external auditors.

Apex Accounting, Chartered Professional Accountants are appointed by the directors to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with management to discuss their audit findings.

June 25, 2026

Chair

Board member

INDEPENDENT AUDITORS' REPORT

To the Members of Creston Valley Housing Corporation

Opinion

We have audited the accompanying financial statements of Creston Valley Housing Corporation, which comprise the statement of financial position as at December 31, 2025, and the statements of operations and accumulated surplus, changes in net financial assets, statement of remeasurement gains 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 Corporation as at December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis For Opinion

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the 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 Corporation'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 Corporation or cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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:

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

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



Chartered Professional Accountants

Creston, BC
June 25, 2026

CRESTON VALLEY HOUSING CORPORATION
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2025

	2025
FINANCIAL ASSETS	
GST receivable	\$ 12,978
Due from Town of Creston	<u>4,252,194</u>
	<u>4,265,172</u>
FINANCIAL LIABILITIES	
Accounts payable and accrued liabilities	17,399
Asset retirement obligation (Note 4)	68,231
Deferred revenue (Note 5)	<u>4,032,389</u>
	<u>4,118,019</u>
NET FINANCIAL ASSETS	<u>147,153</u>
NON-FINANCIAL ASSETS	
Tangible capital assets (Note 6)	<u>753,261</u>
ACCUMULATED SURPLUS	<u>\$ 900,414</u>
ACCUMULATED SURPLUS COMPONENTS	
Equity in tangible capital assets	\$ 347,439
Operating Fund	147,152
Accumulated remeasurement gains	405,822
Issued share capital (Note 8)	<u>1</u>
	<u>\$ 900,414</u>

See accompanying notes to the financial statements

Approved by board members:

CRESTON VALLEY HOUSING CORPORATION
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	Budget 2025
REVENUE		
Government transfers (Note 9)	\$ 319,109	\$ -
Grant revenue	250,000	250,000
Rental income	14,179	-
	<u>583,288</u>	<u>250,000</u>
EXPENDITURES		
Accounting and legal	11,123	16,500
Advertising and promotion	7,936	18,630
Board stipend	8,400	8,400
Dues, memberships and licenses	76	-
Insurance	603	-
Interest and bank charges	-	1,200
Office	559	500
Project management	43,077	50,000
Repairs and maintenance	14,923	750
Telephone	500	500
Utilities	1,500	-
	<u>88,697</u>	<u>96,480</u>
ANNUAL SURPLUS FOR THE YEAR AND ACCUMULATED SURPLUS, end of year	\$ 494,591	\$ 153,520

See accompanying notes to the financial statements

CRESTON VALLEY HOUSING CORPORATION
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2025

	2025
ANNUAL SURPLUS	\$ 494,591
TANGIBLE CAPITAL ASSETS	
Acquisition of tangible capital assets	<u>(347,439)</u>
INCREASE IN NET FINANCIAL ASSETS	147,152
NET FINANCIAL ASSETS , beginning of year	<u>-</u>
NET FINANCIAL ASSETS , end of year	\$ 147,152

CRESTON VALLEY HOUSING CORPORATION
STATEMENT OF REMEASUREMENT GAINS
FOR THE YEAR ENDED DECEMBER 31, 2025

	2025
ACCUMULATED REMEASUREMENT GAINS , beginning of year	\$ -
Unrealized gains attributable to:	
Land and building cost adjustment on transfer of property	<u>405,822</u>
ACCUMULATED REMEASUREMENT GAINS , end of year	<u>\$ 405,822</u>

CRESTON VALLEY HOUSING CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025

	2025
CASH FLOW FROM OPERATING ACTIVITIES	
Annual surplus	\$ 494,591
Increase in GST receivable	(12,978)
Increase in accounts payable	17,399
Increase in asset retirement obligation	68,231
Increase in deferred revenue	4,032,389
	<u>4,599,632</u>
CASH FLOW FROM FINANCING ACTIVITIES	
Issuance of share capital	<u>1</u>
CASH FLOW FROM INVESTING ACTIVITIES	
Additions to tangible capital assets	<u>(347,439)</u>
INCREASE IN CASH FOR THE YEAR	4,252,194
CASH DUE FROM TOWN OF CRESTON, beginning of year	<u>-</u>
CASH DUE FROM TOWN OF CRESTON, end of year	<u>\$ 4,252,194</u>

