

**BRAITHWAITE ESTATES IMPROVEMENT DISTRICT**  
**Financial Statements**  
**Year Ended December 31, 2014**

**BRAITHWAITE ESTATES IMPROVEMENT DISTRICT**  
**Index to Financial Statements**  
**Year Ended December 31, 2014**

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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, 2014, 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, 2014 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 19, 2015

CHARTERED ACCOUNTANTS LLP

**BRAITHWAITE ESTATES IMPROVEMENT DISTRICT**  
**Statement of Financial Position**  
**December 31, 2014**

	2014	2013
<b>FINANCIAL ASSETS</b>		
Cash	\$ 153,734	\$ 226,706
Term deposits	504,158	466,413
Accounts receivable	1,421	1,246
Interest receivable	3,635	11,757
Goods and services tax recoverable	7,091	2,126
	<u>670,039</u>	<u>708,248</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	16,538	17,522
Deferred income	2,500	2,500
	<u>19,038</u>	<u>20,022</u>
<b>NET FINANCIAL ASSETS</b>	<u>651,001</u>	<u>688,226</u>
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses	1,468	1,449
Tangible Capital Assets ( <i>Note 2</i> )	739,977	748,994
	<u>741,445</u>	<u>750,443</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 1,392,446</u>	<u>\$ 1,438,669</u>

**BRAITHWAITE ESTATES IMPROVEMENT DISTRICT**  
**Statement of Operations**  
**Year Ended December 31, 2014**

	2014	2013
<b>REVENUE</b>		
Interest income	\$ 8,434	\$ 10,710
Taxes	34,040	33,970
Water tolls	89,660	85,956
Other income	8,256	7,969
	<u>140,390</u>	<u>138,605</u>
<b>EXPENSES</b>		
Amortization of property, plant and equipment	13,017	42,089
Audit fees	4,500	4,400
Contractual services	84,885	18,167
Honoraria	7,000	7,000
Insurance and licenses	9,137	8,830
Laboratory fees	5,416	2,300
Master plan	1,234	7,000
Office and miscellaneous	4,703	3,526
Repairs and maintenance	8,309	7,666
Telephone	2,656	2,933
Training	2,453	410
Utilities	7,058	5,957
Wages and benefits	40,246	33,697
	<u>190,614</u>	<u>143,975</u>
<b>DEFICIENCY OF REVENUE OVER EXPENSES FROM OPERATIONS</b>	<u>(50,224)</u>	<u>(5,370)</u>
<b>TRANSFERS</b>		
Transfer to fund property, plant and equipment acquisitions	4,000	35,000
Transfers	-	(18,546)
	<u>4,000</u>	<u>16,454</u>
<b>ANNUAL SURPLUS</b>	<u>\$ (46,224)</u>	<u>\$ 11,084</u>

**BRAITHWAITE ESTATES IMPROVEMENT DISTRICT**  
**Statement of Changes in Net Financial Assets**  
**Year Ended December 31, 2014**

	2014	2013
<b>ANNUAL SURPLUS</b>	<b>\$ (46,224)</b>	<b>\$ 11,084</b>
Amortization of property, plant and equipment	13,017	42,089
Prepaid expenses	(18)	(7)
Purchase of property, plant and equipment	(4,000)	(35,000)
	<u>8,999</u>	<u>7,082</u>
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	<b>(37,225)</b>	<b>18,165</b>
Net financial assets, beginning of year	<u>688,226</u>	<u>670,061</u>
	<b>\$ 651,001</b>	<b>\$ 688,226</b>

**BRAITHWAITE ESTATES IMPROVEMENT DISTRICT**  
**Statement of Cash Flows**  
**Year Ended December 31, 2014**

	2014	2013
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenses	\$ (46,224)	\$ 11,084
Item not affecting cash:		
Amortization of property, plant and equipment	13,017	42,089
	<u>(33,207)</u>	<u>53,173</u>
Changes in non-cash working capital:		
Accounts receivable	(175)	4,317
Interest receivable	8,122	(1,945)
Accounts payable and accrued liabilities	(985)	14,897
Prepaid expenses	(18)	(7)
Goods and services tax payable (recoverable)	(4,965)	3,122
	<u>1,979</u>	<u>20,384</u>
Cash flow from (used by) operating activities	<u>(31,228)</u>	<u>73,557</u>
<b>INVESTING ACTIVITY</b>		
Purchase of property, plant and equipment	<u>(4,000)</u>	<u>(35,000)</u>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>(35,228)</b>	<b>38,557</b>
Cash - beginning of year	<u>693,119</u>	<u>654,562</u>
<b>CASH - END OF YEAR</b>	<b>\$ 657,891</b>	<b>\$ 693,119</b>
<b>CASH FLOWS SUPPLEMENTARY INFORMATION</b>		
Interest received	<u>\$ 8,434</u>	<u>\$ 10,710</u>
Interest paid	<u>\$ -</u>	<u>\$ -</u>
<b>CASH CONSISTS OF:</b>		
Cash	\$ 153,734	\$ 226,706
Term deposits	<u>504,157</u>	<u>466,413</u>
	<u>\$ 657,891</u>	<u>\$ 693,119</u>



