

Building Belonging

Village of Harrison Hot Springs
I.D.E.A. Framework and Action Plan
Council Presentation

Why this framework matters

- The Village of Harrison Hot Springs is a small municipality with a high volume of visitors
- Belonging does not happen by accident. It is built through choices and follow-through
- Engagement highlighted needs: clearer information, accessible participation, transparency, safer spaces, and strong relationships

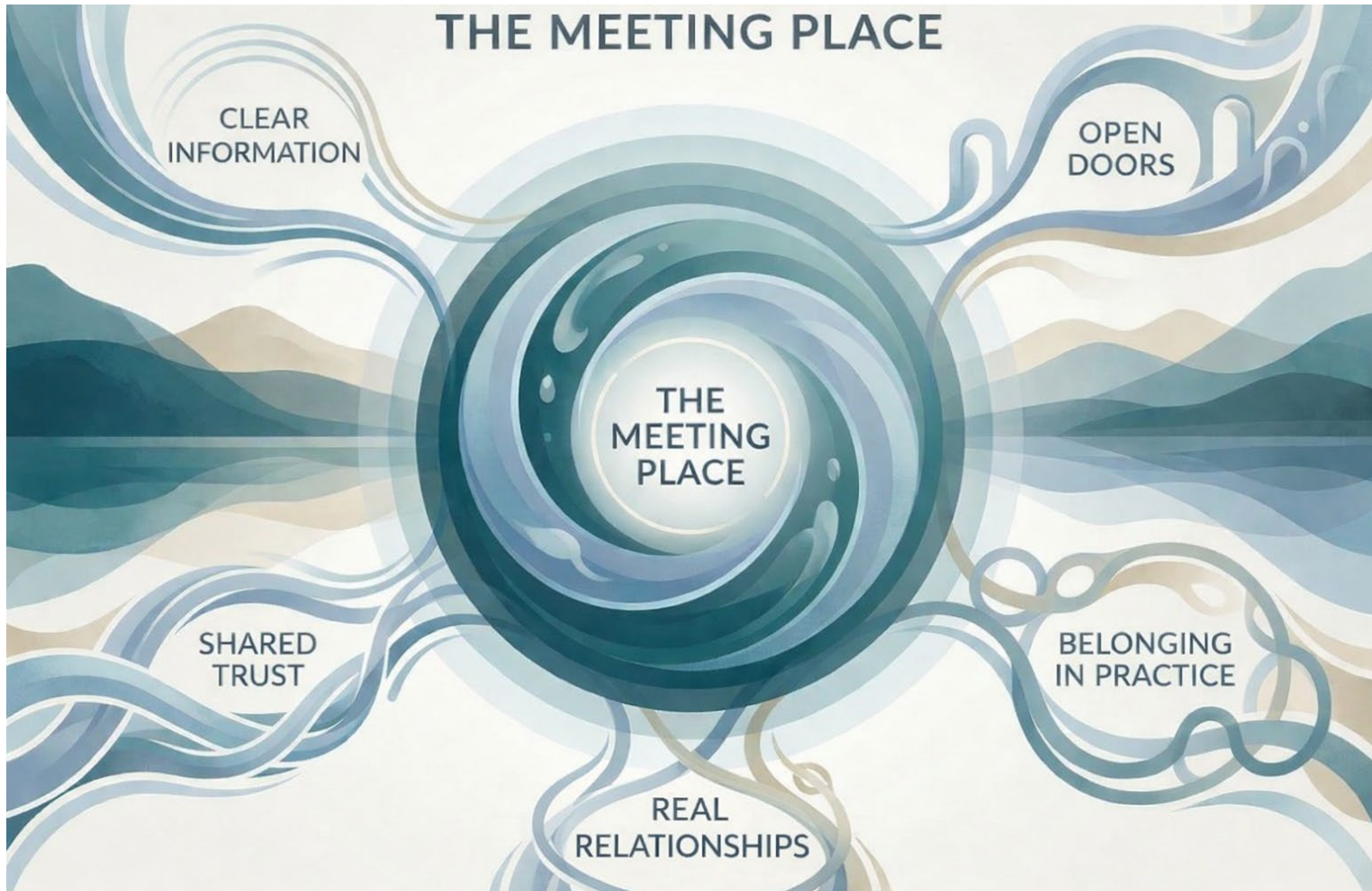
Purpose and scope

- A practical guide to strengthen Inclusion, Diversity, Equity, and Accessibility across Village work, co-created with community
- Clear enough for practical use, strong enough to guide action, informed by hundreds of points of feedback
- Phase 1 sets direction and priorities. Implementation is Phase 2 after Council review

