

**GABRIOLA FIRE PROTECTION DISTRICT**

**Financial Statements**

**Year Ended December 31, 2018**

**GABRIOLA FIRE PROTECTION DISTRICT**  
**Index to Financial Statements**  
**Year Ended December 31, 2018**

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## **INDEPENDENT AUDITOR'S REPORT**

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To the Members of Gabriola Fire Protection District

*Report on the Financial Statements*

*Opinion*

We have audited the financial statements of Gabriola Fire Protection District (the Organization), which comprise the statement of financial position as at December 31, 2018, and the statements of operations, changes in accumulated surplus, changes in net debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

*Auditor's Responsibilities for the Audit of the Financial Statements*

(continues)

Independent Auditor's Report to the Members of Gabriola Fire Protection District (continued)

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Report on Other Legal and Regulatory Requirements*

As required by the British Columbia Societies Act, we report that, in our opinion, the Society's financial statements have been prepared following Canadian public sector accounting standards..

*KMA Chartered Professional Accountants.*

Lantzville, British Columbia

KMA CHARTERED PROFESSIONAL ACCOUNTANTS

April 24, 2019

**GABRIOLA FIRE PROTECTION IMPROVEMENT DISTRICT**  
**Statement of Financial Position**  
**December 31, 2018**

	Dec-31 2018	Dec-31 2017
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	\$ 1,000,803	\$ 974,684
Interest receivable		228
GST receivable	15,679	11,454
	<b>1,016,482</b>	<b>986,366</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 6)	48,917	\$ 55,765
Payroll remittances payable (Note 6)	1,460	2,064
Debt (Note 3)	1,542,355	1,711,682
	<b>1,592,732</b>	<b>1,769,511</b>
<b>NET DEBT</b>	<b>(576,250)</b>	<b>\$ (783,145)</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 5)	4,674,848	4,724,895
Prepaid expenses	15,163	14,084
	<b>4,690,010</b>	<b>4,738,979</b>
<b>ACCUMULATED SUPLUS</b>	<b>\$ 4,113,760</b>	<b>\$ 3,955,834</b>

Approved by the Trustees:

\_\_\_\_\_  
Trustee

\_\_\_\_\_  
Trustee

**GABRIOLA FIRE PROTECTION IMPROVEMENT DISTRICT**  
**Statement of Operations**  
**For the year ended December 31, 2018**

	2018 Budget (Unaudited)	2018 <i>Actual</i>	2017 <i>Actual</i>
<b>REVENUES</b>			
Provincial levy	\$ 662,480	\$ 662,480	\$ 652,480
Capital tax advance	-	210,642	210,642
Interest income	-	5,694	7,462
	<b>\$ 662,480</b>	<b>\$ 878,816</b>	<b>\$ 870,584</b>
<b>EXPENSES</b>			
Amortization	\$ -	\$ 200,175	\$ 190,603
Gabriola Volunteer Firefighters Association	6,000	6,000	6,000
Insurance	40,000	28,516	27,974
Interest and bank charges	-	748	472
Interest on long term debt	-	39,056	43,564
Office	10,000	12,044	14,487
Training	20,000	23,318	27,860
Truck operating costs	44,000	54,069	46,558
Repairs and maintenance - supplies & fire safety	28,000	23,960	26,692
Professional fees	11,000	8,495	7,176
Repairs and maintenance - building	9,000	15,530	15,557
Wages and benefits	294,980	266,206	274,514
Supplies & fire safety	17,500	16,514	16,916
Telephone	6,000	7,531	6,737
Travel	-	1,103	1,348
Utilities	26,000	17,626	20,736
	<b>512,480</b>	<b>720,891</b>	<b>727,194</b>
<b>SURPLUS FOM OPERATIONS</b>	<b>150,000</b>	<b>157,926</b>	<b>143,390</b>
<b>OTHER INCOME (LOSS)</b>			
Gain on disposal of tangible capital assets	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>
<b>SURPLUS FOR THE YEAR</b>	<b>150,000</b>	<b>157,926</b>	<b>143,390</b>
Accumulated surplus, beginning of year	3,955,834	3,955,834	3,812,444
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ 4,105,834</b>	<b>\$ 4,113,760</b>	<b>\$ 3,955,834</b>

**GABRIOLA FIRE PROTECTION IMPROVEMENT DISTRICT**  
**Statement of Changes in Accumulated Surplus**  
**For the year ended December 31, 2018**

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	<b>2018</b>	<b>2017</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>\$ 3,955,834</b>	<b>\$ 3,812,444</b>
<b>ANNUAL SURPLUS</b>	<b>157,926</b>	<b>143,390</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ 4,113,760</b>	<b>\$ 3,955,834</b>

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**GABRIOLA FIRE PROTECTION IMPROVEMENT DISTRICT**  
**Statement of Changes in Net Debt**  
**For the year ended December 31, 2018**

	2018 Budget (Unaudited)	2018 <i>Actual</i>	2017 <i>Actual</i>
<b>SURPLUS (DEFICIT) FOR THE YEAR</b>	\$ 150,000	\$ 157,926	\$ 143,390
Purchase of tangible capital assets	(17,000)	(150,127)	(207,016)
Amortization of tangible capital assets	-	200,175	190,603
	133,000	207,973	126,977
Acquisition of prepaid expenses		(15,163)	(14,084)
Use of prepaid expenses	-	14,085	15,228
	-	(1,078)	1,144
Increase in the net financial assets	133,000	206,895	128,121
Net financial assets (debt), beginning of year	(783,145)	(783,145)	(911,267)
<b>NET DEBT, END OF YEAR</b>	<b>\$ (650,145)</b>	<b>\$ (576,250)</b>	<b>\$ (783,145)</b>

**GABRIOLA FIRE PROTECTION IMPROVEMENT DISTRICT**  
**Statement of Cash Flows**  
**For the year ended December 31, 2018**

	2018	2017
<b>OPERATING</b>		
Surplus for the year	\$ 157,926	\$ 143,390
Items not involving cash:		
Amortization of tangible capital assets	200,175	190,603
	<b>358,101</b>	<b>333,993</b>
Change in non-cash operating assets and liabilities		
GST receivable	(4,225)	(6,334)
Interest receivable	228	4,066
Payroll taxes recoverable	-	819
Accounts payable	(6,848)	(9,181)
Prepaid expenses	(1,079)	1,144
Payroll remittances payable	(604)	2,064
Cash provided (used) by operating transactions	\$ 345,573	\$ 326,571
<b>CAPITAL</b>		
Purchase of tangible capital assets	\$ (150,127)	\$ (207,016)
Cash used by capital transactions	\$ (150,127)	\$ (207,016)
<b>FINANCING</b>		
Repayment of debt	(169,327)	(164,943)
Cash provided (used) by financing transactions	\$ (169,327)	\$ (164,943)
(Decrease) Increase in cash and cash equivalents	26,118	(45,387)
Cash and cash equivalents - beginning of year	974,684	1,020,071
Cash and cash equivalents - end of year	\$ 1,000,802	\$ 974,684

## **GABRIOLA FIRE PROTECTION DISTRICT**

### **Notes to Financial Statements**

**Year Ended December 31, 2018**

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#### **1. PURPOSE OF THE IMPROVEMENT DISTRICT**

Gabriola Fire Protection Improvement District (the "Improvement District") is an improvement district on Gabriola Island, British Columbia. The Improvement District was incorporated on July 25, 1969 under the provisions of the Local Government Act, a statute of the province of British Columbia. The Improvement District was created by provincial charter and therefore is exempt from income tax.

The district provides firefighting services to Gabriola Island.

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#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **Basis of Accounting**

These financial statements are prepared by management in accordance with Canadian public sector accounting standards for local governments as established by the Canadian Public Sector Accounting Board.

##### **Revenue Recognition**

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.

##### **Contributed Services**

Contributed services from volunteers are a great benefit to the Improvement District. Because of the difficulty in determining the fair value of their time, contributed services are not recognized in these financial statements

##### **Non-financial assets**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

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**GABRIOLA FIRE PROTECTION DISTRICT**  
**Notes to Financial Statements**  
**Year Ended December 31, 2018**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Tangible capital assets are recognized where the cost is greater than \$500, and the useful life is greater than one year. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset. When historical costs were not available, other methods were used to estimate the cost and accumulated amortization of the assets. The Improvement District applied a consistent method of estimating the fair value of tangible capital assets for which it did not have historical costs.

Buildings	40 years	straight-line method
Motor vehicles	20 years	straight-line method
Furniture, Fixtures and Equipment	10 to 30 years	straight-line method
Computer equipment	5 years	straight-line method
Furniture, Fixtures and Equipment	5 to 15 years	straight-line method
Water tanks	10 to 20 years	straight-line method
Parking area	5 years	straight-line method

Amortization is not taken until the asset is in use. Amortization is taken at one-half the normal rate in the first year.

