

HORNBY ISLAND RESIDENTS' AND RATEPAYERS' ASSOCIATION
Financial Statements
Year Ended December 31, 2023

HORNBY ISLAND RESIDENTS' AND RATEPAYERS' ASSOCIATION

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Year Ended December 31, 2023

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of Hornby Island Residents' and Ratepayers' Association have been prepared in accordance with Canadian public sector accounting standards (PSAS). When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of Hornby Island Residents' and Ratepayers' Association's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

Robbins and Company Chartered Professional Accountants have been appointed as external accountants by the directors to review the financial statements. The independent review report is addressed to the members of the Association and appears on the following pages. The conclusion is based upon procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures and evaluating the evidence obtained. The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, they do not express an audit opinion on these financial statements.

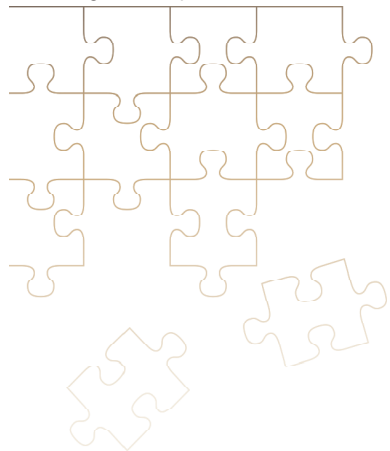


Ashley Stotts, President



Angeleah Hoepfner, Treasurer

Hornby Island, BC
April 10, 2024



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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of Hornby Island Residents' and Ratepayers' Association

We have reviewed the accompanying financial statements of Hornby Island Residents' and Ratepayers' Association (the association) that comprise the statement of financial position as at December 31, 2023, and the statements of operations, changes in accumulated surplus, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards (PSAS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

(continues)

Independent Practitioner's Review Engagement Report to the Members of Hornby Island Residents' and Ratepayers' Association (*continued*)

Basis for Qualified Conclusion

In common with many organizations of this type, the association derives revenue from fundraising activities, the completeness of which is not susceptible to us obtaining evidence we considered necessary for the purpose of the review. Accordingly, the evidence obtained of these revenues was limited to the amounts recorded in the records of the association. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2023, current assets and net assets as at December 31, 2023. Our review conclusion on the financial statements for the year ended December 31, 2022 was modified accordingly because of the possible effects of this limitation of scope.

Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the *Basis for Qualified Conclusion* paragraph, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Hornby Island Residents' and Ratepayers' Association as at December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

Courtenay, British Columbia
April 10, 2024



ROBBINS & COMPANY
CHARTERED PROFESSIONAL ACCOUNTANTS

HORNBY ISLAND RESIDENTS' AND RATEPAYERS' ASSOCIATION**Statement of Financial Position****December 31, 2023**

	2023	2022
FINANCIAL ASSETS		
Cash	\$ 455,303	\$ 382,471
Accounts receivable	61,619	8,285
Goods and services tax recoverable	10,135	7,128
	<u>527,057</u>	<u>397,884</u>
LIABILITIES		
Accounts payable	20,318	15,447
Payroll liabilities (Note 4)	42,173	39,131
Deferred revenue	-	10,341
	<u>62,491</u>	<u>64,919</u>
NET FINANCIAL ASSETS	<u>464,566</u>	<u>332,965</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 5)	183,386	138,161
Prepaid expenses	6,443	7,219
	<u>189,829</u>	<u>145,380</u>
ACCUMULATED SURPLUS	<u>\$ 654,395</u>	<u>\$ 478,345</u>

APPROVED BY THE DIRECTORS


 Trustee



 Trustee

The accompanying notes are a part of these financial statements

HORNBY ISLAND RESIDENTS' AND RATEPAYERS' ASSOCIATION**Statement of Operations****Year Ended December 31, 2023**

