

**GABRIOLA FIRE PROTECTION
IMPROVEMENT DISTRICT**

FINANCIAL STATEMENTS

DECEMBER 31, 2012

GABRIOLA FIRE PROTECTION IMPROVEMENT DISTRICT

FINANCIAL STATEMENTS

DECEMBER 31, 2012

CONTENTS

TAB

Financial Statements	1
Trial Balance and Adjusting Journal Entries.....	2
Audit Engagement Letter for 2013	3
Representation Letter for 2012	4
Independence Confirmation Letter	5

GABRIOLA FIRE PROTECTION IMPROVEMENT DISTRICT

FINANCIAL STATEMENTS

DECEMBER 31, 2012

INDEX	Page
--------------	-------------

Auditors' Report.....	1
Statement of Revenue and Expenditures.....	2
Statement of Equity.....	3
Statement of Financial Position.....	4
Statement of Cash Flows.....	5
Notes to the Financial Statements.....	6 - 13



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AUDITOR'S REPORT

To the Members of:

GABRIOLA FIRE PROTECTION IMPROVEMENT DISTRICT

We have audited the accompanying financial statements of Gabriola Fire Protection Improvement District, which comprise the consolidated statement of financial position as at December 31, 2012, and the consolidated statement of revenue and expenditures, consolidated statement of equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with the requirements of Section C of the Improvement District Manual 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.

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 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 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 auditor considers internal control relevant to the entity's preparation 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 entity's internal control. 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 presentation of the financial statements.

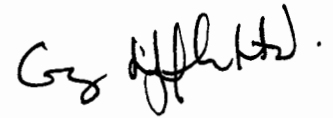
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

AUDITOR'S REPORT (continued)

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Gabriola Fire Protection Improvement District as at December 31, 2012 and the results of its operations and its cash flow for the year then ended in accordance with the basis of accounting described in Note 2 to the financial statements.

These financial statements, which have not been, nor were intended to be, prepared in accordance with Canadian generally accepted accounting principles, are solely for the information and use of the Gabriola Fire Protection Improvement District and the Ministry of Community Services to comply with Section C of the Ministry's Improvement District Manual. The financial statements are not intended to be, and should not be, used by anyone other than the specified users or for any other purpose.



GARY RUFFLE LTD.
Chartered Accountants

April 24, 2013
Nanaimo, B.C.

GARY  RUFFLE LTD.
CHARTERED ACCOUNTANTS

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April 24, 2013

Gabriola Fire Protection Improvement District
PO Box 89
Gabriola, BC V0R 1X0

Attention: Trustees

Dear Trustees:

We enclose the following statements and forms for Gabriola Fire Protection Improvement District which we have audited in accordance with the Board's instructions:

1. Eight formal copies and eight unbound copies of the financial statements as at December 31, 2012.
2. Two copies of the engagement letter for the year ended December 31, 2013. Please sign one copy of this letter and return to this office. Your copy is in your bound folder.
3. Two copies of the Independence Confirmation Letter. Please sign one copy and return to our office. Your copy is in your bound folder.
4. Two copies of the Representation Letter for 2012. Please sign one copy and return to our office. Your copy is in your bound folder.
5. Our invoice for services rendered is enclosed.

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GABRIOLA FIRE PROTECTION IMPROVEMENT DISTRICT

CONSOLIDATED STATEMENT OF REVENUE AND EXPENDITURES

FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>2012</u>		<u>2011</u>
	<u>Budget</u>	<u>Total</u>	<u>Total</u>
REVENUE			
Provincial levy	<u>\$912,545</u>	<u>\$912,545</u>	<u>\$912,545</u>
EXPENDITURES			
Wages and benefits	225,360	202,501	215,270
Truck operating costs	35,000	36,875	33,867
Insurance	25,000	23,511	24,496
Repairs and maintenance – supplies and fire safety	35,000	21,185	19,727
Utilities	18,000	20,759	20,251
Interest on long-term debt	-	20,283	36,301
Repairs and maintenance - building	21,000	19,785	20,707
Training	20,000	18,182	20,211
Telephone	6,000	8,532	7,737
Audit and legal costs	8,000	6,191	4,901
Gabriola Volunteer Firefighters' Association	6,000	6,000	6,000
Office	5,500	4,086	8,118
Supplies and fire safety	8,500	3,173	9,565
Travel	-	1,097	1,780
Bank charges and interest	-	660	523
Advertising	-	18	4,093
Capital reserve fund	<u>499,185</u>	<u>-</u>	<u>-</u>
	<u>912,545</u>	<u>392,838</u>	<u>433,547</u>
EXCESS OF REVENUE OVER EXPENDITURES BEFORE OTHER INCOME	<u>-</u>	<u>519,707</u>	<u>478,998</u>
OTHER INCOME			
Capital tax advance	94,410	94,410	94,410
Interest income	-	27,540	25,290
Miscellaneous	<u>-</u>	<u>-</u>	<u>537</u>
	<u>94,410</u>	<u>121,950</u>	<u>120,237</u>
EXCESS OF REVENUE OVER EXPENDITURES FOR THE YEAR	<u>\$ 94,410</u>	<u>\$641,657</u>	<u>\$599,235</u>

GABRIOLA FIRE PROTECTION IMPROVEMENT DISTRICT

CONSOLIDATED STATEMENT OF EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>2012</u>	<u>2011</u>
	<u>Total</u>	<u>Total</u>
BALANCE , at beginning of the year	\$4,014,432	\$3,415,197
Excess of revenue over expenditures for the year	<u>641,657</u>	<u>599,235</u>
BALANCE , at end of the year	<u>\$4,656,089</u>	<u>\$4,014,432</u>
EQUITY CONSISTS OF THE FOLLOWING:		
Net investment in capital assets (Note 7)	\$3,056,277	\$2,186,471
Contingency reserve fund (Note 9)	179,508	90,589
Capital reserve fund (Note 10)	1,086,171	1,566,994
General Fund (Note 11)	<u>334,133</u>	<u>170,378</u>
	<u>\$4,656,089</u>	<u>\$4,014,432</u>

GABRIOLA FIRE PROTECTION IMPROVEMENT DISTRICT

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2012

	<u>2012</u>	<u>2011</u>
ASSETS		
CURRENT		
Cash	\$ 562,041	\$ 911,034
Short-term investments (Note 3)	999,057	895,589
Accounts receivable	161,499	27,130
Prepaid expenses	<u>13,070</u>	<u>12,084</u>
	1,735,667	1,845,837
PROPERTY, PLANT AND EQUIPMENT (Note 4)	<u>4,130,331</u>	<u>2,717,661</u>
	<u>\$5,865,998</u>	<u>\$4,563,498</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 5)	\$ 543,709	\$ 17,876
Subcontractor holdbacks	118,395	-
Current portion of long-term debt (Note 6)	75,852	72,401
Construction mortgage (Note 8)	<u>89,016</u>	<u>-</u>
	826,972	90,277
LONG-TERM DEBT (Note 6)	<u>382,937</u>	<u>458,789</u>
	<u>1,209,909</u>	<u>549,066</u>
EQUITY		
EQUITY	<u>4,656,089</u>	<u>4,014,432</u>
	<u>\$5,865,998</u>	<u>\$4,563,498</u>

APPROVED BY THE TRUSTEES:

