

# **PENDER ISLANDS FIRE PROTECTION SOCIETY**

## **FINANCIAL STATEMENTS**

**DECEMBER 31, 2018**

# **PENDER ISLANDS FIRE PROTECTION SOCIETY**

## **FINANCIAL STATEMENTS**

**DECEMBER 31, 2018**

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## INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of  
Pender Islands Fire Protection Society

We have reviewed the statement of financial position of Pender Islands Fire Protection Society as at December 31, 2018, the statements of operations and changes in fund balances 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 accounting standards for not-for-profit organizations, 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.

### *Basis for Qualified Conclusion*

Note 2(b) describes the Society's property, plant and equipment accounting policy. The note indicates the Society is expensing capital acquisitions (small firefighting and office equipment) in the year of purchase. All major capital asset purchases (Fire Halls, vehicles and large equipment) are recorded on the books of the CRD, with some exceptions, in accordance with the Society's agreement with the CRD. In this respect, the financial statements are not in accordance with Canadian accounting standards for not-for-profit organizations. The small firefighting and office equipment are required to be capitalized at the time of acquisition at their acquisition cost, and amortized over their estimated useful lives. Since the necessary financial information is not reasonably determinable from the Society's books and records, the effects on the financial statements of this departure from Canadian accounting standards for not-for-profit organizations has not been determined.



## INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT, continued

### *Qualified Conclusion*

Except for the effect of the failure to capitalize property, plant and equipment, as referred to in the preceding paragraph, based on our review, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects, the financial position of the Society as at December 31, 2018, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### *Report on Other Legal and Regulatory Requirements*

As required by the BC Societies Act, we report that, in our opinion, the accounting principles have been applied on a basis consistent with that of the preceding year.

*Hughesman Morris*

Sidney, B.C.  
April 4, 2019

Hughesman Morris  
Chartered Professional Accountants

**PENDER ISLANDS FIRE PROTECTION SOCIETY**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31**  
(unaudited)

	2018	2017
<b>ASSETS</b>		
Cash (Note 2(a)(iii))	\$ 43,932	\$ 407,085
Accounts receivable (note 3)	27,654	67,688
Funds held by the Capital Regional District - Operations	109,047	65,846
Restricted funds held by the Capital Regional District	622,973	426,765
	803,606	967,384
<b>PROPERTY, PLANT AND EQUIPMENT (Note 2(b))</b>		
Training facility	660,787	358,770
	\$ 1,464,393	\$ 1,326,154
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable (note 3)	\$ 54,227	\$ 37,634
<b>FUND BALANCES</b>		
<b>OPERATING SURPLUS (Note 2(a))</b>	67,446	163,231
<b>RESTRICTED FUNDS (Note 2(a))</b>		
Capital Contingency Fund - externally restricted	382,824	252,537
Equipment Replacement Fund - externally restricted	240,149	174,228
Training Facility Fund	638,888	636,199
Other Funds	80,859	62,325
	1,410,166	1,288,520
	\$ 1,464,393	\$ 1,326,154

**APPROVED BY:**

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Art Curtis, *Treasurer*

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Jane Perch, *President*

(On behalf of the entire Board of Directors)



**PENDER ISLANDS FIRE PROTECTION SOCIETY**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31**  
(unaudited)

	<b>2018</b>	<b>2017</b>
<b>INCOME</b>		
CRD - Municipal Taxes	\$ 877,150	\$ 850,310
Donations, grants and other income	59,753	49,189
Training	18,230	24,191
Wildfire deployment receipts	-	141,522
	955,133	1,065,212
<b>OPERATING EXPENSES</b>		
Personnel	500,534	543,843
Training	43,459	46,973
Vehicle expenditures	26,454	19,470
Capital Regional District expenditures	59,309	64,175
Equipment, supplies and other	129,543	103,758
Wildfire deployment	-	42,307
<b>TOTAL OPERATING EXPENSES</b>	759,299	820,526
<b>NET SURPLUS FROM OPERATIONS</b>	195,834	244,686
<b>TRANSFERS TO RESTRICTED FUNDS (Note 4)</b>		
Transfer to Restricted Capital Funds	269,608	127,770
Transfer to Training Facility Fund	2,450	3,758
Transfer to Other Funds	19,561	19,235
	291,619	150,763
<b>NET OPERATING SURPLUS FOR THE YEAR</b>	(95,785)	93,923
<b>OPERATING SURPLUS, beginning of period</b>	163,231	69,308
<b>OPERATING SURPLUS, end of period</b>	\$ 67,446	\$ 163,231