	Budget 2023	Total 2023	Total 2022
REVENUES			
CVRD - Operations	\$ 749,535	\$ 761,069	\$ 752,745
HIWM - Tipping fees	105,000	123,192	126,226
CVRD special projects	15,000	55,007	8,794
Rental income	42,384	44,720	42,345
HIWM - refundable sales	20,000	18,615	23,935
Recreation program registration	19,515	17,249	14,821
Fall fair	-	4,454	5,282
Other revenue	912	6,432	5,547
Grants	3,000	17,680	10,597
Donations and fundraising	2,200	15,522	225
	957,546	1,063,940	990,517
EXPENSES			
Cemetery	-	1,396	1,323
Comox Valley Regional District special projects	4,000	-	8,794
Comfort stations	19,611	21,847	19,000
Community hall	71,362	79,738	67,903
Core service	88,315	7,739	11,700
Emergency preparedness	2,615	3,233	1,844
Fall fair	-	3,374	2,380
Hornby Island fire rescue	213,352	234,401	217,879
Hornby Island waste management	407,935	442,240	430,459
Invasive weeds	5,439	5,645	2,259
Property management	16,502	30,171	29,327
Recreation	52,426	58,106	46,776
Regional parks and trails	-	-	11,557
	881,557	887,890	851,201
ANNUAL SURPLUS	\$ 75,989	\$ 176,050	\$ 139,316

The accompanying notes are a part of these financial statements

HORNBY ISLAND RESIDENTS' AND RATEPAYERS' ASSOCIATION

Statement of Changes in Accumulated Surplus

Year Ended December 31, 2023

	2023	2022
ACCUMULATED SURPLUS - BEGINNING OF YEAR	\$ 478,345	\$ 339,029
ANNUAL SURPLUS	<u>176,050</u>	<u>139,316</u>
ACCUMULATED SURPLUS - END OF YEAR	<u>\$ 654,395</u>	<u>\$ 478,345</u>

The accompanying notes are a part of these financial statements

HORNBY ISLAND RESIDENTS' AND RATEPAYERS' ASSOCIATION**Statement of Changes in Net Financial Assets****Year Ended December 31, 2023**

	Budget 2023	2023	2022
ANNUAL SURPLUS	\$ 75,989	\$ 176,050	\$ 139,316
Purchase of tangible capital assets	(58,040)	(58,780)	(34,886)
Amortization of tangible capital assets	14,000	13,554	12,699
Decrease in prepaid expenses	-	775	-
	(44,040)	(44,451)	(22,187)
INCREASE IN NET FINANCIAL ASSETS	31,949	131,599	117,129
NET FINANCIAL ASSETS - BEGINNING OF YEAR	240,725	332,962	215,833
NET FINANCIAL ASSETS - END OF YEAR	\$ 272,674	\$ 464,561	\$ 332,962

The accompanying notes are a part of these financial statements

HORNBY ISLAND RESIDENTS' AND RATEPAYERS' ASSOCIATION**Statement of Cash Flows
Year Ended December 31, 2023**

	2023	2022
OPERATING ACTIVITIES		
Government	\$ 823,414	\$ 782,477
User fees and rents	128,821	186,785
Donations and fundraising	15,522	225
Sales and other	29,500	34,764
Payments to suppliers	(385,351)	(363,100)
Compensation to employees	(480,294)	(455,186)
Cash flow from operating activities	<u>131,612</u>	<u>185,965</u>
INVESTING ACTIVITY		
Purchase of tangible capital assets	<u>(58,780)</u>	<u>(34,886)</u>
INCREASE IN CASH FLOW	72,832	151,079
CASH - BEGINNING OF YEAR	<u>382,471</u>	<u>231,392</u>
CASH - END OF YEAR	<u>\$ 455,303</u>	<u>\$ 382,471</u>

The accompanying notes are a part of these financial statements

HORNBY ISLAND RESIDENTS' AND RATEPAYERS' ASSOCIATION**Notes to Financial Statements****Year Ended December 31, 2023****1. PURPOSE OF THE ASSOCIATION**

Hornby Island Ratepayers' and Residents' Association (HIRRA) is a not-for-profit organization of British Columbia 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 and waste management programs, invasive plant control, operating and maintaining the community hall, emergency preparedness, maintaining comfort stations at beach accesses and organizing recreational activities.

