COLUMBIA BASIN TRUST
a legacy for the people

Foundation for Growth

COLUMBIA BASIN TRUST
2011/12 ANNUAL REPORT

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Message From the Chair and CEO

Dear Minister Bell:

Garry Merkel
Chair, Board of Directors

Neil Muth
President and CEO

In 2011/12, Columbia Basin Trust (CBT) significantly increased its ability to deliver benefits to British Columbia's Columbia Basin (Basin) region by leveraging and expanding its strategic partnerships, implementing new programs and initiatives and continuing to work collaboratively with residents and communities around key issues.

CBT supports the efforts of people of the Basin, working with them to deliver social, economic and environmental benefits in the form of programs and initiatives to the region. This work is referred to as the Delivery of Benefits, which is dependent on a predictable income stream from CBT's investments in power projects, private placements and market securities.

Due to deliberate and prudent planning, CBT was able to deliver a record $18.2 million in direct funding benefits to the region in 2011/12—60 per cent more than in the previous year. CBT's Investment Program has performed well over the last several years, increasing the funds available for the Delivery of Benefits.

This report's theme, *Foundation for Growth*, reflects CBT's focus on strengthening our foundation to better serve residents of the Basin. We are building a foundation in the region by working with our partners and communities to build our collective capacity, and we are building CBT's foundation by implementing solid systems that can address the anticipated growth in our Delivery of Benefits.

PERFORMANCE RESULTS

Total revenues in 2011/12 were $22.9 million, a decrease from $29.5 million in 2010/11 and $2 million below the forecasted amount set out in the *2011/12 – 2013/14 Service Plan*. CBT is recording a deficit of $1.4 million this year, which can be attributed to an increase in Delivery of Benefits, as well as to a decrease in revenue from Power Projects due to an unplanned shutdown for repairs at Brilliant Expansion and one-time financing costs at Arrow Lakes Generating Station.

Despite the outage, CBT experienced a 10.05 per cent annual return from Power Projects, which exceeded its 8 per cent performance target and was stronger than the 7.33 per cent return realized in 2010/11. Market interest rates continued to hover near historic lows, which had a negative impact on the Private Placements portfolio, which generated an annual return of 7.29 per cent, a decrease from the 8.32 per cent realized in 2010/11 and below the 8 per cent benchmark. Given the current volatile global economy, CBT's return on Market Securities was 1.6 per cent, falling below the

CBT engaged more than 1,600 Basin residents in learning about the Columbia River Treaty.

10.10 per cent realized last year and below the 6 per cent benchmark for this portfolio. All of CBT's investments are long-term in nature and are intended to create value over time.

CBT has a broad mandate to return social, economic and environmental benefits to the Basin, and is accountable to Basin residents for its performance in this regard. In 2010/11, CBT surveyed residents and partners on their perceptions of whether CBT was making a positive difference in communities; the results—74 per cent and 96 per cent respectively—will be used as baselines. The perceptions will be measured every two years, with the next one scheduled for fall 2012.

To provide insight into whether our Corporate Operations are effectively supporting our Delivery of Benefits activities and Investment Program, baseline measures were established in 2010/11. For 2011/12, it was determined CBT had attained a level three for maturity of planning practices, meaning the organization has developed higher-level plans but needs to more closely integrate those plans with its ongoing operations and resource allocations. For maturity of risk management practices, a level of 2.5 was attained, meaning the organization has identified corporate risks and developed some strategies to address them, but still needs to better articulate its overall tolerances for risk and implement a formal enterprise-wide risk management system. Corporate Operations came under budget by $344,000, exceeding the *Service Plan* target.

HIGHLIGHTS

One of our key approaches in Delivery of Benefits is to support Basin communities and residents in identifying their priorities and to provide funds based on those priorities. Three new initiatives introduced in 2011/12 that reflect this approach are:

- the Community Directed Youth Funds program, a six-year, $2.25-million program that funds new activities and services for youth;
- the Social Grants Program, a three-year, $3-million program that will provide grants to projects that support social well-being and address social issues; and
- Community Directed Funds, an innovative new way to shift decision making from CBT to groups of communities that will work together to administer funds to support their priorities.

