

**BRAITHWAITE ESTATES IMPROVEMENT DISTRICT**  
**Financial Statements**  
**Year Ended December 31, 2017**

**BRAITHWAITE ESTATES IMPROVEMENT DISTRICT**  
**Index to Financial Statements**  
**Year Ended December 31, 2017**

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**INDEPENDENT AUDITOR'S REPORT**

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To the Members of BRAITHWAITE ESTATES IMPROVEMENT DISTRICT

We have audited the accompanying financial statements of BRAITHWAITE ESTATES IMPROVEMENT DISTRICT, which comprise the statement of financial position as at December 31, 2017, and the statements of operations, changes in net financial assets and 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 and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**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 generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 overall presentation of the financial statements.

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

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Independent Auditor's Report to the Members of BRAITHWAITE ESTATES IMPROVEMENT DISTRICT  
(continued)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of BRAITHWAITE ESTATES IMPROVEMENT DISTRICT as at December 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matter

The financial statements of BRAITHWAITE ESTATES IMPROVEMENT DISTRICT for the year ended December 31, 2016 were audited by Anton, Bryson & Schindler Chartered Professional Accountants LLP of Nanaimo, Canada, prior to its merger with MNP LLP. Anton, Bryson & Schindler Chartered Professional Accountants LLP expressed an unmodified opinion on those financial statements on March 23, 2017.

Nanaimo, British Columbia  
March 22, 2018

*MNP* LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

**BRAITHWAITE ESTATES IMPROVEMENT DISTRICT**  
**Statement of Financial Position**  
**December 31, 2017**

	2017	2016
<b>FINANCIAL ASSETS</b>		
Cash	\$ 261,380	\$ 186,746
Term deposits	413,933	405,213
Accounts receivable	7,429	4,042
Interest receivable	2,452	2,269
Goods and services tax recoverable	3,175	10,164
	<u>688,369</u>	<u>608,434</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	4,804	5,108
Wages payable	613	614
Deferred income	11,065	3,000
	<u>16,482</u>	<u>8,722</u>
<b>NET FINANCIAL ASSETS</b>	<u>671,887</u>	<u>599,712</u>
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses	1,560	1,601
Tangible Capital Assets (Note 2)	814,469	840,743
	<u>816,029</u>	<u>842,344</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 1,487,916</u>	<u>\$ 1,442,056</u>

**ON BEHALF OF THE BOARD**

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

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

**BRAITHWAITE ESTATES IMPROVEMENT DISTRICT****Statement of Operations****Year Ended December 31, 2017**

	<b>2017</b>	<b>2016</b>
<b>REVENUE</b>		
Interest income	\$ 8,312	\$ 8,357
Taxes	54,660	43,200
Water tolls	130,305	96,883
Other income	3,199	11,336
	<u>196,476</u>	<u>159,776</u>
<b>EXPENSES</b>		
Amortization	26,274	18,246
Audit fees	4,500	4,500
Contractual services	20,639	20,034
Honoraria	7,000	7,000
Insurance and licenses	12,364	9,824
Laboratory fees	3,773	4,996
Legal fees	4,510	1,481
Office and miscellaneous	5,008	4,470
Repairs and maintenance	14,766	5,960
Telephone	2,863	2,708
Training	3,424	1,288
Utilities	9,499	8,231
Wages and benefits	35,996	36,084
	<u>150,616</u>	<u>124,822</u>
<b>EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS</b>	<b>45,860</b>	<b>34,954</b>
<b>TRANSFERS</b>		
Transfer to fund Tangible Capital Asset acquisitions	-	36,300
<b>ANNUAL SURPLUS</b>	<b>\$ 45,860</b>	<b>\$ 71,254</b>

**BRAITHWAITE ESTATES IMPROVEMENT DISTRICT**  
**Statement of Changes in Net Financial Assets**  
**Year Ended December 31, 2017**

	2017	2016
<b>ANNUAL SURPLUS</b>	<b>\$ 45,860</b>	<b>\$ 71,254</b>
Amortization	26,274	18,246
Prepaid expenses	41	(92)
Purchase of Tangible Capital Assets	-	(36,300)
	<b>26,315</b>	<b>(18,146)</b>
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	<b>72,175</b>	<b>53,107</b>
Net financial assets, beginning of year	599,712	546,605
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>\$ 671,887</b>	<b>\$ 599,712</b>