**PENDER ISLANDS FIRE PROTECTION SOCIETY**  
**STATEMENT OF CHANGES IN RESTRICTED FUND BALANCES**  
**FOR THE YEAR ENDED DECEMBER 31**

(unaudited)

	Capital Contingency Fund	Equipment Replacement Fund	Training Facility Fund	Other Funds	2018	2017
<b>FUND BALANCES, beginning of period</b>	\$252,537	\$ 174,228	\$ 636,199	\$ 62,325	\$1,125,289	\$ 649,187
<b>REVENUE</b>						
Donations and contributions	-	-	-	600	600	20,631
Other grants	-	-	-	-	-	370,000
Interest income	5,376	-	239	-	5,615	6,613
	5,376	-	239	600	6,215	397,244
<b>EXPENDITURES</b>						
Donation and fundraising expenditures	-	-	-	-	-	2
Equipment	-	14,487	-	-	14,487	-
Fire prevention expenditures	-	-	-	1,108	1,108	19,215
Firefighter protective turnout gear	-	-	-	-	-	14,122
Fit test expenditures	-	-	-	-	-	1,259
Hall #1 - Energy & Water Conservation	-	-	-	-	-	4,698
iPads, printers and computer equipment	-	-	-	-	-	7,893
Labour consumption	-	117	-	-	117	-
Training facility	28,907	-	-	-	28,907	4,035
Updates to fire trucks - E27	-	-	-	-	-	1,626
Vehicle	-	35,265	-	-	35,265	-
Youth camp expenditures	-	-	-	519	519	19,055
	28,907	49,869	-	1,627	80,403	71,905
<b>EXCESS (DEFICIENCY) REVENUE OVER EXPENSES</b>	(23,531)	(49,869)	239	(1,027)	(74,188)	325,339
<b>NET FUNDS AVAILABLE</b>	229,006	124,359	636,438	61,298	1,051,101	974,526
<b>TRANSFER FROM OPERATING FUND (Note 4)</b>	153,818	115,790	2,450	19,561	291,619	150,763
<b>FUND BALANCES, end of period</b>	\$382,824	\$ 240,149	\$ 638,888	\$ 80,859	\$1,342,720	\$1,125,289

See accompanying notes



**PENDER ISLANDS FIRE PROTECTION SOCIETY**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED DECEMBER 31**

(unaudited)

	<b>2018</b>	<b>2017</b>
<b>OPERATING ACTIVITIES</b>		
Net surplus from operations	\$ 195,834	\$ 244,686
Net (deficit) surplus from restricted funds	(74,188)	325,339
	121,646	570,025
Changes in non-cash working capital items:		
Accounts receivable	40,034	(43,433)
Funds held by the Capital Regional District - Operations	(43,201)	(65,846)
Accounts payable	16,593	12,078
Net cash flow from operating activities	135,072	472,824
<b>INVESTING ACTIVITIES</b>		
Decrease in restricted funds held by the Capital Regional District	(196,208)	(100,732)
Investment in training facility modifications	(302,017)	(109,539)
<b>(DECREASE) INCREASE IN CASH</b>	<b>(363,153)</b>	<b>262,553</b>
<b>CASH, beginning of year</b>	<b>407,085</b>	<b>144,532</b>
<b>CASH, end of year</b>	<b>\$ 43,932</b>	<b>\$ 407,085</b>

See accompanying notes



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# PENDER ISLANDS FIRE PROTECTION SOCIETY

## NOTES TO THE FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2018

(unaudited)

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### 1. PURPOSE OF THE SOCIETY

The Pender Islands Fire Protection Society was incorporated on March 3, 2004 under the Society Act of British Columbia. The purpose of the Society is to maintain a volunteer fire department and provide fire protection and emergency response services to the residents and property owners of North and South Pender Islands.

