

**BRAITHWAITE ESTATES IMPROVEMENT DISTRICT**  
**Consolidated Financial Statements**  
**Year Ended December 31, 2019**

**BRAITHWAITE ESTATES IMPROVEMENT DISTRICT**  
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**Year Ended December 31, 2019**

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## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

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The consolidated financial statements of Braithwaite Estates Improvement District have been prepared in accordance with Canadian public sector accounting standards (PSAS). When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of Braithwaite Estates Improvement District's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Board of Trustees is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility by meeting periodically with management and the members' auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Board approves the financial statements and considers, for review approval by the members, the engagement or re-appointment of the external auditors.

The consolidated financial statements have been audited on behalf of the members by Morine & Schindler LLP, in accordance with Canadian public sector accounting standards (PSAS).

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Ms. Karen Bereczki, Administrator

Cobble Hill, BC  
April 16, 2020



CHARTERED PROFESSIONAL ACCOUNTANTS LLP

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Braithwaite Estates Improvement District

### *Opinion*

We have audited the consolidated financial statements of Braithwaite Estates Improvement District (the District), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statements of operations, changes in accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the District as at December 31, 2019, and the consolidated results of its operations and consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

### *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 Consolidated Financial Statements* section of our report. We are independent of the District in accordance with ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these 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 Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PSAS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 District'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 District'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 consolidated 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 District to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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.



Nanaimo, British Columbia  
April 16, 2020

CHARTERED PROFESSIONAL ACCOUNTANTS

**BRAITHWAITE ESTATES IMPROVEMENT DISTRICT**  
**Consolidated Statement of Financial Position**  
**December 31, 2019**

	2019	2018
<b>FINANCIAL ASSETS</b>		
Cash	\$ 168,536	\$ 370,337
Term deposits	742,587	419,620
Accounts receivable	21,689	21,586
Interest receivable	5,366	2,452
	<b>938,178</b>	<b>813,995</b>
<b>LIABILITIES</b>		
Accounts payable	8,168	11,624
Wages payable	702	644
Deferred income	53,596	20,988
	<b>62,466</b>	<b>33,256</b>
<b>NET FINANCIAL ASSETS</b>	<b>875,712</b>	<b>780,739</b>
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses	1,640	1,742
Tangible capital assets <i>(Note 3)</i>	758,950	785,344
	<b>760,590</b>	<b>787,086</b>
<b>ACCUMULATED SURPLUS</b>	<b>\$ 1,636,302</b>	<b>\$ 1,567,825</b>

**ON BEHALF OF THE BOARD OF TRUSTEES**

\_\_\_\_\_ *Trustee*

\_\_\_\_\_ *Trustee*

**BRAITHWAITE ESTATES IMPROVEMENT DISTRICT**  
**Consolidated Statement of Operations**  
**Year Ended December 31, 2019**

	Budget 2019	Total 2019	Total 2018
<b>REVENUES</b>			
Water tolls	\$ 138,638	\$ 140,851	\$ 143,212
Taxes	54,240	54,240	53,160
Investment income	400	12,792	14,111
Other income	4,100	4,505	16,537
	<u>197,378</u>	<u>212,388</u>	<u>227,020</u>
<b>EXPENSES</b>			
Audit fees	5,000	4,500	4,600
Amortization	-	26,394	29,125
Honoraria	7,000	8,000	7,000
Insurance and licenses	10,881	10,760	10,046
Legal fees	4,000	-	4,940
Laboratory fees	3,850	4,562	3,078
Office	5,588	4,077	5,233
Repairs and maintenance	9,050	5,911	4,699
Salaries and wages	47,155	41,407	39,033
Admin contract	23,793	24,112	24,886
Telephone	3,037	2,838	2,889
Training	3,500	853	1,026
Utilities	12,649	10,497	10,557
	<u>135,503</u>	<u>143,911</u>	<u>147,112</u>
<b>ANNUAL SURPLUS</b>	<u>\$ 61,875</u>	<u>\$ 68,477</u>	<u>\$ 79,908</u>

**BRAITHWAITE ESTATES IMPROVEMENT DISTRICT**  
**Consolidated Statement of Changes in Accumulated Surplus**  
**Year Ended December 31, 2019**

	<b>2019</b>	2018
<b>ACCUMULATED SURPLUS - BEGINNING OF YEAR</b>	<b>\$ 1,567,825</b>	\$ 1,487,917
ANNUAL SURPLUS	<u>68,477</u>	<u>79,908</u>
<b>ACCUMULATED SURPLUS - END OF YEAR</b>	<b><u>\$ 1,636,302</u></b>	<b><u>\$ 1,567,825</u></b>