Donated capital assets that are used in the normal operations of the District and that would have otherwise been purchased by the District are capitalized at their FMV on the date of contribution if other capitalization criteria have been met. In the current year, the District was donated a used vehicle (a bus). As this vehicle is only intended to be used in exceptional circumstances and is believed to have a nominal value at the time of donation, this item was not capitalized.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Improvement District's ability to provide services, or when the value of future economic benefits associated with the tangible capital asset are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations.

Long term Debt (Capital Tax Advance Repayments)

Capital tax advance repayments are collected by the Surveyor of Taxes for British Columbia from taxes levied on properties in this Improvement District's area. Revenue is received from the Ministry of Community Services net of long term debt interest.

Environment Issues

The accounting policy of the Improvement District is to record environmental liabilities as they become known and can be reasonably estimated. There are no known environmental liabilities as at December 31, 2018.

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**GABRIOLA FIRE PROTECTION DISTRICT**  
**Notes to Financial Statements**  
**Year Ended December 31, 2018**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Use of Estimates

The preparation of the 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 statements and the reported amounts of the revenues and expenses during the year. Items requiring the use of significant estimates include the useful life of capital assets and determination of accruals

**3. LONG TERM DEBT**

	<u>2018</u>	<u>2017</u>
Bylaw #78 - 2008 Firetruck loan bearing interest at 4% per annum. The loan matures on July 1, 2023.	\$ 140,499	\$ 165,442
Bylaw #81 - 2008 Firetruck loan bearing interest at 3.7% per annum. The loan matures on July 1, 2019.	23,127	45,429
Bylaw #88 - Firehall Building loan bearing interest at 2.2% per annum. The loan matures on July 1, 2028.	<u>1,378,729</u>	<u>1,500,811</u>
	<b>1,542,355</b>	<b>1,711,682</b>
Amounts payable within one year	<u>(173,835)</u>	<u>(169,326)</u>
	<b>\$ 1,368,520</b>	<b>\$ 1,542,356</b>

Principal repayment terms are approximately:

2019	\$ 173,835
2020	154,490
2021	158,374
2022	162,364
2023	166,461
Thereafter	<u>726,831</u>
	<b>\$ 1,542,355</b>

**GABRIOLA FIRE PROTECTION DISTRICT**  
**Notes to Financial Statements**  
**Year Ended December 31, 2018**

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**4. ACCUMULATED SURPLUS**

Certain amounts, as approved by the Board of Trustees, are set aside in net assets for future operating and capital purposes. Transfers to/from funds and reserves are an adjustment to the respective fund when approved by the Board of Trustees.

Revenues and expenses related to operations and administrative activities are reported in the Operating Fund.

The Net Investment in Tangible Capital Assets Fund represents the net book value of capital assets less debt owing on capital assets.

The Capital Reserve Fund is used by the Improvement District to save for major tangible capital asset purchases.

The Contingency Fund is used to by the District to save for any unforeseen breakdowns, damages and/or other repairs that may be required.

	General Fund	Net Investment In Tangible Capital Assets	Contingency Reserve Fund	Capital Reserve Fund
2017 Balance	\$ 198,054	\$ 3,013,212	\$ 55,865	\$ 688,703
Surplus	392,151	(239,230)	790	4,215
Contributions	-	358,511	-	200,000
Withdrawals	(409,327)	-	-	(149,184)
2018 Balance	<u>\$ 180,878</u>	<u>\$ 3,132,493</u>	<u>\$ 56,655</u>	<u>\$ 743,734</u>

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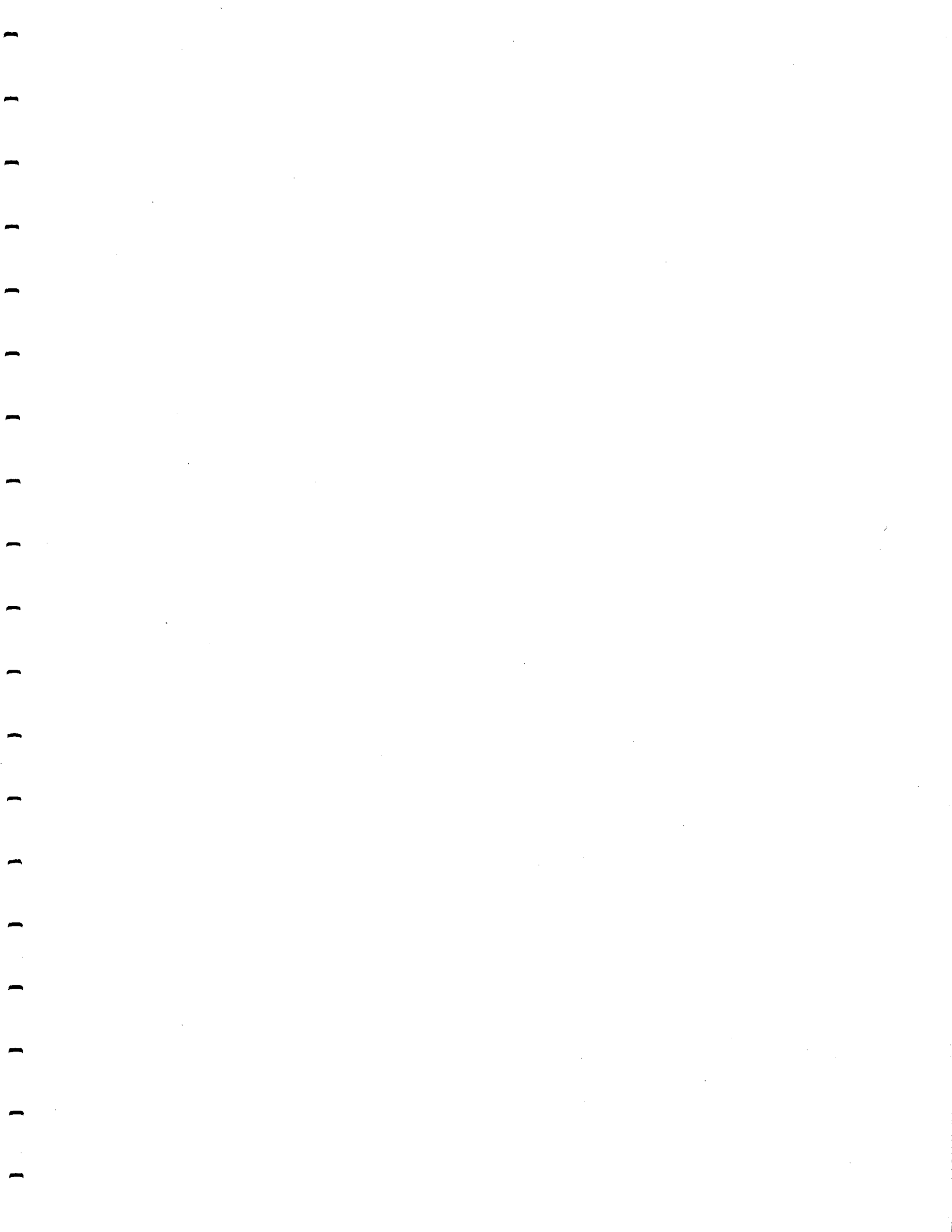
**GABRIOLA FIRE PROTECTION IMPROVEMENT DISTRICT**  
**Notes to Financial Statements**  
**Year Ended December 31, 2018**

**5. TANGIBLE CAPITAL ASSETS**

	Land	Buildings	Vehicles	Furniture and equipment	Firefighting equipment	Water Tanks	Parking Area	2018 Total
<b>Cost:</b>								
Opening balance	\$ 1	\$ 4,480,371	\$ 930,524	\$ 78,623	\$ 35,991	\$ 67,807	\$ 2,746	\$ 5,596,063
Additions	-	-	142,265	7,865				150,129
Disposals	-	-	-					-
<b>Closing Balance</b>	<b>1</b>	<b>4,480,371</b>	<b>1,072,789</b>	<b>86,487</b>	<b>35,991</b>	<b>67,807</b>	<b>2,746</b>	<b>5,746,192</b>
<b>Accumulated Amortization:</b>								
Opening Balance	-	511,346	312,916	20,244	16,708	8,583	1,373	871,170
Amortization	-	113,934	70,629	7,995	3,577	3,491	549	200,175
Disposals	-							-
<b>Closing Balance</b>	<b>-</b>	<b>625,280</b>	<b>383,545</b>	<b>28,239</b>	<b>20,285</b>	<b>12,074</b>	<b>1,922</b>	<b>1,071,344</b>
<b>Net book value</b>	<b>\$ 1</b>	<b>\$ 3,855,090</b>	<b>\$ 689,244</b>	<b>\$ 58,248</b>	<b>\$ 15,707</b>	<b>\$ 55,733</b>	<b>\$ 824</b>	<b>\$ 4,674,848</b>