**BRAITHWAITE ESTATES IMPROVEMENT DISTRICT**

**Statement of Cash Flows**

**Year Ended December 31, 2017**

	2017	2016
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 45,860	\$ 71,254
Item not affecting cash:		
Amortization of Tangible Capital Assets	26,274	18,246
	<u>72,134</u>	<u>89,500</u>
Changes in non-cash working capital:		
Accounts receivable	(3,382)	1,793
Interest receivable	(183)	577
Accounts payable and accrued liabilities	(309)	(884)
Deferred income	8,065	(1,322)
Prepaid expenses	41	(92)
Goods and services tax payable (recoverable)	6,989	(1,793)
Wages payable	(1)	(58)
	<u>11,220</u>	<u>(1,779)</u>
Cash flow from operating activities	<u>83,354</u>	<u>87,721</u>
<b>INVESTING ACTIVITY</b>		
Purchase of Tangible Capital Assets	-	(36,300)
<b>INCREASE IN CASH FLOW</b>	<b>83,354</b>	<b>51,421</b>
Cash - beginning of year	<u>591,959</u>	<u>540,538</u>
<b>CASH - END OF YEAR</b>	<b>\$ 675,313</b>	<b>\$ 591,959</b>
<b>CASH FLOWS SUPPLEMENTARY INFORMATION</b>		
Interest received	<u>\$ 8,312</u>	<u>\$ 8,357</u>
Interest paid	<u>\$ -</u>	<u>\$ -</u>
<b>CASH CONSISTS OF:</b>		
Cash	\$ 261,380	\$ 186,746
Term deposits	<u>413,933</u>	<u>405,213</u>
	<u>\$ 675,313</u>	<u>\$ 591,959</u>



# BRAITHWAITE ESTATES IMPROVEMENT DISTRICT

## Notes to Financial Statements

Year Ended December 31, 2017

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### NATURE OF OPERATIONS

BRAITHWAITE ESTATES IMPROVEMENT DISTRICT (the "Organization") is incorporated under the Local Government Act (BC) Part 17. The objective of the Organization is to supply water for domestic use within BRAITHWAITE ESTATES IMPROVEMENT DISTRICT's boundaries.

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian public sector accounting standards for governments, as defined in the CICA Public Sector Accounting and Auditing Handbook, which encompasses the following principles:

#### Fund accounting

The Organization records accounting transactions using the fund accounting method generally in use for governments. A fund is determined for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. Each fund has its own statement of operations which presents the results of operations for the fund. The statement of financial position of the Organization includes the assets, liabilities and accumulated surplus of all funds presented in the financial statements.

The various funds, being the capital fund, which accounts for the tangible capital assets of the Organization and the revenue fund, which includes the operations of the Organization have been amalgamated for the purpose of presentation in the financial statements. Details of the operations of each program are set out in the supplementary schedules.

All inter-entity balances have been eliminated on consolidation, but in order to present the results of operations for each specific fund, transactions amongst programs have not necessarily been eliminated on the individual schedules.

#### 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 (ranging from 15 to 60 years) on a straight-line basis.

#### Revenue recognition

Revenue is recorded on the accrual basis and amounts received but not earned are recorded as deferred revenue.

#### 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.

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**BRAITHWAITE ESTATES IMPROVEMENT DISTRICT**  
**Notes to Financial Statements**  
**Year Ended December 31, 2017**

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

Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards for governments 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.

2. Tangible Capital Assets

	Cost	Accumulated amortization	<b>2017 Net book value</b>	2016 Net book value
Water works	\$ 1,642,700	\$ 828,231	<b>\$ 814,469</b>	\$ 840,743

3. FINANCIAL INSTRUMENTS

Fair value

The Organization's carrying value of cash and cash equivalents, accounts receivable, prepaid expenses, and accounts payable approximates its fair value due to the immediate or short term maturity of these instruments.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Organization manages exposure through its normal operating and financing activities. The Organization is exposed to interest rate risk primarily through its cash in bank.

4. RELATED PARTY TRANSACTIONS

The following is a summary of the Organization's related party transactions:

	<u>2017</u>	<u>2016</u>
<i>Trustees</i>		
Honoraria	\$ 7,000	\$ 7,000
<i>Account holder</i>		
Wages (system operator)	\$ 3,014	\$ 2,800
	<b>\$ 10,014</b>	<b>\$ 9,800</b>

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by resolution at prior year's AGM.

**BRAITHWAITE ESTATES IMPROVEMENT DISTRICT**  
**Segmented Information**  
**Year Ended December 31, 2017**

	Operations	Backflow Fund	Renewal Reserve Fund	Capital Expenditure Charge Fund	Equity in Capital Assets	2017
<b>REVENUE</b>						
Water tolls	\$ 130,305	\$ -	\$ -	\$ -	\$ -	\$ 130,305
Taxes	54,660	-	-	-	-	54,660
Interest income	-	14	7,967	331	-	8,312
Other income	3,199	-	-	-	-	3,199
	<u>188,164</u>	<u>14</u>	<u>7,967</u>	<u>331</u>	<u>-</u>	<u>196,476</u>
<b>EXPENSES</b>						
Amortization	-	-	-	-	26,274	26,274
Audit fees	4,500	-	-	-	-	4,500
Contractual services	20,639	-	-	-	-	20,639
Honoraria	7,000	-	-	-	-	7,000
Insurance and licenses	12,364	-	-	-	-	12,364
Laboratory fees	3,773	-	-	-	-	3,773
Legal fees	4,510	-	-	-	-	4,510
Office and miscellaneous	5,008	-	-	-	-	5,008
Repairs and maintenance	8,926	-	5,840	-	-	14,766
Telephone	2,863	-	-	-	-	2,863
Training	3,424	-	-	-	-	3,424
Utilities	9,499	-	-	-	-	9,499
Wages and benefits	35,996	-	-	-	-	35,996
	<u>118,502</u>	<u>-</u>	<u>5,840</u>	<u>-</u>	<u>26,274</u>	<u>150,616</u>
	69,662	14	2,127	331	(26,274)	45,860
<b>SURPLUS (DEFICIENCY), BEGINNING OF YEAR</b>	37,356	17,021	503,763	43,173	840,743	1,442,056
Transfers	(56,717)	-	56,717	-	-	-
	<u>(19,361)</u>	<u>17,021</u>	<u>560,480</u>	<u>43,173</u>	<u>840,743</u>	<u>1,442,056</u>
<b>SURPLUS (DEFICIENCY), END OF YEAR</b>	\$ 50,301	\$ 17,035	\$ 562,607	\$ 43,504	\$ 814,469	\$ 1,487,916

