

BRAITHWAITE ESTATES IMPROVEMENT DISTRICT
Financial Statements
Year Ended December 31, 2015

BRAITHWAITE ESTATES IMPROVEMENT DISTRICT
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Year Ended December 31, 2015

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INDEPENDENT AUDITOR'S REPORT

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, 2015, 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, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



White Rock, British Columbia
March 17, 2016

CHARTERED PROFESSIONAL ACCOUNTANTS LLP

BRAITHWAITE ESTATES IMPROVEMENT DISTRICT

Statement of Financial Position

December 31, 2015

	2015	2014
FINANCIAL ASSETS		
Cash	\$ 78,539	\$ 153,734
Term deposits	461,999	504,158
Accounts receivable	5,835	1,421
Interest receivable	2,846	3,635
Goods and services tax recoverable	8,371	7,091
	<u>557,590</u>	<u>670,039</u>
LIABILITIES		
Accounts payable and accrued liabilities	5,990	15,984
Wages payable	672	553
Deferred income	4,322	2,500
	<u>10,984</u>	<u>19,037</u>
NET FINANCIAL ASSETS	<u>546,606</u>	<u>651,002</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	1,509	1,464
Tangible Capital Assets (Note 2)	822,689	739,977
	<u>824,198</u>	<u>741,441</u>
ACCUMULATED SURPLUS	<u>\$ 1,370,804</u>	<u>\$ 1,392,443</u>

BRAITHWAITE ESTATES IMPROVEMENT DISTRICT**Statement of Operations****Year Ended December 31, 2015**

	2015	2014
REVENUE		
Interest income	\$ 9,379	\$ 8,434
Taxes	34,460	34,040
Water tolls	93,193	89,660
Other income	12,924	8,256
	<u>149,956</u>	<u>140,390</u>
EXPENSES		
Amortization of property, plant and equipment	78,988	13,017
Audit fees	4,500	4,500
Contractual services	150,390	84,885
Honoraria	7,000	7,000
Insurance and licenses	9,379	9,137
Laboratory fees	6,985	5,416
Legal fees	7,835	-
Master plan	-	1,234
Office and miscellaneous	6,890	4,703
Repairs and maintenance	7,053	8,309
Telephone	2,725	2,656
Training	1,040	2,453
Utilities	7,462	7,058
Wages and benefits	43,048	40,246
	<u>333,295</u>	<u>190,614</u>
DEFICIENCY OF REVENUE OVER EXPENSES FROM OPERATIONS	(183,339)	(50,224)
TRANSFERS		
Transfer to fund property, plant and equipment acquisitions	161,700	4,000
ANNUAL SURPLUS	\$ (21,639)	\$ (46,224)

See notes to financial statements

Anton, Bryson & Schindler Chartered Professional Accountants LLP

BRAITHWAITE ESTATES IMPROVEMENT DISTRICT
Statement of Changes in Net Financial Assets
Year Ended December 31, 2015

	2015	2014
ANNUAL SURPLUS	\$ (21,639)	\$ (46,224)
Amortization of property, plant and equipment	78,988	13,017
Prepaid expenses	(45)	(18)
Purchase of property, plant and equipment	(161,700)	(4,000)
	<u>(82,757)</u>	<u>8,999</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(104,396)	(37,225)
Net financial assets, beginning of year	<u>651,002</u>	<u>688,227</u>
NET FINANCIAL ASSETS, END OF YEAR	\$ 546,606	\$ 651,002