HIRRA also manages the tenancy of its property and the Savoie Centre building, the development and tenancy of its leased ten acres, the annual Fall Fair and the community cemetery.

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

2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian public sector accounting standards (PSAS).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIESUse of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. By their nature, these estimates are subject to measurement uncertainty and actual results could differ. In particular, management prepares estimates for certain items such as allowance for doubtful accounts, useful lives of tangible capital assets and contingent liabilities.

Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives on a straight-line basis at the following rates and methods:

Land	N/A
Buildings	40 years straight-line method
Equipment	5 years straight-line method
Parking lots	15 years straight-line method
Furniture and fixtures	5 years straight-line method

Repairs and maintenance are expensed in the period in which they occur. Betterments which enhance the asset life or capacity are capitalized.

Tangible capital assets are written down when the 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 an expense in the statement of operations.

(continues)

HORNBY ISLAND RESIDENTS' AND RATEPAYERS' ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. Revenues derived from the sale of service contracts is initially recorded as deferred service revenue and is recognized in net income on a straight-line basis over the term of the service contract.

Additional revenue also comes from fundraising events, donations, tipping fees, recreation programs 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.

Expense recognition

Expenses are recorded on an accrual basis and are recognized in the period in which the goods and services are acquired and a liability is incurred or transfers are due.

Deferred revenue

Funds received for specific purposes which are externally restricted by regulation, legislation or agreement are not available for general purposes, are accounted for as deferred revenue on the statement of financial position. The revenue is recognized in the statement of operations in the year in which it is used for the specified purposes.

Accrued employee benefits

HIRRA has obligations as a result of a collective agreement, employee benefit accruals that include an allowance for sick time entitlement, are recorded in the year that they are earned and accrued in the statement of financial position.

Non-financial assets

Non-financial assets are not held for use in the provision of services and are not normally available to discharge liabilities. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year together with the net surplus (deficit) for the year, provides the change in the financial assets.

Liability for contaminated sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or living organism that exceeds an environmental standard. A liability for remediation of contaminated sites is to be recognized when all of the following criteria are met:

- a) an environmental standard exists;
- b) contamination exceeds the environmental standard;
- c) HIRRA:
 - i) is directly responsible; or
 - ii) accepts responsibility; and
- d) it is expected that future economic benefits will be given up;
- e) a reasonable estimate of the amounts can be made.

No liability has been recorded in these financial statements. Should a liability be determined, it will be recorded net of any expected recoveries.

HORNBY ISLAND RESIDENTS' AND RATEPAYERS' ASSOCIATION**Notes to Financial Statements****Year Ended December 31, 2023****4. PAYROLL LIABILITIES**

	<u>2023</u>	<u>2022</u>
Government remittances payable	\$ 12,197	\$ 11,811
Sick pay payable	26,437	23,728
Worksafe BC payable	3,539	3,592
	<u>\$ 42,173</u>	<u>\$ 39,131</u>

5. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Land	\$ 20,171	\$ -	\$ 20,171	\$ 20,171
Buildings	262,915	123,222	139,693	97,884
Equipment	84,267	73,687	10,580	9,591
Computer equipment	6,392	1,758	4,634	-
Furniture and fixtures	5,735	4,202	1,533	2,680
Parking lots	15,890	9,115	6,775	7,835
	<u>\$ 395,370</u>	<u>\$ 211,984</u>	<u>\$ 183,386</u>	<u>\$ 138,161</u>

6. FINANCIAL INSTRUMENTS

The association is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the association's risk exposure and concentration as of December 31, 2023.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The association is exposed to credit risk from customers. The balance in accounts receivable is \$61,618 (2022 - \$8,285). Management believes the risk to HIRRA is minimal from these accounts receivables as a result of past collections history.

