

BRAITHWAITE ESTATES IMPROVEMENT DISTRICT
Consolidated Financial Statements
Year Ended December 31, 2021

BRAITHWAITE ESTATES IMPROVEMENT DISTRICT
Index to Consolidated Financial Statements
Year Ended December 31, 2021

	Page
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	1
INDEPENDENT AUDITOR'S REPORT	2 - 3
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations	5
Consolidated Statement of Changes in Accumulated Surplus	6
Consolidated Statement of Changes in Net Financial Assets	7
Consolidated Statement of Cash Flows	8
Notes to Consolidated Financial Statements	9 - 11
Operations (<i>Schedule 1</i>)	12
Backflow Prevention (<i>Schedule 2</i>)	13
Renewal Reserve (<i>Schedule 3</i>)	14
Capital Expenditure Charge Fund (<i>Schedule 4</i>)	15
Equity in Tangible Capital Assets (<i>Schedule 5</i>)	16

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
March 19, 2022

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, 2021, 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, 2021, 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, 2021

	<i>December 31</i> 2021	<i>December 31</i> 2020
ASSETS		
Cash	\$ 332,582	\$ 288,523
Term deposits	768,771	766,210
Accounts receivable	20,737	14,581
Interest receivable	4,755	4,726
	1,126,845	1,074,040
LIABILITIES		
Accounts payable	14,247	14,083
Deferred income	73,093	39,087
	87,340	53,170
NET FINANCIAL ASSETS	1,039,505	1,020,870
NON-FINANCIAL ASSETS		
Prepaid expenses	3,036	1,953
Tangible capital assets <i>(Note 3)</i>	739,531	742,543
	742,567	744,496
ACCUMULATED SURPLUS	\$ 1,782,072	\$ 1,765,366

ON BEHALF OF THE BOARD

_____ *Trustees*

_____ *Trustees*

BRAITHWAITE ESTATES IMPROVEMENT DISTRICT
Consolidated Statement of Operations
Year Ended December 31, 2021

	Budget 2021	Total 2021	Total 2020
REVENUES			
Water tolls	\$ 148,856	\$ 152,801	\$ 142,190
Taxes	62,075	62,075	54,240
Investment income	900	10,995	18,608
Other income	3,900	5,817	5,446
CEC charges collected	-	15,130	45,390
	<u>215,731</u>	<u>246,818</u>	<u>265,874</u>
EXPENSES			
Audit fees	4,500	4,500	4,500
Amortization	-	61,430	15,407
Licenses and memberships	815	720	660
Honoraria	8,000	8,000	8,000
Insurance	17,072	17,072	11,102
Interest and bank charges	1,754	1,355	1,621
Legal fees	2,000	-	-
Laboratory fees	5,118	2,563	4,435
Office	3,585	2,449	4,573
Repairs, maintenance and supplies	10,000	32,232	546
Salaries and wages	49,160	17,015	43,570
Operator contract	-	30,914	-
Admin contract	40,166	40,166	27,205
Telephone	3,154	2,938	2,888
Training	3,500	171	1,403
Utilities	10,728	8,587	9,900
	<u>159,552</u>	<u>230,112</u>	<u>135,810</u>
SURPLUS FROM OPERATIONS	56,179	16,706	130,064
OTHER INCOME			
Gain (loss) on disposal of property, plant and equipment	-	-	(1,000)
ANNUAL SURPLUS	<u>\$ 56,179</u>	<u>\$ 16,706</u>	<u>\$ 129,064</u>

See notes to financial statements

BRAITHWAITE ESTATES IMPROVEMENT DISTRICT
Consolidated Statement of Changes in Accumulated Surplus
Year Ended December 31, 2021

	2021	2020
ACCUMULATED SURPLUS - BEGINNING OF YEAR	\$ 1,765,366	\$ 1,636,302
ANNUAL SURPLUS	<u>16,706</u>	129,064
ACCUMULATED SURPLUS - END OF YEAR	<u>\$ 1,782,072</u>	<u>\$ 1,765,366</u>

BRAITHWAITE ESTATES IMPROVEMENT DISTRICT
Consolidated Statement of Changes in Net Financial Assets
Year Ended December 31, 2021

	Budget 2021	2021	2020
ANNUAL SURPLUS	\$ 56,179	\$ 16,706	\$ 129,064
Amortization of property, plant and equipment	-	61,430	15,407
Purchase of property, plant and equipment	-	(58,418)	-
Loss on disposal of assets	-	-	1,000
Decrease (increase) in prepaid expenses	-	(1,083)	(312)
	-	1,929	16,095
INCREASE IN NET FINANCIAL ASSETS	56,179	18,635	145,159
NET FINANCIAL ASSETS - BEGINNING OF YEAR	1,020,873	1,020,870	875,711
NET FINANCIAL ASSETS - END OF YEAR	\$ 1,077,052	\$ 1,039,505	\$ 1,020,870

See notes to financial statements

BRAITHWAITE ESTATES IMPROVEMENT DISTRICT
Consolidated Statement of Cash Flows
Year Ended December 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Annual surplus	\$ 16,706	\$ 129,064
Items not affecting cash:		
Amortization of property, plant and equipment	61,430	15,407
Loss on disposal of property, plant and equipment	-	1,000
	<u>78,136</u>	<u>145,471</u>
Changes in non-cash working capital:		
Accounts receivable	(6,156)	7,108
Term deposits	(2,561)	(23,623)
Interest receivable	(29)	640
Accounts payable	164	5,915
Deferred income	34,006	(14,509)
Prepaid expenses	(1,083)	(313)
Wages payable	-	(702)
	<u>24,341</u>	<u>(25,484)</u>
Cash flow from operating activities	<u>102,477</u>	<u>119,987</u>
INVESTING ACTIVITY		
Purchase of property, plant and equipment	<u>(58,418)</u>	-
Cash flow from (used by) investing activity	<u>(58,418)</u>	-
INCREASE IN CASH FLOW	44,059	119,987
Cash - beginning of year	<u>288,523</u>	<u>168,536</u>
CASH - END OF YEAR	\$ 332,582	\$ 288,523

See notes to financial statements

BRAITHWAITE ESTATES IMPROVEMENT DISTRICT
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

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, 2021.