BRAITHWAITE ESTATES IMPROVEMENT DISTRICT

Statement of Cash Flows

Year Ended December 31, 2015

	2015	2014
OPERATING ACTIVITIES		
Deficiency of revenue over expenses	\$ (21,639)	\$ (46,224)
Item not affecting cash:		
Amortization of property, plant and equipment	78,988	13,017
	<u>57,349</u>	<u>(33,207)</u>
Changes in non-cash working capital:		
Accounts receivable	(4,414)	(175)
Interest receivable	789	8,122
Accounts payable and accrued liabilities	(9,994)	(1,095)
Deferred income	1,822	-
Prepaid expenses	(45)	(18)
Goods and services tax payable (recoverable)	(1,280)	(4,965)
Wages payable	119	109
	<u>(13,003)</u>	<u>1,978</u>
Cash flow from (used by) operating activities	<u>44,346</u>	<u>(31,229)</u>
INVESTING ACTIVITY		
Purchase of property, plant and equipment	<u>(161,700)</u>	<u>(4,000)</u>
DECREASE IN CASH FLOW	(117,354)	(35,229)
Cash - beginning of year	<u>657,892</u>	<u>693,119</u>
CASH - END OF YEAR	\$ 540,538	\$ 657,890
CASH FLOWS SUPPLEMENTARY INFORMATION		
Interest received	<u>\$ 10,168</u>	<u>\$ 8,434</u>
Interest paid	<u>\$ -</u>	<u>\$ -</u>
CASH CONSISTS OF:		
Cash	\$ 78,539	\$ 153,734
Term deposits	<u>461,999</u>	<u>504,158</u>
	<u>\$ 540,538</u>	<u>\$ 657,892</u>

See notes to financial statements

Anton, Bryson & Schindler Chartered Professional Accountants LLP

BRAITHWAITE ESTATES IMPROVEMENT DISTRICT

Notes to Financial Statements

Year Ended December 31, 2015

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.

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 50 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, 2015

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	2015 Net book value	2014 Net book value
Water works	\$ 1,606,400	\$ 783,711	\$ 822,689	\$ 739,977

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:

	2015	2014
<i>Trustees</i>		
Honoraria	\$ 7,000	\$ 7,000
<i>Account holder</i>		
Wages (system operator)	\$ 3,383	\$ -
	<u>\$ 10,383</u>	<u>\$ 7,000</u>

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 the related parties and approved by the board.

BRAITHWAITE ESTATES IMPROVEMENT DISTRICT
Segmented Information
Year Ended December 31, 2015

	Operations	Backflow Fund	Renewal Reserve Fund	Capital Expenditure Charge Fund	Tangible Capital Assets	2015
REVENUE						
Water tolls	\$ 93,193	\$ -	\$ -	\$ -	\$ -	\$ 93,193
Taxes	34,460	-	-	-	-	34,460
Interest income	342	25	7,783	1,229	-	9,379
Other income	2,924	-	-	10,000	-	12,924
	130,919	25	7,783	11,229	-	149,956
EXPENSES						
Amortization	-	-	-	-	78,988	78,988
Audit fees	4,500	-	-	-	-	4,500
Contractual services	19,062	-	92,047	39,281	-	150,390
Honoraria	7,000	-	-	-	-	7,000
Insurance and licenses	9,379	-	-	-	-	9,379
Laboratory fees	6,985	-	-	-	-	6,985
Legal fees	7,835	-	-	-	-	7,835
Office and miscellaneous	6,890	-	-	-	-	6,890
Repairs and maintenance	6,303	749	-	-	-	7,052
Telephone	2,725	-	-	-	-	2,725
Training	1,040	-	-	-	-	1,040
Utilities	7,462	-	-	-	-	7,462
Wages and benefits	43,048	-	-	-	-	43,048
	122,229	749	92,047	39,281	78,988	333,294
	8,690	(724)	(84,264)	(28,052)	(78,988)	(183,338)
SURPLUS (DEFICIENCY), BEGINNING OF YEAR						
Transfers	94,679	17,724	477,064	62,998	739,977	1,392,442
Transfer to fund property, plant and equipment acquisitions	(46,263)	-	46,263	-	-	-
	48,416	17,724	523,327	62,998	161,700	161,700
	57,106	\$ 17,000	\$ 439,063	\$ 34,946	\$ 822,689	\$ 1,370,804

BRAITHWAITE ESTATES IMPROVEMENT DISTRICT**Operations****(Schedule 1)****Year Ended December 31, 2015**