**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>2018</b>	<b>2017</b>
	<b>Actual</b>	<b>Actual</b>
Trade accounts payable	\$ 11,263	\$ 7,425
Accrued wages and vacation payable	12,680	21,525
Payroll remittances payable	1,460	2,062
Other accrued expenses	6,520	6,100
Accrued interest on long-term debt	18,454	20,715
	<b>\$ 50,377</b>	<b>\$ 57,827</b>



# Gabriola Fire Protection District

Year End: December 31, 2018

Trial balance

Account	Prelim	Adj's	Reclass	RepAnnotation	Rep 12/17 %Chg	L/S
1050 Petty Cash	269.00	0.00	0.00	269.00 <u>A. 3</u>	269.00 0 A	
1055 CCCU Savings	227,407.81	0.00	0.00	227,407.81 <u>A. 2</u>	260,033.26 -13 A	
1057 CCCU Shares	5.66	0.00	0.00	5.66 <u>A. 2</u>	5.66 0 A	
1060 CCCU Chequing	8,528.53	595.28	0.00	9,123.81 <u>A. 1</u>	6,200.57 47 A	
1065 CCCU GIC (2016) Cont. Fund	53,308.93	0.00	0.00	53,308.93 <u>A. 2</u>	52,518.99 2 A	
1067 HSBS bank	25.00	0.00	0.00	25.00 <del>X</del>	25.00 0 A	
1071 CCCU Savings - Capital Rese	710,635.31	27.20	0.00	710,662.51 <u>A. 2</u>	655,631.35 8 A	
1073 CCCU acct 3303	0.76	0.00	0.00	0.76 <del>X</del>	0.76 0 A	
1200 Accounts Receivable	0.00	1,872.00	0.00	1,872.00	0.00 0 C	
1210 Interest Receivable	228.07	-26.06	0.00	202.01 <u>C. 1</u>	228.07 -11 C	
1320 Prepaid Expenses	14,083.79	1,079.58	0.00	15,163.37	14,083.79 8 L	
1710 Building - #2 Hall	14,939.97	0.00	0.00	14,939.97	14,939.97 0 U. 2	
1711 Accum Amort - Hall 2	-11,492.29	-2,298.46	0.00	-13,790.75	-11,492.29 20 U. 2	
1715 Building - #3 New Hall	4,465,430.71	0.00	0.00	4,465,430.71	4,465,430.71 0 U. 1	
1716 Accum Amort - Hall 1	-499,853.59	-111,635.79	0.00	-611,489.38	-499,853.59 22 U. 1	
1800 Land	1.00	0.00	0.00	1.00	1.00 0 U	
1810 Auto #2 - 1976 Ford	180,533.85	0.00	0.00	180,533.85	180,533.85 0 U. 5	
1811 Accum Amort - Auto #2	-54,707.24	-10,941.45	0.00	-65,648.69	-54,707.24 20 U. 5	
1815 Auto #3 - 1978 Inr'l	308,950.55	1,069.30	0.00	310,019.85	308,950.55 0 U. 6	
1816 Accum Amort - Auto #3	-93,621.39	-18,831.21	0.00	-112,452.60	-93,621.39 20 U. 6	
1820 Auto #4 - 1995 Ford	14,461.00	0.00	0.00	14,461.00	14,461.00 0 U. 7	
1821 Accum Amort - Auto #4	-14,461.00	0.00	0.00	-14,461.00	-14,461.00 0 U. 7	
1825 Auto #5 - 1991 Freightliner	135,798.10	1,627.79	0.00	137,425.89	135,798.10 1 U. 8	
1826 Accum Amort - Auto #5	-104,460.09	-21,054.80	0.00	-125,514.89	-104,460.09 20 U. 8	
1830 Auto #7 - 2005 Honda	19,023.72	0.00	0.00	19,023.72	19,023.72 0 U. 9	
1831 Accum Amort - Auto #7	-7,609.50	-1,521.90	0.00	-9,131.40	-7,609.50 20 U. 9	
1835 Auto #8 - 2001 GMC	26,105.62	0.00	0.00	26,105.62	26,105.62 0 U.10	
1836 Accum Amort - Auto #8	-15,356.25	-3,071.25	0.00	-18,427.50	-15,356.25 20 U.10	
1845 Auto #6 - 2014 Honda Ridgeb	37,110.95	0.00	0.00	37,110.95	37,110.95 0 U.12	
1846 Accum Amort - Auto #6	-6,494.42	-1,855.55	0.00	-8,349.97	-6,494.42 29 U.12	
1850 Auto #11 - 1993 Volvo	3,500.00	0.00	0.00	3,500.00	3,500.00 0 U.13	
1851 Accum Amort - Auto #11	-3,500.00	0.00	0.00	-3,500.00	-3,500.00 0 U.13	
1855 Auto #12 - 1995 Chev	7,775.00	0.00	0.00	7,775.00	7,775.00 0 U.14	
1856 Accum Amort - Auto #12	-7,775.00	0.00	0.00	-7,775.00	-7,775.00 0 U.14	
1860 Auto #13	197,265.33	0.00	0.00	197,265.33	197,265.33 0 U. 3	
1861 Accum Amount - Auto #13	-4,931.63	-9,863.27	0.00	-14,794.90	-4,931.63 200 U. 3	
1865 Auto #10 - 2018 Freightliner F	0.00	139,567.46	0.00	139,567.46	0.00 0 U. 4	
1866 Accum Amort - Auto #10	0.00	-3,489.19	0.00	-3,489.19	0.00 0 U. 4	
1875 Storeroom Stores & Supplies	1,338.30	-1,338.30	0.00	0.00	0.00 0 U	
1880 Emergency Water Tanks	67,807.35	0.00	0.00	67,807.35	67,807.35 0 U.18	
1881 Accum Amort - Emergency W	-8,583.69	-3,490.89	0.00	-12,074.58	-8,583.69 41 U.18	
1900 Communicataions Equip.	19,668.03	7,864.50	0.00	27,532.53	19,667.93 40 U.15	
1901 AccumAmort - Communicatio	-2,667.72	-2,360.04	0.00	-5,027.76	-2,667.72 88 U.15	
1910 Equipment	58,954.59	0.00	0.00	58,954.59	58,954.59 0 U.16	
1911 Accum Amort - - Equipment	-17,575.78	-5,634.99	0.00	-23,210.77	-17,575.78 32 U.16	
1920 Firefighting Equipment	35,991.33	0.00	0.00	35,991.33	35,991.33 0 U.17	
1921 Accum Amort - Firefighting Ec	-16,707.13	-3,576.52	0.00	-20,283.65	-16,707.13 21 U.17	
1922 Parking area	2,746.00	0.00	0.00	2,746.00	2,746.00 0 U	
1923 Acum Amort - parking Area	-1,373.00	-549.20	0.00	-1,922.20	-1,373.00 40 U	
2100 Accounts Payable	0.00	-3,838.51	-7,425.05	-11,263.56	-7,425.05 52 BB	
2102 Accounts Payable yr end 2018	-7,425.05	0.00	7,425.05	0.00	0.00 0 BB	
2105 Accrued Liabilities	-6,100.00	-420.00	0.00	-6,520.00 1.	-6,100.00 7 BB	

2019-04-20  
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Completed by	Reviewed by
CJ 2019-03-19	DKP 2019-04-08