_____ TRUSTEE

_____ TRUSTEE

GABRIOLA FIRE PROTECTION IMPROVEMENT DISTRICT

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>2012</u>	<u>2011</u>
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Excess of revenue over expenditures for the year	\$ 641,657	\$ 599,235
Net changes in working capital balances (Note 12)	<u>508,873</u>	<u>(7,410)</u>
	<u>1,150,530</u>	<u>591,825</u>
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Repayment of long-term debt	(72,401)	(69,144)
Proceeds from construction loan	<u>89,016</u>	<u>-</u>
	<u>16,615</u>	<u>(69,144)</u>
CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES		
Purchase of property, plant and equipment	<u>(1,412,670)</u>	<u>(140,044)</u>
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR	(245,525)	382,667
CASH AND CASH EQUIVALENTS, at beginning of the year	<u>1,806,623</u>	<u>1,423,956</u>
CASH AND CASH EQUIVALENTS, at end of the year	<u>\$1,561,098</u>	<u>\$1,806,623</u>
CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING:		
Cash	\$ 562,041	\$ 911,034
Short-term investments	<u>999,057</u>	<u>895,589</u>
	<u>\$1,561,098</u>	<u>\$1,806,623</u>

SUPPLEMENTAL CASH FLOW DISCLSURES (Note 12)

GABRIOLA FIRE PROTECTION IMPROVEMENT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2012

1. PURPOSE OF THE ORGANIZATION

Gabriola Fire Protection Improvement District (the "Improvement District") is a volunteer fire department 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.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with significant accounting policies set out below to comply with Section C of the Ministry of Community Services Improvement District Manual. The basis of accounting used in these financial statements materially differs from Canadian generally accepted accounting principles as outlined in c) and d) below and Notes 5 and 6 on subsequent pages. Outlined below are those policies considered particularly significant to the Improvement District.

a) Revenue Recognition

The Improvement District follows the deferral method of accounting for revenue. Revenue is recognized in the year in which related expenses are incurred.

The provincial levy is recognized when there is reasonable assurance as to its collection.

b) Property, Plant and Equipment

Property, plant and equipment, are shown at cost.

In accordance with guidelines in Section C of the Improvement District Manual, amortization of property, plant and equipment is not recorded. Property, plant and equipment purchased from accumulated surplus are charged to operations in the year the expenditure occurred. Property, plant and equipment purchased from the capital or contingency reserves are charged against the reserves. The Improvement District follows a policy of providing reserves for major improvements and replacements.

c) 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.

d) 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.

GABRIOLA FIRE PROTECTION IMPROVEMENT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2012

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Financial Instruments

The following is a summary of the classifications the Improvement District has elected to apply to each of its significant categories of financial instruments.

<u>Financial Statement Accounts</u>	<u>Financial Instrument Category</u>
Cash	Held for Trading
Short-term investments	Held for Trading
Accounts receivable	Loans and Receivables
Accounts payable and accrued liabilities	Other Liabilities
Long-term debt	Other Liabilities

For all financial instruments of the Improvement District, the carrying amount is a reasonable approximation of their fair values due to the short-term nature of these instruments.

Financial instruments are measured at fair value on initial recognition of the instrument. Measurement in subsequent years depends on whether the financial instrument has been classified as “held-for-trading”, “loans and receivables”, or “other financial liabilities” as defined by the accounting standard.

Held For Trading

Any financial instrument whose fair value can be reliably measured may be designated as held for trading on initial recognition or adoption of CICA 3855 Financial Instruments – Recognition and Measurement, even if that instrument would not otherwise satisfy the definition of held for trading. The Improvement District has designated cash, and short-term investments as held for trading. Transaction costs to purchase or sell cash are recorded on the settlement date and transaction costs are immediately recognized as an expense.

Available-for-Sale Investments

Non-derivative financial assets not included in the above categories are classified as available-for-sale and comprise certain investments in equity instruments, including the GICs. When they have a quoted market price in an active market, they are carried at fair value with changes in fair value recognized as a separate component of other comprehensive income. When they do not have a quoted market price in an active market, they are carried at cost. Where a decline in fair value is determined to be other than temporary, the amount of the loss is removed from other comprehensive income and recognized in the income statement. Transaction costs related to available-for-sale investments are expensed as incurred.

GABRIOLA FIRE PROTECTION IMPROVEMENT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2012

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Financial Instruments (continued)

Loans and Receivables

The Improvement District classifies accounts receivable as loans and receivables. The loans are measured at their amortized cost, using the effective interest method. Under this method, estimated future cash receipts are exactly discounted over the assets or liabilities expected life, or other appropriate year, to its carrying value. Amortized cost is the amount which the financial assets is measured at initial recognition less principal repayments, plus or minus the cumulative amortization using the effective interest method for any difference between that initial amount and the maturity amount, and less any reduction for impairment or uncollectability. Gains and losses arising from changes in fair value are recognized in revenue and expenses upon derecognition or impairment.

Other Financial Liabilities

Accounts payable and accrued liabilities, and long-term debt are designated as other financial liabilities and measured at amortized cost. Management did not identify any material embedded derivatives, which require separate recognition and measurement under the new accounting standards.

f) 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, 2012.

g) Cash and Cash Equivalents

The Improvement District's policy is to disclose bank balances and short-term investments under cash and cash equivalents.

h) Use of Estimates

In preparing these financial statements management has made estimates and assumptions that affect the reported amounts of assets and liabilities as at December 31, 2012 and the reported amounts of revenues and expenses for the year ended December 31, 2012. Significant areas requiring the use of management estimates relate to the determination of accruals. Actual results could differ from these estimates.

During 2012, construction for the firehall was in progress. The contract states that 10% of construction costs will be placed in the holdbacks account and that amount is not payable until the firehall has been completed and passed safety inspections. The amount of the holdback as at December 31, 2012 is \$118,395.02.

GABRIOLA FIRE PROTECTION IMPROVEMENT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2012

3. SHORT-TERM INVESTMENTS

Short-term investments consist of guaranteed investment certificates with various interest rates and maturity dates. These investments are classified as held for trading financial instruments and are measured at fair value.

4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is comprised of the following:

	<u>2012</u>			<u>2011</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Automotive	\$1,436,399	\$ -	\$1,436,399	\$1,431,403
Building	1,938,746	-	1,938,746	531,072
Furniture, fixtures and equipment	421,313	-	421,313	421,313
Firefighting equipment	229,832	-	229,832	229,832
Emergency planning	2,570	-	2,570	2,570
Pagers and portable radios	<u>101,471</u>	<u>-</u>	<u>101,471</u>	<u>101,471</u>
	<u>\$4,130,331</u>	<u>\$ -</u>	<u>\$4,130,331</u>	<u>\$2,717,661</u>

5. ACCOUNTS PAYABLE

The accounts payable balance is comprised of the following:

	<u>2012</u>	<u>2011</u>
Payable to vendors	\$540,528	\$ 15,904
Payable for WCB	1,600	1,972
Payable for payroll taxes	<u>1,581</u>	<u>-</u>
	<u>\$543,709</u>	<u>\$ 17,876</u>

GABRIOLA FIRE PROTECTION IMPROVEMENT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2012

6. LONG-TERM DEBT (CAPITAL TAX ADVANCES)

Capital tax advances are funds advanced by the Provincial Government of B.C. for the purpose of purchasing property, plant and equipment. Repayments are by way of levies on property taxes from the Improvement District's landowners.