CBT also moved forward to address affordable housing issues in the Basin in a significant way by entering into a new partnership with BC Housing. CBT committed $5 million to the Affordable

Rental Housing initiative, a three-year, $10-million program that will see the creation of new affordable rental housing in the region.

CBT is also committed to strengthening economic well-being in the Basin, recognizing that global economic issues and economic trends directly impact Basin communities and the livelihoods of many residents. For example, CBT expanded its Student Wage Subsidy programs. For the past two years, CBT has offered wage subsidies for summer jobs for students; we are now also offering a wage subsidy for part-time work during the school year. CBT made a three-year, $4.5-million commitment to these two programs. These programs also reflect CBT's integrated approach to community development, as they link to CBT's social, economic and youth strategic objectives.

In order to deliver environmental benefits to the Basin, CBT supports local environmental projects and education programs, as well as land conservation efforts. In 2011/12, CBT provided $1 million to support the efforts of the Nature Conservancy of Canada (NCC) to conserve Columbia Lake – Lot 48, which is 127 hectares of private property located on the east shore of Columbia Lake near Fairmont Hot Springs. Congratulations to NCC for raising the $7.2 million needed to create a network of protected lands that will span more than 7,600 hectares, plus protect an area that is integral to the history of the Ktunaxa Nation.

In addition to these examples, CBT continues to fund a wide range of programs and initiatives in the Basin, such as arts, culture and heritage projects; business advocacy; scholarships; and literacy programs. While these funding roles are significant, they represent only one aspect of how CBT strives to deliver benefits to the Basin and support community well-being. CBT also:

- engaged more than 1,600 Basin residents in learning about the Columbia River Treaty (CRT)—through 20 community, First Nations and online information sessions, plus a conference for young leaders—so that they can effectively engage in formal consultation with senior levels of government on the future of the CRT; and
- created a new subsidiary, the Columbia Basin Broadband Corporation, in order to create a world-class open access broadband network across the Basin, as access to high-speed Internet can connect people, help businesses remain competitive in a global economy and provide educational opportunities.

The Columbia Basin Broadband Corporation is working to expand broadband across the Basin.

CBT's Investment Program continues to maintain a conservative approach; in the event that investment revenues drop in a given year, CBT retains earnings in order to ensure stability in its Delivery of Benefits funding. Construction at the Waneta Expansion Project is within budget and on schedule, with completion expected by May 2015. Our investments in Private Placements and Market Securities should also meet long-term expectations.

CBT also took a number of steps to shape the management of its Corporate Operations in 2011/12. For example, CBT:

- commenced an annual external audit program, with four audits completed in June 2011, to verify that CBT funds are being used for intended purposes and expenses incurred are in accordance with approved budgets; and
- initiated a financial management improvement project to design and implement appropriate controls to increase the predictability and effectiveness of Delivery of Benefits programs.

FUTURE OUTLOOK

CBT has budgeted $20 million for Delivery of Benefits activities in 2012/13, an increase of $1.8 million from 2011/12 levels. This has resulted in a forecast deficit of $1.9 million in the upcoming fiscal year.

Over the last several years, CBT's Investment Program earnings have increased, which made more funds available for the delivery of benefits to the Basin. Instead of immediately using the new funds, we built our collective capacity to return higher levels of benefits over the long term, including through delivery agents and partners, in the most effective and impactful ways possible. This meant we had surpluses in those years. As a result, CBT has the cash available to fully fund these higher levels of benefits over the next three fiscal years and anticipates no operational or financial issues as a result of the deficit.

CBT has also been identifying potential new roles and opportunities to work with Basin communities. Over 2012/13, CBT will further explore some of those opportunities and their

To address its commitment to improve economic well-being in the Basin, CBT supported the Economic Development Practitioner Dialogue in February 2012.

implications for CBT. Another important focus for 2012/13 will be continued engagement with the people of the region, as we seek their input not only on our future direction but on how we can build a better foundation.