# Gabriola Fire Protection District

Year End: December 31, 2018

Trial balance

Account	Prelim	Adj's	Reclass	RepAnnotation	Rep 12/17	%Chg	L/S
2107 Interest accrual	-20,714.78	2,260.51	0.00	-18,454.27 <u>KK. 2</u>	-20,714.78	-11	BB. 3
2160 Wages Payable	0.00	-2,761.38	0.00	-2,761.38 5.	0.00	0	BB
2170 Vacation payable	-28,677.00	11,530.37	7,678.18	-9,468.45 <u>BB. 1 2.</u>	-20,998.82	-55	BB
2171 Vacation payable 2016	7,678.18	0.00	-7,678.18	0.00	0.00	0	BB
2180 EI Payable	464.16	-125.62	0.00	338.54	491.51	-31	BB
2185 CPP Payable	-399.40	-254.42	0.00	-653.82	-413.95	58	BB
2190 Federal Income Tax Payable	-1,433.66	-300.35	0.00	-1,734.01	-1,108.07	56	BB
2195 Payroll remittances payable	0.00	589.30	0.00	589.30 4.	-1,031.32	-157	BB. 2
2230 WCB Payable	1,550.66	-1,550.66	0.00	0.00 3.	-526.22	-100	BB. 1
2232 MSP Payable	-450.00	0.00	0.00	-450.00	0.00	0	BB
2315 GST Paid on Purchases	25,946.47	-12,341.00	0.00	13,605.47 <u>C. 2</u>	11,453.54	19	C
2621 Current portion long term debt	-169,325.87	-4,508.65	0.00	-173,834.52 <u>KK. 2</u>	-169,325.87	3	KK. 2
2630 CTA Bylaw #78 - 2008 Frlnr	-140,499.31	25,939.97	0.00	-114,559.34 <u>KK. 3</u>	-140,499.31	-18	KK
2635 CTA Bylaw #81 - 2008 Frlnr	-23,126.97	23,126.92	0.00	-0.05 <u>KK. 4</u>	-23,126.97	-100	KK
2650 CTA Bylaw #88 - Hall 3	-1,378,729.23	124,767.63	0.00	-1,253,961.60 <u>KK. 5</u>	-1,378,729.23	-9	KK
3100 Contingency Fund	-51,976.00	-3,889.00	0.00	-55,865.00 <u>TT. 1 2.</u>	-51,976.00	7	TT. 1
3120 Capital Reserve Fund	-686,146.00	-53,373.00	0.00	-739,519.00 <u>TT. 1 1.</u>	-686,146.00	8	TT. 1
3130 Net Investment in Capital Ass	-3,247,380.00	-124,343.00	0.00	-3,371,723.00 <u>TT. 1 3.</u>	-3,247,380.00	4	TT. 1
3560 Retained Earnings - Previous	29,666.71	181,605.00	0.00	211,271.71 <u>TT. 1 4.</u>	173,056.72	22	TT. 1
4200 Provincial Levy	-662,480.00	0.00	0.00	-662,480.00 <u>20. 1 1.</u>	-652,480.00	2	20
4220 Sales Returns	0.00	-210,642.23	0.00	-210,642.23 2.	-210,642.23	0	20
4440 Interest Revenue	-5,692.73	-1.14	0.00	-5,693.87 3.	-7,462.00	-24	20
4450 GST Refunds	-12,372.53	12,372.53	0.00	0.00	0.00	0	70
5040 Communications - capital	8,949.22	-7,864.50	0.00	1,084.72	1,048.54	3	40. 5
5045 Safety Equipment - capital	3,158.08	0.00	0.00	3,158.08	6,799.12	-54	40. 5
5050 Firefighting Equipment - capit	8,959.28	0.00	0.00	8,959.28	5,705.56	57	40. 5
5060 EWSS - capital	1,973.98	0.00	0.00	1,973.98	2,825.29	-30	40. 5
5410 Wages & Salaries	153,827.69	-8,289.09	0.00	145,538.60	146,775.92	-1	40.12
5412 Training Officer Wages	0.00	0.00	0.00	0.00 X	20.00	-100	40.12
5414 RRSP Wages	10,078.00	0.00	0.00	10,078.00	10,078.00	0	40.12
5420 EI Expense	3,791.71	73.28	0.00	3,864.99	3,601.01	7	40.12
5430 CPP Expense	7,274.77	-462.09	0.00	6,812.68	7,964.36	-14	40.12
5440 WCB Expense	1,547.94	1,550.66	0.00	3,098.60 3.	1,230.24	152	40.12
5470 Employee Benefits - EH/Dent:	5,941.53	0.00	0.00	5,941.53	4,914.84	21	40.12
5500 Amortization	0.00	200,174.51	0.00	200,174.51	190,603.29	5	40.01
5508 Building #1 - maintenance	7,555.23	0.00	0.00	7,555.23	1,146.59	559	40. 8
5610 Accounting & Legal	8,095.00	400.00	0.00	8,495.00	7,176.25	18	40.15
5620 GVFFA Grant	6,000.00	0.00	0.00	6,000.00 1.	6,000.00	0	40. 4
5625 Vehicle Licences & Insurance	8,822.00	-205.20	0.00	8,616.80	10,030.81	-14	40. 9
5635 Personal Insurance	0.00	7,654.00	0.00	7,654.00	7,060.91	8	40. 1
5640 Courier	176.02	0.00	0.00	176.02 X	510.52	-66	40
5645 Clothing Allowance	4,453.06	0.00	0.00	4,453.06 2.	2,562.47	74	40.12
5650 Computer Maintenance	0.00	0.00	0.00	0.00 X	170.93	-100	40. 7
5685 Insurance	29,390.00	-8,528.38	0.00	20,861.62	20,912.71	0	40. 1
5690 Interest & Bank Charges	748.31	0.00	0.00	748.31	472.19	58	40. 2
5700 Trustees Office Expenses	3,906.91	0.00	0.00	3,906.91	5,630.14	-31	40
5710 MSP	1,237.00	0.00	0.00	1,237.00	2,700.00	-54	40.12
5751 Long term debt interest	0.00	39,055.85	0.00	39,055.85	43,564.49	-10	40. 3
5780 Telephone - Office	5,231.73	0.00	0.00	5,231.73	4,470.50	17	40.10
5785 Telephone - Cell	2,299.07	0.00	0.00	2,299.07	2,266.23	1	40.10
5790 Utilities - Hydro	11,887.17	0.00	0.00	11,887.17	13,775.70	-14	40.14
5795 Utilities - Propane	5,224.02	514.72	0.00	5,738.74	6,960.48	-18	40.14

Completed by	Reviewed by
CJ	DKP
2019-03-19	2019-04-08

**Gabriola Fire Protection District**

Year End: December 31, 2018

Trial balance

Account	Prelim	Adj's	Reclass	RepAnnotation	Rep 12/17	%Chg	L/S
5805 Building #1 - maintenance	2,979.06	0.00	0.00	2,979.06	11,318.70	-74	40.8
5810 Building #2 - maintenance	2,295.39	0.00	0.00	2,295.39	392.00	486	40.8
5825 EWSS - maintenance	3,975.13	0.00	0.00	3,975.13	1,225.00	225	40.7
5830 Grounds - maintenance	2,700.00	0.00	0.00	2,700.00	2,700.00	0	40.8
5835 Communications - mainten	3,337.69	0.00	0.00	3,337.69	3,877.20	-14	40.7
5840 Firefighting Equipment - main	8,694.22	0.00	0.00	8,694.22	7,354.78	18	40.7
5842 Safety Equip - maint. T.O./FR	458.42	0.00	0.00	458.42	0.00	0	40.7
5843 Safety Equip - maint. F.R.	2,633.70	-162.50	0.00	2,471.20	5,078.81	-51	40.7
5845 Safety Equip - maintenance	4,103.23	0.00	0.00	4,103.23	7,815.39	-47	40.7
5850 Signs - maintenance	920.00	0.00	0.00	920.00	1,169.48	-21	40.7
5870 Truck #1 - maintenance	1,676.11	0.00	0.00	1,676.11	2,724.86	-38	40.9
5875 Truck #2 - maintenance	249.32	0.00	0.00	249.32	2,692.12	-91	40.9
5880 Truck #3 - maintenance	3,379.88	-1,069.30	0.00	2,310.58	1,275.44	81	40.9
5885 Truck #4 - maintenance	1,131.74	0.00	0.00	1,131.74	31.59	3483	40.9
5890 Truck # 5 - maintenance	3,380.52	-1,627.79	0.00	1,752.73	2,697.12	-35	40.9
5892 Truck #6 - maintenance	3,189.46	0.00	0.00	3,189.46	3,558.93	-10	40.9
5895 Truck #7 - maintenance	34.71	0.00	0.00	34.71	-73.64	-147	40.9
5900 Truck #8 - maintenance	87.84	0.00	0.00	87.84	0.00	0	40.9
5902 Truck #10 - maintenance	200.74	0.00	0.00	200.74	0.00	0	40
5905 Truck #11 -maintenance	309.26	0.00	0.00	309.26	490.81	-37	40.9
5910 Truck #12 - maintenance	262.15	0.00	0.00	262.15	0.00	0	40.9
5919 New truck 2018	139,567.46	-139,567.46	0.00	0.00	0.00	0	40.9
5930 Vehicle Inspection - maintena	18,044.27	-1,784.42	0.00	16,259.85	12,179.85	33	40.9
5950 Fuel	16,332.84	1,654.56	0.00	17,987.40	10,949.98	64	40.9
5955 Storeroom Supplies	0.00	1,338.30	0.00	1,338.30	537.81	149	40.5
5960 Training	21,783.77	1,533.99	0.00	23,317.76	27,859.93	-16	40.6
5965 Chief's Office	6,608.86	-14.65	0.00	6,594.21	8,346.56	-21	40
5967 Public Relations	1,367.07	0.00	0.00	1,367.07	0.00	0	40
5970 Travel - Gabriola Ferry	1,103.48	0.00	0.00	1,103.48	1,347.60	-18	40.13
5980 PPPC	86,025.77	-382.00	0.00	85,643.77	94,666.91	-10	40.12
5982 Duty Officer - Will Sprogis	-462.00	0.00	0.00	-462.00	0.00	0	40.12
	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0</u>	
<b>Net Income (Loss)</b>	<b>43,647.45</b>			<b>157,925.80</b>	<b>143,389.91</b>	<b>10</b>	