### 2. ACCOUNTING POLICIES

The Society applies the Canadian Accounting Standards for Not-for-Profit Organizations.

#### (a) Fund Accounting

The Society maintains its accounts in accordance with principles of fund accounting. Its resources are classified, for accounting and reporting purposes, into funds according to the activity or objective specified. The Society follows the policy of including restricted-use funds within its general operating bank account and term deposits. Following are the funds currently maintained by the Society.

##### (i) Operating Surplus

The Society's Operating Surplus accounts for its operating activities. Its source of funds is primarily a grant provided by the North and South Pender Island property owners via a taxation process administered by the Capital Regional District (CRD) of the Province of British Columbia for the purpose of operating a fire department for the benefit of North and South Pender Islands.

##### (ii) Externally Restricted Use Funds

###### *Capital Contingency Fund*

The purpose of this fund is to finance the purchase of major items of equipment, capital improvements and/or major repairs, as approved by the Society's board of directors, beyond what can be afforded from the annual operating budget.

This fund will be augmented each year by a total amount equal to 7.5% of the Municipal Property Taxes collected by the CRD for Fire protection and such surplus operating funds that the Board of Directors of the Society feels prudent.

This is an externally restricted fund and is held by the CRD.

###### *Equipment Replacement Fund*

The purpose of this fund is to finance the replacement of equipment, as approved by the Society's board of directors, beyond what can be afforded from the annual operating budget.

This fund will be augmented each year by a total amount equal to 7.5% of the Municipal Property Taxes collected by the CRD for Fire protection and such surplus operating funds that the Board of Directors of the Society feel prudent.

This is an externally restricted fund and is held by the CRD.



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# PENDER ISLANDS FIRE PROTECTION SOCIETY

## NOTES TO THE FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2018

(unaudited)

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### 2. ACCOUNTING POLICIES, continued

#### (iii) Internally Restricted Use Funds

##### *Training Facility Fund*

The purpose of this fund is to upgrade the current Training Facility to meet responsibilities for volunteer firefighter training. These funds were raised by a significant matching grant from the Robert Conconi Foundation, a major grant from the office of the B.C. Fire Commissioner, a grant from the Victoria Foundation and generous donations by anonymous donors and residents of the Pender Islands and other Southern Gulf Islands.

The Training Facility Fund is internally restricted and any unspent donations are held by the Society in an interest bearing bank account. The balance of this account at year end was \$2,928.

##### *Other funds*

Five other minor funds managed by the Society include the Donations and Fundraising Fund, the Youth Camp Fund, the Firefighters' Benevolent Fund, the Fire Prevention Fund and the Fit Test Fund.

These funds are internally restricted by the Board of Directors.

No expenditures may be charged to any of the restricted use funds without the prior approval of the board of directors.

#### (b) Property, Plant and Equipment

The Society does not have ownership of most capital assets. All Fire Halls, vehicles and large equipment are owned by the CRD and are recorded on the books of the CRD, with some exceptions, as per the Society's agreement with the CRD. Any debt incurred on the purchase of these capital assets will be charged to operations (principal and interest) in the year(s) that repayments are made.

In 2014 through 2018, funds were raised for the purpose of building a new training facility. The Society has recorded the year-to-date costs of site preparation for this facility as a capital addition. The grand opening of the Training Facility took place on January 5, 2018. No amortization has been taken on this asset as it is anticipated that the asset will eventually be transferred to the CRD.

Except as noted above, it is the policy of the Society to expense all non-CRD assets it purchases during the year.

#### (c) Revenue Recognition

Revenue from municipal and parcel taxes is received and recognized as revenue on July 1st of each year.