	2015	2014
REVENUE		
Taxes	\$ 34,460	\$ 34,040
Water tolls	93,193	89,660
Other income	2,924	3,256
Interest income	342	514
	<u>130,919</u>	<u>127,470</u>
EXPENSES		
Audit fees	4,500	4,500
Contractual services	19,062	18,545
Honoraria	7,000	7,000
Insurance and licenses	9,379	9,137
Laboratory fees	6,985	5,416
Legal fees	7,835	-
Office and miscellaneous	6,890	4,703
Repairs and maintenance	6,303	5,590
Telephone	2,725	2,656
Training	1,040	2,453
Utilities	7,462	7,058
Wages and benefits	43,048	40,246
	<u>122,229</u>	<u>107,304</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>8,690</u>	<u>20,166</u>
SURPLUS (DEFICIENCY), BEGINNING OF YEAR	<u>94,679</u>	<u>106,421</u>
TRANSFERS	<u>(46,263)</u>	<u>(31,908)</u>
SURPLUS (DEFICIENCY), END OF YEAR	<u>\$ 57,106</u>	<u>\$ 94,679</u>

See notes to financial statements

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BRAITHWAITE ESTATES IMPROVEMENT DISTRICT**Backflow Fund****(Schedule 2)****Year Ended December 31, 2015**

	2015	2014
REVENUE		
Interest income	<u>\$ 25</u>	<u>\$ 41</u>
EXPENSES		
Repairs and maintenance	<u>749</u>	<u>2,719</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>(724)</u>	<u>(2,678)</u>
SURPLUS (DEFICIENCY), BEGINNING OF YEAR	<u>17,724</u>	<u>20,402</u>
SURPLUS (DEFICIENCY), END OF YEAR	<u>\$ 17,000</u>	<u>\$ 17,724</u>

BRAITHWAITE ESTATES IMPROVEMENT DISTRICT**Renewal Reserve Fund****(Schedule 3)****Year Ended December 31, 2015**

	<u>2015</u>	<u>2014</u>
REVENUE		
Interest income	\$ 7,783	\$ 6,352
EXPENSES		
Contractual services	<u>92,047</u>	<u>48,495</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>(84,264)</u>	<u>(42,143)</u>
SURPLUS (DEFICIENCY), BEGINNING OF YEAR	<u>477,064</u>	<u>487,299</u>
TRANSFERS	<u>46,263</u>	<u>31,908</u>
SURPLUS (DEFICIENCY), END OF YEAR	<u>\$ 439,063</u>	<u>\$ 477,064</u>

BRAITHWAITE ESTATES IMPROVEMENT DISTRICT**Capital Expenditure Charge Fund****(Schedule 4)****Year Ended December 31, 2015**

	2015	2014
REVENUE		
Other income	\$ 10,000	\$ 5,000
Interest income	1,229	1,528
	<u>11,229</u>	<u>6,528</u>
EXPENSES		
Contractual services	39,281	17,845
Master plan	-	1,234
	<u>39,281</u>	<u>19,079</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>(28,052)</u>	<u>(12,551)</u>
SURPLUS (DEFICIENCY), BEGINNING OF YEAR	<u>62,998</u>	<u>75,549</u>
SURPLUS (DEFICIENCY), END OF YEAR	<u>\$ 34,946</u>	<u>\$ 62,998</u>

BRAITHWAITE ESTATES IMPROVEMENT DISTRICT**Equity in Capital Assets****(Schedule 5)****Year Ended December 31, 2015**

	2015	2014
REVENUE	\$ -	\$ -
EXPENSES		
Amortization of property, plant and equipment	78,988	13,017
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(78,988)	(13,017)
SURPLUS (DEFICIENCY), BEGINNING OF YEAR	739,977	748,994
TRANSFERS		
Transfer to fund property, plant and equipment acquisitions	161,700	4,000
SURPLUS (DEFICIENCY), END OF YEAR	\$ 822,689	\$ 739,977