**BRAITHWAITE ESTATES IMPROVEMENT DISTRICT**  
**Consolidated Statement of Changes in Net Financial Assets**  
**Year Ended December 31, 2019**

	Budget 2019	<b>2019</b>	2018
<b>ANNUAL SURPLUS</b>	\$ 61,875	\$ <b>68,477</b>	\$ 79,908
Amortization of tangible capital assets	-	<b>26,394</b>	29,125
Decrease (increase) in prepaid expenses	-	<b>102</b>	(181)
	-	<b>26,496</b>	28,944
<b>INCREASE IN NET FINANCIAL ASSETS</b>	61,875	<b>94,973</b>	108,852
<b>NET FINANCIAL ASSETS - BEGINNING OF YEAR</b>	780,740	<b>780,739</b>	671,887
<b>NET FINANCIAL ASSETS - END OF YEAR</b>	\$ 842,615	\$ <b>875,712</b>	\$ 780,739

**BRAITHWAITE ESTATES IMPROVEMENT DISTRICT**  
**Consolidated Statement of Cash Flows**  
**Year Ended December 31, 2019**

	2019	2018
<b>OPERATING ACTIVITIES</b>		
Annual Surplus	\$ 68,477	\$ 79,908
Item not affecting cash:		
Amortization of tangible capital assets	<u>26,394</u>	29,125
	<u>94,871</u>	109,033
Changes in non-cash working capital:		
Accounts receivable	(103)	(10,982)
Interest receivable	(2,914)	-
Accounts payable	(3,456)	6,821
Deferred income	32,608	9,923
Prepaid expenses	102	(182)
Term deposits	(322,967)	(5,687)
Wages payable	58	31
	<u>(296,672)</u>	(76)
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>(201,801)</b>	108,957
Cash - beginning of year	<u>370,337</u>	261,380
<b>CASH - END OF YEAR</b>	<b>\$ 168,536</b>	<b>\$ 370,337</b>

**BRAITHWAITE ESTATES IMPROVEMENT DISTRICT**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2019**

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1. PURPOSE OF THE DISTRICT

Braithwaite Estates Improvement District (the "district") was incorporated by letters patent issued on February 5, 1976 and operates under the Local Government Act (BC). The principal activities of the district are to supply potable water for domestic use within the Braithwaite Estates Improvement District's boundaries.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements have been prepared in accordance with the recommendations of the Public Sector Accounting Board of CPA Canada . In Accordance with these recommendations, the District has implemented the consolidation of all funds. The consolidated financial statements reflect the removal of internal transactions and balances.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Revenue recognition

Sale of water services are recognized on a bi-monthly basis when services have been provided. Taxes are recognized upon issuance of tax notices for the fiscal year. Investment and other income are recognized as revenue is earned on an accrual basis. Capital expenditure charge (CEC) fees are recorded as revenue when amounts are determinable, and collection is reasonably assured:

- services are provided or products are delivered to customers
- there is clear evidence that an arrangement exists
- amounts are fixed or can be determined
- the ability to collect is reasonably assured
- amounts received but not earned are recorded as deferred revenue.

Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization. Tangible capital assets are amortized over their estimated useful lives on a straight-line basis at rates ranging from 20 - 75 years.

The district regularly reviews its tangible capital assets to eliminate obsolete items. Government grants are treated as a reduction of tangible capital assets cost.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

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**BRAITHWAITE ESTATES IMPROVEMENT DISTRICT**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2019**

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

Liability for contaminated sites

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the District is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at December 31, 2019.

At each financial reporting date, the District reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The District continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made. As at December 31, 2019 the District has not recorded any liability for contaminated sites as no sites exist.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

3. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	<b>2019 Net book value</b>	2018 Net book value
Water System	\$ 659,000	\$ 287,383	\$ <b>371,617</b>	\$ 376,473
Water Mains	842,200	538,590	<b>303,610</b>	322,344
Buildings	59,000	10,347	<b>48,653</b>	49,807
Fire Protection	82,500	47,430	<b>35,070</b>	36,720
	<b>\$ 1,642,700</b>	<b>\$ 883,750</b>	<b>\$ 758,950</b>	<b>\$ 785,344</b>

There were no additions nor disposals of tangible capital assets in either 2018 or 2019.

4. FINANCIAL INSTRUMENTS

The District, as part of its operations, carries a number of financial instruments. The District's financial instruments consist of cash and term deposits, accounts receivable and accounts payable and accrued liabilities. It is management's opinion that the District is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

5. Budget information

Budget figures represent the budget approved by the Board of Trustees during the year.

