

BRAITHWAITE ESTATES IMPROVEMENT DISTRICT
Consolidated Financial Statements
Year Ended December 31, 2020

BRAITHWAITE ESTATES IMPROVEMENT DISTRICT
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Year Ended December 31, 2020

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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 public sector accounting standards.

Ms. Karen Berezcki, Administrator

Cobble Hill, BC
March 12, 2021

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, 2020, 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, 2020, 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.

BRAITHWAITE ESTATES IMPROVEMENT DISTRICT
Consolidated Statement of Financial Position
December 31, 2020

	<i>December 31</i> 2020	<i>December 31</i> 2019
FINANCIAL ASSETS		
Cash	\$ 288,523	\$ 168,536
Term deposits	766,210	742,587
Accounts receivable	14,581	21,689
Interest receivable	4,726	5,366
	1,074,040	938,178
LIABILITIES		
Accounts payable	14,079	8,168
Wages payable	-	702
Deferred income	39,087	53,596
	53,166	62,466
NET FINANCIAL ASSETS	1,020,874	875,712
NON-FINANCIAL ASSETS		
Inventory	-	-
Prepaid expenses	1,953	1,640
Tangible capital assets (<i>Note 3</i>)	742,543	758,950
	744,496	760,590
ACCUMULATED SURPLUS	\$ 1,765,370	\$ 1,636,302
ON BEHALF OF THE BOARD OF TRUSTEES		
	<i>Trustees</i>	
	<i>Trustees</i>	

See notes to financial statements

BRAITHWAITE ESTATES IMPROVEMENT DISTRICT
Consolidated Statement of Operations
Year Ended December 31, 2020

	Budget 2020	Total 2020	Total 2019
REVENUES			
Water tolls	\$ 138,638	\$ 142,190	\$ 140,851
Taxes	54,240	54,240	54,240
Investment income	1,400	18,608	12,792
Other income	3,900	5,446	4,505
CEC charges collected	-	45,390	-
	<u>198,178</u>	<u>265,874</u>	<u>212,388</u>
EXPENSES			
Audit fees	5,000	4,500	4,500
Amortization	-	15,407	26,394
Licenses and memberships	990	660	940
Honoraria	8,000	8,000	8,000
Insurance	11,110	11,102	9,820
Interest and bank charges	1,754	1,617	1,380
Legal fees	2,000	-	-
Laboratory fees	5,118	4,435	4,562
Office	5,421	4,573	2,697
Repairs, maintenance and supplies	11,200	546	5,911
Salaries and wages	46,966	43,570	41,407
Admin contract	27,205	27,205	24,112
Telephone	2,977	2,888	2,838
Training	3,500	1,403	853
Utilities	11,756	9,900	10,497
	<u>142,997</u>	<u>135,806</u>	<u>143,911</u>
SURPLUS FROM OPERATIONS	55,181	130,068	68,477
OTHER INCOME (EXPENSES)			
Loss on write down of tangible capital assets	-	(1,000)	-
ANNUAL SURPLUS	<u>\$ 55,181</u>	<u>\$ 129,068</u>	<u>\$ 68,477</u>

See notes to financial statements

BRAITHWAITE ESTATES IMPROVEMENT DISTRICT
Consolidated Statement of Changes in Accumulated Surplus
Year Ended December 31, 2020

	2020	2019
ACCUMULATED SURPLUS - BEGINNING OF YEAR	\$ 1,636,302	\$ 1,567,825
ANNUAL SURPLUS	<u>129,068</u>	<u>68,477</u>
ACCUMULATED SURPLUS - END OF YEAR	<u>\$ 1,765,370</u>	<u>\$ 1,636,302</u>

See notes to financial statements

BRAITHWAITE ESTATES IMPROVEMENT DISTRICT
Consolidated Statement of Changes in Net Financial Assets
Year Ended December 31, 2020

	Budget 2020	2020	2019
ANNUAL SURPLUS	\$ 55,181	\$ 129,068	\$ 68,477
Amortization of property, plant and equipment	-	15,407	26,394
Loss on disposal of assets	-	1,000	-
Decrease (increase) in prepaid expenses	-	(313)	102
	-	16,094	26,496
INCREASE IN NET FINANCIAL ASSETS	55,181	145,162	94,973
NET FINANCIAL ASSETS - BEGINNING OF YEAR	875,710	875,712	780,739
NET FINANCIAL ASSETS - END OF YEAR	\$ 930,891	\$ 1,020,874	\$ 875,712

See notes to financial statements

BRAITHWAITE ESTATES IMPROVEMENT DISTRICT
Consolidated Statement of Cash Flows
Year Ended December 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Annual surplus	\$ 129,068	\$ 68,477
Items not affecting cash:		
Amortization of property, plant and equipment	15,407	26,394
Loss on disposal of property, plant and equipment	1,000	-
	<u>145,475</u>	<u>94,871</u>
Changes in non-cash working capital:		
Accounts receivable	7,108	(103)
Term deposits	(23,623)	(322,967)
Interest receivable	640	(2,914)
Accounts payable	5,911	(3,456)
Deferred income	(14,509)	32,608
Prepaid expenses	(313)	102
Wages payable	(702)	58
	<u>(25,488)</u>	<u>(296,672)</u>
INCREASE (DECREASE) IN CASH FLOW	119,987	(201,801)
Cash - beginning of year	<u>168,536</u>	<u>370,337</u>
CASH - END OF YEAR	\$ 288,523	\$ 168,536

See notes to financial statements

BRAITHWAITE ESTATES IMPROVEMENT DISTRICT
Notes to Consolidated Financial Statements
Year Ended December 31, 2020

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, 2020.

