

**Hornby Island Residents' & Ratepayers'
Association**
Financial Statements
December 31, 2006

Hornby Island Residents' & Ratepayers' Association

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For the year ended December 31, 2006

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To the Directors of Hornby Island Residents' & Ratepayers' Association:

We have audited the balance sheet of Hornby Island Residents' & Ratepayers' Association as at December 31, 2006 and the statements of operations and changes in net assets for the year then ended. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The completeness of the donations and fundraising revenue is not susceptible to satisfactory audit verification. Accordingly, our verification of donations and fundraising was limited to a comparison of recorded receipts with bank deposits and we were not able to determine whether any adjustments might be necessary to receipts, excess of receipts over disbursements and funds on hand.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of cash receipts referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The prior year has not been audited.

Campbell River, British Columbia

February 14, 2007

Chartered Accountants

Hornby Island Residents' & Ratepayers' Association

Balance Sheet

As at December 31, 2006

Assets

Current

Cash	41,759
Term deposits	22,596
Accounts receivable	32,313

96,668

Liabilities

Current

Bank indebtedness	19,422
Accounts payable and accruals	12,590
Deferred revenue	135

32,147

Net Assets

Unrestricted net assets

64,521

96,668

Approved on behalf of the Board

Director

Director

Hornby Island Residents' & Ratepayers' Association

Statement of Operations

For the year ended December 31, 2006

Revenue

Funding	
Regional district capital	23,368
Regional district operations	217,550
Regional district	49,675
Cemetery	2,570
Parks contract	4,646
Registration fees	10,123
Refundable sales	11,740
Rental	26,133
Miscellaneous	2,496
Other	1,377
Donations	11,315
T-Shirt, DVD sales	3,776
Fundraising	10,807
Tipping fees	51,207

426,783

Expenses

Advertising and promotion	6,296
Capital assets	10,199
Conferences	4,674
Contract work	15,928
Equipment rental	1,159
Freight	28,413
Fuel	3,930
Insurance	12,620
Miscellaneous	7,936
Office	9,074
Postage	1,097
Professional fees	17,350
Promotions and discounts	2,021
Repairs and maintenance	59,164
Salaries, wages and benefits	146,266
Security	3,025
Supplies	5,874
Training and education	18,331
Utilities	8,555
Workers' compensation	1,523
Community grants	6,100
Other (Note 4)	9,957
Volunteer fund	3,000
Tipping fees	27,194

409,686

Excess of revenue over expenses

17,097

Hornby Island Residents' & Ratepayers' Association
Statement of Changes in Net Assets
For the year ended December 31, 2006

Net assets, beginning of year	47,424
Excess of revenue over expenses	17,097
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Net assets, end of year	64,521

The accompanying notes are an integral part of these financial statements

Hornby Island Residents' & Ratepayers' Association

Notes to the Financial Statements

For the year ended December 31, 2006

1. Purpose

The Hornby Island Residents' & Ratepayers' Association ("HIRRA") is a non-profit society registered in the province of B.C. since 1973. Through this association the HIRRA have an opportunity to be self-governing. HIRRA administers Hornby Island tax dollars and membership is open to residents and property owners of the island. HIRRA's principle functions are guided by a published vision statement, constitution and bylaws, policies and management contracts with the Comox Strathcona Regional District ("CSRD"). Through contracts held with the CSRD the HIRRA administers the following tax funded local services: fire protection, recycling programs, operating and maintaining the community hall, maintaining comfort stations at beach accesses, organizing recreational activities and stewarding Mount Geoffrey Regional Nature Park.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles using the following significant accounting policies:

Term deposits

Term deposits are valued at cost which is equal to market value.

Property, plant and equipment

Property, plant and equipment are expensed as is allowed under Canadian generally accepted accounting principles for not for profit societies with revenue less than \$500,000.

Financial instruments

The Society's financial instruments consist of cash, term deposits, accounts receivable, bank indebtedness and accounts payable and accruals. Unless otherwise noted it is management's opinion that the Society is not exposed to significant interest, currency or credit risks arising from these financial statements.

The carrying values of cash, term deposits, accounts receivable, bank indebtedness and accounts payable and accruals closely approximate the carrying values of these items due to their short-term nature.

Revenue recognition

The Society recognizes revenue from contracts held with the CSRD to administer tax funded local services. The Society creates a budget and upon approval receives quarterly funding for the predetermined amount. This revenue is recognized in the period when those services are being performed.

Additional revenue also comes from fundraising events, donations, and building and land rentals. Revenue from fundraising events is recognized when the event has occurred, the amount is reasonable determined and collection is assured. Revenue from donations is recognized when the amount is received. Revenue from rentals is recognized on a monthly basis as those rental services are provided.

Cash flow statement

A cash flow statement has not been presented with these financial statements, as prior year information is not readily available.

Hornby Island Residents' & Ratepayers' Association

Notes to the Financial Statements

For the year ended December 31, 2006

3. Economic dependence

The Society is economically dependent on the CSRD as its primary source of income is from funding received through tax dollars from the CSRD.

4. Other expenses

Receiver general	144
Service charges	57
Project - shared lands	95
Project - RCMP site	520
Project - possum	313
Clinic	1,423
Association dues	970
Summer fire patrol	594
Fire hose	2,714
Pagers	267
Casual labour	180
Pump-outs	1,295
Rentals	752
Harvest fair	633
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	9,957
