Financial Statements Year ended December 31, 2015

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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, 2015 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, 2015 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 Professional Accountants, is appointed by the members to review the December 31, 2015 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.

Rob McCreary, President	Lynn Nunley, Treasurer

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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, 2015 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 Professional Accountants

Courtenay, B.C.

February 19, 2016

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2015

		2015		2014
FINANCIAL ASSETS				
Cash	\$	198,639	\$	155,492
Accounts receivable		5,187		5,354
Sales tax receivable		4,104		3,294
	,	207,930		164,140
FINANCIAL LIABILITIES				
Accounts payable and accrued liabilities		39,434		14,817
Deferred gaming revenue		-		8,000
Deferred revenue		19,774		-
		59,208	-	22,817
NET FINANCIAL ASSETS		148,722		141,323
NON-FINANCIAL ASSETS				
Tangible capital assets (Note 3)		77,680		81,375
Prepaid expenses		8,200		8,200
		05 000		90 575
		85,880		89,575
ACCUMLATED SURPLUS	\$	234,602	\$	230,898



Approved on behalf of the Board	
	Director
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STATEMENT OF OPERATIONS

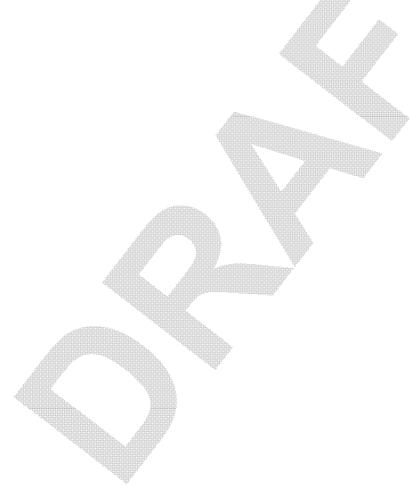
YEAR ENDED DECEMBER 31, 2015

	20	15 Budget		2015		2014
REVENUE						
Regional District	\$	480,279	\$	480,472	\$	423,697
Tipping fees		60,000		82,149		67,080
Rental		42,277		38,852		40,302
Recreation and registration fees		21,000		26,402		25,482
Grants		1,500		13,419		9,340
Refundable sales		12,000		12,912		13,629
Other revenue		12,880		7,872		5,651
Donations and fundraising		1,900		4,016		4,991
Fall fair		3,060		3,060		5,294
		(24.80)		660 154		505 466
		634,896		669,154		595,466
EXPENSES						
Cemetery		3,870		3,870		91
Community hall		53,145	>	56,753		46,850
Fall fair		3,267		3,267		5,912
Fire department		180,483		187,302		178,330
Invasive weed		-		1,424		1,759
Mt Geoffrey		46,500		52,109		53,860
Privy council		12,848		11,918		11,479
Property management/general fund		8,563		16,532		12,934
Recreation		50,300		57,367		54,301
Recycling depot		249,677		270,391		238,978
Savoie building		9,298		2,865		8,672
Trails		1,652		1,652		631
		619,603		665,450		613,797
ANNUAL SURPLUS (EXPENDITURE)	\$	15,293		3,704		(18,331)
ACCUMULATED SURPLUS AT BEGINNING OF YEAR				230,898		249,229
ACCUMULATED SURPLUS AT END OF YEAR			\$	234,602	\$	230,898
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STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

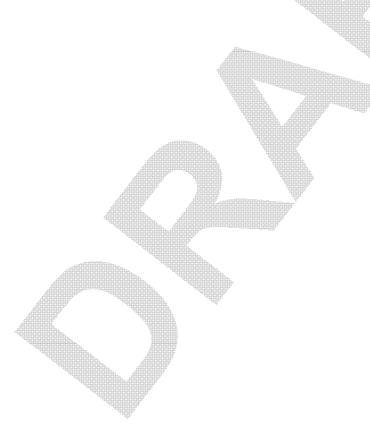
YEAR ENDED DECEMBER 31, 2015

	2015	2014
ANNUAL SURPLUS (EXPENDITURE)	\$ 3,704	\$ (18,331)
AMORTIZATION OF TANGIBLE CAPITAL ASSETS	3,695	4,988
CHANGE IN NET FINANCIAL ASSETS	7,399	(13,343)
NET FINANCIAL ASSETS AT BEGINNING OF YEAR	141,323	154,666
NET FINANCIAL ASSETS AT END OF YEAR	<b>\$</b> 148,722	\$ 141,323



STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2015 (Prepared without audit)

	2015	2014
CASH FLOWS FROM		
OPERATING TRANSACTIONS		
Cash received from government	\$ 493,891	\$ 433,037
Cash from user fees and rents	158,535	151,512
Cash from donations and fundraising	7,076	10,285
Cash from sales and other	20,784	19,280
Cash paid to suppliers	(380,492)	(377,710)
Cash paid to and on behalf of employees	(256,647)	(239,231)
INCREASE (DECREASE) IN CASH	43,147	(2,827)
CASH AT BEGINNING OF YEAR	155,492	158,319
CASH AT END OF YEAR	\$ 198,639	\$ 155,492



NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

(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 Chartered Professional Accountants of Canada.

#### *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.

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2015

(Prepared without audit)

#### 3. TANGIBLE CAPITAL ASSETS

	<b>2015</b> Accumulated					2014		
	Rate		Cost		nortization	Net		Net
Land	_	\$	20,171	\$	-	20,171	\$	20,171
Equipment	1/5		31,468		31,468	-		-
Parking lot	1/15		10,253		3,334	6,919		7,175
Buildings	1/40		137,538		86,948	50,590		54,029
		\$	199,430	\$	121,750	77,680	\$	81,375

#### 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.

Schedule

SCHEDULE OF EXPENSES BY TYPE YEAR ENDED DECEMBER 31, 2015

		2	015	2014
Administrative		\$	3,917	\$ 2,119
Advertising and promotion			17,820	18,665
Amortization			3,695	4,988
Bad debts			-	1,859
Conferences			2,906	2,063
Fire patrol			19,735	22,866
Freight and waste materials			6,169	4,637
Fuel			5,409	6,336
Insurance			14,089	13,609
Licences and dues			1,235	-
Office			15,882	14,205
Professional fees and bookkeeping			26,462	24,142
Projects and events			8,758	6,905
Property taxes			2,956	3,159
Recreation program			9,434	4,883
Repairs and maintenance			146,981	123,574
Subcontractors			21,177	31,000
Supplies			18,074	10,798
Tipping fees paid	A		36,645	34,115
Training and education			23,903	22,109
Travel			677	625
Utilities			20,736	19,909
Volunteer fund			2,143	2,000
Wages and employee benefits		<u>'</u>	256,647	239,231
		\$	665,450	\$ 613,797