Unless otherwise noted, it is management's opinion that the association is not exposed to significant other price risks arising from these financial instruments.

HORNBY ISLAND RESIDENTS' AND RATEPAYERS' ASSOCIATION**Notes to Financial Statements****Year Ended December 31, 2023****7. BUDGET**

The budget amounts presented throughout these financial statements represent a five-year budget that was adopted by the HIRRA board and membership on November 8, 2022 (HIRRA budget meeting). Budget figures are neither audited nor reviewed.

The budget was prepared on a modified accrual basis while Canadian public sector accounting standards require financial statements to be prepared on a full accrual basis. The budget anticipated use of surpluses accumulated in prior years to reduce current year expenditures in excess of current year revenues.

The summary below reconciles the 2023 budget to the financial statement budget figures:

Financial statement annual budget surplus (deficit)	\$ 75,989
Add:	
Amortization	14,000
Less:	
Capital expenditures	<u>(58,040)</u>
HIRRA budgeted annual surplus	<u>\$ 31,949</u>

8. ECONOMIC DEPENDENCE

HIRRA is economically dependent on the Comox Valley Regional District (CVRD) as its primary source of income is from funding received tax dollars from the CVRD.

9. ENVIRONMENTAL MATTERS

HIRRA is subject to various laws, regulations and government policies relating to health and safety, to the generation, storage, transportation, disposal and environmental 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 of Tangible Capital Assets
Year Ended December 31, 2023

(Schedule 1)

	Land	Building	Equipment	Parking lots	Furniture and fixtures	Computer equipment	2023	2022
Cost								
Opening costs	\$ 20,171	\$ 215,132	\$ 79,663	\$ 15,890	\$ 5,735	\$ -	\$ 336,591	\$ 301,704
Additions during the year	-	47,783	4,604	-	-	6,392	58,779	34,886
Closing costs	20,171	262,915	84,267	15,890	5,735	6,392	395,370	336,590
Accumulated Amortization								
Opening accumulated amortization	-	117,248	70,072	8,055	3,055	-	198,430	185,730
Amortization	-	5,974	3,615	1,060	1,147	1,758	13,554	12,699
Closing accumulated amortization	-	123,222	73,687	9,115	4,202	1,758	211,984	198,429
Net Book Value of Tangible Capital Assets	\$ 20,171	\$ 139,693	\$ 10,580	\$ 6,775	\$ 1,533	\$ 4,634	\$ 183,386	\$ 138,161

HORNBY ISLAND RESIDENTS' AND RATEPAYERS' ASSOCIATION**Schedule of Expenses by Object****(Schedule 2)****Year Ended December 31, 2023**

	2023	2022
Administrative and miscellaneous	\$ 7,397	\$ 5,769
Amortization	13,554	12,699
Bad debts	255	2,187
Contractors	24,066	14,951
Education and training	15,597	21,183
Fall fair	3,271	1,567
Fuel	5,935	6,468
Fund repayment	-	6,457
HIWM - Hazardous waste removal	2,210	978
HIWM - Tipping fees paid	71,126	65,871
Insurance	37,612	30,253
Office	16,085	13,898
Professional fees	10,865	18,531
Publicity and promotion	8,199	9,365
Recreation program	15,167	8,851
Repairs and maintenance - buildings/grounds	57,361	55,288
Repairs and maintenance - equipment	50,596	44,684
Special projects	15,805	12,199
Summer fire patrol and permits	13,600	11,250
Supplies	27,254	17,642
Telecommunications	10,247	10,003
Travel	2,222	1,361
Utilities	16,887	16,072
Volunteer fund	3,467	3,632
Wages and benefits	459,112	460,042
	\$ 887,890	\$ 851,201