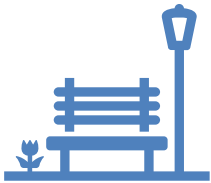
Vision

A Village where people can access services, participate in community life, and experience **dignity, fairness, belonging, and respect.**

The Meeting Place



Action plan structure



Each path becomes: a condition of belonging, a civic commitment, and practical actions



Actions are sequenced: quick wins, operational improvements, systems work, relationship-based work



Each action includes: lead, partners, timeline, and measure of success

Initial priority actions (Years 1–2)



Plain-language review of high-traffic website pages, forms, and key service information



Improve Council meeting accessibility: audio, participation instructions, timing and format review



Regular public updates: "You Said, We Did"



Accessibility audit of key public-facing Village spaces and priority improvements identified



Staff training and stronger onboarding for staff and elected officials



Continue relationship-based dialogue with Sts'ailes and develop respectful engagement guidance

Decision- Making Lens

Who benefits? Who may face barriers, burden, or exclusion?

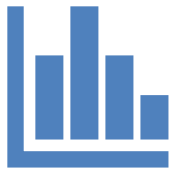
What assumptions or biases are built into the current approach?

What would make this clearer, fairer, safer, or more accessible?

Have the right people been involved early enough?

How will the Village know this made things better?

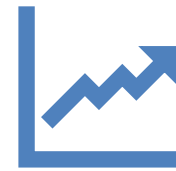
Measures and reporting



Progress will be tracked through quantitative and qualitative indicators



Examples: communication improvements, meeting and facility accessibility, training participation, policy reviews, public feedback trends



A clear reporting rhythm supports trust and reduces misinformation risk

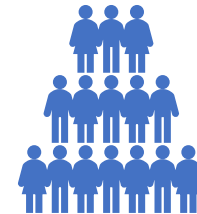
Implementation roadmap (handover)



Framework sets direction.
Action plan makes direction
operational



Year 1 begins with practical
actions that build momentum



Phase 2 confirms sequencing,
ownership, resourcing, and
reporting

Recommendation

THAT Council adopt the Building Belonging I.D.E.A Framework and Action Plan.



Village of Harrison Hot Springs

Audit Findings Report to the Mayor and Council
for the year ended December 31, 2025

START



To the Mayor and Council of Village of Harrison Hot Springs

We are pleased to provide you with the results of our audit of the financial statements of the Village of Harrison Hot Springs (the “Village”) for the year ended December 31, 2025.

The enclosed final communication includes our approach to your audit, including: significant risks identified and the nature, extent, and results of our audit work. We will also communicate any significant internal control deficiencies identified during our audit and reconfirm our independence.

During the course of our audit, management made certain representations to us - in discussions and in writing. We documented these representations in the audit working papers.

We look forward to discussing our audit conclusions with you. In the meantime, please feel free to contact us if you have any questions or concerns.

Yours truly,
BDO Canada LLP
BDO Canada LLP
April 13, 2026



Table of contents

1	Audit at a glance	4
2	Status of the audit	5
3	Audit findings	6
4	Internal control matters	8
5	Adjusted and unadjusted differences	9
6	Other required communications	11
7	Recommended resources	12
8	Appendices	13

Audit at a glance

Preliminary materiality was \$800,000; specific materiality was \$310,000. Final and specific materiality remained unchanged from our preliminary assessment.

We are not aware of any fraud affecting the Village. If you have become aware of changes to processes or are aware of any instances of actual, suspected, or alleged fraud since our discussions held at planning, please let us know.

We have complied with relevant ethical requirements and are not aware of any relationships between Village of Harrison Hot Springs and our Firm that may reasonably be thought to bear on our independence.

LEAD
PARTNER
ON YOUR
AUDIT

Brian Szabo, CPA, CA
Email: bszabo@bdo.ca
Direct: 604-646-3389

START
DATE

November 2025

END DATE

April 2026



Status of the audit

We have substantially completed our audit of the financial statements of the Village for the year ended December 31, 2025. We are prepared to issue our independent auditor's report pending completion of the following:

- ▶ Approval of the financial statements by Mayor and Council;
- ▶ Receipt of signed management representation letter; and
- ▶ Updates to our subsequent events procedures to the date of our auditor's report.

