

BRAITHWAITE ESTATES IMPROVEMENT DISTRICT
Consolidated Financial Statements
Year Ended December 31, 2023

BRAITHWAITE ESTATES IMPROVEMENT DISTRICT
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Year Ended December 31, 2023

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements of BRAITHWAITE ESTATES IMPROVEMENT DISTRICT have been prepared in accordance with Canadian public sector accounting standards. 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 of Trustees approves the financial statements and considers, for review and 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 CPAs LLP, in accordance with Canadian generally accepted auditing standards.

Ms. Karen Berezcki, Administrator

Cobble Hill, BC
April 15, 2024

INDEPENDENT AUDITOR'S REPORT

To the Members of BRAITHWAITE ESTATES IMPROVEMENT DISTRICT

Report on the Consolidated Financial Statements

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, 2023, 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, 2023, and the consolidated results of its operations and consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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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CHARTERED PROFESSIONAL ACCOUNTANTS LLP

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

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.

A handwritten signature in blue ink that reads 'Morine & Schindler'.

BRAITHWAITE ESTATES IMPROVEMENT DISTRICT
Consolidated Statement of Financial Position
December 31, 2023

	<i>December 31</i> 2023	<i>December 31</i> 2022
ASSETS		
Cash	\$ 477,140	\$ 306,322
Term deposits	383,806	802,013
Accounts receivable	45,335	34,652
Interest receivable	3,447	7,645
	909,728	1,150,632
LIABILITIES		
Accounts payable	16,713	41,605
Wages payable	-	753
Deferred income	66,410	55,040
	83,123	97,398
NET FINANCIAL ASSETS	826,605	1,053,234
NON-FINANCIAL ASSETS		
Prepaid expenses	4,114	3,382
Tangible capital assets <i>(Note 3)</i>	1,014,900	775,066
	1,019,014	778,448
ACCUMULATED SURPLUS	\$ 1,845,619	\$ 1,831,682
ON BEHALF OF THE BOARD		
	<i>Trustees</i>	
	<i>Trustees</i>	

See notes to financial statements

BRAITHWAITE ESTATES IMPROVEMENT DISTRICT
Consolidated Statement of Operations
Year Ended December 31, 2023

	Budget 2023	Total 2023	Total 2022
REVENUES			
Water tolls	\$ 168,967	\$ 174,261	\$ 159,305
Taxes	71,435	71,435	66,229
Investment income	300	21,022	14,797
Other income	3,900	3,817	6,109
CEC charges collected	-	-	45,390
	<u>244,602</u>	<u>270,535</u>	<u>291,830</u>
EXPENSES			
Audit fees	4,500	4,500	4,500
Amortization	-	12,296	26,047
Licenses and memberships	910	886	910
Honoraria	9,000	10,000	9,000
Insurance	23,954	24,134	19,948
Interest and bank charges	1,550	1,632	1,330
Legal fees	1,000	-	-
Laboratory fees	1,527	539	1,461
Office	3,413	2,353	3,425
Repairs, maintenance and supplies	21,500	26,153	62,496
Salaries and wages	8,274	5,500	7,107
Operator contract	55,000	55,000	52,917
Admin contract	45,816	45,816	41,597
Telephone	1,628	2,188	3,009
Training	500	695	239
SCADA systems operations	969	1,397	-
Utilities	8,852	8,509	8,234
	<u>188,393</u>	<u>201,598</u>	<u>242,220</u>
SURPLUS FROM OPERATIONS	56,209	68,937	49,610
OTHER ITEMS			
Write down of tangible capital assets	-	(55,000)	-
ANNUAL SURPLUS	<u>\$ 56,209</u>	<u>\$ 13,937</u>	<u>\$ 49,610</u>

See notes to financial statements

BRAITHWAITE ESTATES IMPROVEMENT DISTRICT
Consolidated Statement of Changes in Accumulated Surplus
Year Ended December 31, 2023

	2023	2022
ACCUMULATED SURPLUS - BEGINNING OF YEAR	\$ 1,831,682	\$ 1,782,072
ANNUAL SURPLUS	<u>13,937</u>	<u>49,610</u>
ACCUMULATED SURPLUS - END OF YEAR	<u>\$ 1,845,619</u>	<u>\$ 1,831,682</u>