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, 2020 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, 2020

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, 2020

3. PROPERTY, PLANT AND EQUIPMENT

<u>Cost</u>	2019 Balance	Additions	Disposals	2020 Balance
Water System	\$ 659,000	\$ -	\$ -	\$ 659,000
Water Mains	842,200	-	1,000	841,200
Buildings	59,000	-	-	59,000
Fire Protection	82,500	-	-	82,500
	\$ 1,642,700	\$ -	\$ 1,000	\$ 1,641,700

<u>Accumulated Amortization</u>	2019 Balance	Amortization	Accumulated Amortization on Disposals	2020 Balance
Water System	\$ 287,383	\$ 10,217	\$ -	\$ 297,600
Water Mains	538,590	1,669	-	540,259
Buildings	10,347	1,871	-	12,218
Fire Protection	47,430	1,650	-	49,080
	\$ 883,750	\$ 15,407	\$ -	\$ 899,157

<u>Net book value</u>	2020	2019
Water System	\$ 361,400	\$ 371,617
Water Mains	300,941	303,610
Buildings	46,782	48,653
Fire Protection	33,420	35,070
	\$ 742,543	\$ 758,950

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**Operations****(Schedule 1)****Year Ended December 31, 2020**

	2020	2019
REVENUES		
Water tolls	\$ 142,190	\$ 140,851
Taxes	54,240	54,240
Investment income	1,147	400
Other income	5,446	4,505
	<u>203,023</u>	<u>199,996</u>
EXPENSES		
Insurance	11,102	9,820
Office	4,573	2,697
Audit fees	4,500	4,500
Laboratory fees	4,435	4,562
Training	1,403	853
Repairs, maintenance and supplies	546	5,911
Salaries and wages	43,570	41,407
Honoraria	8,000	8,000
Admin contract	27,205	24,112
Utilities	9,900	10,497
Telephone	2,888	2,838
Interest and bank charges	1,611	1,381
Licenses and memberships	660	940
	<u>120,393</u>	<u>117,518</u>
ANNUAL SURPLUS	<u>82,630</u>	<u>82,478</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>87,327</u>	<u>66,460</u>
TRANSFERS		
Transfers	<u>(61,677)</u>	<u>(61,611)</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 108,280</u>	<u>\$ 87,327</u>

See notes to financial statements

BRAITHWAITE ESTATES IMPROVEMENT DISTRICT**Backflow Prevention****(Schedule 2)****Year Ended December 31, 2020**

	2020	2019
REVENUES		
Investment income	\$ 484	\$ 157
EXPENSES	-	-
ANNUAL SURPLUS	<u>484</u>	<u>157</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>17,208</u>	<u>17,051</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 17,692</u>	<u>\$ 17,208</u>

BRAITHWAITE ESTATES IMPROVEMENT DISTRICT

Renewal Reserve

(Schedule 3)

Year Ended December 31, 2020

	<u>2020</u>	<u>2019</u>
REVENUES		
Investment income	\$ 16,526	\$ 11,602
EXPENSES		
Interest and bank charges	<u>4</u>	<u>-</u>
ANNUAL SURPLUS	<u>16,522</u>	<u>11,602</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>723,276</u>	<u>650,063</u>
TRANSFER		
Transfers	<u>61,677</u>	<u>61,611</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 801,475</u>	<u>\$ 723,276</u>

BRAITHWAITE ESTATES IMPROVEMENT DISTRICT**Capital Expenditure Charge Fund****(Schedule 4)****Year Ended December 31, 2020**

	2020	2019
REVENUES		
Investment income	\$ 451	\$ 633
CEC charges collected	<u>45,390</u>	<u>-</u>
	45,841	633
EXPENSES		
Interest and bank charges	<u>4</u>	<u>-</u>
ANNUAL SURPLUS	<u>45,837</u>	<u>633</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>49,540</u>	<u>48,907</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 95,377</u>	<u>\$ 49,540</u>

BRAITHWAITE ESTATES IMPROVEMENT DISTRICT**Equity in Tangible Capital Assets****(Schedule 5)****Year Ended December 31, 2020**

	2020	2019
REVENUES		
Gains (losses) on disposal of assets	\$ (1,000)	\$ -
EXPENSES		
Amortization	<u>15,407</u>	<u>26,394</u>
ANNUAL SURPLUS	<u>(16,407)</u>	<u>(26,394)</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>758,950</u>	<u>785,344</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 742,543</u>	<u>\$ 758,950</u>