



Financial Statements

Hornby Island Residents' and Ratepayers' Association

December 31, 2020

DRAFT

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Hornby Island Residents' and Ratepayers' Association

Statement of Financial Position

December 31	2020		2019	
	<u>Total</u>		<u>Total</u>	
Financial Assets				
Cash	\$	232,761	\$	295,744
Accounts receivable		25,918		39,390
Goods and services tax receivable		7,625		3,415
		<u>266,304</u>		<u>338,549</u>
Liabilities				
Accounts payables and accrued liabilities	\$	6,327	\$	7,249
Government remittances payable		11,141		7,738
Accrued wages and benefits payable		7,249		-
		<u>24,717</u>		<u>14,987</u>
Net financial assets		241,587		323,562
Non-financial assets				
Tangible capital assets (Note 3)		130,356		145,567
Prepaid expenses		7,221		7,221
		<u>137,577</u>		<u>152,788</u>
Accumulated surplus	\$	<u>379,164</u>	\$	<u>476,350</u>

On behalf of the Board:

_____ Director

_____ Director

See accompanying notes to the financial statements.

Hornby Island Residents' and Ratepayers' Association

Statement of Operations

Year ended December 31

	<u>2020 Budget</u>	<u>2020</u>	<u>Total</u> 2019
Revenue			
CVRD operating	\$ 526,934	\$ 521,790	\$ 491,721
HIWM - Tipping fees	86,000	96,370	97,748
CVRD special projects	151,500	41,629	96,831
Rental income	40,750	28,420	42,484
HIWM - refundable sales	14,000	20,734	18,643
Recreation program registration	26,550	4,298	15,888
Other revenue	4,950	6,719	8,779
Grants	3,325	4,300	6,074
Donations and fundraising	550	1,380	5,948
Fall fair	-	-	4,875
	<u>854,559</u>	<u>725,640</u>	<u>788,991</u>
Expenses			
Cemetery	-	468	704
Comfort stations	13,575	15,009	14,053
Community hall	54,373	62,207	55,318
Core service	66,198	9,167	4,131
Emergency preparedness	-	2,105	-
Fall fair	-	526	2,888
Hornby Island fire rescue	184,777	237,920	218,984
Hornby Island waste management	303,611	365,246	336,044
Invasive weed	2,950	2,502	4,679
Property management	11,500	25,187	22,782
Recreation	57,370	38,112	46,363
Regional parks and trails	58,650	64,377	53,652
	<u>753,004</u>	<u>822,826</u>	<u>759,598</u>
Annual Surplus (Expenditure)	\$ 101,555	(97,186)	29,393
Accumulated Surplus at Beginning of Year		<u>476,350</u>	<u>446,957</u>
Accumulated Surplus at End of Year		<u>\$ 379,164</u>	<u>\$ 476,350</u>

See accompanying notes to the financial statements.

Hornby Island Residents' and Ratepayers' Association Statement of Changes in Net Financial Assets

Year ended December 31

	Total	
	2020	2019
Annual Surplus (Expenditure)	\$ (97,186)	\$ 29,393
Decrease (increase) in prepaid expenses	-	11,570
Acquisition of tangible capital assets	-	(40,767)
Amortization of tangible capital assets	<u>15,211</u>	13,174
	<u>15,211</u>	<u>(27,593)</u>
Increase in net financial assets	(81,975)	13,370
Net financial assets, beginning of year	<u>323,562</u>	<u>310,192</u>
Net financial assets, end of year	<u>\$ 241,587</u>	<u>\$ 323,562</u>

See accompanying notes to the financial statements.

Hornby Island Residents' and Ratepayers' Association Statement of Cash Flows

Year ended December 31	2020	2019
Increase (decrease) in cash		
Operating		
Government	\$ 567,719	\$ 594,626
User fees and rents	138,350	159,631
Donations and fundraising	1,380	10,823
Sales and other	27,453	27,423
Payments to suppliers	(419,655)	(463,407)
Compensation to employees	(378,230)	(304,771)
	<u>(62,983)</u>	<u>24,325</u>
Investing		
Purchase of tangible capital assets	<u>-</u>	<u>(40,767)</u>
Net increase in cash	(62,983)	(16,442)
Cash, beginning of year	<u>295,744</u>	<u>312,186</u>
Cash, end of year	\$ 232,761	\$ 295,744

See accompanying notes to the financial statements.

Hornby Island Residents' and Ratepayers' Association

Notes to the Financial Statements

December 31, 2020

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, Hornby Island has an opportunity to be partially self-governing. HIRRA administers Hornby Island tax dollars and membership is open to residents and property owners on Hornby 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. Summary of significant accounting policies

These financial statements are prepared in accordance with Canadian public sector accounting standards. The significant accounting policies are detailed as follows:

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 below, 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 assets are less than their net book value. The net write-down is accounted for as expenses in the Statement of Operations.

