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NOTICE TO READER

On the basis of information provided by management, we have compiled the statement of financial position of Saturna Island Fire Protection Society as at December 31, 2011 and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

Victoria, British Columbia
June 8, 2012

A handwritten signature in cursive script that reads "Field & Company".

CHARTERED ACCOUNTANTS

SATURNA ISLAND FIRE PROTECTION SOCIETY

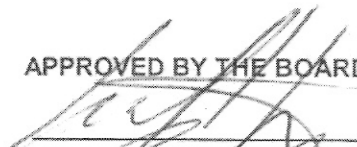
Statement of Financial Position


December 31, 2011

(Unaudited - See Notice To Reader)

	2011	2010
ASSETS		
CURRENT		
Cash	\$ 53,490	\$ 19,370
Term deposits	75,470	75,364
Accounts receivable	5,527	7,189
Government remittances receivable	12,551	46,468
Prepaid expenses	12,803	10,637
	<u>159,841</u>	<u>159,028</u>
PROPERTY, PLANT AND EQUIPMENT (Note 3)	<u>1,199,255</u>	<u>997,749</u>
	<u>\$ 1,359,096</u>	<u>\$ 1,156,777</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Demand interim construction loan (Note 6)	\$ -	\$ 400,000
Accounts payable	14,549	3,891
Deferred income	138,006	32,125
Deposit on sale of Fire Hall (Note 5)	-	25,000
Current portion of long term debt (Note 6)	26,593	-
	<u>179,148</u>	<u>461,016</u>
LONG TERM DEBT (Note 6)	<u>230,054</u>	<u>-</u>
	<u>409,202</u>	<u>461,016</u>
NET ASSETS		
Net assets invested in capital assets	942,608	619,721
Unrestricted	7,286	76,040
	<u>949,894</u>	<u>695,761</u>
	<u>\$ 1,359,096</u>	<u>\$ 1,156,777</u>

APPROVED BY THE BOARD


 _____ President


 _____ Treasurer



SATURNA ISLAND FIRE PROTECTION SOCIETY

Statement of Changes in Net Assets

Year Ended December 31, 2011

(Unaudited - See Notice To Reader)

	Net assets invested in capital assets		Unrestricted	2011	2010
NET ASSETS - BEGINNING OF YEAR	\$ 619,721	\$ 76,040	\$ 695,761	\$ 533,684	
Surplus for the year	-	254,133	254,133	162,077	
Net purchase of capital assets	272,739	(272,739)	-	-	
Deposit received in prior year	(25,000)	25,000	-	-	
Amortization on capital assets	(68,205)	68,205	-	-	
Debt principal repayment	143,353	(143,353)	-	-	
NET ASSETS - END OF YEAR	\$ 942,608	\$ 7,286	\$ 949,894	\$ 695,761	



SATURNA ISLAND FIRE PROTECTION SOCIETY

Statement of Revenues and Expenditures

Year Ended December 31, 2011

(Unaudited - See Notice To Reader)

	2011	2010
REVENUE		
Property tax assessment	\$ 198,752	\$ 200,689
Donations - cash	29,272	42,032
Donations - SIR	3,883	7,043
Grant - VIHA	10,000	7,500
Grant - PILT	7,875	3,985
Signs	935	3,520
Gains on disposal of assets	203,340	1,999
Interest	1,133	1,299
GST rebates	-	578
Lease	4,119	375
	<u>459,309</u>	<u>269,020</u>
EXPENDITURES		
Amortization	68,205	15,444
Communications and signage	4,084	3,371
Facility service fee and rental	5,050	5,050
Honorarium	10,800	10,800
Insurance	13,457	8,204
Interest on long term debt	10,804	-
Office	13,539	7,545
Professional fees	6,272	2,133
Protective gear	8,383	8,804
Repairs and maintenance	12,448	1,787
Supplies	6,998	9,095
Tax collection	3,530	2,245
Training	21,726	14,431
Travel	305	1,687
Utilities	4,273	1,105
Vehicle	14,326	14,804
Worksafe BC	976	438
	<u>205,176</u>	<u>106,943</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>\$ 254,133</u>	<u>\$ 162,077</u>

SATURNA ISLAND FIRE PROTECTION SOCIETY

Statement of Cash Flows

Year Ended December 31, 2011

(Unaudited - See Notice To Reader)

