

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

Financial Statements

Year ended December 31, 2014

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*(Prepared without audit)*

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| <b>Contents</b>                              | <b>Page</b> |
|--|-------------|
| Management's Responsibility                  | 1           |
| Review Engagement Report                     | 2           |
| Statement of Financial Position              | 3           |
| Statement of Operations                      | 4           |
| Statement of Changes in Net Financial Assets | 5           |
| Statement of Cash Flows                      | 6           |
| Notes to Financial Statements                | 7 - 8       |
| Schedule of Expenses by Type                 | 9           |

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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, 2014 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, 2014 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, 2014 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.

February 11, 2015

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Lynn Nunley, President

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Carol Quin, Treasurer

## REVIEW ENGAGEMENT REPORT

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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, 2014 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.

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Chartered Accountants

Courtenay, B.C.

February 11, 2015 Financial statements not finalized

**HORNBY ISLAND RESIDENTS' AND RATEPAYERS' ASSOCIATION**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2014**  
(Prepared without audit)

|  |                   | <b>2014</b>       | <b>2013</b>       |
|--|-------------------|-------------------|-------------------|
| <b>FINANCIAL ASSETS</b>                  |                   |                   |                   |
| Cash                                     | <i>11.01 / A</i>  | \$ 155,492        | \$ 158,319        |
| Accounts receivable                      | <i>11.10 / C</i>  | 5,354             | 12,686            |
| Sales tax receivable                     | <i>11.40 / C</i>  | 3,294             | 6,610             |
|  |                   | <u>164,140</u>    | <u>177,615</u>    |
| <b>FINANCIAL LIABILITIES</b>             |                   |                   |                   |
| Accounts payable and accrued liabilities | <i>21.10 / BB</i> | 14,817            | 22,949            |
| Deferred gaming revenue                  | <i>21.22 / BB</i> | 8,000             | -                 |
|  |                   | <u>22,817</u>     | <u>22,949</u>     |
| <b>NET FINANCIAL ASSETS</b>              |                   | <u>141,323</u>    | <u>154,666</u>    |
| <b>NON-FINANCIAL ASSETS</b>              |                   |                   |                   |
| Tangible capital assets <i>(Note 3)</i>  | <i>17 / U</i>     | 81,375            | 86,363            |
| Prepaid expenses                         | <i>11.85 / L</i>  | 8,200             | 8,200             |
|  |                   | <u>89,575</u>     | <u>94,563</u>     |
| <b>ACCUMULATED SURPLUS</b>               |                   | <u>\$ 230,898</u> | <u>\$ 249,229</u> |

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Approved on behalf of the Board

\_\_\_\_\_ Director

\_\_\_\_\_ Director

**HORNBY ISLAND RESIDENTS' AND RATEPAYERS' ASSOCIATION**  
**STATEMENT OF OPERATIONS**  
**YEAR ENDED DECEMBER 31, 2014**  
(Prepared without audit)

|   |            | <b>2014 Budget</b> | <b>2014</b>       | <b>2013</b>       |
|---|------------|--------------------|-------------------|-------------------|
| <b>REVENUE</b>                                  |            |                    |                   |                   |
| Regional District                               | 30.1 /     | \$ 431,851         | \$ 423,697        | \$ 540,932        |
| Tipping fees                                    | 32 / 32    | 60,000             | 67,080            | 63,276            |
| Rental  | 31.2 /     | 42,494             | 40,302            | 38,302            |
| Recreation and registration fees                | /          | -                  | 25,482            | 19,931            |
| Donations and fundraising                       | 31.1 /     | -                  | 4,991             | 18,535            |
| Refundable sales                                | 34 / 34    | 12,000             | 13,629            | 13,618            |
| Other revenue                                   | 30.5 /     | 8,047              | 5,651             | 3,602             |
| Grants  | 30.02 / 30 | 1,000              | 9,340             | 20,914            |
| Fall fair                                       | 33 / 33    | -                  | 5,294             | 4,542             |
|   |            | <b>555,392</b>     | <b>595,466</b>    | <b>723,652</b>    |
| <b>EXPENSES</b>                                 |            |                    |                   |                   |
| Recycling                                       | 50.79 / 50 | 234,732            | 238,978           | 232,971           |
| Fire department                                 | 50.17 / 50 | 169,165            | 178,330           | 211,330           |
| Community hall                                  | 50.32 / 50 | 54,830             | 46,850            | 88,825            |
| Mt Geoffrey                                     | 50.41 / 50 | 52,119             | 53,860            | 45,657            |
| Recreation                                      | 50.33 / 50 | -                  | 54,301            | 53,168            |
| Privy council                                   | 50.62 / 50 | 14,390             | 11,479            | 10,140            |
| General fund                                    | 50.63 / 50 | 7,575              | 13,565            | 11,629            |
| Savoie building                                 | 50.02 / 50 | 8,673              | 8,672             | 7,702             |
| Fall Fair                                       | 50.10 / 50 | 5,912              | 5,912             | 4,866             |
| Cemetery  | 50.06 / 50 | 91                 | 91                | 727               |
| Trails  | 50.68 / 50 | 631                | -                 | 816               |
| Invasive Weed                                   | 50.03 / 50 | -                  | 1,759             | 1,422             |
| Possum Project                                  | 50.04 / 50 | -                  | -                 | 9                 |
|   |            | <b>548,118</b>     | <b>613,797</b>    | <b>669,262</b>    |
| <b>ANNUAL SURPLUS (EXPENDITURE)</b>             |            | <b>\$ 7,274</b>    | <b>(18,331)</b>   | <b>54,390</b>     |
| <b>ACCUMULATED SURPLUS AT BEGINNING OF YEAR</b> | 29.1 /     |                    | <b>249,229</b>    | <b>194,839</b>    |
| <b>ACCUMULATED SURPLUS AT END OF YEAR</b>       |            |                    | <b>\$ 230,898</b> | <b>\$ 249,229</b> |

