

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

Financial Statements

Year ended December 31, 2015

(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, 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

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, 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

HORNBY ISLAND RESIDENTS' AND RATEPAYERS' ASSOCIATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015
(Prepared without audit)

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

Approved on behalf of the Board

_____ Director

_____ Director

HORNBY ISLAND RESIDENTS' AND RATEPAYERS' ASSOCIATION
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2015
(Prepared without audit)

	2015 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
	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

HORNBY ISLAND RESIDENTS' AND RATEPAYERS' ASSOCIATION
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
YEAR ENDED DECEMBER 31, 2015
(Prepared without audit)

	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	\$ 148,722	\$ 141,323

DRAFT

HORNBY ISLAND RESIDENTS' AND RATEPAYERS' ASSOCIATION
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)
	<hr/>	<hr/>
INCREASE (DECREASE) IN CASH	43,147	(2,827)
CASH AT BEGINNING OF YEAR	155,492	158,319
	<hr/>	<hr/>
CASH AT END OF YEAR	\$ 198,639	\$ 155,492
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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.

HORNBY ISLAND RESIDENTS' AND RATEPAYERS' ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Prepared without audit)

3. TANGIBLE CAPITAL ASSETS

			2015		2014	
	<i>Rate</i>	<i>Cost</i>	<i>Accumulated 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	-	-	-
Parking lot	1/15	10,253	3,334	6,919	7,175	7,175
Buildings	1/40	137,538	86,948	50,590	54,029	54,029
		\$ 199,430	\$ 121,750	\$ 77,680	\$ 81,375	\$ 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.

HORNBY ISLAND RESIDENTS' AND RATEPAYERS' ASSOCIATION**Schedule****SCHEDULE OF EXPENSES BY TYPE****YEAR ENDED DECEMBER 31, 2015****(Prepared without audit)**

	2015	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	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	256,647	239,231
	\$ 665,450	\$ 613,797