We conducted our audit in accordance with Canadian generally accepted auditing standards. The objective of our audit was to obtain reasonable, not absolute, assurance about whether the financial statements are free from material misstatement. Our draft independent auditor's report is attached to the draft financial statements.

The scope of the work performed was substantially the same as that described in our Planning Communication to the Mayor and Council dated January 29, 2026.



Audit findings

As part of our ongoing communications with you, we are required to have a discussion on our views about significant qualitative aspects of the Village's accounting practices, including accounting policies, accounting estimates and financial statements disclosures. The descriptions below build on our risk assessments as presented in our planning report. A summary of the key discussion points are below:

Financial statement areas	Risks noted	Audit findings
Management override of controls <i>[Significant Risk]</i>	Management is generally in a unique position to perpetrate fraud because of management’s ability to directly or indirectly manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. It should be noted that this risk is not specific to the Village.	<ul style="list-style-type: none"> • We reviewed transactions recorded in the various ledgers for unusual or non-recurring adjustments not addressed by other audit procedures. • We reviewed controls over journal entries and specific journal entries subject to risk. All audit testing in this area was executed as planned with no issues to be reported.
Employee Future Benefits <i>[Elevated Risk]</i>	This is a complex accounting area that requires much estimation and reliance on actuarial experts.	<ul style="list-style-type: none"> • We reviewed the actuarial report and audited the significant assumptions. • We directly communicated with and confirmed the independence of the external actuary. All audit testing in this area was executed as planned with no issues to be reported.



Audit findings (cont'd)

Financial statement areas	Risks noted	Audit findings
<p>Risk of Fraudulent Revenue Recognition</p> <p><i>[Mandatory audit consideration - Rebuttable presumption]</i></p>	<p>Due to the nature of the Village and its revenue streams, we have rebutted the risk of fraudulent revenue recognition as permitted under auditing standards. Nevertheless, there continues to be a risk of revenue being recorded in an incorrect period, as accounting standards are complex and subject to variation in application.</p>	<ul style="list-style-type: none">• We reviewed user fee and taxation revenues in accordance with the latest revenue recognition standards.• We reviewed agreements for grant funding received and ensured the revenue was recorded accurately in accordance with the settlement of any stipulations. <p>All audit testing in this area was executed as planned with no issues to be reported.</p>



Internal control matters

- ▶ During the audit, we performed the following procedures regarding the Village’s internal control environment:
- ▶ Documented operating systems to assess the design and implementation of control activities that were relevant to the audit.
- ▶ Discussed and considered potential audit risks with management.
- ▶ We considered the results of these procedures in determining the extent and nature of audit testing required.



We are required to communicate to you in writing about any significant deficiencies in internal control that we have identified during the audit.

A significant deficiency is defined as a deficiency or combination of deficiencies in internal control that merits the attention of those charged with governance.

The audit expresses an opinion on the Village’s financial statements. As a result, it does not cover every aspect of internal controls—only those relevant to preparing the financial statements and designing appropriate audit procedures. This work was not for the purpose of expressing an opinion on the effectiveness of internal control.

We draw to the attention of Mayor and Council the fact that, due to the limited number of employees at the Village of Harrison Hot Springs, control weaknesses arising from a potential lack of segregation of duties are difficult to avoid. As a result, continuous diligence, oversight of controls in place and review of financial information is necessary.



Unadjusted differences

Summary of unadjusted differences

Canadian Auditing Standards require that we request management to correct misstatements. The current year uncorrected misstatement is not material to the financial statements and does not impact the statement of financial position as at December 31, 2025. A summary of these uncorrected differences is as follows:

	Debit (Credit)			
	Assets	Liabilities	Accumulated Surplus	Net income
To account for the amortization timing difference impact in fiscal 2025 as a result of the correcting entry to the opening equity in tangible capital assets balance due to excessive amortization in fiscal 2023 and 2024 noted in the summary of adjusted differences below.			\$(70,900)	\$70,900
Total unadjusted differences	\$Nil	\$Nil	\$(70,900)	\$70,900



Adjusted differences

Summary of adjusted differences

The following is a summary of differences resulting from our audit that were corrected by management during the course of our audit engagement:

