

**BRAITHWAITE ESTATES IMPROVEMENT DISTRICT**  
**Financial Statements**  
**Year Ended December 31, 2016**

**BRAITHWAITE ESTATES IMPROVEMENT DISTRICT**  
**Index to Financial Statements**  
**Year Ended December 31, 2016**

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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, 2016, 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, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Nanaimo, British Columbia  
March 23, 2017

CHARTERED PROFESSIONAL ACCOUNTANTS LLP

**BRAITHWAITE ESTATES IMPROVEMENT DISTRICT**  
**Statement of Financial Position**  
**December 31, 2016**

	2016	2015
<b>FINANCIAL ASSETS</b>		
Cash	\$ 186,746	\$ 78,539
Term deposits	405,213	461,999
Accounts receivable	4,042	5,835
Interest receivable	2,269	2,846
Goods and services tax recoverable	10,164	8,371
	<u>608,434</u>	<u>557,590</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	5,108	5,990
Wages payable	614	672
Deferred income	3,000	4,322
	<u>8,722</u>	<u>10,984</u>
<b>NET FINANCIAL ASSETS</b>	<u>599,712</u>	<u>546,606</u>
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses	1,601	1,509
Tangible Capital Assets (Note 2)	840,743	822,689
	<u>842,344</u>	<u>824,198</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 1,442,056</u>	<u>\$ 1,370,804</u>

**ON BEHALF OF THE BOARD**

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

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

**BRAITHWAITE ESTATES IMPROVEMENT DISTRICT**  
**Statement of Operations**  
**Year Ended December 31, 2016**

	2016	2015
<b>REVENUE</b>		
Interest income	\$ 8,357	\$ 9,379
Taxes	43,200	34,460
Water tolls	96,883	93,193
Other income	11,336	12,924
	<u>159,776</u>	<u>149,956</u>
<b>EXPENSES</b>		
Amortization of Tangible Capital Assets	18,246	78,988
Audit fees	4,500	4,500
Contractual services	20,034	150,390
Honoraria	7,000	7,000
Insurance and licenses	9,824	9,379
Laboratory fees	4,996	6,985
Legal fees	1,481	7,835
Office and miscellaneous	4,470	6,890
Repairs and maintenance	5,960	7,053
Telephone	2,708	2,725
Training	1,288	1,040
Utilities	8,231	7,462
Wages and benefits	36,084	43,048
	<u>124,822</u>	<u>333,295</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FROM OPERATIONS</b>	<b>34,954</b>	<b>(183,339)</b>
<b>TRANSFERS</b>		
Transfer to fund Tangible Capital Asset acquisitions	36,300	161,700
<b>ANNUAL SURPLUS</b>	<b>\$ 71,254</b>	<b>\$ (21,639)</b>

**BRAITHWAITE ESTATES IMPROVEMENT DISTRICT**  
**Statement of Changes in Net Financial Assets**  
**Year Ended December 31, 2016**

	2016	2015
<b>ANNUAL SURPLUS</b>	<b>\$ 71,254</b>	<b>\$ (21,639)</b>
Amortization	18,246	78,988
Prepaid expenses	(92)	(45)
Purchase of Tangible Capital Assets	<u>(36,300)</u>	<u>(161,700)</u>
	<u>(18,146)</u>	<u>(82,757)</u>
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	<b>53,107</b>	<b>(104,396)</b>
Net financial assets, beginning of year	<u>546,606</u>	<u>651,002</u>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>\$ 599,713</b>	<b>\$ 546,606</b>

