

**HORNBY ISLAND RESIDENTS' AND
RATEPAYERS' ASSOCIATION**
Financial Statements
Year ended December 31, 2017

(Prepared without audit)

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HORNBY ISLAND RESIDENTS' AND RATEPAYERS' ASSOCIATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017
(Prepared without audit)

		2017	2016
FINANCIAL ASSETS			
Cash	<i>11.01 / A</i>	\$ 281,150	\$ 160,436
Accounts receivable	<i>11.10 / C</i>	17,016	35,618
Sales tax receivable	<i>11.40 / C</i>	2,342	4,671
		<u>300,508</u>	<u>200,725</u>
LIABILITIES			
Accounts payable and accrued liabilities	<i>21.10 / BB</i>	64,587	37,260
Deferred revenue	<i>21.40 / GG</i>	6,000	3,469
		<u>70,587</u>	<u>40,729</u>
NET FINANCIAL ASSETS		<u>229,921</u>	<u>159,996</u>
NON-FINANCIAL ASSETS			
Tangible capital assets (Note 3)	<i>17 / U</i>	105,903	101,694
Prepaid expenses	<i>11.85 / L</i>	6,585	5,850
		<u>112,488</u>	<u>107,544</u>
ACCUMULATED SURPLUS		<u>\$ 342,409</u>	<u>\$ 267,540</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, 2017
(Prepared without audit)

		2017 Budget	2017	2016
REVENUE				
Regional District	30.1 /	\$ 516,911	\$ 531,098	\$ 537,393
Tipping fees	32 / 32	75,000	90,384	88,321
Rental	31.2 /	37,450	38,003	37,165
Recreation and registration fees	/	25,150	22,652	33,086
Grants	30.02 / 30	630	7,182	6,460
Refundable sales	34 / 34	12,000	18,233	14,481
Other revenue	30.5 /	3,240	8,492	9,337
Donations and fundraising	31.1 /	-	4,705	2,974
Fall fair	33 / 33	-	4,470	3,939
		670,381	725,219	733,156
EXPENSES				
Cemetery	50.06 / 50	-	896	1,418
Community hall	50.32 / 50	49,817	59,002	90,261
Fall fair	50.10 / 50	-	3,443	4,475
Fire department	50.17 / 50	196,913	189,918	193,539
Invasive weed	50.03 / 50	5,207	3,741	1,608
Mount Geoffrey	50.41 / 50	55,948	56,978	62,006
Privy council	50.62 / 50	13,985	10,995	13,647
Property management/general fund	50.63 / 50	6,200	14,052	16,205
Recreation	50.33 / 50	48,650	51,824	55,034
Recycling depot	50.79 / 50	282,816	255,689	259,382
Savoie building	50.02 / 50	7,566	3,811	2,579
Trails	50.68 / 50	-	-	65
		667,102	650,349	700,219
ANNUAL SURPLUS		\$ 3,279	74,870	32,937
ACCUMULATED SURPLUS AT BEGINNING OF YEAR	29.1 /		267,539	234,603
ACCUMULATED SURPLUS AT END OF YEAR			\$ 342,409	\$ 267,540

HORNBY ISLAND RESIDENTS' AND RATEPAYERS' ASSOCIATION
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
YEAR ENDED DECEMBER 31, 2017
(Prepared without audit)

	2017	2016
ANNUAL SURPLUS (EXPENDITURE)	\$ 74,870	\$ 32,937
ACQUISITION OF TANGIBLE CAPITAL ASSETS	(11,105)	(27,709)
(INCREASE) DECREASE IN PREPAID EXPENSES	(735)	2,350
<u>AMORTIZATION OF TANGIBLE CAPITAL ASSETS</u>	<u>6,895</u>	<u>3,695</u>
CHANGE IN NET FINANCIAL ASSETS	69,925	11,273
<u>NET FINANCIAL ASSETS AT BEGINNING OF YEAR</u>	<u>159,996</u>	<u>148,723</u>
<u>NET FINANCIAL ASSETS AT END OF YEAR</u>	<u>\$ 229,921</u>	<u>\$ 159,996</u>