**HORNBY ISLAND RESIDENTS' AND RATEPAYERS' ASSOCIATION**  
**STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**  
**YEAR ENDED DECEMBER 31, 2014**  
(Prepared without audit)

|   | 2014 Budget | 2014        | 2013       |
|---|-------------|-------------|------------|
| ANNUAL SURPLUS                            | \$ -        | \$ (18,331) | \$ 54,390  |
| INCREASE IN PREPAID EXPENSES              | -           | -           | (2,700)    |
| AMORTIZATION OF TANGIBLE CAPITAL ASSETS   | -           | 4,988       | 9,616      |
| CHANGE IN NET FINANCIAL ASSETS            | \$ -        | (13,343)    | 61,306     |
| NET FINANCIAL ASSETS AT BEGINNING OF YEAR |             | 154,666     | 93,360     |
| NET FINANCIAL ASSETS AT END OF YEAR       |             | \$ 141,323  | \$ 154,666 |

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**HORNBY ISLAND RESIDENTS' AND RATEPAYERS' ASSOCIATION**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2014**  
(Prepared without audit)

|   | 2014       | 2013       |
|---|------------|------------|
| CASH FLOWS FROM                         |            |            |
| OPERATING TRANSACTIONS                  |            |            |
| Cash received from government           | \$ 433,037 | \$ 561,946 |
| Cash from user fees and rents           | 151,512    | 125,669    |
| Cash from donations and fundraising     | 10,285     | 22,977     |
| Cash from sales and other               | 19,280     | 17,221     |
| Cash paid to suppliers                  | (377,710)  | (404,604)  |
| Cash paid to and on behalf of employees | (239,231)  | (259,943)  |
|   |            |            |
| INCREASE (DECREASE) IN CASH             | (2,827)    | 63,266     |
| CASH AT BEGINNING OF YEAR               | 158,319    | 95,053     |
|   |            |            |
| CASH AT END OF YEAR                     | \$ 155,492 | \$ 158,319 |

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# HORNBY ISLAND RESIDENTS' AND RATEPAYERS' ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

(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*

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, 2014**  
(Prepared without audit)

**3. TANGIBLE CAPITAL ASSETS**

|             |             |             | <b>2014</b>                         |            | <b>2013</b> |            |
|-------------|-------------|-------------|-------------------------------------|------------|-------------|------------|
|             | <i>Rate</i> | <i>Cost</i> | <i>Accumulated<br/>Amortization</i> | <i>Net</i> | <i>Net</i>  | <i>Net</i> |
| Land        | -           | \$ 20,171   | \$ -                                | \$ 20,171  | \$ 20,171   | \$ 20,171  |
| Equipment   | 1/5         | 31,468      | 31,468                              | -          | 865         | 865        |
| Parking lot | 1/15        | 10,253      | 3,078                               | 7,175      | 7,859       | 7,859      |
| Buildings   | 1/40        | 137,538     | 83,509                              | 54,029     | 57,468      | 57,468     |
|             |             | \$ 199,430  | \$ 118,055                          | \$ 81,375  | \$ 86,363   | \$ 86,363  |

**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, 2014

(Prepared without audit)

|                                   |          | 2014       | 2013       |
|-----------------------------------|----------|------------|------------|
| Administrative                    | 50.63/50 | \$ 2,119   | \$ 3,311   |
| Advertising and promotion         | 50.02/50 | 18,665     | 17,214     |
| Amortization                      | 50.03/50 | 4,988      | 9,616      |
| Bad debts                         | 50.06/50 | 1,859      | 454        |
| Conferences                       | 50.17/50 | 2,063      | 1,560      |
| Fire patrol                       | 50.79/50 | 22,866     | 21,313     |
| Freight and waste materials       | 50.32/50 | 4,637      | 14,805     |
| Fuel                              | 50.33/50 | 6,336      | 6,597      |
| Insurance                         | 50.41/50 | 13,609     | 10,854     |
| Office                            | 50.62/50 | 14,205     | 17,300     |
| Professional fees and bookkeeping | 50.68/50 | 24,142     | 22,807     |
| Projects and events               | 50.70/50 | 6,905      | 5,359      |
| Property taxes                    | 50.72/50 | 3,159      | 3,229      |
| Recreation program                | 50.12/50 | 4,883      | 5,252      |
| Repairs and maintenance           | 50.75/50 | 123,574    | 167,964    |
| Subcontractors                    | 50.81/50 | 31,000     | 30,655     |
| Supplies                          | 50.82/50 | 10,798     | 12,508     |
| Tipping fees paid                 | 50.86/50 | 34,115     | 23,152     |
| Training and education            | 50.87/50 | 22,109     | 13,730     |
| Travel                            | 50.88/50 | 625        | 731        |
| Utilities                         | 50.90/50 | 19,909     | 16,901     |
| Volunteer fund                    | 50.92/50 | 2,000      | 4,007      |
| Wages and employee benefits       | 50.93/50 | 239,231    | 259,943    |
|                                   |          | \$ 613,797 | \$ 669,262 |

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