ACKNOWLEDGEMENTS

CBT's achievements are a testament to the contributions of our dedicated partners, advisory committees, staff and Board members, who help strengthen our foundation to increase our support and impact in Basin communities. Their passion and dedication to this organization, and to the people of this region, are helping create a lasting legacy in the Basin.

CBT would specifically like to thank Mike Berg, Ron Miles, Jim Miller, Ron Oszust, Bob Smith and Bill Trewhella, who served on our Board of Directors, and also welcome Wendy Booth, Gord DeRosa, Andru McCracken, Am Naqvi, Laurie Page and David Raven as new Board members. With the addition of six new directors, CBT's Board is undergoing a positive rejuvenation, with fresh perspectives and ideas.

PUBLIC REPORTING

The *2011/12 Columbia Basin Trust Annual Report* was prepared under the Board's direction in accordance with the *Budget Transparency and Accountability Act* and the BC Reporting Principles. The Board is accountable for the contents of the report, including what has been included in the report and how it has been reported.

The information presented reflects the actual performance of CBT for the 12 months ended March 31, 2012, in relation to the *Service Plan* published in February 2011.

The Board is responsible for ensuring internal controls are in place so that performance information is measured and reported accurately and in a timely fashion.

All significant assumptions, policy decisions, events and identified risks, as of May 25, 2012, have been considered in preparing the report. The report contains estimates and interpretive information that represent the best judgment of management. Any changes in mandate direction, goals, strategies, measures or targets made since the *2012/13 – 2014/15 Service Plan* was released and any significant limitations in the reliability of data are identified in the report.