# BRAITHWAITE ESTATES IMPROVEMENT DISTRICT

## Notes to Financial Statements

Year Ended December 31, 2014

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### NATURE OF OPERATIONS

BRAITHWAITE ESTATES IMPROVEMENT DISTRICT (the "organization") is incorporated under the Local Government Act (BC) Part 23. 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 generally accepted accounting principles 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, 2014**

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

Measurement uncertainty

The preparation of financial statements in conformity with generally accepted accounting principles 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	2014 Net book value	2013 Net book value
Water works	\$ 1,444,700	\$ 704,723	\$ 739,977	\$ 748,994

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.

The carrying value of the demand loan approximates the fair value as the interest rates are consistent with the current rates offered to the organization for debt with similar terms.

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 floating interest rate demand loan.

4. RELATED PARTY TRANSACTIONS

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

	2014	2013
<i>Trustees</i> Honoraria	\$ 7,000	\$ 7,000
	\$ 7,000	\$ 7,000

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, 2014**

	Operations	Backflow Fund	Renewal Reserve Fund	Capital Expenditure Charge Fund	Tangible Capital Assets	2014
<b>REVENUE</b>						
Water tolls	\$ 89,660	\$ -	\$ -	\$ -	\$ -	\$ 89,660
Taxes	34,040	-	-	-	-	34,040
Interest income	514	41	6,352	1,528	-	8,435
Other income	3,256	-	-	5,000	-	8,256
	<u>127,470</u>	<u>41</u>	<u>6,352</u>	<u>6,528</u>	<u>-</u>	<u>140,391</u>
<b>EXPENSES</b>						
Amortization	-	-	-	-	13,017	13,017
Audit fees	4,500	-	-	-	-	4,500
Contractual services	18,545	-	48,495	17,845	-	84,885
Honoraria	7,000	-	-	-	-	7,000
Insurance and licenses	9,137	-	-	-	-	9,137
Laboratory fees	5,416	-	-	-	-	5,416
Master plan	-	-	-	1,234	-	1,234
Office and miscellaneous	4,703	-	-	-	-	4,703
Repairs and maintenance	5,590	2,719	-	-	-	8,309
Telephone	2,656	-	-	-	-	2,656
Training	2,453	-	-	-	-	2,453
Utilities	7,058	-	-	-	-	7,058
Wages and benefits	40,246	-	-	-	-	40,246
	<u>107,304</u>	<u>2,719</u>	<u>48,495</u>	<u>19,079</u>	<u>13,017</u>	<u>190,614</u>
	<u>20,166</u>	<u>(2,678)</u>	<u>(42,143)</u>	<u>(12,551)</u>	<u>(13,017)</u>	<u>(50,223)</u>
<b>SURPLUS (DEFICIT) BEGINNING OF YEAR</b>						
Transfers	106,424	20,403	487,299	75,549	748,994	1,438,669
Transfer to fund property, plant and equipment acquisitions	(31,908)	-	31,908	-	-	-
	<u>74,516</u>	<u>20,403</u>	<u>519,207</u>	<u>75,549</u>	<u>752,994</u>	<u>1,442,669</u>
	<u>\$ 94,682</u>	<u>\$ 17,725</u>	<u>\$ 477,064</u>	<u>\$ 62,998</u>	<u>\$ 739,977</u>	<u>\$ 1,392,446</u>