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HORNBY ISLAND RESIDENTS' AND RATEPAYERS' ASSOCIATION
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2017
(Prepared without audit)

	2017	2016
CASH FLOWS FROM OPERATING TRANSACTIONS		
CASH RECEIVED FROM		
Government	\$ 538,280	\$ 543,853
User fees and rents	174,499	111,270
Donations and fundraising	9,175	6,914
Sales and other	26,725	23,817
	<hr/> 748,679	<hr/> 685,854
CASH PAID TO		
Suppliers	(358,958)	(441,444)
Employees and benefits	(257,903)	(254,904)
Purchase capital assets	(11,104)	(27,709)
	<hr/> (627,965)	<hr/> (724,057)
INCREASE (DECREASE) IN CASH	120,714	(38,203)
CASH AT BEGINNING OF YEAR	160,436	198,639
CASH AT END OF YEAR	<hr/> \$ 281,150	<hr/> \$ 160,436

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HORNBY ISLAND RESIDENTS' AND RATEPAYERS' ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

(Prepared without audit)

1. *NATURE OF OPERATIONS*

The Hornby Island Residents' & Ratepayers' Association ("HIRRA") is a non-profit society registered in the province of BC since 1973. Through this association 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.

HIRRA is exempt from income taxes under the Income Tax Act.

2. *SIGNIFICANT ACCOUNTING POLICIES*

These financial statements were prepared in accordance with Canadian public sector accounting standards.

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.

Tangible capital assets are written down when conditions indicate that they no longer contribute to HIRRA's ability to provide services or when the value of future economic benefits associated with the tangible asset are less than their net book value. The net write-down is accounted for as expenses in the Statement of Operations.

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HORNBY ISLAND RESIDENTS' AND RATEPAYERS' ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
(Prepared without audit)

2. SIGNIFICANT ACCOUNTING POLICIES, continued

c) Revenue Recognition

HIRRA recognizes revenue from contracts held with the CVRD to administer tax funded local services. HIRRA 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.

3. TANGIBLE CAPITAL ASSETS

			2017		2016
	<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	62,487	34,570	27,917	-
Parking lot	1/15	10,253	3,846	6,407	6,663
Buildings	1/40	145,332	93,924	51,408	47,151
Equipment not available for use	-	-	-	-	27,709
		\$ 238,243	\$ 132,340	\$ 105,903	\$ 101,694

4. FINANCIAL INSTRUMENTS

HIRRA, 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 HIRRA 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 of \$17,016.47 (2016 - \$35,617.53). One customer accounts for 61% of this balance (2016 - one customer accounted for 81%), but management feels that risk of collection of these amounts is minimal due to the past payment history of this customer.

5. ECONOMIC DEPENDENCE

HIRRA is economically dependent on the CVRD as its primary source of income is 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, 2017

(Prepared without audit)

		2017	2016
Administrative	50.63/50	\$ 1,615	\$ 5,742
Advertising and promotion	50.02/50	16,362	18,941
Amortization	50.03/50	6,895	3,695
Conferences	50.17/50	2,186	2,500
Fire patrol	50.79/50	27,037	19,084
Freight and waste materials	50.32/50	6,990	8,540
Fuel	50.33/50	4,127	4,467
Insurance	50.41/50	12,058	13,085
Licences and dues	50.51/50	50	245
Office	50.62/50	17,837	14,857
Professional fees and bookkeeping	50.68/50	27,204	27,687
Projects and events	50.70/50	8,908	5,366
Property taxes	50.72/50	2,590	2,671
Recreation program	50.12/50	4,374	4,142
Repairs and maintenance	50.75/50	113,880	168,406
Subcontractors	50.81/50	22,174	25,893
Supplies	50.82/50	23,306	23,777
Tipping fees paid	50.86/50	47,997	47,231
Training and education	50.87/50	25,472	29,411
Travel	50.88/50	237	606
Utilities	50.90/50	19,149	16,970
Volunteer fund	50.92/50	2,000	2,000
Wages and employee benefits	50.93/50	257,903	254,904
		<u>\$ 650,351</u>	<u>\$ 700,220</u>