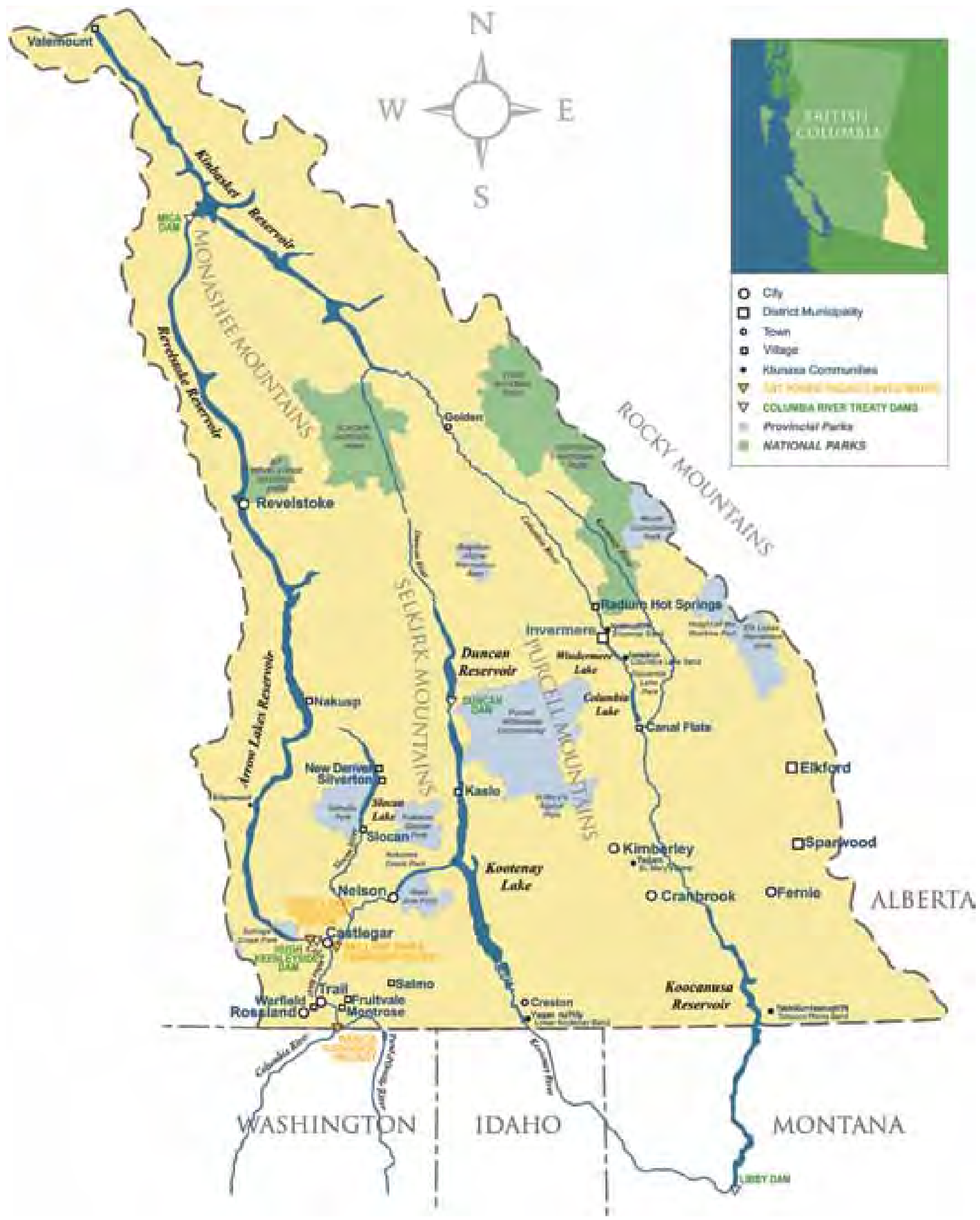
Garry Merkel
Chair, Board of Directors

Neil Muth
President and CEO

ORGANIZATIONAL OVERVIEW

MANDATE

CBT is mandated under the *Columbia Basin Trust Act* to manage its assets for the ongoing economic, environmental and social benefit of the region, without relieving governments of any obligations in the region. CBT is also mandated under the *Columbia Basin Management Plan* to include the people of the Basin in planning for the management of the assets and to work with others to coordinate activities related to the purpose of CBT.



MISSION

CBT supports efforts by the people of the Basin to create a legacy of social, economic and environmental well-being and to achieve greater self-sufficiency for present and future generations.

VISION

CBT will work toward a long-term vision for the future of the Basin, where:

- the Basin is a place where social, environmental and economic well-being is fostered;
- collaborative relationships and partnerships are established across the Basin; communities work together in a spirit of mutual support and respect for each other's differences; residents identify with a Basin culture and feel a sense of belonging to a Basin community; residents are involved in community decision making;
- a healthy environment is the basis for social and economic activities; residents are committed to long-term and enduring stewardship of the Basin's natural resources; and
- the economy of the Basin is diverse, resilient and energized; communities are responsive to both the needs of the present and the future; community enhancement initiatives are widely supported and residents share responsibility for their implementation; practical and innovative investments in the Basin serve to increase the range of options for present and future generations.

Students in Revelstoke participate in Know Your Watershed, a CBT water stewardship program.

CBT will also be guided by a long-term vision of itself as a regional corporation, having:

- a successful portfolio of investments in the Basin that help stimulate the regional economy and provide a reliable stream of income for use in CBT's Delivery of Benefits activities;
- a proven track record of delivering social, economic and environmental benefits to the Basin and its residents;
- well-established and productive working relationships with others in the Basin whose activities relate to CBT's mandate; and
- consistent and widespread public support for CBT's activities, based on meaningful public input and CBT's responsiveness to the needs of the Basin and its people.

VALUES

1. Respect: CBT treats people with respect, welcoming varied perspectives and viewpoints and honouring the history of the Basin and the origins of the organization;
2. Accountability: CBT is responsible for all of its actions and the results of those actions;
3. Transparency: CBT maintains a high level of openness, sharing meaningful and accurate information about its actions;
4. Engagement: CBT recognizes that active involvement in communities is critical to its overall success;
5. Empowerment: CBT helps others make their own choices on issues that affect their futures, and see those choices result in positive outcomes; and
6. Stewardship: CBT manages all of its assets responsibly to ensure that both present and future generations of Basin residents benefit from those assets.

CORE FUNCTIONS

Created by the residents of the Basin, and formally established by the *Columbia Basin Trust Act* in 1995, CBT serves the people who live in the Basin and assists communities in addressing their needs by:

- providing resources and funding;
- focusing on local priorities and issues;
- bringing people together around key issues;
- providing useful, credible, accessible information and expertise;
- encouraging collaboration and partnerships;
- seeking ongoing input from Basin residents; and
- investing prudently in Basin power projects, businesses and real estate.

