Community of Hazelbrook

Financial Statements

For the Year Ended December 31, 2013

Fitzpatrick & Company
Chartered Accountants

Independent Auditor's Report

To the Council Members of Community of Hazelbrook

We have audited the statement of financial position of Community of Hazelbrook as of December 31, 2013 and the statement of operations, the statement of change in net financial assets and the statement of cash flows and a summary of significant accounting policies and other explanatory information.

Council's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian auditing standards. Those standards required that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments the audit considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by council, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Community of Hazelbrook as at December 31, 2013 and the results of its operations and its cash flows for the year then ended in accordance with public sector accounting standards.

Fitzpatrick & Company

Chartered Accountants

Charlottetown, PE
February 15, 2014

Community of Hazelbrook

Statement of Financial Position

As at December 31, 2013, with comparative figures for 2012
(Unaudited)

		2013		2012
Financial Assets				
Cash (note 3)	$	23,369	$	12,481
Short-term investments (note 4)		25,052		24,754
Accounts receivable (note 5)		464		25,708
	$	48,885	$	62,943
Liabilities				
Accounts payable and accrued liabilities	$	2,211	$	1,983
Net financial assets		46,674		60,960
Non financial assets				
Prepaid expenses		2,697		2,757
Accumulated surplus	$	49,371	$	63,717

Approved on Behalf of the Council;

_____, Member _____, Member

The accompanying notes are an integral part of these financial statements.

Community of Hazelbrook

Statement of Operations

For the Year Ended December 31, 2013, with comparative figures for 2012
(Unaudited)

	Budget (note 6) (unaudited)	2013	2012
Revenue			
Property tax assessment	$ 19,185	$ 19,347	$ 14,385
Municipal support grant	976	977	2,028
Building and subdivision permits	250	371	622
Interest	350	303	386
Subdivision application fee	250	100	750
	21,011	21,098	18,171
Expenses			
Administrative salaries and honoraria	3,600	3,035	3,905
Advertising and promotion	400	225	354
Bad debt expense	-	12,850	-
Council	3,820	2,025	2,700
Fire contract dues	7,200	6,327	7,190
Insurance	3,400	3,268	3,270
Interest and bank charges	150	132	139
Memberships and licences	-	427	401
Office expenses	2,705	1,567	1,741
Professional fees	8,300	5,588	8,677
	29,575	35,444	28,377
Annual (deficit) surplus	(8,564)	(14,346)	(10,206)
Accumulated surplus at beginning of year		63,717	73,923
Accumulate surplus at end of year		$ 49,371	$ 63,717

The accompanying notes are an integral part of these financial statements.

Community of Hazelbrook

Statement of Change in Net Financial Assets

For the Year Ended December 31, 2013, with comparative figures for 2012
(Unaudited)

	2013	2012
Annual Surplus	(14,346)	(10,206)
Decrease (increase) in prepaid expenses	60	54
Increase in net financial assets	(14,286)	(10,152)
Net financial assets at beginning of year	60,960	71,112
Net financial assets at end of year	46,674	60,960

The accompanying notes are an integral part of these financial statements.

Community of Hazelbrook

Statement of Cash Flows

For the Year Ended December 31, 2013, with comparative figures for 2012
(Unaudited)

	2013	2012
Cash flows from operating activities:		
Annual surplus	$ (14,346)	$ (10,206)
Change in non-cash working capital	25,234	(73)
Net increase (decrease) in cash and cash equivalents	10,888	(10,279)
Cash and cash equivalents, beginning of year	12,481	22,760
Cash and cash equivalents, end of year	$ 23,369	$ 12,481

The accompanying notes are an integral part of these financial statements.

Community of Hazelbrook

Notes to the Financial Statements

For the Year Ended December 31, 2013, with comparative figures for 2012
(Unaudited)

The Community of Hazelbrook was incorporated in 1974 under the Prince Edward Island Municipalities Act. Its principal activities include the provision of local government services to residents of the incorporated area. These services include community development, land development and zoning, and additional municipal services.

1. Conversion to Public Sector Accounting Standards

Commencing with the 2011 fiscal year, Community of Hazelbrook has adopted Canadian public sector accounting ("PSA") standards. These financial statements are the first complete set of financial statements which Community of Hazelbrook has applied Canadian public sector accounting standards.

2. Significant accounting policies:

a) Basis of accounting:

These financial statements are prepared by the Council in accordance with Canadian public sector accounting standards for provincial reporting entities established by the Canadian Public Sector Accounting Board.

b) Cash:

Cash includes cash on hand that is readily convertible to known amounts of cash and that is subject to an insignificant risk of change in value.

c) Temporary investments:

Temporary investments include GIC's recorded at cost.

d) Prepaid expenses:

Prepaid expenses include insurance, Federation of PEI Municipalities membership dues, community web hosting fees and are charged to expense over the period expected to benefit from it.

e) Revenue recognition:

The Council follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

f) Expenses:

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed. Interest expense includes bank service fees.

g) Measurement uncertainty:

The preparation of financial statements in conformity with Canadian public sector accounting standards, requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of the revenues and expense during the period. Items requiring estimates include prepaid expenses.

Estimates are based on the best information available at the time of preparation of the financial statements. Actual results could differ from these estimates.

3. Cash:

	2013	2012
Unrestricted cash	$ 23,369	$ 12,481

4. Short-term investments:

	2013	2012
Guaranteed Investment Certificates	$ 25,052	$ 24,754

5. Accounts receivable:

	2013	2012
Revenue receivable	$ -	$ 25,000
GST	464	708
	$ 464	$ 25,708

6. Budgeted figures:

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the Council Members of Community of Hazelbrook.