Hornby Island Residents' and Ratepayers' Association

Notes to the Financial Statements

December 31, 2020

2. Summary of significant accounting policies (continued)

Buildings	40 years Straight-line
Equipment	5 years Straight-line
Parking lot	15 years Straight-line
Furniture and fixtures	5 years Straight-line

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

				<u>2020</u>	<u>2019</u>
	<u>Cost</u>	<u>Accumulated amortization</u>		<u>Net book value</u>	<u>Net book value</u>
Land	\$ 20,171	\$ -	\$	20,171	\$ 20,171
Buildings	195,817	107,214	\$	88,603	93,498
Equipment	71,328	56,396	\$	14,932	22,904
Furniture and fixtures	4,135	1,241	\$	2,894	3,722
Parking lot	10,253	6,497	\$	3,756	5,272
	<u>\$ 301,704</u>	<u>\$ 171,348</u>	\$	<u>130,356</u>	<u>\$ 145,567</u>

4. Financial instruments

HIRRA, as part of its operations, carries a number of financial instruments. It is management's opinion that HIRRA is not exposed to significant interest, credit or currency risks arising from these financial instruments except as otherwise disclosed.

(a) 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 \$25,918 (2019 - \$39,390). One customer accounts for 82% of this balance (2019 - one customer accounted for 71%), but management feels that risk of collection of these amounts is minimal due to the past payment history of this customer.

Hornby Island Residents' and Ratepayers' Association

Notes to the Financial Statements

December 31, 2020

5. Economic dependence

HIRRA is economically dependent on the CVRD as its primary source of income is from funding received tax dollars from the CVRD.

6. COVID – 19 impact

The spread of COVID – 19 has severely impacted many economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

HIRRA was able to continue with its operations and all of the funding has continued as expected. Management has decided to closed hall for rentals and cancelled recreation programs.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of HIRAA for future periods.

7. Environmental matters

HIRRA is subject to various laws, regulations and government policies relating to health and safety, to the generation, storage, transportation, disposal and environment emissions of various substances, and to the protection of the environment in general. A risk of environmental liability is inherent in the operations; real estate ownership, operation or control; and other commercial activities of HIRRA with respect to both current and past operations. Although the effect on operating results and liquidity cannot be reasonably estimated, management believes, based on current information, that environmental matters will not have a material adverse effect on HIRRA's financial condition or competitive position.

Hornby Island Residents' and Ratepayers' Association
Schedule 1
Schedule of Tangible Capital Assets
December 31, 2020

	Land	Building	Equipment	Parking Lot	Furniture	2020 Total	2019 Total
Cost							
Opening costs	\$ 20,171	\$ 195,817	\$ 71,328	\$ 10,253	\$ 4,135	\$ 301,704	\$ 260,937
Additions during the year	-	-	-	-	-	-	40,767
Closing costs	20,171	195,817	71,328	10,253	4,135	301,704	301,704
Accumulated Amortization							
Opening accum'd amortization	\$ -	\$ 102,319	\$ 48,424	\$ 4,981	\$ 413	\$ 156,137	\$ 142,963
Amortization	-	4,896	7,972	1,516	827	15,211	13,174
Closing accum'd amortization	-	107,215	56,396	6,497	1,240	171,348	156,137
Net Book Value of Tangible Capital Assets	\$ 20,171	\$ 88,602	\$ 14,932	\$ 3,756	\$ 2,895	\$ 130,356	\$ 145,567

Hornby Island Residents' and Ratepayers' Association
Schedule of Expenses by Object **Schedule 2**
December 31, 2020

	<u>2020</u>	<u>2019</u>
Administrative and miscellaneous	\$ 3,297	\$ 7,892
Amortization	15,211	13,174
Bad debts	169	383
Contractors	58,244	47,075
Education and training	24,836	13,605
Events	-	2,272
Fuel	4,484	8,038
HIWM - Hazardous waste removal	22	767
HIWM - Tipping fees paid	70,840	58,739
Insurance	15,050	14,051
Office	16,135	18,060
Professional fees	8,738	8,635
Publicity and promotion	8,501	13,177
Recreation program	9,296	13,993
Repairs and maintenance - committees	63,242	44,530
Repairs and maintenance - equipment	36,834	37,297
Special projects	41,519	83,299
Summer fire patrol and permits	15,088	16,466
Supplies	21,694	26,412
Telecommunications	7,492	6,924
Travel	139	188
Utilities	14,245	15,360
Volunteer fund	2,271	4,481
Wages and employee benefits	385,479	304,780
	<u>\$ 822,826</u>	<u>\$ 759,598</u>