Restricted contributions and grants are recognized in the appropriate restricted fund. If no restricted fund is present they are recognized in the Operating Fund as related expenditures are incurred.

Unrestricted contributions and grants are recognized as revenue when received or receivable and the amount can be reasonably estimated and collection is reasonably assured.

All other revenue is recognized when goods have been delivered or services have been provided.



# **PENDER ISLANDS FIRE PROTECTION SOCIETY**

## **NOTES TO THE FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2018**

(unaudited)

### **2. ACCOUNTING POLICIES, continued**

#### **(d) Financial Instruments**

The Society initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The Society subsequently measures its financial assets and financial liabilities at amortized cost, except for securities quoted in an active market, which are subsequently measured at fair value.

Financial assets measured at amortized cost include cash, accounts receivable and funds held by the Capital Regional District. Financial liabilities measured at amortized cost include accounts payable.

#### **(e) Use of Estimates**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires the board to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses. The main estimates relate to the collection of accounts receivable and to the useful life of property, plant and equipment. Actual results could differ from those estimates, although those charged with governance do not generally believe such differences would materially affect the financial statements in any individual year.

### **3. AMOUNTS DUE FROM/TO GOVERNMENT AGENCIES**

Accounts receivable includes \$3,376 for a GST rebate receivable from CRA (2017 - \$6,048). Accounts payable includes \$19,021 due to CRA and WorkSafeBC (2017 - \$9,775).

### **4. INTER-FUND TRANSFERS**

During the year the following transfers were made:

#### *Capital Contingency Fund*

\$153,818 (2017 - \$63,930) was transferred from the Operating Fund to the Capital Contingency Fund in the current year. As noted above, this amount represents 7.5% of the Municipal Property Taxes collected by the CRD for Fire protection and such surplus operating funds that the Board of Directors of the Society feels prudent.

#### *Equipment Replacement Fund*

\$115,790 (2017 - \$63,840) was transferred from the Operating Fund to the Equipment Replacement Fund. As noted above, this amount represents 7.5% of the Municipal Property Taxes collected by the CRD for Fire protection and such surplus operating funds that the Board of Directors of the Society feels prudent.

#### *Training Facility Fund*

\$2,450 (2017 - \$3,758) was transferred from the donations received by the Operating Fund to the Training Facility Fund. Following successful fund raising in 2014, several volunteer fire fighters and other individuals continue to donate to this project to continue the upgrade to the facility.



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# **PENDER ISLANDS FIRE PROTECTION SOCIETY**

## **NOTES TO THE FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2018**

(unaudited)

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### **4. INTER-FUND TRANSFERS, continued**

#### *Other Funds*

Donations in the amount of \$19,561 (2017 - \$19,235) were transferred to Other Funds from the Operating Fund.

### **5. INCOME TAX STATUS**

The Society is a registered charity within the meaning of the Income Tax Act (Canada) and is exempt from income taxes.

### **6. GST STATUS**

The Society is presently able to obtain a rebate of 100% of GST paid on purchases of goods and services.

### **7. FINANCIAL INSTRUMENTS**

Unless otherwise noted, it is management's opinion that the Society is not exposed to significant currency, credit, liquidity, interest rate or other price risks.

### **8. REMUNERATION OF DIRECTORS, EMPLOYEES AND CONTRACTORS**

The Society adopted the new BC Societies Act on October 23, 2018. The Act has a requirement for the disclosure of the remuneration of directors, employees and contractors, for financial statements prepared after November 28, 2016. For employee and contractor remuneration, the requirement is to disclose amounts paid to individuals whose remuneration was \$75,000 or greater.

For the fiscal year ending December 31, 2018, the Society paid total remuneration of \$260,466 to two employees, each of whom received total annual remuneration of \$75,000 or greater. This amount includes taxable and non-taxable employee benefits. No remuneration was paid to any Director, and no remuneration of \$75,000 or greater was paid to any contractor.

### **9. COMPARATIVE AMOUNTS**

The financial statements have also been reclassified, where applicable, to conform to the presentation used in the current year. These changes do not affect prior year earnings.