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Hornby Island Residents' and Ratepayers' Associatic

Year End: December 31, 2017

Adjusting journal entries

Date: 1/1/2017 To 12/31/2017

Number	Name	Account No	Debit	Credit
1	Deferred revenue	2487	3,310.36	
1	Solar Project Recovery from CVRD	4445		3,310.36
To recognize deferred revenue for solar panel project.				
2	Equipment	1725	31,019.47	
2	Capital Asset not avail. for use	1790		27,709.11
2	Solar Roof System Project	5556		3,310.36
To capitalize solar panel project completed in 2017.				
3	Accumulated Depreciation - Bldgs.	1715		3,536.71
3	Accumulated Depreciation - Equip.	1730		3,101.95
3	Accum amort-parking lot	1760		256.00
3	Amortization	5001	6,894.66	
To record amortization of capital assets for the year.				
4	Deferred revenue	2487		6,000.00
4	Grants-in-Aid	4155	6,000.00	
To defer grant for new hand pump on Sollans until project is completed.				
5	Prepayments	1295	735.00	
5	Accts Payable	2210		1,470.00
5	Review/Audit Expense	5130		735.00
5	Review/Audit Expense	5130	1,470.00	
To set up A/P for A/P expense for new general ledger consulting and then adjust to be expensed in 2017 and 2018 as requested by bookkeeper.				
6	Deferred revenue	2487	158.95	
6	Solar Project	4449		158.95
To adjust unspent balance from CVRD related to solar roof project.				

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AD 3/10/2018	KJ 3/23/2018	MB 3/24/2018	

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Hornby Island Residents' and Ratepayers' Associatic

Year End: December 31, 2017

Adjusting journal entries

Date: 1/1/2017 To 12/31/2017

Number	Name	Account No	Debit	Credit
7	Accts Receivable	1240	859.60	
7	Refundable Sales	4440		859.60
	To adjust deposit made Jan 23, 2018 to A/R as per Joanne.			
8	Deferred revenue	2487	30.00	
8	Retained Earnings	3560		29.82
8	Hall Roof CVRD Recovery	4325		0.18
	To adjust retained earnings outage.			
9	Buildings	1710	7,793.71	
9	Capital Expenditures	5470		7,793.71
	To capitalize acoustic project			
			58,271.75	58,271.75
	Net Income (Loss)	74,868.13		

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Hornby Island Residents' and Ratepayers' Association
Year End: December 31, 2017

Refno	Description	Assets	Liabilities	Equity	Income	Expenses	Annotation
Unrecorded - factual							
U1	To adjust depreciation for AED	1,413.00	0.00	(1,413.00)	0.00	0.00	
U2	Adjust accrual for P&P fees (has	0.00	(4,000.00)	4,000.00	0.00	0.00	
U3	Correct opening WCB payable balance	0.00	(1,326.81)	1,326.81	0.00	0.00	
U4	To record prior year unadjusted	1,958.75	0.00	(1,958.75)	0.00	0.00	
U5	To adjust credit balances out of	532.29	(532.29)	0.00	0.00	0.00	
		<u>3,904.04</u>	<u>(5,859.10)</u>	<u>1,955.06</u>	<u>0.00</u>	<u>0.00</u>	
	Understated/(Overstated)	<u>3,904.04</u>	<u>(5,859.10)</u>	<u>1,955.06</u>	<u>0.00</u>	<u>0.00</u>	

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Hornby Island Residents' and Ratepayers' Association