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit
1	2025-12-31	AMORTIZATION EXPENSE - BUILDINGS & STRUCTURES	1-4-1-12-170-0650 12			25.99	
1	2025-12-31	AMORTIZATION EXPENSE - SEWER STRUCTURES	2-4-3-41-170-0650 41			13.75	
1	2025-12-31	Accretion Expense - Asbestos - Sewer Services	2-4-3-41-460-3895 41			330.73	
1	2025-12-31	Accretion Expense - Well Capping	3-4-3-43-560-3895 43			451.98	
1	2025-12-31	ACCUMULATED AMORTIZATION - BUILDINGS & STRUCTURES	6-2-1-12-160-0650 12				25.99
1	2025-12-31	ARO LIABILITY - ASBESTOS - SEWER	7-2-1-20-100-1655 20				330.73
1	2025-12-31	ACCUMULATED AMORTIZATION - SEWER STRUCTURES	7-2-3-41-160-0650 41				13.75
1	2025-12-31	ARO LIABILITY - WELL CAPPING	8-2-1-20-100-1655 20				451.98
<p>To record accretion and amortization expenses relating to the asset retirement obligation for fiscal year 2025.</p>							
2	2025-12-31	DEFERRED REVENUE-GRANTS	1-2-1-18-104-2511 18				52,625.00
2	2025-12-31	CONDITIONAL GRANT - PROVINCIAL	1-3-1-14-132-2800 14			52,625.00	
<p>To reverse revenue recorded in fiscal 2025 that had been recognized in its entirety during fiscal 2024.</p>							
3	2025-12-31	INFRASTRUCTURE GRANTS - PROVINCIAL	1-5-1-12-100-2800 12			833,778.00	
3	2025-12-31	TFR FROM RESERVES	1-5-1-15-100-2900 15				833,778.00
<p>To reclassify the funding source for capital upgrades of the McCombs bridge.</p>							
4	2025-12-31	AMORTIZATION EXPENSE - OTHER INFRASTRUCTURE	1-4-3-79-170-0850 79				70,900.05
4	2025-12-31	ACCUMULATED AMORTIZATION - OTHER INFRASTRUCTURE	6-2-3-79-160-0850 79			70,900.05	
<p>To correct a historical difference in the opening equity in tangible capital assets balance as a result of excessive amortization in fiscal 2023 and 2024.</p>							



Other required communications

Professional standards require independent auditors to communicate with those charged with governance certain matters in relation to an audit. In addition to the points communicated within this letter, the attached table summarizes these additional required communications.

Issue	BDO response
Potential effect on the financial statements of any material risks and exposures, such as pending litigation, that are required to be disclosed in the financial statements.	None noted.
Material uncertainties related to events and conditions that may cast significant doubt on the Village's ability to continue as a going concern.	None noted.
Matters involving non-compliance with laws and regulations.	None noted.
Significant related party transactions that are not in the normal course of operations and which involve significant judgments made by management concerning measurement or disclosure.	None noted.
Management consultation with other accountants about significant auditing and accounting matters.	None noted.
Other Matters	None noted.



Recommended Resource

Staying in the know with knowledge and perspective

Key changes to financial reporting



When the rules of reporting change, you may need to fine-tune how to present financial statements and govern the organization.

[ACCESS OUR KNOWLEDGE CENTRE](#)

The latest tax pointers



Corporate. Commodity. Transfer pricing. International tax. Government programs. Together they add up to immense differences on the organization's bottom line. Our tax collection keeps you current.

[STAY ON TOP OF TAXES](#)

Trending topics



As a community of advisors with the best interests of our clients in mind, we keep our ear to the ground to bring insights and perspectives related to key business trends to you.

[EXPLORE NOW](#)



Appendices

- ▶ Appendix A: Representation Letter
- ▶ Appendix B: Independence letter



Appendix A: Representation Letter

Village of Harrison Hot Springs
PO Box 160
495 Hot Springs Road,
Harrison Hot Springs, BC
V0M 1K0

April •, 2026

BDO Canada LLP
Chartered Professional Accountants
Royal Centre, 1055 West Georgia Street,
Unit 1100, P.O. Box 11101
Vancouver, British Columbia
V6E 3P3

This representation letter is provided in connection with your audit of the financial statements of Village of Harrison Hot Springs for the year ended December 31, 2025, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with Canadian Public Sector Accounting Standards.

We confirm that to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated December 15, 2025, for the preparation of the financial statements in accordance with Canadian Public Sector Accounting Standards; in particular, the financial statements are fairly presented in accordance therewith.