	<u>Bylaw No.</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>2012 Total</u>	<u>2011 Total</u>
1999 Freightliner	63	2013	5.75%	\$ 36,754	\$ 71,510
2008 Freightliner	78	2023	4.00%	276,480	296,192
2008 Freightliner	81	2019	3.70%	<u>145,555</u>	<u>163,488</u>
				458,789	531,190
Current portion of long-term debt				<u>(75,852)</u>	<u>(72,401)</u>
Long-term debt				<u>\$ 382,937</u>	<u>\$ 458,789</u>

Principal and interest payments due in the next five years and thereafter are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 75,852	\$ 18,558	\$ 94,410
2014	40,606	14,937	55,543
2015	42,172	13,371	55,543
2016	43,799	11,744	55,543
2017	45,489	10,054	55,543
Thereafter	<u>210,871</u>	<u>26,455</u>	<u>237,326</u>
	<u>\$ 458,789</u>	<u>\$ 95,119</u>	<u>\$ 553,908</u>

7. NET INVESTMENT IN CAPITAL ASSETS

	<u>2012</u>	<u>2011</u>
Property, plant and equipment	\$4,130,331	\$2,717,661
Less: long-term debt	(547,805)	(531,190)
Less: accounts payable for construction of new hall	<u>(526,249)</u>	<u>-</u>
	<u>\$3,056,277</u>	<u>\$2,186,471</u>

GABRIOLA FIRE PROTECTION IMPROVEMENT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2012

8. CONSTRUCTION MORTGAGE

The Improvement District has secured a construction mortgage to a maximum of \$2,300,000 which bears interest at prime plus 0.5%. The amount drawn at 2012 year end is \$89,016 which has been transferred to an interest reserve included in the contingency fund.

9. CONTINGENCY RESERVE FUND

	<u>2012</u>	<u>2011</u>
Balance, at beginning of year	\$ 90,589	\$ 89,725
Transferred from the general fund	172,326	-
Transfer to the general fund	(90,589)	-
Interest earned	<u>7,182</u>	<u>864</u>
Balance, at end of year	\$ <u>179,508</u>	\$ <u>90,589</u>

10. CAPITAL RESERVE FUND

	<u>2012</u>	<u>2011</u>
Balance, at beginning of year	\$1,566,994	\$1,049,134
Transfers to general fund	(499,185)	499,185
Interest earned	<u>18,362</u>	<u>18,675</u>
Balance, at end of year	\$ <u>1,086,171</u>	\$ <u>1,566,994</u>

11. GENERAL FUND

	<u>2012</u>	<u>2011</u>
Balance, at beginning of year	\$ 170,378	\$ 299,025
Transfers to contingency reserve fund	(172,326)	(499,185)
Transfer from contingency reserve fund	90,589	-
Transfer from capital reserve fund	499,185	-
Net investment in capital assets	(869,806)	(228,697)
Excess of revenue over expenditures	641,657	599,235
Interest allocated to reserve and contingency funds	<u>(25,544)</u>	<u>-</u>
Balance, at end of year	\$ <u>334,133</u>	\$ <u>170,378</u>

GABRIOLA FIRE PROTECTION IMPROVEMENT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2012

12. CASH FLOW DISCLOSURES

a) Net changes in working capital balances consist of the following:

	<u>2012</u>	<u>2011</u>
Accounts receivable	\$ (134,369)	\$ (15,851)
Prepaid expenses	(986)	1,339
Accounts payable and accrued liabilities	525,833	7,102
Subcontractor holdbacks	<u>118,395</u>	<u>-</u>
	<u>\$ 508,873</u>	<u>\$ (7,410)</u>

b) Supplemental cash flow information

Presented below is additional information on the amounts paid or received in the year for dividends and interest. As the Improvement District is not subject to income taxes, no amounts are presented. This additional information is intended to assist the reader of the financial statements to understand the operating cash flows

	<u>2012</u>	<u>2011</u>
i) Income		
Dividends	\$ -	\$ -
Interest	27,540	25,290
ii) Disbursements		
Dividends	\$ -	\$ -
Interest	20,283	36,301

13. FINANCIAL RISK MANAGEMENT

Risk Management

The Improvement District has no formal risk management policy to mitigate risk associated with financial instruments as these risks are considered minimal.

Credit Risk

Credit risk is the risk of loss if counterparties do not fulfill their contractual obligations and arises principally from trade receivables. The Improvement District faces minor credit risk as accounts receivable are minimal.

GABRIOLA FIRE PROTECTION IMPROVEMENT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2012

13. FINANCIAL RISK MANAGEMENT (Continued)

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rate. Changes in market interest rates may have an effect on the cash flow associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial asset or liabilities, known as price risk. The Improvement District is exposed to interest rate risk with respect to its short-term investments and very little risk regards to the other financial assets and liabilities as they bear interest at a fixed rate or are non-interest bearing.

Liquidity Risk

Liquidity risk is the risk that the Improvement District will not be able to meet its financial obligations as they come due. The Improvement District's management of liquidity risk over the short and longer term includes continual monitoring of forecasted and actual cash flows to ensure sufficient liquidity to meet financial obligations when due.

14. COMMITMENTS

At year end, construction of the new firehall was incomplete. Construction is expected to be completed during 2013 and the future costs remaining are \$2,240,173.

15. COMPARATIVE FIGURES

The prior year's financial statements were prepared by another accountant. Certain comparative figures have been reclassified to conform with this year's financial statement presentation.

