

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

Financial Statements

Year ended December 31, 2013

(Prepared without audit)

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MANAGEMENT'S RESPONSIBILITY

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

Management is responsible for the preparation and presentation of the accompanying December 31, 2013 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 objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the December 31, 2013 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, 2013 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.

Lynn Nunley, President

Carol Quin, 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, 2013 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.

In common with many organizations of this type, Hornby Island Residents' and Ratepayers' Association derives a portion of its revenue from donations and fundraising, which are not susceptible to satisfactory review. Accordingly, our review of this revenue was limited to the amounts recorded in the records of the Hornby Island Residents' and Ratepayers' Association and we were not able to determine whether any adjustments might be necessary to donation revenue, net expense for the year, assets and surplus.

Based on our review, except for the possible effects of the matter described in the preceding paragraph, 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 public sector accounting standards.


Chartered Accountants

Courtenay, B.C.

February 11, 2014

HORNBY ISLAND RESIDENTS' AND RATEPAYERS' ASSOCIATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2013
(Prepared without audit)

	2013	2012
FINANCIAL ASSETS		
Cash	\$ 158,319	\$ 95,053
Accounts receivable	12,686	14,273
Sales tax receivable	6,610	9,183
	177,615	118,509
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	22,948	25,148
NET FINANCIAL ASSETS	154,667	93,361
NON-FINANCIAL ASSETS		
Tangible capital assets (<i>Note 3</i>)	86,363	95,979
Prepaid expenses	8,200	5,500
	94,563	101,479
ACCUMULATED SURPLUS	\$ 249,230	\$ 194,840

Approved on behalf of the Board

_____ Director

_____ Director

HORNBY ISLAND RESIDENTS' AND RATEPAYERS' ASSOCIATION
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2013
(Prepared without audit)

	2013 Budget	2013	2012
REVENUE			
Regional District	\$ 483,118	\$ 540,932	\$ 464,414
Tipping fees	60,000	63,276	67,132
Rental	41,547	38,302	36,893
Recreation and registration fees	-	19,931	20,435
Donations and fundraising	-	18,535	14,841
Refundable sales	12,000	13,618	13,352
Other revenue	4,608	3,602	4,391
Grants	-	20,914	5,800
Fall fair	-	4,542	5,915
	601,273	723,652	633,173
EXPENSES			
Recycling	234,573	232,971	210,793
Fire department	215,765	211,330	221,019
Community hall	55,467	88,825	52,692
Mt Geoffrey	49,019	45,657	56,758
Recreation	-	53,168	45,202
Privy council	12,804	10,140	9,759
General fund	2,624	11,629	15,722
Savoie building	7,702	7,702	8,343
Fall Fair	4,866	4,866	5,242
Cemetary	727	727	1,009
Trails	816	816	19
Invasive Weed	-	1,422	-
Possum Project	-	9	-
	584,363	669,262	626,558
ANNUAL SURPLUS	\$ 16,910	54,390	6,615
ACCUMULATED SURPLUS AT BEGINNING OF YEAR		194,840	188,225
ACCUMULATED SURPLUS AT END OF YEAR		\$ 249,230	\$ 194,840

HORNBY ISLAND RESIDENTS' AND RATEPAYERS' ASSOCIATION
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
YEAR ENDED DECEMBER 31, 2013
(Prepared without audit)

	2013 Budget	2013	2012
ANNUAL SURPLUS	\$ 16,910	\$ 54,390	\$ 6,615
INCREASE IN PREPAID EXPENSES	-	(2,700)	(5,500)
AMORTIZATION OF TANGIBLE CAPITAL ASSETS	9,616	9,616	9,616
CHANGE IN NET FINANCIAL ASSETS	\$ 26,526	61,306	10,731
NET FINANCIAL ASSETS AT BEGINNING OF YEAR		93,361	82,630
NET FINANCIAL ASSETS AT END OF YEAR		\$ 154,667	\$ 93,361

HORNBY ISLAND RESIDENTS' AND RATEPAYERS' ASSOCIATION
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2013
(Prepared without audit)

	2013	2012
CASH FLOWS FROM		
OPERATING TRANSACTIONS		
Cash received from government	\$ 561,946	\$ 470,214
Cash from user fees and rents	125,669	129,508
Cash from donations and fundraising	22,977	20,756
Cash from sales and other	17,221	17,742
Cash paid to suppliers	(404,604)	(380,124)
Cash paid to and on behalf of employees	(259,943)	(235,807)
INCREASE IN CASH	63,266	22,289
CASH AT BEGINNING OF YEAR	95,053	72,764
CASH AT END OF YEAR	\$ 158,319	\$ 95,053

HORNBY ISLAND RESIDENTS' AND RATEPAYERS' ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

(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

These financial statements were prepared in accordance with Canadian generally accepted accounting standards for governments as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

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 semi-annual 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, 2013
(Prepared without audit)

3. TANGIBLE CAPITAL ASSETS

			2013		2012
	<i>Rate</i>	<i>Cost</i>	<i>Accumulated Amortization</i>	<i>Net</i>	<i>Net</i>
Land	-	\$ 20,171	\$ -	\$ 20,171	\$ 20,171
Equipment	1/5	31,468	30,603	865	6,358
Parking lot	1/15	10,253	2,394	7,859	8,543
Buildings	1/40	137,538	80,070	57,468	60,907
		\$ 199,430	\$ 113,067	\$ 86,363	\$ 95,979

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. As of the date of the financial statements, a significant portion of the accounts receivable is owed from the CVRD. Due to the nature of transactions with the CVRD and their past payment history, this 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.

HORNBY ISLAND RESIDENTS' AND RATEPAYERS' ASSOCIATION**Schedule****SCHEDULE OF EXPENSES BY TYPE****YEAR ENDED DECEMBER 31, 2013****(Prepared without audit)**

	2013	2012
Administrative	\$ 3,311	\$ 9,783
Advertising and promotion	17,214	18,760
Amortization	9,616	9,616
Bad debts	454	25
Conferences	1,560	2,193
Fire patrol	21,313	20,490
Freight and waste materials	14,805	12,251
Fuel	6,597	5,520
Insurance	10,854	14,395
Office	17,300	17,616
Professional fees	22,807	20,646
Projects and events	5,359	6,129
Property taxes	3,229	-
Recreation program	5,252	4,504
Repairs and maintenance	167,964	136,982
Subcontractors	30,655	21,153
Supplies	12,508	14,302
Tipping fees paid	23,152	25,850
Training and education	13,730	31,900
Travel	731	-
Utilities	16,901	14,636
Volunteer fund	4,007	4,000
Wages and employee benefits	259,943	235,807
	\$ 669,262	\$ 626,558