- The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement and/or disclosure that are reasonable in accordance with Canadian Public Sector Accounting Standards.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Canadian Public Sector Accounting Standards.
- All events subsequent to the date of the financial statements and for which Canadian Public Sector Accounting Standards require adjustment or disclosure have been adjusted or disclosed.
- The financial statements of the entity use appropriate accounting policies that have been properly disclosed and consistently applied.
- The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. No material unadjusted misstatements were identified.

Information Provided

- We have provided you with:
 - access to all information of which we are aware that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

- We are responsible for the design, implementation and maintenance of internal controls to prevent, detect and correct fraud and error, and have communicated to you all deficiencies in internal control of which we are aware.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Fraud and Error

- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators, or others.

General Representations

- We confirm that there are no derivatives or off-balance sheet financial instruments held at year end that have not been properly recorded or disclosed in the financial statements.
- The entity has complied with all provisions in its agreements related to debt and there were no defaults in principal or interest, or in the covenants and conditions contained in such agreements.
- There have been no plans or intentions that may materially affect the recognition, measurement, presentation or disclosure of assets and liabilities (actual and contingent).
- The nature of all material uncertainties have been appropriately measured and disclosed in the financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the financial statements.
- There were no direct contingencies or provisions (including those associated with guarantees or indemnification provisions), unusual contractual obligations nor any substantial commitments, whether oral or written, other than in the ordinary course of business, which would materially affect the financial statements or financial position of the entity, except as disclosed in the financial statements.

Other Representations Where the Situation Exists

- We have informed you of all known actual or possible litigation and claims, whether or not they have been discussed with legal counsel. Since there are no actual, outstanding or possible litigation and claims, no disclosure is required in the financial statements.

Yours truly,

Scott Schultz, Chief Financial Officer

Tyson Koch, Chief Administrative Officer

DRAFT



Appendix B: Independence Letter



Tel: (604) 688-5421
Fax: (604) 688-5132
www.bdo.ca

BDO Canada LLP
Royal Centre, 1055 West Georgia Street
Unit 1100, P.O. Box 11101
Vancouver, British Columbia
V6E 3P3

April 13, 2026

Mayor and Council
Village of Harrison Hot Springs

Dear Mayor and Council,

We have been engaged to audit the financial statements of Village of Harrison Hot Springs (the "Village") for the year ended December 31, 2025.

Canadian generally accepted auditing standards require that we communicate at least annually with you regarding all relationships between the Village and our Firm that, in our professional judgment, may reasonably be thought to bear on our independence.

In determining which relationships to report, we have considered the applicable legislation and relevant rules of professional conduct and related interpretations prescribed by the appropriate provincial institute/order covering such matters as the following:

- Holding a financial interest, either directly or indirectly in a client;
- Holding a position, either directly or indirectly, that gives the right or responsibility to exert significant Influence over the financial or accounting policies of a client;
- Personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client;
- Economic dependence on a client; and
- Provision of services in addition to the audit engagement.

We have prepared the following comments to facilitate our discussion with you regarding independence matters arising since April 28, 2025, the date of our last letter.

We are aware of the following relationships between the Village and us that, in our professional judgment, may reasonably be thought to have influenced our independence. The following relationships represent matters that have occurred from April 28, 2025, to April 13, 2026.

- We have provided advice and comments to management regarding several financial statement measurement, presentation and disclosure matters.
- We have provided assistance in the preparation of the financial statements, including adjusting journal entries. These services created a self-review threat to our independence since we subsequently expressed an opinion on whether the financial statements presented fairly, in all material respects, the financial position, results of operations and cash flows in accordance with Canadian Public Sector Accounting Standards.
- We, therefore, required that the following safeguards be put in place related to the above:
 - Management provided us with a trial balance and draft financial statements, including notes, prior to completion of our audit.
 - Management created the source data for all the accounting entries.
 - Management developed any underlying assumptions required with respect to the accounting treatment and measurement of the entries.



- Management reviewed advice and comments provided and undertook their own analysis considering the Village's circumstances and generally accepted accounting principles.
- Management reviewed and approved all journal entries prepared by us, as well as changes to financial statement presentation and disclosure.
- Someone other than the preparer reviewed the proposed journal entries and financial statements.

This letter is intended solely for the use of the Mayor and Council, management and those charged with governance of the Village and should not be distributed or used for any other purpose.

Yours truly,

BDO Canada LLP

Chartered Professional Accountants