**BRAITHWAITE ESTATES IMPROVEMENT DISTRICT****Operations****(Schedule 1)****Year Ended December 31, 2019**

	<b>2019</b>	<b>2018</b>
<b>REVENUES</b>		
Water tolls	\$ 140,851	\$ 143,212
Taxes	54,240	53,160
Investment income	400	-
Other income	4,505	16,537
	<u>199,996</u>	<u>212,909</u>
<b>EXPENSES</b>		
Insurance and licenses	10,760	10,046
Office	4,079	5,232
Legal fees	-	4,940
Audit fees	4,500	4,600
Laboratory fees	4,562	3,078
Training	853	1,026
Repairs and maintenance	5,911	4,699
Salaries and wages	41,407	39,033
Honoraria	8,000	7,000
Admin contract	24,112	24,886
Utilities	10,497	10,557
Telephone	2,838	2,889
	<u>117,519</u>	<u>117,986</u>
<b>ANNUAL SURPLUS</b>	<u>82,477</u>	<u>94,923</u>
<b>SURPLUS (DEFICIENCY) BEGINNING OF YEAR</b>	<u>66,460</u>	<u>50,302</u>
Transfers	<u>(61,611)</u>	<u>(78,765)</u>
<b>SURPLUS (DEFICIENCY) END OF YEAR</b>	<u>\$ 87,326</u>	<u>\$ 66,460</u>

**BRAITHWAITE ESTATES IMPROVEMENT DISTRICT****Backflow prevention****(Schedule 2)****Year Ended December 31, 2019**

	<b>2019</b>	<b>2018</b>
<b>REVENUES</b>		
Investment income	\$ 157	\$ 17
<b>EXPENSES</b>	<u>-</u>	<u>-</u>
<b>ANNUAL SURPLUS</b>	<u>157</u>	<u>17</u>
<b>SURPLUS (DEFICIENCY) BEGINNING OF YEAR</b>	<u>17,051</u>	<u>17,034</u>
<b>SURPLUS (DEFICIENCY) END OF YEAR</b>	<u>\$ 17,208</u>	<u>\$ 17,051</u>

**BRAITHWAITE ESTATES IMPROVEMENT DISTRICT****Renewal reserve****(Schedule 3)****Year Ended December 31, 2019**

	<b>2019</b>	<b>2018</b>
<b>REVENUES</b>		
Investment income	\$ 11,602	\$ 8,691
<b>EXPENSES</b>	<u>-</u>	<u>-</u>
<b>ANNUAL SURPLUS</b>	<u>11,602</u>	<u>8,691</u>
<b>SURPLUS (DEFICIENCY) BEGINNING OF YEAR</b>	<u>650,063</u>	<u>562,608</u>
Transfer	<u>61,611</u>	<u>78,765</u>
<b>SURPLUS (DEFICIENCY) END OF YEAR</b>	<u>\$ 723,276</u>	<u>\$ 650,064</u>

**BRAITHWAITE ESTATES IMPROVEMENT DISTRICT****Capital expenditure charge fund****(Schedule 4)****Year Ended December 31, 2019**

	<b>2019</b>	<b>2018</b>
<b>REVENUES</b>		
Investment income	\$ <b>633</b>	\$       5,403
<b>EXPENSES</b>	<u>          -</u>	<u>          -</u>
<b>ANNUAL SURPLUS</b>	<u>          <b>633</b></u>	<u>          5,403</u>
<b>SURPLUS (DEFICIENCY) BEGINNING OF YEAR</b>	<u>          <b>48,907</b></u>	<u>          43,504</u>
<b>SURPLUS (DEFICIENCY) END OF YEAR</b>	<u>          <b>\$ 49,540</b></u>	<u>          \$ 48,907</u>



**BRAITHWAITE ESTATES IMPROVEMENT DISTRICT****Equity in tangible capital assets****(Schedule 5)****Year Ended December 31, 2019**

	<b>2019</b>	<b>2018</b>
<b>REVENUES</b>	<b>\$ -</b>	<b>\$ -</b>
EXPENSES		
Amortization	<u><b>26,394</b></u>	<u>29,125</u>
ANNUAL SURPLUS (DEFICIENCY)	<u><b>(26,394)</b></u>	<u>(29,125)</u>
<b>SURPLUS (DEFICIENCY) BEGINNING OF YEAR</b>	<u><b>785,344</b></u>	<u>814,469</u>
<b>SURPLUS (DEFICIENCY) END OF YEAR</b>	<u><b>\$ 758,950</b></u>	<u>\$ 785,344</u>