



## **HORNBY ISLAND RESIDENTS' AND RATEPAYERS' ASSOCIATION**

Financial Statements  
Year ended December 31, 2010

*(Prepared without audit)*

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## MANAGEMENT'S RESPONSIBILITY

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To the Members of Hornby Island Residents' and Ratepayers' Association

Management is responsible for the preparation and presentation of the accompanying December 31, 2010 financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles 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 abjective judgment is required.

In discharging its responsibilities for the integrity and fairness of the December 31, 2010 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 Executive Committee is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Executive Committee fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external accountants. The Executive Committee is also responsible for recommending the appointment of the Association's external accountants.

Presley & Partners, an independent firm of Chartered Accountants, is appointed by the members to review the December 31, 2010 financial statements and report directly to them; their report follows. The external accountants have full and free access to both the Executive Committee and management to discuss their findings.

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Lynn Nunley, President

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Rudy Rogalsky, Treasurer



**Presley & Partners**

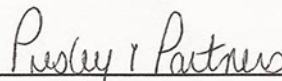
## REVIEW ENGAGEMENT REPORT

To the Members of Hornby Island Residents' and Ratepayers' Association

We have reviewed the statement of financial position of Hornby Island Residents' and Ratepayers' Association as at December 31, 2010 and the statements of operations, changes in net financial assets and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the Association.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian generally accepted accounting principles.

  
Chartered Accountants

Courtenay, B.C.

February 18, 2011



**HORNBY ISLAND RESIDENTS' AND RATEPAYERS' ASSOCIATION**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2010**  
**(Prepared without audit)**

	2010	2009
<b>FINANCIAL ASSETS</b>		
Cash	\$ 98,258	\$ 95,269
Accounts receivable	5,284	9,194
Sales tax receivable	8,720	4,520
	<u>112,262</u>	<u>108,983</u>
<b>FINANCIAL LIABILITIES</b>		
Accounts payable and accrued liabilities	7,791	24,635
Deferred revenue	-	750
	<u>7,791</u>	<u>25,385</u>
<b>NET FINANCIAL ASSETS</b>	<u>104,471</u>	<u>83,598</u>
<b>TANGIBLE CAPITAL ASSETS (Note 3)</b>	<u>116,012</u>	<u>115,834</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 220,483</u>	<u>\$ 199,432</u>

Approved on behalf of the Board

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

**HORNBY ISLAND RESIDENTS' AND RATEPAYERS' ASSOCIATION**  
**STATEMENT OF OPERATIONS**  
**YEAR ENDED DECEMBER 31, 2010**  
(Prepared without audit)

	<b>2010 Budget</b> <i>(Unaudited)</i>	<b>2010</b>	<b>2009</b>
<b>REVENUE</b>			
Regional District	\$ 440,446	\$ 450,248	\$ 428,721
Tipping fees	50,000	56,661	49,560
Rental	34,680	38,714	33,383
Recreation and registration fees	10,400	12,473	10,845
Donations and fundraising	5,039	11,559	8,676
Refundable sales	13,000	10,703	14,662
Other revenue	4,804	6,089	4,412
Grants	8,816	5,620	9,000
Harvest fair	5,496	3,351	5,753
	<b>572,681</b>	<b>595,418</b>	<b>565,012</b>
<b>EXPENSES</b>			
Recycling	201,974	215,800	185,642
Fire Department	203,406	208,862	214,248
Community Hall	43,110	56,016	56,920
Mt Geoffrey	41,919	34,413	29,452
Recreation	36,991	29,771	36,149
Privy Council	10,632	10,411	9,819
General fund	4,068	10,095	7,270
Clinic	2,176	4,678	3,683
Fall Fair	4,316	3,606	4,014
Cemetery	24	267	577
Trails	238	242	562
Possum	242	206	491
	<b>549,096</b>	<b>574,367</b>	<b>548,827</b>
<b>ANNUAL SURPLUS</b>	<b>\$ 23,585</b>	<b>21,051</b>	<b>16,185</b>
<b>ACCUMULATED SURPLUS AT BEGINNING OF YEAR</b>		<b>199,432</b>	<b>183,247</b>
<b>ACCUMULATED SURPLUS AT END OF YEAR</b>		<b>\$ 220,483</b>	<b>\$ 199,432</b>

**HORNBY ISLAND RESIDENTS' AND RATEPAYERS' ASSOCIATION**  
**STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**  
**YEAR ENDED DECEMBER 31, 2010**  
(Prepared without audit)

	<b>2010 Budget</b> <i>(Unaudited)</i>	<b>2010</b>	<b>2009</b>
ANNUAL SURPLUS	\$ 23,585	\$ 21,051	\$ 16,182
AQUISITION OF TANGIBLE CAPITAL ASSETS	(10,253)	(10,253)	(8,663)
AMORTIZATION OF TANGIBLE CAPITAL ASSETS	10,075	10,075	6,986
CHANGE IN NET FINANCIAL ASSETS	\$ 23,407	20,873	14,505
NET FINANCIAL ASSETS AT BEGINNING OF YEAR		83,598	69,093
NET FINANCIAL ASSETS AT END OF YEAR		\$ 104,471	\$ 83,598