BRAITHWAITE ESTATES IMPROVEMENT DISTRICT
Consolidated Statement of Changes in Net Financial Assets
Year Ended December 31, 2023

	Budget 2023	2023	2022
ANNUAL SURPLUS	\$ 56,209	\$ 13,937	\$ 49,610
Amortization of property, plant and equipment	-	12,296	26,047
Purchase of property, plant and equipment	-	(307,130)	(61,582)
Write of of tangible capital assets assets	-	55,000	-
Decrease (increase) in prepaid expenses	-	(733)	(346)
	-	(240,567)	(35,881)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	56,209	(226,630)	13,729
NET FINANCIAL ASSETS - BEGINNING OF YEAR	1,053,233	1,053,234	1,039,505
NET FINANCIAL ASSETS - END OF YEAR	\$ 1,109,442	\$ 826,604	\$ 1,053,234

See notes to financial statements

BRAITHWAITE ESTATES IMPROVEMENT DISTRICT
Consolidated Statement of Cash Flows
Year Ended December 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Annual surplus	\$ 13,937	\$ 49,610
Items not affecting cash:		
Amortization of property, plant and equipment	12,296	26,047
Write down of tangible capital assets	55,000	-
	<u>81,233</u>	<u>75,657</u>
Changes in non-cash working capital:		
Accounts receivable	(10,683)	(13,915)
Term deposits	418,207	(33,242)
Interest receivable	4,198	(2,890)
Accounts payable	(24,892)	27,358
Deferred income	11,370	(18,053)
Prepaid expenses	(732)	(346)
Wages payable	(753)	753
	<u>396,715</u>	<u>(40,335)</u>
Cash flow from operating activities	<u>477,948</u>	<u>35,322</u>
INVESTING ACTIVITY		
Purchase of property, plant and equipment	(307,130)	(61,582)
Cash flow used by investing activity	<u>(307,130)</u>	<u>(61,582)</u>
INCREASE (DECREASE) IN CASH FLOW	170,818	(26,260)
Cash - beginning of year	<u>306,322</u>	<u>332,582</u>
CASH - END OF YEAR	\$ 477,140	\$ 306,322

See notes to financial statements

BRAITHWAITE ESTATES IMPROVEMENT DISTRICT

Notes to Consolidated Financial Statements

Year Ended December 31, 2023

1. PURPOSE OF THE DISTRICT

BRAITHWAITE ESTATES IMPROVEMENT DISTRICT (the "district") is incorporated by letters patent issued on February 5, 1976 and operates under the Local Government Act (British Columbia). The district operates to provide potable water for domestic use within its boundaries.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements were prepared in accordance with Canadian public sector accounting standards (GAAP).

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.

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, 2023.

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, 2023 the District has not recorded any liability for contaminated sites as no sites exist

Tangible capital assets

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

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, 2023

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

Revenue recognition

The district recognizes revenues when they are earned, specifically when all the following conditions are met:

- 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.

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.

BRAITHWAITE ESTATES IMPROVEMENT DISTRICT
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

3. PROPERTY, PLANT AND EQUIPMENT

<u>Cost</u>	2022 Balance	Additions	Disposals	2023 Balance
Water System	\$ 705,000	\$ 52,500	\$ 55,000	\$ 702,500
Water Mains	878,200	-	-	878,200
Buildings	96,000	-	-	96,000
Fire Protection	82,500	-	-	82,500
SCADA Control System	-	228,900	-	228,900
Security	-	25,730	-	25,730
	\$ 1,761,700	\$ 307,130	\$ 55,000	\$ 2,013,830

<u>Accumulated Amortization</u>	2022 Balance	Amortization	Accumulated Amortization on Disposals	2023 Balance
Water System	\$ 344,250	\$ 8,542	\$ -	\$ 352,792
Water Mains	579,531	270	-	579,801
Buildings	10,473	-	-	10,473
Fire Protection	52,380	1,100	-	53,480
SCADA Control System	-	1,526	-	1,526
Security	-	858	-	858
	\$ 986,634	\$ 12,296	\$ -	\$ 998,930

<u>Net book value</u>	2023	2022
Water System	\$ 349,708	\$ 360,750
Water Mains	298,399	298,669
Buildings	85,527	85,527
Fire Protection	29,020	30,120
SCADA Control System	227,374	-
Security	24,872	-
	\$ 1,014,900	\$ 775,066

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.