Gabriola Fire Protection Improvement District. 2012

Year End: December-31-12

Trial balance

Account	Prelim	Adj's	Reclass	RepAnnotation	Rep 12/11	%Chg	Map No
1020 Cash to be deposited	0.00	0.00	0.00	0.00	0.00	0	
1050 Petty Cash	269.00	0.00	0.00	269.00	269.00	0	
1055 CCCU Savings	354,067.74	0.00	0.00	354,067.74	187,008.27	89	
1057 CCCU Shares	5.56	0.00	0.00	5.56	5.50	1	
1060 CCCU Chequing	4,981.63	0.00	0.00	4,981.63	-38,838.37	-113	
1067 HSBS bank	595.84	-90.00	0.00	505.84	595.84	-15	
1068 CCCU GIC 137	0.00	0.00	0.00	0.00	90,589.09	-100	
1069 CCCU GIC 103 - Reserve	0.00	0.00	0.00	0.00	0.00	0	
1070 CCCU Savings - Contingency	179,508.08	0.00	0.00	179,508.08	0.00	0	
1071 CCCU Savings - Capital Rese	174,475.67	0.00	0.00	174,475.67	761,994.05	-77	
1072 CCCU GIC Rate Climber	819,548.90	0.00	0.00	819,548.90	805,000.00	2	
1073 CCCU acct 3303	27,735.63	0.00	0.00	27,735.63	0.00	0	
1100 Investments	0.00	0.00	0.00	0.00	0.00	0	
1200 Accounts Receivable	0.00	0.00	0.00	0.00	0.00	0	
1202 Account Receivable yr end 20	537.00	-537.00	0.00	0.00	537.00	-100	
1205 Allowance for Doubtful Accou	0.00	0.00	0.00	0.00	0.00	0	
1210 Interest Receivable	8,217.20	-1,063.55	0.00	7,153.65	8,217.20	-13	
1220 Payroll Advances	0.00	0.00	0.00	0.00	0.00	0	
1250 GST Receivable	0.00	0.00	0.00	0.00	0.00	0	
1300 Deposits	0.00	0.00	0.00	0.00	0.00	0	
1310 Deposits2	0.00	0.00	0.00	0.00	0.00	0	
1320 Prepaid Expenses	12,083.55	986.77	0.00	13,070.32	12,083.55	8	
1705 Building - #1 Hall	186,980.51	0.00	0.00	186,980.51	186,980.51	0	
1710 Building - #2 Hall	91,938.26	0.00	0.00	91,938.26	91,938.26	0	
1715 Building - #3 New Hall	252,152.85	1,407,674.34	0.00	1,659,827.19	252,152.85	558	
1805 Auto #1 - 1980 Int'l	11,200.00	0.00	0.00	11,200.00	11,200.00	0	
1810 Auto #2 - 1976 Ford	218,828.91	0.00	0.00	218,828.91	218,828.91	0	
1815 Auto #3 - 1978 Inr'l	374,485.52	0.00	0.00	374,485.52	374,485.52	0	
1820 Auto #4 - 1995 Ford	115,688.00	0.00	0.00	115,688.00	115,688.00	0	
1825 Auto #5 - 1991 Freightliner	412,845.30	4,995.00	0.00	417,840.30	412,845.30	1	
1830 Auto #7 - 2005 Honda	30,437.96	0.00	0.00	30,437.96	30,437.96	0	
1835 Auto #8 - 2001 GMC	61,425.00	0.00	0.00	61,425.00	61,425.00	0	
1840 Auto #8 - 1994 GMC Suburba	4,292.77	0.00	0.00	4,292.77	4,292.77	0	
1850 Auto #11 - 1993 Volvo	140,000.00	0.00	0.00	140,000.00	140,000.00	0	
1855 Auto #12 - 1995 Chev	62,200.00	0.00	0.00	62,200.00	62,200.00	0	
1870 Equipment & furnishings - Hal	338,535.23	0.00	0.00	338,535.23	338,535.23	0	
1872 Equipment & furnishings - Hal	65,337.99	0.00	0.00	65,337.99	65,337.99	0	
1875 Storeroom Stores & Supplies	17,593.42	-153.56	0.00	17,439.86	17,439.86	0	
1878 Pagers & Portable Radios	101,471.13	0.00	0.00	101,471.13	101,471.13	0	
1880 Emergency Water Tanks	229,831.94	0.00	0.00	229,831.94	229,831.94	0	
1885 Emergency Planning Equipme	2,570.00	0.00	0.00	2,570.00	2,570.00	0	
2100 Accounts Payable	0.00	0.00	0.00	0.00	0.00	0	
2102 Accounts Payable yr end 2011	0.00	-526,248.73	0.00	-526,248.73	0.00	0	
2105 Accrued Liabilities	-4,900.00	-100.00	0.00	-5,000.00	-4,900.00	2	
2107 Interest accrual	-11,004.28	1,725.01	0.00	-9,279.27	-11,004.28	-16	
2120 Current Portion - 1995 Ford	0.00	0.00	0.00	0.00	0.00	0	
2122 Current Portion - 1995 Chev	0.00	0.00	0.00	0.00	0.00	0	
2125 Current Portion - 1999 Freight	0.00	0.00	0.00	0.00	0.00	0	
2130 Bank Advances	0.00	0.00	0.00	0.00	0.00	0	
2170 Vacation payable	0.00	0.00	0.00	0.00	0.00	0	
2180 EI Payable	-551.85	0.00	0.00	-551.85	0.00	0	
2185 CPP Payable	-1,525.45	0.00	0.00	-1,525.45	0.00	0	

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27/03/2013	

04/04/2013
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Gabriola Fire Protection Improvement District. 2012

Year End: December-31-12

Trial balance

Account	Prelim	Adj's	Reclass	RepAnnotation	Rep 12/11	%Chg	Map No
2190 Federal Income Tax Payable	-326.30	-35.87	0.00	-362.17	0.00	0	
2230 WCB Payable	-1,972.20	372.08	0.00	-1,600.12	-1,972.20	-19	
2232 MSP Payable	0.00	0.00	0.00	0.00	0.00	0	
2234 User-Defined Expense 1 Paye	0.00	0.00	0.00	0.00	0.00	0	
2235 User-Defined Expense 2 Paye	0.00	0.00	0.00	0.00	0.00	0	
2236 User-Defined Expense 3 Paye	0.00	0.00	0.00	0.00	0.00	0	
2240 Deduction 1 Payable	858.74	0.00	0.00	858.74	0.00	0	
2250 Deduction 2 Payable	0.00	0.00	0.00	0.00	0.00	0	
2260 Deduction 3 Payable	0.00	0.00	0.00	0.00	0.00	0	
2270 Deductopm 4 payable	0.00	0.00	0.00	0.00	0.00	0	
2300 PST Payable	0.00	0.00	0.00	0.00	0.00	0	
2310 GST Charged on Sales	41.60	0.00	0.00	41.60	0.00	0	
2315 GST Paid on Purchases	43,520.33	110,783.63	0.00	154,303.96	18,376.00	740	
2320 GST adjustments	0.00	0.00	0.00	0.00	0.00	0	
2460 Prepaid Sales/Deposits	0.00	0.00	0.00	0.00	0.00	0	
2500 Subcontractor Holdbacks	0.00	-118,395.02	0.00	-118,395.02	0.00	0	
2620 CTA Bylaw #52 - 1995 Ford	0.00	0.00	0.00	0.00	0.00	0	
2622 CTA Bylaw #52 - 1995 Chev	0.00	0.00	0.00	0.00	0.00	0	
2625 CTA Bylaw #63 - 1999 Freight	-71,509.55	34,755.52	0.00	-36,754.03	-71,509.55	-49	
2626 Less current portion #63	0.00	0.00	0.00	0.00	0.00	0	
2630 CTA Bylaw #78 - 2008 Frtlnr	-296,192.41	19,712.24	0.00	-276,480.17	-296,192.41	-7	
2631 Less current poriton #78	0.00	0.00	0.00	0.00	0.00	0	
2635 CTA Bylaw #81 - 2008 Frtlnr	-163,488.07	17,933.56	0.00	-145,554.51	-163,488.07	-11	
2636 Less current portion #81	0.00	0.00	0.00	0.00	0.00	0	
2637 Current portion 2008 Frtlnr	0.00	0.00	0.00	0.00	0.00	0	
2638 Current portion 2008 Frtlnr	0.00	0.00	0.00	0.00	0.00	0	
2640 CCCU - Commercial Mortgage	0.00	-89,016.28	0.00	-89,016.28	0.00	0	
3100 Contingency Fund	-90,589.00	-88,919.00	0.00	-179,508.00	-90,589.00	98	
3120 Capital Reserve Fund	-1,566,994.00	480,823.00	0.00	-1,086,171.00	-1,566,994.00	-31	
3125 Opening Balance Equity	0.00	0.00	0.00	0.00	0.00	0	
3130 Net Investment in Capital Ass	-2,186,471.00	-869,806.00	0.00	-3,056,277.00	-2,186,471.00	40	
3560 Retained Earnings - Previous	-170,377.85	477,902.00	0.00	307,524.15	428,857.18	-28	
3565 Interfund Transfer	0.00	0.00	0.00	0.00	0.00	0	
4200 Provincial Levy	-912,545.00	0.00	0.00	-912,545.00	-912,545.00	0	
4220 Sales Returns	0.00	-94,409.88	0.00	-94,409.88	-94,409.88	0	
4240 Early Payment Sales Discoun	0.00	0.00	0.00	0.00	0.00	0	
4420 Freight Revenue	0.00	0.00	0.00	0.00	0.00	0	
4440 Interest Revenue	-28,603.16	1,063.55	0.00	-27,539.61	-25,290.14	9	
4450 GST Refunds	-18,376.00	18,376.00	0.00	0.00	0.00	0	
4460 Miscellaneous Revenue	0.00	0.00	0.00	0.00	-537.00	-100	
5020 Building #1 - capital	0.00	0.00	0.00	0.00	0.00	0	
5025 Building #2 - capital	0.00	0.00	0.00	0.00	0.00	0	
5030 Building #3 - capital	803,020.38	-803,020.38	0.00	0.00	0.00	0	
5040 Communications - capital	0.00	0.00	0.00	0.00	5,640.00	-100	
5045 Safety Equipment - capital	2,838.85	0.00	0.00	2,838.85	3,370.21	-16	
5050 Firefighting Equipment - capit	5,100.32	-4,995.00	0.00	105.32	430.74	-76	
5055 Firetruck - capital	0.00	0.00	0.00	0.00	0.00	0	
5060 EWSS - capital	0.00	0.00	0.00	0.00	0.00	0	
5065 Emergency Planning - capital	0.00	0.00	0.00	0.00	0.00	0	
5240 do not use	0.00	0.00	0.00	0.00	0.00	0	
5300 Freight Expense	0.00	0.00	0.00	0.00	0.00	0	
5410 Wages & Salaries	115,751.88	0.00	0.00	115,751.88	97,560.00	19	