**BRAITHWAITE ESTATES IMPROVEMENT DISTRICT**  
**Statement of Cash Flows**  
**Year Ended December 31, 2016**

	2016	2015
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenses	\$ 71,254	\$ (21,639)
Item not affecting cash:		
Amortization of Tangible Capital Assets	18,246	78,988
	<u>89,500</u>	<u>57,349</u>
Changes in non-cash working capital:		
Accounts receivable	1,793	(4,414)
Interest receivable	577	789
Accounts payable and accrued liabilities	(884)	(9,994)
Deferred income	(1,322)	1,822
Prepaid expenses	(92)	(45)
Goods and services tax payable (recoverable)	(1,793)	(1,280)
Wages payable	(58)	119
	<u>(1,779)</u>	<u>(13,003)</u>
Cash flow from operating activities	<u>87,721</u>	<u>44,346</u>
<b>INVESTING ACTIVITY</b>		
Purchase of Tangible Capital Assets	<u>(36,300)</u>	<u>(161,700)</u>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>51,421</b>	<b>(117,354)</b>
Cash - beginning of year	<u>540,538</u>	<u>657,892</u>
<b>CASH - END OF YEAR</b>	<b>\$ 591,959</b>	<b>\$ 540,538</b>
<b>CASH FLOWS SUPPLEMENTARY INFORMATION</b>		
Interest received	<u>\$ 8,358</u>	<u>\$ 10,168</u>
Interest paid	<u>\$ -</u>	<u>\$ -</u>
<b>CASH CONSISTS OF:</b>		
Cash	\$ 186,746	\$ 78,539
Term deposits	<u>405,213</u>	<u>461,999</u>
	<b>\$ 591,959</b>	<b>\$ 540,538</b>



# BRAITHWAITE ESTATES IMPROVEMENT DISTRICT

## Notes to Financial Statements

Year Ended December 31, 2016

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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, 2016**

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	2016 Net book value	2015 Net book value
Water works	\$ 1,642,700	\$ 801,957	\$ 840,743	\$ 822,689

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:

	2016	2015
<i>Trustees</i>		
Honoraria	\$ 7,000	\$ 7,000
<i>Account holder</i>		
Wages (system operator)	\$ 2,800	\$ 3,383
	\$ 9,800	\$ 10,383

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, 2016**

	Operations	Backflow Fund	Renewal Reserve Fund	Capital Expenditure Charge Fund	Tangible Capital Assets	2016
<b>REVENUE</b>						
Water tolls	\$ 96,883	\$ -	\$ -	\$ -	\$ -	\$ 96,883
Taxes	43,200	-	-	-	-	43,200
Interest income	54	21	7,620	662	-	8,357
Other income	3,771	-	-	7,565	-	11,336
	<u>143,908</u>	<u>21</u>	<u>7,620</u>	<u>8,227</u>	<u>-</u>	<u>159,776</u>
<b>EXPENSES</b>						
Amortization of Tangible Capital Assets					18,246	18,246
Audit fees	4,500	-	-	-	-	4,500
Contractual services	20,034	-	-	-	-	20,034
Honoraria	7,000	-	-	-	-	7,000
Insurance and licenses	9,824	-	-	-	-	9,824
Laboratory fees	4,996	-	-	-	-	4,996
Legal fees	1,481	-	-	-	-	1,481
Office and miscellaneous	4,470	-	-	-	-	4,470
Repairs and maintenance	5,960	-	-	-	-	5,960
Telephone	2,708	-	-	-	-	2,708
Training	1,288	-	-	-	-	1,288
Utilities	8,231	-	-	-	-	8,231
Wages and benefits	36,084	-	-	-	-	36,084
	<u>106,576</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,246</u>	<u>124,322</u>
	<u>37,332</u>	<u>21</u>	<u>7,620</u>	<u>8,227</u>	<u>(18,246)</u>	<u>34,954</u>
<b>SURPLUS (DEFICIENCY), BEGINNING OF YEAR</b>						
Transfers	57,104	17,000	439,063	34,946	822,689	1,370,802
Transfer to fund Tangible Capital Asset acquisitions	(57,080)	-	57,080	-	-	-
	<u>24</u>	<u>17,000</u>	<u>496,143</u>	<u>34,946</u>	<u>858,989</u>	<u>1,407,102</u>
	<u>37,356</u>	<u>17,021</u>	<u>503,763</u>	<u>43,173</u>	<u>840,743</u>	<u>1,442,056</u>