**BRAITHWAITE ESTATES IMPROVEMENT DISTRICT**

**Operations**

**(Schedule 1)**

**Year Ended December 31, 2017**

	<b>2017</b>	<b>2016</b>
<b>REVENUE</b>		
Taxes	\$ 54,660	\$ 43,200
Water tolls	130,305	96,883
Other income	3,199	3,771
Interest income	-	55
	<u>188,164</u>	<u>143,909</u>
<b>EXPENSES</b>		
Audit fees	4,500	4,500
Contractual services	20,639	20,034
Honoraria	7,000	7,000
Insurance and licenses	12,364	9,824
Laboratory fees	3,773	4,996
Legal fees	4,510	1,481
Office and miscellaneous	5,008	4,470
Repairs and maintenance	8,926	5,960
Telephone	2,863	2,708
Training	3,424	1,288
Utilities	9,499	8,231
Wages and benefits	35,996	36,084
	<u>118,502</u>	<u>106,576</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>69,662</u>	<u>37,333</u>
<b>SURPLUS (DEFICIENCY), BEGINNING OF YEAR</b>	<u>37,356</u>	<u>57,103</u>
<b>TRANSFERS</b>	<u>(56,717)</u>	<u>(57,080)</u>
<b>SURPLUS (DEFICIENCY), END OF YEAR</b>	<u>\$ 50,301</u>	<u>\$ 37,356</u>

BRAITHWAITE ESTATES IMPROVEMENT DISTRICT

Backflow Fund

(Schedule 2)

Year Ended December 31, 2017

	2017	2016
<b>REVENUE</b>		
Interest income	\$ 14	\$ 21
<b>EXPENSES</b>	-	-
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	14	21
<b>SURPLUS (DEFICIENCY), BEGINNING OF YEAR</b>	17,021	17,000
<b>SURPLUS (DEFICIENCY), END OF YEAR</b>	\$ 17,035	\$ 17,021

**BRAITHWAITE ESTATES IMPROVEMENT DISTRICT****Renewal Reserve Fund  
Year Ended December 31, 2017****(Schedule 3)**

	<u>2017</u>	<u>2016</u>
<b>REVENUE</b>		
Interest income	\$ 7,967	\$ 7,620
<b>EXPENSES</b>		
Repairs and maintenance	5,840	-
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>2,127</u>	<u>7,620</u>
<b>SURPLUS (DEFICIENCY), BEGINNING OF YEAR</b>	<u>503,763</u>	<u>439,063</u>
<b>TRANSFERS</b>	<u>56,717</u>	<u>57,080</u>
<b>SURPLUS (DEFICIENCY), END OF YEAR</b>	<u>\$ 562,607</u>	<u>\$ 503,763</u>

BRAITHWAITE ESTATES IMPROVEMENT DISTRICT

Capital Expenditure Charge Fund

(Schedule 4)

Year Ended December 31, 2017

	2017	2016
<b>REVENUE</b>		
Other income	\$ -	\$ 7,565
Interest income	331	662
	<u>331</u>	<u>8,227</u>
<b>EXPENSES</b>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>331</u>	<u>8,227</u>
<b>SURPLUS (DEFICIENCY), BEGINNING OF YEAR</b>	<u>43,173</u>	<u>34,946</u>
<b>SURPLUS (DEFICIENCY), END OF YEAR</b>	<u>\$ 43,504</u>	<u>\$ 43,173</u>

**BRAITHWAITE ESTATES IMPROVEMENT DISTRICT**

**Equity in Capital Assets**

**(Schedule 5)**

**Year Ended December 31, 2017**

	<b>2017</b>	<b>2016</b>
<b>REVENUE</b>	<b>\$ -</b>	<b>\$ -</b>
<b>EXPENSES</b>		
Amortization of Tangible Capital Assets	<u>26,274</u>	<u>18,246</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>(26,274)</u>	<u>(18,246)</u>
<b>SURPLUS (DEFICIENCY), BEGINNING OF YEAR</b>	<u>840,743</u>	<u>822,689</u>
<b>TRANSFERS</b>		
Transfer to fund Tangible Capital Assets acquisitions	<u>-</u>	<u>36,300</u>
<b>SURPLUS (DEFICIENCY), END OF YEAR</b>	<u><b>\$ 814,469</b></u>	<u><b>\$ 840,743</b></u>