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JL 27/03/2013	

04/04/2013
11:46 AM

Gabriola Fire Protection Improvement District. 2012

Year End: December-31-12

Trial balance

Account	Prelim	Adj's	Reclass	RepAnnotation	Rep 12/11	%Chg	Map No
5412 Training Officer Wages	5,312.00	0.00	0.00	5,312.00	9,000.00	-41	
5413 Duty Officer - Peter Phillips	1,124.96	0.00	0.00	1,124.96	8,378.13	-87	
5414 RRSP Wages	9,600.00	0.00	0.00	9,600.00	9,600.00	0	
5420 EI Expense	3,176.42	0.00	0.00	3,176.42	2,865.63	11	
5430 CPP Expense	6,023.47	0.00	0.00	6,023.47	5,436.98	11	
5440 WCB Expense	1,972.20	-372.08	0.00	1,600.12	1,972.20	-19	
5464 User-Defined Expense 1 Expe	0.00	0.00	0.00	0.00	0.00	0	
5465 User-Defined Expense 2 Expe	0.00	0.00	0.00	0.00	0.00	0	
5466 User-Defined Expense 3 Expe	0.00	0.00	0.00	0.00	0.00	0	
5470 Employee Benefits - EH/Denti	1,990.26	0.00	0.00	1,990.26	3,480.60	-43	
5610 Accounting & Legal	6,090.81	100.00	0.00	6,190.81	4,900.00	26	
5615 Advertising & Promotions	0.00	0.00	0.00	0.00	0.00	0	
5620 GVFFA Grant	6,000.00	0.00	0.00	6,000.00	6,000.00	0	
5625 Vehicle Licences & Insurance	12,516.00	-668.55	0.00	11,847.45	8,380.00	41	
5630 Building Insurance	580.00	-580.00	0.00	0.00	0.00	0	
5635 Personel Insurance	0.00	0.00	0.00	0.00	0.00	0	
5640 Courier	178.53	0.00	0.00	178.53	250.82	-29	
5645 Clothing Allowance	719.01	0.00	0.00	719.01	2,459.18	-71	
5650 Computer Maintenance	0.00	0.00	0.00	0.00	0.00	0	
5685 Insurance	23,249.00	261.78	0.00	23,510.78	24,495.68	-4	
5690 Interest & Bank Charges	534.10	90.00	0.00	624.10	523.22	19	
5691 Receiver general penalties an	0.00	35.87	0.00	35.87	0.00	0	
5700 Trustees Office Expenses	3,697.48	0.00	0.00	3,697.48	3,757.42	-2	
5710 MSP	2,793.00	0.00	0.00	2,793.00	2,630.00	6	
5740 Miscellaneous Expenses	209.72	0.00	0.00	209.72	4,110.04	-95	
5750 Interest on capital tax advanc	0.00	20,283.55	0.00	20,283.55	36,300.65	-44	
5755 CTA principle payments	0.00	0.00	0.00	0.00	0.00	0	
5780 Telephone - Office	6,211.51	0.00	0.00	6,211.51	5,382.37	15	
5785 Telephone - Cell	2,320.28	0.00	0.00	2,320.28	2,354.35	-1	
5790 Utilities - Hydro	3,955.43	0.00	0.00	3,955.43	3,559.23	11	
5795 Utilities - Propane	16,803.89	0.00	0.00	16,803.89	16,691.35	1	
5805 Building #1 - maintenance	6,945.46	0.00	0.00	6,945.46	4,943.37	41	
5810 Building #2 - maintenance	251.98	0.00	0.00	251.98	292.50	-14	
5815 Building #3 - maintenance	0.00	0.00	0.00	0.00	0.00	0	
5825 EWSS - maintenance	3,679.79	0.00	0.00	3,679.79	1,587.69	132	
5830 Grounds - maintenance	2,700.00	0.00	0.00	2,700.00	2,499.96	8	
5835 Communications - maintenanc	704.73	0.00	0.00	704.73	3,274.46	-78	
5840 Firefighting Equipment - main	13,703.42	0.00	0.00	13,703.42	11,620.82	18	
5842 Safety Equip - maint. T.O./FR	0.00	0.00	0.00	0.00	478.79	-100	
5843 Safety Equip - maint. F.R.	2,863.89	0.00	0.00	2,863.89	848.47	238	
5845 Safety Equip - maintenance	4,617.46	0.00	0.00	4,617.46	6,779.37	-32	
5850 Signs - maintenance	0.00	0.00	0.00	0.00	120.00	-100	
5870 Truck #1 - maintenance	421.13	0.00	0.00	421.13	548.78	-23	
5875 Truck #2 - maintenance	799.66	0.00	0.00	799.66	998.38	-20	
5880 Truck #3 - maintenance	1,359.86	0.00	0.00	1,359.86	1,542.04	-12	
5885 Truck #4 - maintenance	251.63	0.00	0.00	251.63	1,184.41	-79	
5890 Truck # 5 - maintenance	1,581.42	0.00	0.00	1,581.42	696.30	127	
5892 Truck #6 - maintenance	0.00	0.00	0.00	0.00	1,761.26	-100	
5895 Truck #7 - maintenance	1,801.55	0.00	0.00	1,801.55	1,126.39	60	
5900 Truck #8 - maintenance	426.99	0.00	0.00	426.99	879.37	-51	
5905 Truck #11 -maintenance	2,655.54	0.00	0.00	2,655.54	1,452.59	83	
5910 Truck #12 - maintenance	938.51	0.00	0.00	938.51	314.01	199	