BRAITHWAITE ESTATES IMPROVEMENT DISTRICT
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

5. BUDGET

The district does not differentiate capital from operating budgets. The following is a reconciliation of the budget appearing on the Consolidated Statement of Operations and the budget as approved by the Board of trustees during the year.

	<u>2023</u>
<u>Reconciliation</u>	
Net surplus per statement of operations	\$ 56,209
Transfer to Renewal Reserve Fund	(61,209)
Prior year surplus	<u>5,000</u>
Net surplus per approved budget	<u>\$ -</u>

BRAITHWAITE ESTATES IMPROVEMENT DISTRICT

Operations

(Schedule 1)

Year Ended December 31, 2023

	2023	2022
REVENUES		
Water tolls	\$ 174,261	\$ 159,305
Taxes	71,435	66,229
Investment income	520	693
Other income	3,817	6,109
	<u>250,033</u>	<u>232,336</u>
EXPENSES		
Insurance	24,134	19,948
Office	2,353	3,425
Audit fees	4,500	4,500
Laboratory fees	539	1,461
Training	695	239
Repairs, maintenance and supplies	23,799	27,706
Salaries and wages	5,500	7,107
Honoraria	10,000	9,000
Admin contract	45,816	41,597
Utilities	8,509	8,234
Telephone	2,188	3,009
Interest and bank charges	1,633	1,330
Licenses and memberships	886	910
Operaror contract	55,000	52,917
SCADA sytems operations	1,397	-
	<u>186,949</u>	<u>181,383</u>
ANNUAL SURPLUS	<u>63,084</u>	<u>50,953</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>90,484</u>	<u>97,877</u>
TRANSFERS		
Transfers	<u>(61,209)</u>	<u>(58,346)</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 92,359</u>	<u>\$ 90,484</u>

See notes to financial statements

BRAITHWAITE ESTATES IMPROVEMENT DISTRICT

Backflow Prevention

(Schedule 2)

Year Ended December 31, 2023

	<u>2023</u>	<u>2022</u>
REVENUES		
Investment income	\$ 220	\$ 290
EXPENSES	<u>-</u>	<u>-</u>
ANNUAL SURPLUS	<u>220</u>	<u>290</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>18,080</u>	<u>17,790</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 18,300</u>	<u>\$ 18,080</u>

BRAITHWAITE ESTATES IMPROVEMENT DISTRICT**Renewal Reserve****(Schedule 3)****Year Ended December 31, 2023**

	2023	2022
REVENUES		
Investment income	\$ 18,246	\$ 12,880
EXPENSES		
Repairs, maintenance and supplies	<u>(1,150)</u>	19,240
ANNUAL SURPLUS	<u>19,396</u>	(6,360)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>806,624</u>	816,220
TRANSFER		
Transfers	61,209	58,346
Transfer to acquire capital assets	<u>(281,400)</u>	(61,582)
	<u>(220,191)</u>	(3,236)
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 605,829</u>	\$ 806,624

BRAITHWAITE ESTATES IMPROVEMENT DISTRICT**Capital Expenditure Charge Fund****(Schedule 4)****Year Ended December 31, 2023**

	2023	2022
REVENUES		
Investment income	\$ 2,037	\$ 934
CEC charges collected	-	45,390
	<u>2,037</u>	<u>46,324</u>
EXPENSES		
Repairs, maintenance and supplies	<u>3,504</u>	15,551
ANNUAL SURPLUS	<u>(1,467)</u>	<u>30,773</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>141,428</u>	<u>110,655</u>
TRANSFERS		
Transfer to acquire capital assets	<u>(25,730)</u>	-
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 114,231</u>	<u>\$ 141,428</u>

See notes to financial statements

BRAITHWAITE ESTATES IMPROVEMENT DISTRICT**Equity in Tangible Capital Assets****(Schedule 5)****Year Ended December 31, 2023**

	<u>2023</u>	<u>2022</u>
REVENUES		
Write down of tangible capital assets	\$ (55,000)	\$ -
EXPENSES		
Amortization	<u>12,296</u>	26,047
ANNUAL SURPLUS	<u>(67,296)</u>	(26,047)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>775,066</u>	739,531
TRANSFERS		
Transfer to acquire capital assets	<u>307,130</u>	61,582
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 1,014,900</u>	<u>\$ 775,066</u>

See notes to financial statements