**BRAITHWAITE ESTATES IMPROVEMENT DISTRICT****Operations****(Schedule 1)****Year Ended December 31, 2016**

	<b>2016</b>	<b>2015</b>
<b>REVENUE</b>		
Taxes	\$ 43,200	\$ 34,460
Water tolls	96,883	93,193
Other income	3,771	2,924
Interest income	54	342
	<u>143,908</u>	<u>130,919</u>
<b>EXPENSES</b>		
Audit fees	4,500	4,500
Contractual services	20,034	19,062
Honoraria	7,000	7,000
Insurance and licenses	9,824	9,379
Laboratory fees	4,996	6,985
Legal fees	1,481	7,835
Office and miscellaneous	4,470	6,890
Repairs and maintenance	5,960	6,303
Telephone	2,708	2,725
Training	1,288	1,040
Utilities	8,231	7,462
Wages and benefits	36,084	43,048
	<u>106,576</u>	<u>122,229</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>37,332</u>	<u>8,690</u>
<b>SURPLUS (DEFICIENCY), BEGINNING OF YEAR</b>	<u>57,104</u>	<u>94,677</u>
<b>TRANSFERS</b>	<u>(57,080)</u>	<u>(46,263)</u>
<b>SURPLUS (DEFICIENCY), END OF YEAR</b>	<u>\$ 37,356</u>	<u>\$ 57,104</u>

See notes to financial statements

Anton, Bryson &amp; Schindler Chartered Professional Accountants LLP

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**BRAITHWAITE ESTATES IMPROVEMENT DISTRICT****Backflow Fund****(Schedule 2)****Year Ended December 31, 2016**

	<u>2016</u>	<u>2015</u>
<b>REVENUE</b>		
Interest income	\$ 21	\$ 25
<b>EXPENSES</b>		
Repairs and maintenance	-	749
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>21</u>	<u>(724)</u>
<b>SURPLUS (DEFICIENCY), BEGINNING OF YEAR</b>	<u>17,000</u>	<u>17,724</u>
<b>SURPLUS (DEFICIENCY), END OF YEAR</b>	<u>\$ 17,021</u>	<u>\$ 17,000</u>

**BRAITHWAITE ESTATES IMPROVEMENT DISTRICT****Renewal Reserve Fund****(Schedule 3)****Year Ended December 31, 2016**

	<b>2016</b>	<b>2015</b>
<b>REVENUE</b>		
Interest income	<u>\$ 7,620</u>	<u>\$ 7,783</u>
<b>EXPENSES</b>		
Contractual services	<u>-</u>	<u>92,047</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>7,620</u>	<u>(84,264)</u>
<b>SURPLUS (DEFICIENCY), BEGINNING OF YEAR</b>	<u>439,063</u>	<u>477,064</u>
<b>TRANSFERS</b>	<u>57,080</u>	<u>46,263</u>
<b>SURPLUS (DEFICIENCY), END OF YEAR</b>	<u>\$ 503,763</u>	<u>\$ 439,063</u>

**BRAITHWAITE ESTATES IMPROVEMENT DISTRICT**

**Capital Expenditure Charge Fund**

**(Schedule 4)**

**Year Ended December 31, 2016**

	<b>2016</b>	<b>2015</b>
<b>REVENUE</b>		
Other income	\$ 7,565	\$ 10,000
Interest income	662	1,229
	<u>8,227</u>	<u>11,229</u>
<b>EXPENSES</b>		
Contractual services	-	39,281
	<u>8,227</u>	<u>(28,052)</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>8,227</u>	<u>(28,052)</u>
<b>SURPLUS (DEFICIENCY), BEGINNING OF YEAR</b>	<u>34,946</u>	<u>62,998</u>
<b>SURPLUS (DEFICIENCY), END OF YEAR</b>	<u>\$ 43,173</u>	<u>\$ 34,946</u>

**BRAITHWAITE ESTATES IMPROVEMENT DISTRICT****Equity in Capital Assets****(Schedule 5)****Year Ended December 31, 2016**

	<b>2016</b>	<b>2015</b>
<b>REVENUE</b>	<b>\$ -</b>	<b>\$ -</b>
<b>EXPENSES</b>		
Amortization of Tangible Capital Assets	<u>18,246</u>	<u>78,988</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>(18,246)</u>	<u>(78,988)</u>
<b>SURPLUS (DEFICIENCY), BEGINNING OF YEAR</b>	<u>822,689</u>	<u>739,977</u>
<b>TRANSFERS</b>		
Transfer to fund Tangible Capital Asset acquisitions	<u>36,300</u>	<u>161,700</u>
<b>SURPLUS (DEFICIENCY), END OF YEAR</b>	<u><b>\$ 840,743</b></u>	<u><b>\$ 822,689</b></u>