See notes to financial statements  
 Morine & Co. Chartered Accountants LLP

**BRAITHWAITE ESTATES IMPROVEMENT DISTRICT****Operations****(Schedule 1)****Year Ended December 31, 2014**

	<b>2014</b>	<b>2013</b>
<b>REVENUE</b>		
Taxes	<b>\$ 34,040</b>	<b>\$ 33,970</b>
Water tolls	<b>89,660</b>	<b>85,956</b>
Other income	<b>3,256</b>	<b>2,969</b>
Interest income	<b>514</b>	<b>916</b>
	<b>127,470</b>	<b>123,811</b>
<b>EXPENSES</b>		
Audit fees	<b>4,500</b>	<b>4,400</b>
Contractual services	<b>18,545</b>	<b>18,167</b>
Honoraria	<b>7,000</b>	<b>7,000</b>
Insurance and licenses	<b>9,137</b>	<b>8,830</b>
Laboratory fees	<b>5,416</b>	<b>2,300</b>
Office and miscellaneous	<b>4,703</b>	<b>3,526</b>
Repairs and maintenance	<b>5,590</b>	<b>7,666</b>
Telephone	<b>2,656</b>	<b>2,933</b>
Training	<b>2,453</b>	<b>410</b>
Utilities	<b>7,058</b>	<b>5,957</b>
Wages and benefits	<b>40,246</b>	<b>33,697</b>
	<b>107,304</b>	<b>94,886</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<b>20,166</b>	<b>28,925</b>
<b>SURPLUS (DEFICIENCY), BEGINNING OF YEAR</b>	<b>106,424</b>	<b>104,852</b>
<b>TRANSFERS</b>	<b>(31,908)</b>	<b>(27,353)</b>
<b>SURPLUS (DEFICIENCY), END OF YEAR</b>	<b>\$ 94,682</b>	<b>\$ 106,424</b>

**BRAITHWAITE ESTATES IMPROVEMENT DISTRICT****Backflow Fund****(Schedule 2)****Year Ended December 31, 2014**

	<u>2014</u>	<u>2013</u>
<b>REVENUE</b>		
Interest income	\$ 41	\$ 41
<b>EXPENSES</b>		
Repairs and maintenance	<u>2,719</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>(2,678)</u>	<u>41</u>
<b>SURPLUS (DEFICIENCY), BEGINNING OF YEAR</b>	<u>20,403</u>	<u>20,068</u>
<b>TRANSFERS</b>	<u>-</u>	<u>294</u>
<b>SURPLUS (DEFICIENCY), END OF YEAR</b>	<u>\$ 17,725</u>	<u>\$ 20,403</u>

**BRAITHWAITE ESTATES IMPROVEMENT DISTRICT****Renewal Reserve Fund****(Schedule 3)****Year Ended December 31, 2014**

	<u>2014</u>	<u>2013</u>
<b>REVENUE</b>		
Interest income	<u>\$ 6,352</u>	<u>\$ 8,160</u>
<b>EXPENSES</b>		
Contractual services	<u>48,495</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>(42,143)</u>	<u>8,160</u>
<b>SURPLUS (DEFICIENCY), BEGINNING OF YEAR</b>	<u>487,299</u>	<u>450,552</u>
<b>TRANSFERS</b>	<u>31,908</u>	<u>28,587</u>
<b>SURPLUS (DEFICIENCY), END OF YEAR</b>	<u>\$ 477,064</u>	<u>\$ 487,299</u>

**BRAITHWAITE ESTATES IMPROVEMENT DISTRICT****Capital Expenditure Charge Fund****(Schedule 4)****Year Ended December 31, 2014**

	2014	2013
<b>REVENUE</b>		
Other income	\$ 5,000	\$ 5,000
Interest income	1,528	1,593
	<u>6,528</u>	<u>6,593</u>
<b>EXPENSES</b>		
Contractual services	17,845	-
Master plan	1,234	7,000
	<u>19,079</u>	<u>7,000</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>(12,551)</u>	<u>(407)</u>
<b>SURPLUS (DEFICIENCY), BEGINNING OF YEAR</b>	<u>75,549</u>	<u>96,029</u>
<b>TRANSFERS</b>	<u>-</u>	<u>(20,073)</u>
<b>SURPLUS (DEFICIENCY), END OF YEAR</b>	<u>\$ 62,998</u>	<u>\$ 75,549</u>

**BRAITHWAITE ESTATES IMPROVEMENT DISTRICT**  
**Equity in Capital Assets**  
**Year Ended December 31, 2014**

**(Schedule 5)**

	<u>2014</u>	<u>2013</u>
<b>REVENUE</b>	<u>\$ -</u>	<u>\$ -</u>
<b>EXPENSES</b>		
Amortization	<u>13,017</u>	<u>42,089</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>(13,017)</u>	<u>(42,089)</u>
<b>SURPLUS (DEFICIENCY), BEGINNING OF YEAR</b>	<u>748,994</u>	<u>756,083</u>
Transfer to fund property, plant and equipment acquisitions	<u>4,000</u>	<u>35,000</u>
<b>SURPLUS (DEFICIENCY), END OF YEAR</b>	<u>\$ 739,977</u>	<u>\$ 748,994</u>