Completed by	Reviewed by
JL 27/03/2013	

04/04/2013
11:46 AM

Gabriola Fire Protection Improvement District. 2012

Year End: December-31-12

Trial balance

Account	Prelim	Adj's	Reclass	RepAnnotation	Rep 12/11 %Chg	Map No
5913 Trucks sold	0.00	0.00	0.00	0.00	0.00	0
5917 New trucks 2009	0.00	0.00	0.00	0.00	0.00	0
5925 All Trucks - maintenance	0.00	0.00	0.00	0.00	693.15	-100
5930 Vehicle Inspection - maintena	6,261.56	0.00	0.00	6,261.56	5,450.71	15
5950 Fuel	8,529.38	0.00	0.00	8,529.38	8,839.41	-4
5955 Storeroom Supplies	228.96	0.00	0.00	228.96	124.47	84
5960 Training	18,182.24	0.00	0.00	18,182.24	20,211.20	-10
5965 Chief's Office	4,965.60	537.00	0.00	5,502.60	7,989.40	-31
5967 Public Relations	17.91	0.00	0.00	17.91	4,093.08	-100
5970 Travel - Gabriola Ferry	720.40	0.00	0.00	720.40	1,152.59	-37
5975 Travel Mileage	376.00	0.00	0.00	376.00	627.79	-40
5980 PPPC	52,870.82	0.00	0.00	52,870.82	56,679.25	-7
5981 Duty Officer - W. Berry	0.00	0.00	0.00	0.00	2,308.26	-100
5982 Duty Officer - Will Sprogis	797.83	0.00	0.00	797.83	4,845.72	-84
5985 Duty Officer - Jethro Baker	370.82	0.00	0.00	370.82	2,129.11	-83
5986 Duty Officer - D. Tzotzos	370.82	0.00	0.00	370.82	3,004.10	-88
5987 Rick Fleming - Duty Officer	0.00	0.00	0.00	0.00	2,920.99	-100
	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0</u>
Net Income (Loss)	-221,640.70			641,657.44	599,235.03	7

Completed by	Reviewed by
JL 27/03/2013	

Gabriola Fire Protection Improvement District. 2012

Year End: December-31-12

Adjusting journal entries

Date: 01/01/2012 To 31/12/2012

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Misstatement
AJE #1	01/01/2012	GST Paid on Purchases	2315				18,376.00		
AJE #1	01/01/2012	GST Refunds	4450			18,376.00			
To reallocate HST Refund received during the year.									
AJE #2	31/12/2012	Accrued Liabilities	2105			4,900.00			
AJE #2	31/12/2012	Accrued Liabilities	2105				5,000.00		
AJE #2	31/12/2012	Accounting & Legal	5610				4,900.00		
AJE #2	31/12/2012	Accounting & Legal	5610			5,000.00			
To reverse prior year accounting accrual and set up current year accrual for year end audit and T4 preparation									
AJE #3	31/12/2012	Interest Receivable	1210	B. 1			8,217.20		
AJE #3	31/12/2012	Interest Receivable	1210	B. 1		7,153.65			
AJE #3	31/12/2012	Interest Revenue	4440	B. 1		8,217.20			
AJE #3	31/12/2012	Interest Revenue	4440	B. 1			7,153.65		
To reverse prior year's accrued interest and record current year's accrued interest.									
AJE #4	31/12/2012	Prepaid Expenses	1320	L. 1			1,354.58		
AJE #4	31/12/2012	Prepaid Expenses	1320	L. 1		2,023.13			
AJE #4	31/12/2012	Prepaid Expenses	1320	L. 1			10,728.97		
AJE #4	31/12/2012	Prepaid Expenses	1320	L. 1		11,047.19			
AJE #4	31/12/2012	Vehicle Licences & Insurance	5625	L. 1			668.55		
AJE #4	31/12/2012	Insurance	5685	L. 1			318.22		
To expense prior year prepaids and record current year's prepaids.									
AJE #5	31/12/2012	Building Insurance	5630				580.00		
AJE #5	31/12/2012	Insurance	5685			580.00			
To reclassify building insurance with all other building insurance policies.									
AJE #6	31/12/2012	Building - #3 New Hall	1715			803,020.38			
AJE #6	31/12/2012	Building #3 - capital	5030				803,020.38		
To capitalize current year costs related to building of the new fire hall.									
AJE #7	31/12/2012	Interest accrual	2107	CC. 5		11,004.28			
AJE #7	31/12/2012	Interest accrual	2107	CC. 5			9,279.27		
AJE #7	31/12/2012	Interest on capital tax advance	5750	CC. 5			11,004.28		
AJE #7	31/12/2012	Interest on capital tax advance	5750	CC. 5		9,279.27			
To record reverse prior year accrual and accrue interest on capital tax advances for the period July to December 2012.									
AJE #8	31/12/2012	CTA Bylaw #63 - 1999 Freightliner	2625	KK.1 / CC. 5		34,755.52			
AJE #8	31/12/2012	CTA Bylaw #78 - 2008 Ftrlnr pumper	2630	KK.1 / CC. 5		19,712.24			
AJE #8	31/12/2012	CTA Bylaw #81 - 2008 Ftrlnr tanker	2635	KK.1 / CC. 5		17,933.56			
AJE #8	31/12/2012	Sales Returns	4220	KK.1 / CC. 5			94,409.88		
AJE #8	31/12/2012	Interest on capital tax advance	5750	KK.1 / CC. 5		22,008.56			
To record capital tax advance repayments and income from levels on property taxes.									
AJE #9	31/12/2012	Federal Income Tax Payable	2190				35.87		
AJE #9	31/12/2012	Receiver general penalties and interest	5691			35.87			
To record penalty on payroll account, paid with march's payroll deductions									
AJE #10	31/12/2012	WCB Payable	2230			1,972.20			
AJE #10	31/12/2012	WCB Payable	2230				1,600.12		
AJE #10	31/12/2012	WCB Expense	5440				1,972.20		
AJE #10	31/12/2012	WCB Expense	5440			1,600.12			
To reverse prior year accrual for									

Gabriola Fire Protection Improvement District. 2012

Year End: December-31-12

Adjusting journal entries

Date: 01/01/2012 To 31/12/2012

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Misstatement
WCB and set up 2012 payable									
AJE #11	31/12/2012	HSBS bank	1067				90.00		
AJE #11	31/12/2012	Interest & Bank Charges	5690			90.00			
To record HSBC Bank account transactions for 2012. Confirmation fee and bank charges for domant account.									
AJE #12	31/12/2012	Account Receivable yr end 2010	1202				537.00		
AJE #12	31/12/2012	Chief's Office	5965			537.00			
To reverse receivable from 2011 year end that was deposited in February 2012.									
AJE #13	31/12/2012	Auto #5 - 1991 Freightliner	1825			4,995.00			
AJE #13	31/12/2012	Firefighting Equipment - capital	5050				4,995.00		
To capitalize bullard eclipse lightweight thermal imager bundle. This was installed into Truck #5									
AJE #14	31/12/2012	Building - #3 New Hall	1715	CC. 2		242,386.67			
AJE #14	31/12/2012	Accounts Payable yr end 2010	2102	CC. 2			271,473.07		
AJE #14	31/12/2012	GST Paid on Purchases	2315	CC. 2		29,086.40			
To record payable for 2012 year end for November costs relating to new building.									
AJE #15	31/12/2012	Building - #3 New Hall	1715	CC. 3		227,478.27			
AJE #15	31/12/2012	Accounts Payable yr end 2010	2102	CC. 3			254,775.66		
AJE #15	31/12/2012	GST Paid on Purchases	2315	CC. 3		27,297.39			
To record payable for 2012 year end for December costs relating to new building.									
AJE #16	31/12/2012	Building - #3 New Hall	1715				72,775.84		
AJE #16	31/12/2012	GST Paid on Purchases	2315			72,775.84			
To reallocate HST amounts grouped into construction costs - see discussion with Paula 391.2									
AJE #17	31/12/2012	Building - #3 New Hall	1715			153.56			
AJE #17	31/12/2012	Storeroom Stores & Supplies	1875				153.56		
To reclassify building supplies purchased during the year to new fire hall.									
AJE #18	31/12/2012	Contingency Fund	3100				172,326.00		
AJE #18	31/12/2012	Contingency Fund	3100				7,182.00		
AJE #18	31/12/2012	Contingency Fund	3100			90,589.00			
AJE #18	31/12/2012	Capital Reserve Fund	3120				18,362.00		
AJE #18	31/12/2012	Capital Reserve Fund	3120			499,185.00			
AJE #18	31/12/2012	Net Investment in Capital Assets	3130				869,806.00		
AJE #18	31/12/2012	Retained Earnings - Previous Year	3560				90,589.00		
AJE #18	31/12/2012	Retained Earnings - Previous Year	3560			172,326.00			
AJE #18	31/12/2012	Retained Earnings - Previous Year	3560				499,185.00		
AJE #18	31/12/2012	Retained Earnings - Previous Year	3560			869,806.00			
AJE #18	31/12/2012	Retained Earnings - Previous Year	3560			25,544.00			
To record transfers from each fund and to allocate retained earnings at year end.									
AJE #19	31/12/2012	Building - #3 New Hall	1715	CC. 4		118,395.02			
AJE #19	31/12/2012	Subcontractor Holdbacks	2500	CC. 4			118,395.02		
To record liability for holdback payable identified in progress certificate.									
AJE #20	31/12/2012	Building - #3 New Hall	1715			89,016.28			
AJE #20	31/12/2012	CCCU - Commercial Mortgage Payable	2640				89,016.28		
To reclassify draw made for interest reserve and Legal fees.									
						3,448,280.60	3,448,280.60		