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, 2021 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, 2021

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, 2021

3. PROPERTY, PLANT AND EQUIPMENT

<u>Cost</u>	2020 Balance	Additions	Disposals	2021 Balance
Water System	\$ 659,000	\$ 58,418	\$ -	\$ 717,418
Water Mains	841,200	-	-	841,200
Buildings	59,000	-	-	59,000
Fire Protection	82,500	-	-	82,500
	\$ 1,641,700	\$ 58,418	\$ -	\$ 1,700,118

<u>Accumulated Amortization</u>	2020 Balance	Amortization	Accumulated Amortization on Disposals	2021 Balance
Water System	\$ 297,600	\$ 38,771	\$ -	\$ 336,371
Water Mains	540,259	19,920	-	560,179
Buildings	12,218	1,089	-	13,307
Fire Protection	49,080	1,650	-	50,730
	\$ 899,157	\$ 61,430	\$ -	\$ 960,587

<u>Net book value</u>	2021	2020
Water System	\$ 381,047	\$ 361,400
Water Mains	281,021	300,941
Buildings	45,693	46,782
Fire Protection	31,770	33,420
	\$ 739,531	\$ 742,543

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, 2021**

	2021	2020
REVENUES		
Water tolls	\$ 152,801	\$ 142,190
Taxes	62,075	54,240
Investment income	261	1,147
Other income	5,817	5,446
	<u>220,954</u>	<u>203,023</u>
EXPENSES		
Insurance	17,072	11,102
Office	2,449	4,573
Audit fees	4,500	4,500
Laboratory fees	2,563	4,435
Training	171	1,403
Repairs, maintenance and supplies	32,232	546
Salaries and wages	17,015	43,570
Honoraria	8,000	8,000
Admin contract	40,166	27,205
Utilities	8,587	9,900
Telephone	2,938	2,888
Interest and bank charges	1,350	1,611
Licenses and memberships	720	660
Operator contract	30,914	-
	<u>168,677</u>	<u>120,393</u>
ANNUAL SURPLUS	<u>52,277</u>	<u>82,630</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>108,280</u>	<u>87,327</u>
TRANSFERS		
Transfers	<u>(62,680)</u>	<u>(61,677)</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 97,877</u>	<u>\$ 108,280</u>

See notes to financial statements

BRAITHWAITE ESTATES IMPROVEMENT DISTRICT**Backflow Prevention****(Schedule 2)****Year Ended December 31, 2021**

	2021	2020
REVENUES		
Investment income	\$ 98	\$ 485
EXPENSES	<u> -</u>	<u> -</u>
ANNUAL SURPLUS	<u> 98</u>	<u> 485</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u> 17,693</u>	<u> 17,208</u>
ACCUMULATED SURPLUS, END OF YEAR	<u><u> \$ 17,791</u></u>	<u><u> \$ 17,693</u></u>

BRAITHWAITE ESTATES IMPROVEMENT DISTRICT**Renewal Reserve****(Schedule 3)****Year Ended December 31, 2021**

	<u>2021</u>	<u>2020</u>
REVENUES		
Investment income	\$ 10,488	\$ 16,526
EXPENSES		
Interest and bank charges	<u>5</u>	<u>5</u>
ANNUAL SURPLUS	<u>10,483</u>	16,521
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>801,474</u>	<u>723,276</u>
TRANSFER		
Transfers	62,680	61,677
Transfer to acquire capital assets	<u>(58,418)</u>	<u>-</u>
	<u>4,262</u>	<u>61,677</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 816,219</u>	<u>\$ 801,474</u>

BRAITHWAITE ESTATES IMPROVEMENT DISTRICT

Capital Expenditure Charge Fund

(Schedule 4)

Year Ended December 31, 2021

	2021	2020
REVENUES		
Investment income	\$ 148	\$ 451
CEC charges collected	<u>15,130</u>	<u>45,390</u>
	15,278	45,841
EXPENSES		
Interest and bank charges	<u>-</u>	<u>4</u>
ANNUAL SURPLUS	<u>15,278</u>	<u>45,837</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>95,377</u>	<u>49,540</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 110,655</u>	<u>\$ 95,377</u>

BRAITHWAITE ESTATES IMPROVEMENT DISTRICT

Equity in Tangible Capital Assets

(Schedule 5)

Year Ended December 31, 2021

	<u>2021</u>	<u>2020</u>
REVENUES		
Gains (losses) on disposal of assets	\$ -	\$ (1,000)
EXPENSES		
Amortization	<u>61,430</u>	<u>15,407</u>
ANNUAL SURPLUS	<u>(61,430)</u>	<u>(16,407)</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>742,543</u>	<u>758,950</u>
TRANSFERS		
Transfer to acquire capital assets	<u>58,418</u>	<u>-</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 739,531</u>	<u>\$ 742,543</u>