Completed by	Reviewed by
CJ 2019-03-19	DKP 2019-04-08

**Gabriola Fire Protection District**

Year End: December 31, 2018

Adjusting Journal entries

Date: 2018-01-01 To 2018-12-31

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Misstatement
AE#1	2018-12-31	CCCU Savings - Capital Reserve	1071			27.20			
AE#1	2018-12-31	Interest Revenue	4440				27.20		
To record interest revenue (#1071) to correct ending balance.									
AE#2	2018-12-31	Prepaid Expenses	1320	L. 1		1,079.58			
AE#2	2018-12-31	Vehicle Licences & Insurance	5625	L. 1			205.20		
AE#2	2018-12-31	Insurance	5685	L. 1			874.38		
To adjust prepaid portion to actual at yearend.									
AE#3	2018-12-31	Auto #3 - 1978 Inrl	1815	800 - 860		1,069.30			
AE#3	2018-12-31	Auto #5 - 1991 Freightliner	1825	800 - 860		1,627.79			
AE#3	2018-12-31	Auto #10 - 2018 Freightliner Fire Apparatus	1865	800 - 860		139,567.46			
AE#3	2018-12-31	Communications Equip.	1900	800 - 860		652.70			
AE#3	2018-12-31	Communications Equip.	1900	800 - 860		6,634.00			
AE#3	2018-12-31	Communications Equip.	1900	800 - 860		577.80			
AE#3	2018-12-31	Communications - capital	5040	800 - 860			652.70		
AE#3	2018-12-31	Communications - capital	5040	800 - 860			6,634.00		
AE#3	2018-12-31	Communications - capital	5040	800 - 860			577.80		
AE#3	2018-12-31	Truck #3 - maintenance	5880	800 - 860			1,069.30		
AE#3	2018-12-31	Truck # 5 - maintenance	5890	800 - 860			1,627.79		
AE#3	2018-12-31	New truck 2018	5919	800 - 860			139,567.46		
To record capital assets.									
AE#4	2018-12-31	Accum Amort - Hall 2	1711				2,298.46		
AE#4	2018-12-31	Accum Amort - Hall 1	1716				111,635.79		
AE#4	2018-12-31	Accum Amort - Auto #2	1811				10,941.45		
AE#4	2018-12-31	Accum Amort - Auto #3	1816				18,724.28		
AE#4	2018-12-31	Accum Amort - Auto #3	1816				106.93		
AE#4	2018-12-31	Accum Amort - Auto #5	1826				20,892.02		
AE#4	2018-12-31	Accum Amort - Auto #5	1826				162.78		
AE#4	2018-12-31	Accum Amort - Auto #7	1831				1,521.90		
AE#4	2018-12-31	Accum Amort - Auto #8	1836				3,071.25		
AE#4	2018-12-31	Accum Amort - Auto #6	1846				1,855.55		
AE#4	2018-12-31	Accum Amount - Auto #13	1861				9,863.27		
AE#4	2018-12-31	Accum Amort - Auto #10	1866				3,489.19		
AE#4	2018-12-31	Accum Amort - Emergency Water Tanks	1881				3,490.89		
AE#4	2018-12-31	Accum Amort - Communications Equip	1901				2,360.04		
AE#4	2018-12-31	Accum Amort - Equipment	1911				5,634.99		
AE#4	2018-12-31	Accum Amort - Firefighting Equip.	1921				3,576.52		
AE#4	2018-12-31	Accum Amort - parking Area	1923				549.20		
AE#4	2018-12-31	Amortization	5500			200,174.51			
To record FY 2018 provision for amortization.									
AE#5	2018-12-31	Storeroom Stores & Supplies	1875				1,338.30		
AE#5	2018-12-31	Storeroom Supplies	5955			1,338.30			
To expense storeroom supplies as these amounts are below the capitalization threshold.									
AE#6	2018-12-31	Accrued Liabilities	2105				400.00		
AE#6	2018-12-31	Accounting & Legal	5610			400.00			
To adjust the yearend accounting accrual to amount per engagement letter									
AE#7	2018-12-31	CCCU Chequing	1060	A. 1		595.28			
AE#7	2018-12-31	GST Paid on Purchases	2315	A. 1			8.13		
AE#7	2018-12-31	Safety Equip - maint. F.R.	5843	A. 1			162.50		
AE#7	2018-12-31	Training	5960	A. 1			28.00		
AE#7	2018-12-31	Chief's Office	5965	A. 1			14.65		
AE#7	2018-12-31	PPPC	5980	A. 1			109.00		
AE#7	2018-12-31	PPPC	5980	A. 1			273.00		
To write off stale-dated cheques (#6128, 6578, 6657, 6686 and 6857).									
AE#8	2018-12-31	Current portion long term debt	2621				4,508.65		
AE#8	2018-12-31	CTA Bylaw #78 - 2008 Frtlnr pumper	2630			25,939.97			

Completed by	Reviewed by
CJ 2019-03-19	DKP 2019-04-08

**Gabriola Fire Protection District**

Year End: December 31, 2018

Adjusting journal entries

Date: 2018-01-01 To 2018-12-31

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Misstatement
AE#8	2018-12-31	CTA Bylaw #81 - 2008 Frtlnr tanker	2635			23,126.92			
AE#8	2018-12-31	CTA Bylaw #88 - Hall 3	2650			124,767.63			
AE#8	2018-12-31	Sales Returns	4220				210,642.23		
AE#8	2018-12-31	Long term debt interest	5751			41,316.36			
To record long term debt repayment by capital tax advances for 2018.									
AE#9	2018-12-31	Interest accrual	2107	KK. 2		2,260.51			
AE#9	2018-12-31	Long term debt interest	5751	KK. 2			2,260.51		
To adjust the interest accrual at actual for LTD outstanding (capital tax advances) at year-end.									
AE#10	2018-12-31	Interest Receivable	1210				26.06		
AE#10	2018-12-31	Interest Revenue	4440			26.06			
To record the estimated interest accrual on GIC funds held for Contingency Funds.									
AE#11	2018-12-31	GST Paid on Purchases	2315				12,372.53		
AE#11	2018-12-31	GST Refunds	4450			12,372.53			
To reclassify PSB rebates received during the year against GST paid.									
AE#12	2018-12-31	WCB Payable	2230				1,550.66		
AE#12	2018-12-31	WCB Expense	5440			1,550.66			
To adjust WCB payable to actual at yearend.									
AE#13	2018-12-31	Contingency Fund	3100				3,889.00		
AE#13	2018-12-31	Capital Reserve Fund	3120				53,373.00		
AE#13	2018-12-31	Net Investment in Capital Assets	3130				124,343.00		
AE#13	2018-12-31	Retained Earnings - Previous Year	3560			181,605.00			
To record interfund transfers.									
AE#14	2018-12-31	Vacation payable	2170			11,530.37			
AE#14	2018-12-31	Wages & Salaries	5410				11,530.37		
To adjust the accrued vacation for Rick and Paula to actual at the yearend.									
AE#15	2018-12-31	Payroll remittances payable	2195			589.30			
AE#15	2018-12-31	CPP Expense	5430				589.30		
To record source deduction overpayments during the year (as per 2018 T4 Summary filed).									
AE#16	2018-12-31	Accrued Liabilities	2105				20.00		
AE#16	2018-12-31	Wages Payable	2160				244.81		
AE#16	2018-12-31	Wages Payable	2160				88.00		
AE#16	2018-12-31	Wages Payable	2160				159.67		
AE#16	2018-12-31	Wages Payable	2160				1,548.20		
AE#16	2018-12-31	Wages Payable	2160				720.70		
AE#16	2018-12-31	EI Payable	2180				10.13		
AE#16	2018-12-31	EI Payable	2180				6.50		
AE#16	2018-12-31	EI Payable	2180				77.21		
AE#16	2018-12-31	EI Payable	2180				31.78		
AE#16	2018-12-31	CPP Payable	2185				10.74		
AE#16	2018-12-31	CPP Payable	2185				1.72		
AE#16	2018-12-31	CPP Payable	2185				177.42		
AE#16	2018-12-31	CPP Payable	2185				64.54		
AE#16	2018-12-31	Federal Income Tax Payable	2190				268.79		
AE#16	2018-12-31	Federal Income Tax Payable	2190				31.56		
AE#16	2018-12-31	Wages & Salaries	5410			254.40			
AE#16	2018-12-31	Wages & Salaries	5410			88.00			
AE#16	2018-12-31	Wages & Salaries	5410			163.24			
AE#16	2018-12-31	Wages & Salaries	5410			1,937.87			
AE#16	2018-12-31	Wages & Salaries	5410			797.77			
AE#16	2018-12-31	EI Expense	5420			5.91			
AE#16	2018-12-31	EI Expense	5420			3.79			
AE#16	2018-12-31	EI Expense	5420			45.04			