See accompanying notes to the financial statements

CRESTON VALLEY HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

1. PURPOSE AND INCORPORATION

The Creston Valley Housing Corporation was incorporated on September 16, 2024 under the Business Corporations Act of British Columbia to provide attainable priced housing to residents of the Town of Creston. As a wholly owned subsidiary of the Town of Creston, the Corporation is not subject to income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

a) BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards (PSAS) for local government organizations as established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

The financial statements are prepared using the accrual basis of accounting, which records revenue when it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods and services and/or legal obligation to pay.

b) REVENUE RECOGNITION

Sources of revenue are recorded on the accrual basis and include revenue in the period in which the transactions or events occurred that give rise to the revenues and expenses in the period the goods and services are acquired and a liability is incurred or transfers are due. Grant revenues are recognized when all eligibility criteria has been met. Revenue unearned in the current period is recorded as deferred revenue.

Rental revenue is equal to the monthly amount charged as per the terms of the lease agreement.

c) GOVERNMENT TRANSFERS

Government transfers are recognized as revenue in the period that the transfer is authorized, eligibility criteria, if any, have been met, and a reasonable estimate of the amount to be received can be made.

d) FINANCIAL INSTRUMENTS

The Corporation carries several financial instruments. Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximates their carrying value.

CRESTON VALLEY HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) USE OF ESTIMATES

The preparation of financial statements, in accordance with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Significant areas requiring estimates include the useful lives of tangible capital assets for amortization, asset retirement obligations, impairment of long-lived assets, accrued liabilities and deferred revenue. Actual results can differ from management's best estimates as additional information becomes available in the future.

f) MEASUREMENT UNCERTAINTY

These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards. In preparing these financial statements management has made estimates and assumptions that affect the amount reported. Actual results could differ from those estimates.

g) TANGIBLE CAPITAL ASSETS

Tangible capital assets, comprised of capital assets and construction in progress, are recorded at cost less accumulated amortization and are classified according to their functional use. Amortization is recorded on a straight-line basis over the estimated useful life of the asset commencing the year after the asset is put into service. Estimated useful lives as follows:

Building	20-50 years
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h) ASSET RETIREMENT OBLIGATIONS

An asset retirement obligation is a legal obligation associated with the retirement of a tangible capital asset that the Corporation will be required to settle. The Corporation recognizes asset retirement obligations when there is a legal obligation to incur retirement costs in relation to tangible capital asset, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefit will be given up, and a reasonable estimate of the amount can be made.

Asset retirement obligations are initially measured at the best estimate of the amount required to retire a tangible capital asset at the financial statement date. The estimate of a liability includes costs directly attributable to asset retirement activities.

Asset retirement obligations are recorded as liabilities with a corresponding increase to the carrying amount of the related tangible capital asset. Subsequently, the asset retirement costs are allocated to expenses over the useful life of the tangible capital asset. The obligation is adjusted to reflect period-to-period changes in the liability resulting from the passage of time and for revisions to either the timing or the amount of the original estimate of the undiscounted cash flows or the discount rate.

CRESTON VALLEY HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) DEFERRED REVENUE

Deferred revenue represents funds received for specific purposes which are externally restricted by legislation, regulation, or agreement and are not available for general purposes as well as grants which have been collected, but for which the related services have not been performed and or projects have not been constructed. These amounts will be recognized as revenues in the fiscal year in which it is used for the specific purpose, the services are performed and or the projects are constructed.

j) INTER-ENTITY TRANSACTIONS

The Corporation's financial information is included in the consolidated financial statements of the Town of Creston. Transactions with the Town are recorded at the exchange amount when they take place on terms similar to arms-length transactions, or where costs are allocated or recovered. The Corporation does not record any amount for transactions in which it is a recipient, and the related costs are unallocated.

k) IMPAIRMENT OF LONG-LIVED ASSETS

The Corporation assesses long-lived assets for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognized on a long-lived asset to be held and used when its carrying value exceeds the total undiscounted cash flows expected from its use and disposal. The amount of the loss is determined by deducting the asset's fair value from its carrying amount.

