THE COMMUNITY OF HAZELBROOK

(Incorporated under the laws of Prince Edward Island)

HAZELBROOK, PRINCE EDWARD ISLAND

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

BRADLEY HANDRAHAN
CHARTERED ACCOUNTANTS

THE COMMUNITY OF HAZELBROOK

YEAR ENDED DECEMBER 31, 2014

CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Operations	3
Statement of Changes in Net Financial Assets	4
Statement of Cash Flow	5
Notes to Financial Statements	6 - 7

BRADLEY HANDRAHAN
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Residents of The Community of Hazelbrook,

We have audited the accompanying financial statements of The Community of Hazelbrook which is comprised of the statement of financial position as at December 31, 2014 and the statements of operations, changes in net financial assets, and cash flow for the year then ended 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 the Canadian Public Sector Accounting Standards and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require 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 auditors' 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 auditor considers internal control relevant to the community'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 purpose of expressing an opinion on the effectiveness of the community's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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, these financial statements present fairly, in all material respects, the financial position of The Community of Hazelbrook as at December 31, 2014, and the results of its operations and cash flow for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Other Matters

The financial statements of the Community of Hazelbrook for the year ended December 31, 2013, were audited by another auditor who expressed an unmodified opinion on those statements on February 15, 2014.

MARCH 20, 2015
STRATFORD, PRINCE EDWARD ISLAND

Bradley Handrahan

CHARTERED ACCOUNTANTS

THE COMMUNITY OF HAZELBROOK
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2014

	2014	2013
FINANCIAL ASSETS		
Cash	$ 21,758	$ 23,369
Term deposit	25,541	25,052
Receivables (Note 3)	666	464
	47,965	48,885
LIABILITIES		
Payables and accruals	2,470	2,211
NET FINANCIAL ASSETS	45,495	46,674
NON-FINANCIAL ASSETS		
Prepaids	2,571	2,697
ACCUMULATED OPERATING SURPLUS	$ 48,066	$ 49,371

ON BEHALF OF COUNCIL

_____ **Chair**

_____ **Councilor**

BRADLEY HANDRAHAN CHARTERED ACCOUNTANTS

THE COMMUNITY OF HAZELBROOK

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2014

	BUDGET	2014	2013
REVENUES			
Taxation	$ 19,822	$ 20,245	$ 19,347
Municipal equalization	976	986	977
Building and subdivision permits	250	672	371
Interest	100	499	303
Conditional grants	10,800	-	-
Subdivision application fee	100	250	100
Transfer from Accumulated Operating Surplus	8,307	-	-
	40,355	22,652	21,098
EXPENDITURES			
Administrator	3,750	3,711	3,035
Advertising	550	335	225
Bad debt	-	-	12,850
Councilor honoraria and training	3,400	1,825	2,025
Election costs	1,000	507	-
Fire dues	7,200	7,190	6,327
Insurance	3,400	3,284	3,268
Interest and bank charges	150	53	132
Membership fees and licences	450	437	427
Official plan	12,000	-	-
Office, administration and website	1,955	1,313	1,567
Professional fees	6,300	5,302	5,588
Repairs and maintenance	200	-	-
	40,355	23,957	35,444
ANNUAL OPERATING SURPLUS (DEFICIT)	$ -	(1,305)	(14,346)
ACCUMULATED OPERATING SURPLUS, BEGINNING OF YEAR		49,371	63,717
ACCUMULATED OPERATING SURPLUS, END OF YEAR		$ 48,066	$ 49,371

BRADLEY HANDRAHAN CHARTERED ACCOUNTANTS

THE COMMUNITY OF HAZELBROOK
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
YEAR ENDED DECEMBER 31, 2014

	2014	2013
Annual operating surplus (deficit)	$ (1,305)	$ (14,346)
Change in prepaids	126	60
CHANGE IN NET FINANCIAL ASSETS	**(1,179)**	**(14,286)**
NET FINANCIAL ASSETS, BEGINNING OF YEAR	**46,674**	**60,960**
NET FINANCIAL ASSETS, END OF YEAR	**$ 45,495**	**$ 46,674**

THE COMMUNITY OF HAZELBROOK

STATEMENT OF CASH FLOW

YEAR ENDED DECEMBER 31, 2014

	2014	2013
CASH PROVIDED FROM (USED FOR)		
OPERATING ACTIVITIES		
Annual operating surplus	$ (1,305)	$ (14,346)
Changes in non-cash working capital items		
Term deposits	(489)	(298)
Receivables	(202)	25,244
Prepaids	126	60
Payables and accruals	259	228
CHANGE IN CASH	**(1,611)**	**10,888**
CASH, BEGINNING OF YEAR	**23,369**	**12,481**
CASH, END OF YEAR	**$ 21,758**	**$ 23,369**

BRADLEY HANDRAHAN
CHARTERED ACCOUNTANTS

1. NATURE OF OPERATIONS

The Community of Hazelbrook is a municipality under the Province of Prince Edward Island Municipality Act. The Community provided infrastructure services for the residents of Hazelbrook. The Community is exempt from income taxes under the Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards for local governments, as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

REVENUES

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable. Expenditures are recognized as they are incurred and measurable as a result of a legal obligation to pay.

The Community assesses a tax rate on residential and commercial properties on an annual basis. These amounts are recognized as revenue in the period the taxes are levied to the property owner.

The Community receives equalization revenues from the Province of Prince Edward Island. These payments are recognized as revenue in the period the province determines the amount from their calculation.

Interest revenues are recognized on the accrual basis.

FINANCIAL INSTRUMENTS

The community initially records a financial instrument at its fair value. Subsequently, the community measures financial instruments at amortized cost.

The community recognizes its transaction costs in annual operating surplus.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

MEASUREMENT UNCERTAINTY

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period they become known.

3. RECEIVABLES

	2014	2013
Province of P.E.I - Property taxes	$ 271	$ -
Harmonized Sales Tax	395	464
	$ 666	$ 464

4. BUDGET

Budgeted figures have been provided for comparison purposes and have been derived from the original estimates approved by the residents of the community.