Completed by	Reviewed by
CJ	DKP
2019-03-19	2019-04-08

**Gabriola Fire Protection District**

Year End: December 31, 2018

Adjusting journal entries

Date: 2018-01-01 To 2018-12-31

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Misstatement
AE#16	2018-12-31	EI Expense	5420			18.54			
AE#16	2018-12-31	CPP Expense	5430			5.37			
AE#16	2018-12-31	CPP Expense	5430			0.86			
AE#16	2018-12-31	CPP Expense	5430			88.71			
AE#16	2018-12-31	CPP Expense	5430			32.27			
AE#16	2018-12-31	Vehicle Inspection - maintenance	5930			20.00			
<p>To record Dec 2018 wages paid in Jan 2019 re: chq#7355, 7356, 7357, 7358, 7359 and 7360.</p>									
AE#17	2018-12-31	Personel Insurance	5635			7,654.00			
AE#17	2018-12-31	Insurance	5685				7,654.00		
<p>To reallocate expense from insurance to personal insurance as per Paula.</p>									
AE#18	2018-12-31	Accounts Receivable	1200			1,872.00			
AE#18	2018-12-31	GST Paid on Purchases	2315				67.58		
AE#18	2018-12-31	Vehicle Inspection - maintenance	5930				1,804.42		
<p>To reverse duplicated payment (chq#6799) for Inv#704750 and Inv#704780</p>									
AE#19	2018-12-31	Accounts Payable	2100				2,276.52		
AE#19	2018-12-31	Accounts Payable	2100				1,561.99		
AE#19	2018-12-31	GST Paid on Purchases	2315			82.73			
AE#19	2018-12-31	GST Paid on Purchases	2315			24.51			
AE#19	2018-12-31	Utilities - Propane	5795			514.72			
AE#19	2018-12-31	Fuel	5950			1,654.56			
AE#19	2018-12-31	Training	5960			1,561.99			
<p>To record account payable (chq#7376 and chq#7364) at the year-end</p>									
						795,655.51	795,655.51		
Net Income (Loss)			157,925.80						

Completed by	Reviewed by
CJ 2019-03-19	DKP 2019-04-08





**CHARTERED  
PROFESSIONAL  
ACCOUNTANTS**

7190 Lantzville Rd, PO Box 70  
Lantzville, BC V0R 2H0  
t: 250.390.4131  
e: [info@kmacpa.ca](mailto:info@kmacpa.ca)  
w: [www.kmacpa.ca](http://www.kmacpa.ca)

April 20, 2019

Gabriola Fire Protection District  
760 North Road  
Gabriola British Columbia BOX89

Dear Sir / Madam:

During the course of our audit of Gabriola Fire Protection District for the year ended December 31, 2018, we identified matters that may be of interest to management. The objective of an audit is to obtain reasonable assurance whether the financial statements are free of material misstatement and it is not designed to identify matters that may be of interest to management. Accordingly, an audit would not usually identify all such matters.

The matters identified were as follows:

**Payroll**

**Weakness**

In many instances, payroll expenses are determined based on the hours reported by the respective employee or volunteer. These are either listed manually or in an personally prepared excel spreadsheet increasing the possibility of an error in calculating the amounts owing.

Implications

This has resulted in several situations where the amount listed as owing was calculated incorrectly. This resulted in payments for amounts not consistent with the underlying supporting documentation.

Recommendations

To reduce the likelihood of miscalculations, employee and volunteer hourly submissions should be prepared on a standardized spreadsheet (or input by the bookkeeper in a standard template) to ensure accuracy in the processing of these payroll amounts.

**Weakness #2**

Payroll source deductions are being calculated manually and multiple cheques for the same employee are being issued for the same payroll period.

Implications

This has resulted in errors in determining the appropriate source deductions (both employer and employee) throughout the year as manual payroll deductions are determined based on allowance for the per period CPP exempt pay (therefore doubled up with more than one cheque). Additionally, CPP was taken off on earnings in excess of the maximum pensionable earnings.

Recommendations

We recommend that one paycheque per pay period per employee be issued. This will help to isolate total payments to individuals during the year and help to ensure proper withholding calculations. Also, taxable benefits should be updated for Rick and Paula based on the underlying thier respective MSP premiums paid by the District to ensure amounts are consistent with the benefits reported on thier respective T4.

**GST Input Tax Credits (ITCs)**

**Weakness**

Public Service Body (PSB) rebate has been filed annually in 2018.

Implications

Annual filing was disallowed, and it delays the rebate payment to the District. The PSB rebate should have been filed semi-annually.

Recommendations

We recommend to claim \$10,610.86 for the period of Jan 01 to Jun 30, 2018 and \$2,994.61 for the period of Jul 01 to Dec 31, 2018 respectively. The total amount is \$13,605.47. GST PSB's rebate can be claimed up to four years from the due date.

**Bank Fees**

**Weakness**

It appeared as though there were several instances where the District incurred bank fees associated with cheques clearing while in a debit balance (insufficient funds). Given the dollar value of monies held within the bank and that a portion of operating funds are held in a separate high interest savings account, these accounts should be linked to provide overdraft protection.

Implications

This could result in unnecessary bank charges being incurred.

Recommendations

We recommend that the District work their bank to avoid these types of charges going forward assuming there are sufficient funds in the Bank to cover the cheques issued by the District.

This communication is prepared solely for the information of management and is not intended for any other purpose. We accept no responsibility to a third party who uses this communication.

We trust you will implement our recommendations; however, should you require further clarification or information, please contact the undersigned.

Yours truly,



Douglas K. Parkhurst, FCPA, FCA, CPA (Illinois)

KMA CHARTERED PROFESSIONAL ACCOUNTANTS





December 17, 2018

Gabriola Fire Protection District  
760 North Road  
Gabriola British Columbia BOX89

Dear Sir / Madam:

### **The Objective and Scope of the Audit**

You have requested that we audit the financial statements of Gabriola Fire Protection District, which comprise the statement of financial position as at December 31, 2018, and the statements of operations, changes in accumulated surplus, changes in net debt and cash flows for the year then ended, and notes to the financial statements (including a summary of significant accounting policies).

We are pleased to confirm our acceptance and our understanding of the nature, scope and terms of this audit engagement and all services related thereto, by means of this letter (the "Engagement").

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement (whether due to fraud or error) and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### **The Responsibilities of the Auditor**

We will conduct our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- a. Identify and assess the risks of material misstatement of the financial statements (whether due to fraud or error), design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- b. Obtain an understanding of internal control relevant to the audit 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 entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies in internal control relevant to the audit of the financial statements that we have identified during the audit.
- c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- d. Conclude on the appropriateness of management's use of the going-concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- e. Evaluate the overall presentation, structure and content of the financial statements (including the disclosures) and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Canadian generally accepted auditing standards.

### **Form and Content of Audit Opinion**

Unless unanticipated difficulties are encountered, our report will be substantially in the following form:

To the Members of Gabriola Fire Protection District

Report on the Financial Statements

Opinion

We have audited the financial statements of Gabriola Fire Protection District (the Organization), which comprise the statement of financial position as at December 31, 2018, and the statements of operations, changes in accumulated surplus, changes in net debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Public Sector Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Public Sector Accounting Standards, 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an

audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### Report on Other Legal and Regulatory Requirements

As required by the British Columbia Societies Act, we report that, in our opinion, the Society's financial statements have been prepared following Public Sector Accounting Standards.

If we conclude that a modification to our opinion on the financial statements is necessary, we will discuss the reasons with you in advance.

#### **The Responsibilities of Management**

Our audit will be conducted on the basis that management and, where appropriate, those charged with governance acknowledge and understand that they have responsibility:

- a. For the preparation and fair presentation of the financial statements in accordance with the Public Sector Accounting Standards;
- b. For the design and implementation of 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; and
- c. To provide us with timely:
  - i. Access to all the information of which management is aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation and other matters;
  - ii. Information about all known or suspected fraud, any allegations of fraud or suspected fraud and any known or probable instances of non-compliance with legislative or regulatory requirements;

- iii. Additional information that we may request from management for the purpose of the audit; and
  - A. Copies of all minutes of meetings of shareholders, directors and committees of directors;
  - B. Information relating to any known or probable instances of non-compliance with legislative or regulatory requirements, including financial reporting requirements;
  - C. Information relating to any illegal or possibly illegal acts, and all facts related thereto;
  - D. A listing of all related parties and related-party transactions and information pertaining to the measurement and disclosure of transactions with those related parties;
  - E. An assessment of the reasonableness of significant assumptions underlying fair value measurements and disclosures in the financial statements;
  - F. Any plans or intentions that may affect the carrying value or classification of assets or liabilities;
  - G. An assessment of all areas of measurement uncertainty known to management that are required to be disclosed in accordance with *MEASUREMENT UNCERTAINTY, Section 1508* of the CPA Canada Handbook - Accounting, Part II;
  - H. Information relating to claims and possible claims, whether or not they have been discussed with Gabriola Fire Protection District's legal counsel;
  - I. Information relating to other liabilities and contingent gains or losses, including those associated with guarantees, whether written or oral, under which Gabriola Fire Protection District is contingently liable;
  - J. Information on whether Gabriola Fire Protection District has satisfactory title to assets, whether liens or encumbrances on assets exist, and whether assets are pledged as collateral;
  - K. Information relating to compliance with aspects of contractual agreements that may affect the financial statements; and
  - L. Information concerning subsequent events.
- iv. Unrestricted access to persons within Gabriola Fire Protection District from whom we determine it necessary to obtain audit evidence.