Year End: December 31, 2017

Unrecorded journal entries

Date: 1/1/2017 To 12/31/2017

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Misstatement
U1	12/31/2017	Equipment	1725			2,019.24			
U1	12/31/2017	Accumulated Depreciation - Equip.	1730				606.24		
U1	12/31/2017	Recreation - Operations Fund	3085				1,413.00		
		To adjust depreciation for AED machine.							Recurring
U2	12/31/2017	Presley & Partners Payable	2208				4,000.00		
U2	12/31/2017	Retained Earnings	3560			4,000.00			
		Adjust accrual for P&P fees (has been the same for several years).							
U3	12/31/2017	WCB Payable	2455				1,326.81		
U3	12/31/2017	Retained Earnings	3560			1,326.81			
		Correct opening WCB payable balance							
U4	12/31/2017	Sail Boats	1770	U-1		3,000.00			
U4	12/31/2017	Accumulated Depreciation - Boats	1775	U-1			1,041.25		
U4	12/31/2017	Recreation - Operations Fund	3085	U-1			1,958.75		
		To record prior year unadjusted entries that affect the current year							Recurring
U5	12/31/2017	Accts Receivable	1240	C-1		532.29			
U5	12/31/2017	Prepaid Income	2470	C-1			532.29		
		To adjust credit balances out of A/R.							Recurring
						10,878.34	10,878.34		
			Net Income (Loss)			74,868.13			

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HORNBY ISLAND RESIDENTS' & RATEPAYERS' ASSOCIATION
FUND BALANCES
December 31, 2017

COMMITTEES	Fund	Revenue	Revenue	Core	Total	2017	Expense	Core	Total	Fund	Amortization	Total	Fund Balances			
	Balances at	2017	adjusting	Allocation	Revenue	Expense	adjusting	Allocation	Expenses	Increase or	Amortization	adjustment	at Dec 31/17			
	1/1/17	Revenue	entries				entries			(Decrease)						
3051 Property Management/General Fun	85,847.20	11,739.88		1,126.32	12,866.20	4,363.71	7,629.66	1,126.32	13,120	(253.49)	6,894.66	6,641	92,488.37			
3060 Savoie Building	49,934.86	13,183.66		239.64	13,423.30	3,571.48		239.64	3,811	9,612.18	-	9,612	59,547.04			
3062 Cemetery	2,828.71	776.12		323.88	1,100.00	572.22		323.88	896	203.90		204	3,032.61			
3053 Invasive Weed Control	1,927.00	3,380.84		119.16	3,500.00	3,622.01		119.16	3,741	(241.17)		(241)	1,685.83			
3091 Harvest Fair	5,359.93	4,196.19		273.36	4,469.55	3,169.59		273.36	3,443	1,026.60		1,027	6,386.53			
3050 Core Services	(230.19)	61,165.24		(54,229.08)	6,936.16	55,161.79		(54,229.08)	933	6,003.45		6,003	5,773.26			
3010 HI Fire Rescue Fund	(5,626.76)	186,937.20	-	15,171.00	202,108.20	174,747.40		15,171.00	189,918	12,189.80		12,190	6,563.04			
3035 Recycling Depot - Operations	35,638.04	277,222.81	4,329.09	22,625.04	304,176.94	244,168.06	(11,104.07)	22,625.04	255,689	48,487.91		48,488	84,125.95			
3020 Community Hall - Operations	18,437.64	50,588.17	(6,000.00)	4,067.04	48,655.21	54,935.00		4,067.04	59,002	(10,346.83)	-	(10,347)	8,090.81			
3085 Recreation - Operations Mt. Geoffrey Regional Park &	2,100.44	45,635.86		4,800.24	50,436.10	47,023.95	-	4,800.24	51,824	(1,388.09)		(1,388)	712.35			
3075 Crownland Trails	(8,912.89)	60,483.24		4,498.44	64,981.68	52,479.67		4,498.44	56,978	8,003.57	-	8,004	(909.32)			
3070 Comfort Stations	1,576.24	11,580.04		984.96	12,565.00	10,009.74		984.96	10,995	1,570.30		1,570	3,146.54			
3305 Capital	73,984.57				-				-	-	(6,894.66)	(6,895)	67,089.91			
3087 Future Rec Facility	14,000.00				-				-	-		-	14,000.00			
3560 Retained Earnings	(9,326.46)				-				-	-		-	(9,326.46)			
	267,538.33	726,889.25	(1,670.91)	0.00	725,218.34	-	653,824.62	(3,474.41)	0.00	650,350.21	-	74,868.13	-	74,868.13	342,406.46	-