Completed by	Reviewed by
JL 27/03/2013	

Gabriola Fire Protection Improvement District. 2012

Year End: December-31-12

Adjusting journal entries

Date: 01/01/2012 To 31/12/2012

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Misstatement
		Net Income (Loss)	641,657.44						

Completed by	Reviewed by
JL 27/03/2013	



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February 18, 2013

Gabriola Fire Protection Improvement District
PO Box 89
Gabriola, BC V0R 1X0

Attention: Trustees

Dear Trustees:

The purpose of this letter is to outline the terms of our engagement to audit the annual consolidated financial statements of Gabriola Fire Protection Improvement District for the year ending December 31, 2013.

Objective, scope and limitations

Our statutory function as auditors of Gabriola Fire Protection Improvement District is to report to the directors by expressing an opinion on Gabriola Fire Protection Improvement District's annual consolidated financial statements. We will conduct our audit in accordance with Canadian Auditing Standards and will issue an audit report.

An auditor conducting an audit in accordance with Canadian Auditing Standards obtains reasonable assurance that the financial statements taken as a whole are free of material misstatement, whether caused by fraud or error. It is important to recognize that an auditor cannot obtain absolute assurance that material misstatements in the financial statements will be detected because of:

- a) Factors such as use of judgment, and the use of testing of the data underlying the financial statements;
- b) Inherent limitations of internal control; and
- c) The fact that much of the audit evidence available to the auditor is persuasive rather than conclusive in nature.

Furthermore, because of the nature of the fraud, including attempts at concealment through collusion and forgery, an audit designed and executed in accordance with Canadian Auditing Standards may not detect a material fraud. Further, while effective internal control reduces the likelihood that misstatements will occur and remain undetected, it does not eliminate that possibility. For these reasons, we cannot guarantee that fraud, error and illegal acts, if present, will be detected when conducting an audit in accordance with Canadian Auditing Standards.

We will perform the audit in accordance with Canadian Auditing Standards. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows in accordance with Section C of the Improvement District Manual. Accordingly, we will plan and perform our audit to provide reasonable, but not absolute, assurance of detecting fraud and errors that have a material effect on the financial statements.

Our responsibilities

One of the underlying principles of the profession is a duty of confidentiality with respect to client affairs. Accordingly, except for information that is in or enters the public domain, we will not provide any third party with confidential information concerning the affairs of Gabriola Fire Protection Improvement District without Gabriola Fire Protection Improvement District's prior consent, unless required to do so by legal authority, or the rules of professional conduct of the Institute of Chartered Accountants of British Columbia.

We will communicate in writing to the Board of Directors, the relationships between us and Gabriola Fire Protection Improvement District (including related entities) that, in our professional judgment, may reasonably be thought to bear on our independence. Further, we will confirm our independence with respect to Gabriola Fire Protection Improvement District.

The objective of our audit is to obtain reasonable assurance that the financial statements are free of material misstatement. However, if we identify any of the following matters, they will be communicated to the appropriate level of management:

- a) misstatements, resulting from error, other than trivial errors;
- b) fraud or any information obtained that indicates that a fraud may exist;
- c) any evidence obtained that indicates that an illegal or possibly illegal act, other than one considered inconsequential, has occurred;
- d) significant weaknesses in the design or implementation of internal control to prevent and detect fraud or error; and
- e) related party transactions identified by us that are not in the normal course of operations and that involve significant judgments made by management concerning measurement or disclosure.

The matters communicated will be those that we identify during the course of our audit. Audits do not usually identify all matters that may be of interest to management in discharging its responsibilities. The type and significance of the matter to be communicated will determine the level of management to which the communication is directed.

We will consider Gabriola Fire Protection Improvement District's internal control to identify types of potential misstatements, consider factors that affect the risks of material misstatement, and design the nature, timing and extent of further audit procedures. This consideration will not be sufficient to enable us to render an opinion on the effectiveness of internal control over financial reporting.

Management's responsibilities

Management is responsible for:

Financial statements

The preparation and fair presentation of Gabriola Fire Protection Improvement District's financial statements in accordance with Section C of the Improvement District Manual;

Completeness of information

- a) Providing us with and making available complete financial records and related data, and copies of all minutes of meetings of directors and committees of directors;
- a) Providing us with information relating to any known or probable instances of non-compliance with legislative or regulatory requirements, including financial reporting requirements;
- b) Providing us with information relating to any illegal or possible illegal acts, and all facts related thereto;
- c) Providing us with information regarding all related parties and related party transactions;

Fraud and error

- a) The design and implementation of internal controls to prevent and detect fraud and error;
- b) An assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- c) Providing us with information relating to fraud or suspected fraud affecting the Improvement District involving:
 - a. management;
 - b. employees who have significant roles in internal control; or
 - c. others, where the fraud could have a non-trivial effect on the financial statements;
- d) providing us with information relating to any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others;
- e) communicating its belief that the effects of any uncorrected financial statement misstatements aggregated during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole;

Recognition, measurement and disclosure

- a) Providing us with its assessment of the reasonableness of significant assumptions underlying fair value measurements and disclosures in the consolidated financial statements;
- b) Providing us with any plans or intentions that may affect the carrying value or classification of assets or liabilities;
- c) Providing us with information relating to measurement and disclosure of transactions with related parties;
- d) Providing us with an assessment of all areas of measurement uncertainty known to management that are required to be disclosed in accordance with the MEASUREMENT UNCERTAINTY, CICA HANDBOOK – ACCOUNTING Section 1508;
- e) Providing us with information relating to claims and possible claims, whether or not they have been discussed with Gabriola Fire Protection Improvement District's legal counsel;

- f) Providing us with information relating to other liabilities and contingent gains or losses, including those associated with guarantees, whether written or oral, under which Gabriola Fire Protection Improvement District is contingently liable;
- g) Providing us with information on whether Gabriola Fire Protection Improvement District has satisfactory title to assets, liens or encumbrances on assets exist, and assets are pledged as collateral;
- h) Providing us with information relating to compliance with aspects of contractual agreements that may affect the financial statements;
- i) Providing us with information concerning subsequent events; and
- j) Providing us with written confirmation of significant representations provided to us during the engagement on matters that are:
 - a. Directly related to items that are material, either individually or in the aggregate, to the financial statements;
 - b. Not directly related to items that are material to the financial statements but are significant, either individually or in the aggregate, to the engagement; and
 - c. Relevant to your judgment or estimates that are material, either individually or in the aggregate, to the financial statements.
- k) If reproduction or publication of our report is planned, a copy of that material, together with any other information in the document, should be submitted to us in sufficient time for our review before the printing process begins.