3. FUTURE ACCOUNTING POLICIES

The Public Sector Accounting Board recently announced the following accounting pronouncements:

a) PS 1202 Financial Statement Presentation

This section sets out general and specific requirements for the presentation of information in general purpose financial statements. This new standard takes effect for annual reporting periods beginning on or after April 1, 2026.

b) Conceptual Framework

The Conceptual Framework prescribes the nature, function and limits of financial accounting and reporting. It is the foundation on which PSAS are developed and professional judgment is applied. It will replace the conceptual aspects of PS 100 Financial Statement Concepts and PS 1100 Financial Statement Objectives. This new framework takes effect for annual reporting periods beginning on or after April 1, 2026.

Management is currently in the process of assessing the impact of the adoption of these standards.

CRESTON VALLEY HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

4. ASSET RETIREMENT OBLIGATION

The Corporation owns and operates assets that are known to have asbestos and lead paint, which represent a health hazard upon demolition or renovation of the assets. There is a legal obligation to remove and dispose of the hazardous materials. Following the adoption of Public Account Standard PS 3280 Asset Retirement Obligation, the Corporation's parent, the Town of Creston (the Town), recognized an obligation relating to the removal of the hazardous materials in these assets as estimated at January 1, 2023. The transition and recognition of asset retirement obligations involved an accompanying increase to the buildings. The increase in capital assets is amortized on a straight-line basis over the remaining expected useful life of the related assets.

The Town had adopted this standard prospectively. Under the prospective method, the discount rate and assumptions used on the initial recognition are those as the date of the adoption of the standard. During the year assets that had known Asset Retirement Obligations have been transferred to the Corporation, including the Asset Retirement Obligation of \$89,000. During the year, remediation towards some of the obligation occurred at a cost of \$20,769, reducing the obligation at year end to \$68,231.

The timing of expenditures is estimated to occur between 2026 and 2072 with regular replacement, renovation or disposal of assets. No recoveries are expected at this time.

5. DEFERRED REVENUE

Deferred revenue represent restricted contributions and funds received during the year which are related to expenses in future periods. Changes in the deferred revenue balance are as follows:

	<u>2025</u>
Beginning balance	\$ -
Add: amount received in the year - Ministry of Education and Child Care	4,351,498
Less: amount recognized as revenue in the year	<u>(319,109)</u>
Ending balance	<u>\$ 4,032,389</u>

CRESTON VALLEY HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

6. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2025
Land	\$ 290,036	\$ -	\$ 290,036
Building	144,116	-	144,116
Construction in progress	319,109	-	319,109
	\$ 753,261	\$ -	\$ 753,261

7. RELATED PARTY TRANSACTIONS

There is an agreement between the Town of Creston and the Corporation that the Town of Creston, which is the Corporation's sole shareholder, administers the Corporation's administrative function. The Corporation used office space owned by the Town of Creston. These services were provided from the Town of Creston to the Corporation as a reduction of the funds owing to the Corporation. A stipend to the Board was accrued to be paid subsequent to year end to cover board costs occurred during the year.

8. SHARE CAPITAL

The Corporation is authorized to issue unlimited shares with no par value for a maximum consideration of one dollar per share. The shares can be issued only to the Town, its agent or successor and are not otherwise transferable. As of December 31, 2025 and 2024, one share was issued.

CRESTON VALLEY HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

9. GOVERNMENT TRANSFER

During the current year, the Corporation had Provincial Conditional Transfers of \$319,109.

10. FINANCIAL INSTRUMENTS

The Corporation is exposed to various risks through its financial instruments. The following analysis provides a measure of the Corporation's risk exposure and concentrations at December 31, 2025.

Liquidity Risk

Liquidity risk is the risk that a company will encounter difficulty in meeting obligations associated with financial liabilities. The Corporation is exposed to this risk mainly in respect of its accounts payable.

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Corporation is exposed to other price risk through its construction agreement.