As part of the audit process:

- a. We will make inquiries of management about the representations contained in the financial statements. At the conclusion of the audit, we will request from management [and, where appropriate, those charged with governance] written confirmation concerning those representations. If such representations are not provided in writing, management acknowledges and understands that we would be required to disclaim an audit opinion.
- b. We will communicate any misstatements identified during the audit other than those that are clearly trivial. We request that management correct all the misstatements communicated.

### **Confidentiality**

One of the underlying principles of the profession is a duty of confidentiality with respect to client affairs. Each practitioner must preserve the secrecy of all confidential information that becomes known during the practice of the profession. Accordingly, we will not provide any third party with confidential information concerning the affairs of Gabriola Fire Protection District unless:

- a. We have been specifically authorized with prior consent;
- b. We have been ordered or expressly required by law or by the British Columbia *Code of Professional Conduct/Code of Ethics*; or
- c. The information requested is (or enters into) public domain.

### **Communications**

In performing our services, we will send messages and documents electronically. As such communications can be intercepted, misdirected, infected by a virus, or otherwise used or communicated by an unintended third party, we cannot guarantee or warrant that communications from us will be properly delivered only to the addressee. Therefore, we specifically disclaim, and you release us from any liability or responsibility whatsoever for interception or unintentional disclosure of communications transmitted by us in connection with the performance of this Engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from such communications, including any that are consequential, incidental, direct, indirect, punitive, exemplary or special damages (such as loss of data, revenues, or anticipated profits).

If you do not consent to our use of electronic communications, please notify us in writing.

### **Use of Information**

It is acknowledged that we will have access to all information about identified individuals ("personal information") in your custody that we require to complete our Engagement. Our services are provided on the basis that:

- a. You represent to us that management has obtained any required consents for our collection, use, disclosure, storage, transfer and process of personal information required under applicable privacy legislation and professional regulation; and
- b. We will hold all personal information in compliance with our Privacy Statement.

### **Use and Distribution of Our Report**

The examination of the financial statements and the issuance of our audit report are solely for the use of Gabriola Fire Protection District and those to whom our report is specifically addressed by us. We make no representations or warranties of any kind to any third party in respect of these financial statements or our audit report, and we accept no responsibility for their use by any third party or any liability to anyone other than Gabriola Fire Protection District.

For greater clarity, our audit will not be planned or conducted for any third party or for any specific transaction. Accordingly, items of possible interest to a third party may not be addressed and matters may exist that would be assessed differently by a third party, including, without limitation, in connection with a specific transaction. Our audit report should not be circulated (beyond Gabriola Fire Protection District) or relied upon by any third party for any purpose, without our prior written consent.

You agree that our name may be used only with our prior written consent and that any information to which we have attached a communication be issued with that communication, unless otherwise agreed to by us in writing.

If you require our consent in this regard, management agrees to provide, on a timely basis, a draft of the other information for our review prior to the issuance of the audit report.

### **Reproduction of Auditor's Report**

If reproduction or publication of our audit report (or reference to our report) is planned in an annual report or other document, including electronic filings or posting of the report on a website, a copy of the entire document should be submitted to us in sufficient time for our review and approval in writing before the publication or posting process begins.

Should some of the information in the annual report not be available until after the date of the auditor's report, we will request management to provide a written representation that the final version of the document(s) will be provided to us when available (and prior to its issuance) so we can complete our required procedures.

Management is responsible for the accurate reproduction of the financial statements, the auditor's report and other related information contained in an annual report or other public document (electronic or paper-based). This includes any incorporation by reference to either full or summarized financial statements that we have audited.

We are not required to read the information contained in your website or to consider the consistency of other information on the electronic site with the original document.

### **Ownership**

The working papers, files, other materials, reports and work created, developed or performed by us during the course of the Engagement are the property of our firm, constitute our confidential information and will be retained by us in accordance with our firm's policies and procedures.

During the course of our work, we may provide, for your own use, certain software, spreadsheets and other intellectual property to assist with the provision of our services. Such software, spreadsheets and other intellectual property must not be copied, distributed or used for any other purpose. We also do not provide any warranties in relation to these items and will not be liable for any lost or corrupted data or other damage or loss suffered or incurred by you in connection with your use of them.

We retain the copyright and all intellectual property rights in any original materials provided to you.

### **File Inspections**

In accordance with professional regulations (and by our firm policy), our client files may be periodically reviewed by practice inspectors and by other engagement file reviewers to ensure that we are adhering to our professional and firm standards. File reviewers are required to maintain confidentiality of client information.

### **Accounting Advice**

Except as outlined in this letter, this Engagement does not contemplate the provision of specific accounting advice or opinions or the issuance of a written report on the application of accounting standards to specific transactions and to the facts and circumstances of the entity. Such services, if requested, would be provided under a separate engagement letter.

### **Governing Legislation**

This engagement letter is subject to, and governed by, the laws of the Province of British Columbia. The Province of British Columbia will have exclusive jurisdiction in relation to any claim, dispute or difference concerning this engagement letter and any matter arising from it. Each party irrevocably waives any right it may have to object to any action being brought in those courts to claim that the action has been brought in an inappropriate forum or to claim that those courts do not have jurisdiction.

### **Dispute Resolution**

You agree that any dispute that may arise regarding the meaning, performance or enforcement of this Engagement will, prior to resorting to litigation, be submitted to mediation.

### **Indemnity**

Gabriola Fire Protection District hereby agrees to indemnify, defend (by counsel retained and instructed by us) and hold harmless our firm (and its partners, agents and employees) from and against any and all losses, costs (including solicitors' fees), damages, expenses, claims, demands and liabilities arising out of (or in consequence of):

- a. The breach by Gabriola Fire Protection District, or its directors, officers, agents or employees, of any of the covenants or obligations of Gabriola Fire Protection District herein, including, without restricting the generality of the foregoing, the misuse of, or the unauthorized dissemination of, our engagement report or the financial statements in reference to which the engagement report is issued, or any other work product made available to you by our firm.
- b. A misrepresentation by a member of your management or board of directors.

### **Time Frames**

We will use all reasonable efforts to complete the Engagement as described in this letter within the agreed upon time frames.

However, we shall not be liable for failures or delays in performance that arise from causes beyond our reasonable control, including any delays in the performance by Gabriola Fire Protection District of its obligations.

### **Concerns**

If at any time you would like to discuss our services or make a complaint, please contact your engagement partner. We will listen to your concerns and investigate any complaint on a timely basis.

### **Use of Auditor Experts, Specialists and Others**

[Any initial audit considerations.]

## **Estimated Fees**

We estimate that our fees for these services will be \$6,500 for the Engagement and \$- for the tax return, plus direct out-of-pocket expenses and applicable GST and PST. This fee estimate is based on:

- a) The anticipated cooperation from all your personnel in preparing the requested information on a timely basis;
- b) The ongoing assistance of personnel throughout the Engagement; and
- c) The assumption that unexpected circumstances will not be encountered.

If significant additional time is likely to be incurred, we will discuss the reasons with you and agree on a revised fee estimate before we incur the additional costs.

Fees will be rendered as work progresses and are payable on presentation.

## **Termination**

Management acknowledges and understands that failure to fulfill its obligations as set out in this engagement letter will result, upon written notice, in the termination of the Engagement.

Either party may terminate this agreement for any reason upon providing written notice to the other party [*not less than 30 calendar days before the effective date of termination*]. If early termination takes place, Gabriola Fire Protection District shall be responsible for all time and expenses incurred up to the termination date.

If we are unable to complete the audit or are unable to come to a conclusion on the financial statements, we may withdraw from the audit before issuing an auditor's report, or we may issue a denial of assurance on the financial statements. If this occurs, we will communicate the reasons and provide details.

## **Survival of Terms**

This engagement letter will continue in force for subsequent audits unless terminated by either party by written notice prior to the commencement of the subsequent audit.


## **Conclusion**

This engagement letter includes the relevant terms that will govern the Engagement for which it has been prepared. The terms of this letter supersede any prior oral or written representations or commitments by or between the parties. Any material changes or additions to the terms set forth in this letter will only become effective if evidenced by a written amendment to this letter, signed by all of the parties.

If you have any questions about the contents of this letter, please raise them with us. If the services outlined are in accordance with your requirements, and if the above terms are acceptable to you, please sign the attached copy of this letter in the space provided and return it to us.

We appreciate the opportunity of continuing to be of service to your organization.