It is understood that:

These financial documents are prepared solely for use by the client with whom these chartered accountants have entered into a contract and there are no representations of any kind made by these chartered accountants to any party with whom these chartered accountants have not entered into a written contract.

All the working papers prepared by the accounting firm remain as property belonging to the accounting firm.

As part of our services, we may also submit to you a memorandum containing any suggestions for improvement of existing systems of internal control, accounting policies and procedures and other related matters which come to our attention during the course of our work.

In accordance with Canadian Auditing Standards, we will request certain written representations from management at the close of our audit to confirm oral representations given to us and to indicate and document the continuing appropriateness of such representations and reduce the possibility of misunderstanding concerning the matters that are the subject of the representations.

In addition to the audit services referred to above, we will prepare your federal and provincial income tax returns and other special reports as required. Management will provide the information necessary to complete these returns/reports and will file them with the appropriate authorities on a timely basis.

It is understood that: (continued)

We will also be pleased to provide additional services upon request, in areas such as income tax issues, HST advice, business financing and management consulting.

Fees will be determined on the quoted fee of this engagement. Any disbursements will be added to the billing. Our normal terms of payment are net 30 days. Interest at 2.0% per month (24% per annum) is charged on accounts unpaid after that time.

The terms of engagement as outlined above will continue in effect from year to year unless changed in writing.

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 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 Company.

Yours very truly,



Douglas K. Parkhurst, CA
GARY RUFFLE LTD.
Chartered Accountants

The services and terms set out above are as agreed

Gabriola Fire Protection Improvement District

_____ **TRUSTEE**

_____ **TRUSTEE**

DKP/tw

Gabriola Fire Protection Improvement District
PO Box 89
Gabriola, BC V0R 1X0

April 24, 2013

Gary Ruffle Ltd.
Unit C - 5107 Somerset Drive
Nanaimo, BC V9T 2K5

Dear Sir:

REPRESENTATIONS OF MANAGEMENT AND DIRECTORS

We are providing this letter in connection with your audit of the consolidated financial statements of Gabriola Fire Protection Improvement District as of December 31, 2012, and for the year then ended, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of Gabriola Fire Protection Improvement District in accordance with Section C of the Improvement District Manual.

We acknowledge that we are responsible for the fair presentation of the financial statements in accordance with Section C of the Improvement District Manual and for the design and implementation of internal control to prevent and detect fraud and error. We have assessed the risk that the financial statements may be materially misstated as a result of fraud, and have determined such risk to be low. Further, we acknowledge that your examination was planned and conducted in accordance with Canadian Auditing Standards so as to enable you to express an opinion on the financial statements. We understand that while your work includes an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, it is not designed to identify, nor can it necessarily be expected to disclose, fraud, shortages, errors and other irregularities, should any exist.

Certain representations in this letter are described as being limited to matters that are material. An item is considered material, regardless of its monetary value, if it is probable that its omission from or misstatement in the financial statements would influence the decision of a reasonable person relying on the financial statements.

We confirm, to the best of our knowledge and belief, as of December 31, 2012, the following representations made to you during your audit.

Consolidated Financial statements

1. The consolidated financial statements referred to above present fairly, in all material respects, the financial position of Gabriola Fire Protection Improvement District as at December 31, 2012 and the results of its operations and its cash flows for the year then ended in accordance with the Section C of the Improvement District Manual.

Completeness of information

2. We have made available to you all financial records and related data and all minutes of the meetings of directors and committees of directors.
3. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.
4. We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements.
5. We are unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the financial statements or as the basis of recording a contingent loss.
6. We have identified to you all the known related parties and related party transactions, including guarantees, non-monetary transactions and transactions for no consideration.

Fraud and error

7. We have no knowledge of fraud or suspected fraud affecting the entity involving management; employees who have significant roles in internal control; or others, where the fraud could have a non-trivial effect on financial statements.
8. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.
9. We believe that the effects of the uncorrected financial statement misstatements summarized in the accompanying schedule are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Recognition, measurement and disclosure

10. We believe that the significant assumptions used in arriving at the fair values of financial instruments as measured and disclosed in the financial statements are reasonable and appropriate in the circumstances.
11. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.
12. All related party transactions have been appropriately measured and disclosed in the financial statements.

13. 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.
14. We have informed you of all outstanding and possible claims, whether or not they have been discussed with legal counsel.
15. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
16. The Improvement District has satisfactory title to all assets, and there are no liens or encumbrances on the Improvement District's assets.
17. We have disclosed to you, and the Improvement District has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
18. There have no events subsequent to the balance sheet date up to the date hereof that would require recognition or disclosure in the financial statements. Further, there have been no events subsequent to the date of the comparative financial statements that would require adjustment of those financial statements and the related notes.
19. The board has reviewed and approved the financial statements as evidenced by a motion of the board to approve the final statements as at April 24, 2013.

Yours truly,

Trustee

DKP/tw



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e dparkhurst@garyruffleltd.com w www.garyruffleltd.com
April 24, 2013

Gabriola Fire Protection Improvement District
PO Box 89
Gabriola, BC V0R 1X0

Dear Trustees:

We have been engaged to audit the annual consolidated financial statements of Gabriola Fire Protection Improvement District for the year ending December 31, 2012.

Canadian Auditing Standards (CAS) requires that we communicate at least annually with you regarding all relationships between the Improvement District and us that, in our professional judgment, may reasonably be thought to bear on our independence.

In determining which relationships to report, these standards require us to consider relevant rules and related interpretations prescribed by the appropriate provincial institute/order and applicable legislation, covering such matters as:

- (a) holding a financial interest, either directly or indirectly, in a client;
- (b) holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client;
- (c) personal or business relationships of immediate family, close relatives, partners or retired partners, with directly or indirectly, with a client;
- (d) economic dependence on a client; and
- (e) provision of services in addition to the audit engagement.

We are not aware of any relationships between the Improvement District and us that, in our professional judgment, may reasonably be thought to bear on our independence, that have occurred from our date of appointment January 1, 2012 to April 24, 2013.

CAS suggests that we confirm our independence to the Board in the context of the Rules of Professional Conduct of the Institute of Chartered Accountants of BC. Accordingly, we hereby confirm that we are independent with respect to the Improvement District within the meaning of the Rules of Professional Conduct of Institute of Chartered Accountants of BC as of April 24, 2013

This report is intended solely for the use of the Board, management, and others within the Improvement District and should not be used for any other purposes.

We look forward to discussing with you the matters addressed in this letter should you have any questions.

Yours very truly,



Douglas K. Parkhurst, CA
GARY RUFFLE LTD.
Chartered Accountants

DKP/tw