	2011	2010
OPERATING ACTIVITIES		
Excess of revenue over expenditures	\$ 254,133	\$ 162,077
Items not affecting cash:		
Amortization of property, plant and equipment	68,205	15,444
Gain on disposal of assets	<u>(203,340)</u>	<u>(1,999)</u>
	<u>118,998</u>	<u>175,522</u>
Changes in non-cash working capital:		
Accounts receivable	1,662	(7,180)
Government remittances receivable	33,917	(44,469)
Accounts payable	10,657	3,657
Deferred income	105,881	32,125
Prepaid expenses	(2,166)	(836)
Deposit on sale of Fire Hall	<u>(25,000)</u>	<u>25,000</u>
	<u>124,951</u>	<u>8,297</u>
	<u>243,949</u>	<u>183,819</u>
INVESTING ACTIVITIES		
Net Proceeds on disposal of Fire Hall	204,587	2,000
Emergency services building #1	(211,225)	(510,945)
Emergency services building #2	(46,715)	(207,082)
Purchase of fire fighting equipment and trucks	(13,017)	(10,082)
Advances (repayment) interim construction loan	(400,000)	400,000
Term debt advanced	300,000	-
Repayment of term debt	<u>(43,353)</u>	<u>-</u>
	<u>(209,723)</u>	<u>(326,109)</u>
INCREASE (DECREASE) IN CASH	34,226	(142,290)
Cash and term deposits - beginning of year	<u>94,734</u>	<u>237,024</u>
CASH AND TERM DEPOSITS - END OF YEAR	\$ 128,960	\$ 94,734
CASH CONSISTS OF:		
Cash	\$ 53,490	\$ 19,370
Term deposits	<u>75,470</u>	<u>75,364</u>
	<u>\$ 128,960</u>	<u>\$ 94,734</u>



SATURNA ISLAND FIRE PROTECTION SOCIETY

Notes to Financial Statements

Year Ended December 31, 2011

(Unaudited - See Notice To Reader)

1. NATURE OF ORGANIZATION

The Saturna Island Fire Protection Society was incorporated under the Society Act of the Province of British Columbia, January 14, 1994. The purposes of the Society are to provide fire protection and emergency response services to the inhabitants of Saturna Island. The majority of the funds raised by the Society come from the taxation of real property on Saturna Island.

2. PROPERTY PLANT AND EQUIPMENT POLICY

Property, plant and equipment are stated at cost less accumulated amortization. Property, plant and equipment are amortized over their estimated useful lives at the following rates and methods:

Buildings	4%	straight-line method
Fire and support vehicles	20%	straight-line method
Emergency transportation vehicle	20%	straight-line method
Equipment and radios	20%	straight-line method
Storage container	10%	straight-line method

3. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	2011 Net book value	2010 Net book value
Land	\$ 106,552	\$ -	\$ 106,552	\$ 106,552
Buildings	1,072,823	42,913	1,029,910	3,366
Buildings under construction	-	-	-	811,229
Fire and support vehicles	177,933	137,517	40,416	54,701
Emergency transportation vehicle	4,000	1,600	2,400	3,200
Equipment	38,872	22,186	16,686	13,595
Radios	11,561	8,270	3,291	3,621
Storage container	-	-	-	1,485
	\$ 1,411,741	\$ 212,486	\$ 1,199,255	\$ 997,749



SATURNA ISLAND FIRE PROTECTION SOCIETY

Notes to Financial Statements

Year Ended December 31, 2011

(Unaudited - See Notice To Reader)

4. DEFERRED INCOME

	2011	2010
Grant - VIHA	\$ 2,500	\$ 2,500
Deferred lease - CRD	28,125	29,625
Deferred lease - Parks Canada	107,381	-
Deposit on sale of firehall	-	25,000
	<u>\$ 138,006</u>	<u>\$ 57,125</u>

The Society received a \$10,000 grant from the Vancouver Island Health Authority (VIHA) in support of Saturna Island Rescue of which \$7,500 was earned in the year.

The Society entered into a 20 year prepaid lease with the Southern Gulf Islands Emergency Management Commission (CRD) effective September 14, 2010 for the use of both Emergency Services Buildings. The prepaid deposit on the lease is amortized into income over the 20 year lease period.

The Society entered into a 35 year prepaid lease with Parks Canada effective February 29, 2011 for the use of a portion of Emergency Services Building #1. The prepaid deposit on the lease is amortized into income over the 35 year lease period.

5. SALE OF FIRE HALL

On February 15, 2011 the fire hall was sold for net proceeds of \$204,587.



SATURNA ISLAND FIRE PROTECTION SOCIETY

Notes to Financial Statements

Year Ended December 31, 2011

(Unaudited - See Notice To Reader)

6. LONG TERM DEBT

	<u>2011</u>	<u>2010</u>
TD Bank of Canada Term Loan #1		
- Bears interest at 5.219%		
- Monthly principal and interest payments of \$2,672		
- due March 2, 2016	\$ 210,397	\$ -
 TD Bank of Canada Term Loan #2		
- Bears interest at prime plus 0.75%		
- Monthly payments of \$417 principal plus interest		
- due March 2, 2016	<u>46,250</u>	-
	256,647	-
 Amounts payable within one year	<u>(26,593)</u>	-
	<u>\$ 230,054</u>	\$ -

Principal repayment terms are approximately:

2012	\$ 26,593
2013	27,747
2014	28,963
2015	30,244
2016	31,594
Thereafter	<u>111,506</u>
	<u>\$ 256,647</u>

The interim construction credit facility was discharged March 3, 2011 from the proceeds of the term loans noted above.

The term loans are secured by a first charge over real property, a general security agreement, assignment of lease revenues, and fire insurance