Yours truly,



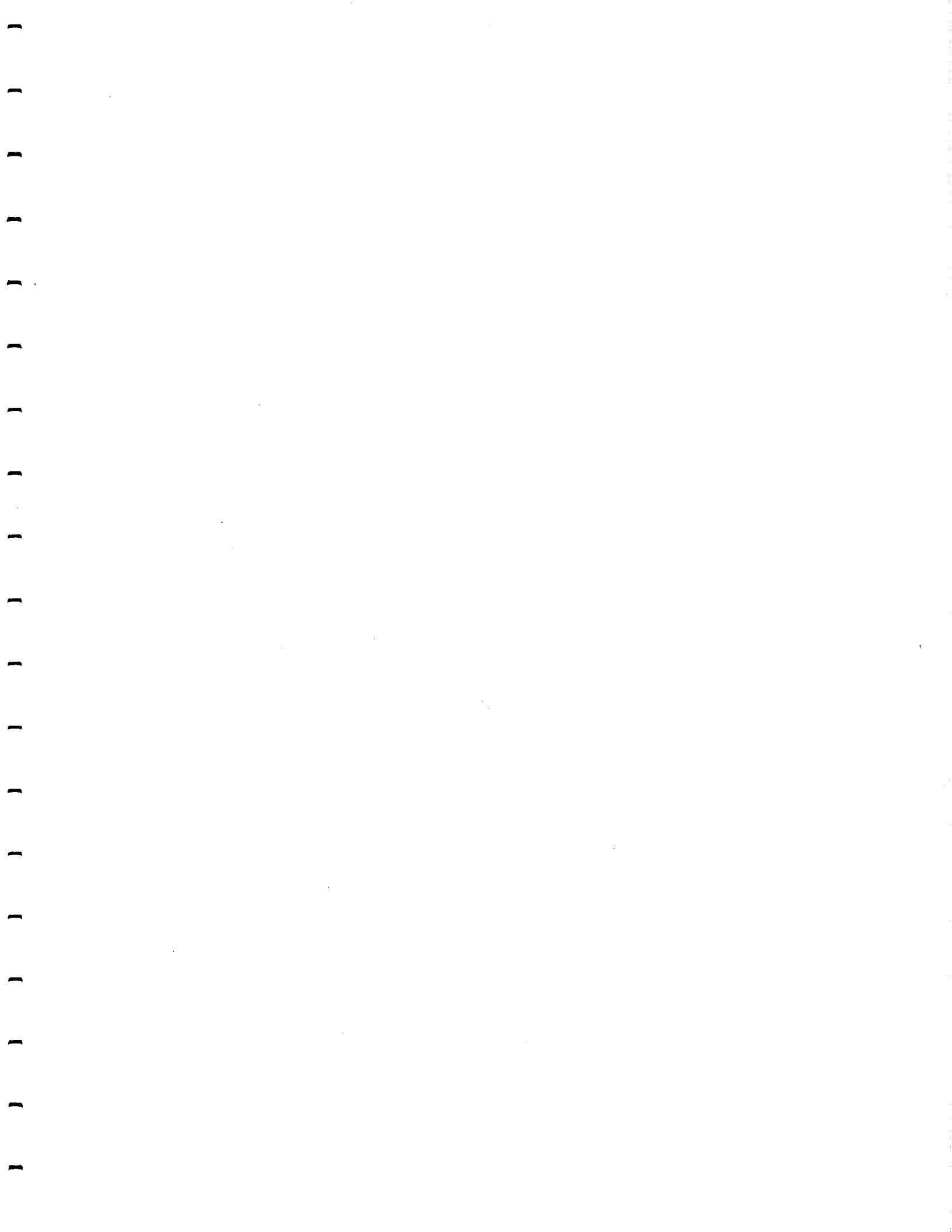
Douglas K. Parkhurst, FCPA, FCA, CPA (Illinois)  
Partner

KMA CHARTERED PROFESSIONAL ACCOUNTANTS

Acknowledged and agreed to on behalf of Gabriola Fire Protection District by:

\_\_\_\_\_  
Director

\_\_\_\_\_  
Date signed



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# GABRIOLA FIRE PROTECTION DISTRICT

760 North Road  
Gabriola, British Columbia  
BOX89

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April 24, 2019

KMA Chartered Professional Accountants  
PO Box 70  
7190 Lantzville Road  
Lantzville British Columbia V0R 2H0

Attention: Douglas K. Parkhurst, FCPA, FCA, CPA (Illinois)

Dear Sir:

This representation letter is provided in connection with your audit of the financial statements of Gabriola Fire Protection District for the year ended December 31, 2018, for the purpose of you expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with Canadian public sector accounting standards.

In making the representations outlined below, we took the time necessary to appropriately inform ourselves on the subject matter through inquiries of entity personnel with relevant knowledge and experience, and, where appropriate, by inspecting supporting documentation.

We confirm that (to the best of our knowledge and belief):

## 1. Financial Statements

We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated December 17, 2018 for:

- ) Preparing and fairly presenting the financial statements in accordance with Canadian public sector accounting standards;
- ) Providing you with:
  - i) Access to all information of which we are aware that is relevant to the preparation of the financial statements, such as:
    - A. Accounting records, supporting data and other relevant documentation,
    - B. Minutes of meetings (such as shareholders, board of directors and audit committees) or summaries of actions taken for which minutes have not yet been prepared, and
    - C. Information on any other matters, of which we are aware, that is relevant to the preparation of the financial statements;
  - Additional information that you have requested from us for the purpose of the audit; and
  - Unrestricted access to persons within the entity from whom you determine it necessary to obtain audit evidence.
- ) Ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements; and
- . Designing and implementing such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We have also communicated to you any deficiencies in the design and implementation or the maintenance of internal control over financial reporting of which management is aware.

## 2. Fraud and Non Compliance

We have disclosed to you:

- a. All of our knowledge in relation to actual, alleged or suspected fraud affecting the entity's financial statements involving:

## **2. Fraud and Non Compliance** *(continued)*

- i. Management;
  - ii. Employees who have significant roles in internal control; or
  - iii. Others where the fraud could have a material effect on the financial statements;
- b. All of our knowledge in relation to allegations of fraud or suspected fraud communicated by employees, former employees, analysts, regulators or others;
  - c. All known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements that should be considered when preparing the financial statements;
  - d. All known, actual, or possible litigation and claims that should be considered when preparing the financial statements; and
  - e. The results of our risk assessments regarding possible fraud or error in the financial statements.

## **3. Related Parties**

We confirm that there were no related-party relationships or transactions that occurred during the period.

## **4. Estimates**

We acknowledge our responsibility for determining the accounting estimates required for the preparation of the financial statements in accordance with Canadian public sector accounting standards. Those estimates reflect our judgment based on our knowledge and experience of past and current events, and on our assumptions, about conditions we expect to exist and courses of action we expect to take. We confirm that the significant assumptions and measurement methods used by us in making accounting estimates, including those measured at fair value, are reasonable.

## **5. Subsequent Events**

All events subsequent to the date of the financial statements and for which Canadian public sector accounting standards requires adjustment or disclosure have been adjusted or disclosed.

## **6. Commitments and Contingencies**

There are no commitments, contingent liabilities/assets or guarantees (written or oral) that should be disclosed in the financial statements. This includes liabilities arising from contract terms, illegal acts or possible illegal acts, and environmental matters that would have an impact on the financial statements.

## **7. Adjustments**

We have reviewed, approved and recorded all of your proposed adjustments to our accounting records. This includes journal entries, changes to account coding, classification of certain transactions and preparation of, or changes to, certain accounting records.

## **8. Misstatements**

The effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole. A list of the uncorrected misstatements, including the reasons why they were not corrected, is attached to this letter.

## **9. Accounting policies**

All significant accounting policies are disclosed in the financial statements and are consistent with those used in the previous period.

## **10. Contractual compliance**

We have complied with the terms and conditions of all contractual agreements that could have a material effect, in the event of non-compliance, on the financial statements.

## **11. Material measurement uncertainties**

The nature of all material measurement uncertainties has been appropriately disclosed in the financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the financial statements.

## **12. Subsequent events**

There have been no events between the balance sheet date and the date of this letter that would require recognition or disclosure in the financial statements.

**12. Subsequent events** *(continued)*

There have been no events subsequent to the balance sheet date of the comparative financial statements that would require adjustment or disclosure in the current financial statements.

**13. Proceeds of Crime (Money Laundering) and Terrorist Financing Act**

1. We hereby acknowledge that KMA Chartered Professional Accountants have made us aware of your legal obligations under the Proceeds of Crime (Money Laundering) and Terrorist Financing Act. We hereby acknowledge that we are aware of potential conflict of interest that may arise as a result of your legal obligations under this Act and authorize KMA Chartered Professional Accountants to release and disclose information about Gabriola Fire Protection District as required by statute.

Acknowledged and agreed on behalf of Gabriola Fire Protection District by:

\_\_\_\_\_  
Board of Trustees

\_\_\_\_\_  
Date signed