**HORNBY ISLAND RESIDENTS' AND RATEPAYERS' ASSOCIATION****STATEMENT OF CASH FLOWS****YEAR ENDED DECEMBER 31, 2010****(Prepared without audit)**

	2010	2009
<b>CASH FLOWS FROM</b>		
<b>OPERATING TRANSACTIONS</b>		
Cash received from government	\$ 455,868	\$ 437,721
Cash from user fees and rents	106,808	108,391
Cash from donations and fundraising	14,910	14,429
Cash from sales and other	16,792	19,074
Cash paid to suppliers	(379,811)	(318,702)
Cash paid to and on behalf of employees	(201,325)	(224,026)
	13,242	36,887
<b>CAPITAL TRANSACTION</b>		
Purchase of property and equipment	(10,253)	(8,663)
<b>INCREASE IN CASH</b>	2,989	28,224
<b>CASH AT BEGINNING OF YEAR</b>	95,269	67,045
<b>CASH AT END OF YEAR</b>	\$ 98,258	\$ 95,269

## **HORNBY ISLAND RESIDENTS' AND RATEPAYERS' ASSOCIATION**

### **NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2010**

**(Prepared without audit)**

#### **1. PURPOSE**

The Hornby Island Residents' & Ratepayers' Association ("HIRRA") is a non-profit society registered in the province of BC 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 Valley Regional District ("CVRD"). Through contracts held with the CVRD, 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.

HIRRA also manages the tenancy of its property and the Savoie building, the development and tenancy of its leased ten acres, the annual Fall Fair, the development of roadside trails and beach access parks and the community cemetery.

#### **2. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements were prepared in accordance with Canadian generally accepted accounting standards for private enterprises and include the following significant accounting policies:

##### *a) Use of Estimates*

The preparation of the financial statements in conformity with Canadian generally accepted accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

##### *b) Tangible Capital Assets*

Tangible capital assets are recorded at cost less accumulated amortization. Repairs and maintenance are expensed in the period in which they occur. Betterments which enhance the asset life or capacity are capitalized. Amortization is calculated on the straight line method at the annual rates indicated in Note 3, except in the year of acquisition when one-half the normal rate is used.

##### *c) Revenue Recognition*

All revenues are recognized in the year in which the funds are received.

The Association recognizes revenue from contracts held with the CVRD to administer tax funded local services. The Association 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 reasonably 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.



**HORNBY ISLAND RESIDENTS' AND RATEPAYERS' ASSOCIATION****NOTES TO FINANCIAL STATEMENTS****YEAR ENDED DECEMBER 31, 2010****(Prepared without audit)****3. TANGIBLE CAPITAL ASSETS**

			2010		2009
	Rate	Cost	Accumulated Amortization	Net	(Restated) Net
Land	-	\$ 20,171	\$ -	\$ 20,171	\$ 20,170
Equipment	1/5	31,468	13,323	18,145	24,439
Parking lot	1/15	10,253	342	9,911	-
Buildings	1/40	137,538	69,753	67,785	71,225
		\$ 199,430	\$ 83,418	\$ 116,012	\$ 115,834

**4. FINANCIAL INSTRUMENTS**

The Association, as part of its operations, carries a number of financial instruments. It is management's opinion that the Association is not exposed to significant interest, credit or currency risks arising from these financial instruments except as otherwise disclosed.

*Credit Risk*

Credit risk is the risk that the Association will incur losses based on credit that it has granted to other parties. The total amount of this exposure is the balance in accounts receivable, which is evenly distributed among a large number of individuals and as such the concentration of risk is reduced to a minimum.

**5. ECONOMIC DEPENDENCE**

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

**6. COMPARATIVE FIGURES**

Certain of the 2009 comparative figures have been reclassified to conform with the presentation adopted for 2010.

The 2009 figures, which are presented for comparative purposes, were audited by another firm of Chartered Accountants.

**HORNBY ISLAND RESIDENTS' AND RATEPAYERS' ASSOCIATION****Schedule****SCHEDULE OF EXPENSES BY TYPE****YEAR ENDED DECEMBER 31, 2010****(Prepared without audit)**

	2010	2009
Administrative	\$ 6,551	\$ 1,049
Advertising and promotion	19,091	14,011
Amortization	10,075	6,986
Bad debts	3,857	-
Capital maintenance	5,358	20,095
Conferences	2,443	1,666
Fire patrol	17,202	2,500
Freight and waste materials	41,242	28,263
Fuel	3,442	4,479
Insurance	13,849	13,242
Office	12,914	13,394
Professional fees	23,542	23,038
Projects and events	4,868	7,321
Recreation program	4,886	5,510
Repairs and maintenance	109,604	97,267
Subcontractors	15,490	17,822
Supplies	17,036	18,840
Tipping fees paid	26,887	20,566
Training and education	23,313	18,537
Utilities	7,392	6,215
Volunteer fund	4,000	4,000
Wages and employee benefits	201,325	224,026
	<b>\$ 574,367</b>	<b>\$ 548,827</b>