CBT has two core functions:

1. Invest capital and manage the assets of CBT; and
2. Spend the income earned from CBT's investments to deliver benefits to the Basin.

Upon creation, CBT received endowments from the Province of BC that represented a portion of the financial benefits resulting from the Columbia River Treaty. CBT manages these endowments through its Investment Program, which provides funding for its Delivery of Benefits activities.

CBT operates out of four offices in the Basin: Castlegar, Cranbrook, Nakusp and Golden, BC.

INVESTMENT PROGRAM

The purpose of CBT's Investment Program is to prudently invest the endowments received from the Province, enabling delivery of long-term benefits to the Basin. CBT's *Statement of Investment Policies and Procedures* (SIPP) provides the necessary guidance to generate a predictable, sustainable and appreciating income stream. These financial returns are then available to fund CBT's current and future Delivery of Benefits obligations and cover corporate administration expenses.

The SIPP details three general categories of investments that CBT will pursue:

1. Power Projects: Hydroelectric power projects located in the Basin;
2. Private Placements: Direct investments and loans to Basin-based commercial businesses and investments in real estate; and
3. Market Securities: A diversified investment portfolio of publicly traded financial instruments, including bonds and equities.

POWER PROJECTS

The *Financing Agreement* with the Province of BC committed CBT to investigating three hydroelectric projects in the Basin region and—if investigations indicated commercial viability—to developing and operating these projects.

The Waneta Expansion Project is one of four hydroelectric projects intended to help CBT generate a predictable, sustainable and appreciating income stream.

Two of these projects were developed in partnership with Columbia Power Corporation (Columbia Power), and the risks and returns are shared on a fifty-fifty basis. The third project, the Waneta Expansion Project, commenced construction in fall 2010. A new ownership model was adopted for this project, in which CBT holds a 16.5 per cent interest in a partnership with Columbia Power (32.5 per cent) and Fortis Inc. (51 per cent). Given the overall size of the project, there was a need to sell the surplus capacity in order to make it financially viable. By entering into the partnership, the project benefited from the additional capital from Fortis Inc., as well as a long-term capacity purchase agreement with FortisBC.

CBT and Columbia Power are also partners in another hydroelectric project, Brilliant Dam, which they purchased together on a fifty-fifty basis.

Brilliant Dam

In 1996, CBT and Columbia Power purchased Brilliant Dam, located eight kilometres from Castlegar, BC, on the Kootenay River. The facility was purchased from Teck for $130 million, and the partners invested a further $100 million to extend the life of the facility and increase generating capacity. Brilliant Dam generates enough power to supply 100,000 homes. The majority of the energy is sold to FortisBC under the terms of a 60-year contract.

Arrow Lakes Generating Station

In 2002, construction was completed on Arrow Lakes Generating Station, a two-turbine facility 400 metres downstream from existing Hugh Keenleyside Dam on Arrow Lakes Reservoir near Castlegar. The $300-million project makes use of water that would otherwise be spilled at Hugh Keenleyside Dam. Arrow Lakes Generating Station produces enough electricity to supply 75,000 homes. All the power is sold to BC Hydro under the terms of a 12-year agreement.

Brilliant Expansion

In 2007, construction was completed on Brilliant Expansion, located on the east bank of the Kootenay River downstream from Brilliant Dam near Castlegar. The $245-million project makes use of water that would otherwise be spilled at Brilliant Dam and generates enough power to supply 55,000 homes. Approximately 95 per cent of the electricity is sold to BC Hydro and the remaining 5 per cent is sold on the open power market.

Waneta Expansion Project

CBT and Columbia Power entered into a new partnership with Fortis Inc. to develop the Waneta Expansion Project a short distance from Trail, BC, near the U.S. border. Construction of the 335-megawatt facility commenced October 1, 2010, and is expected to take 4.5 years to complete. All power from the project will be sold to BC Hydro, with surplus capacity sold to FortisBC.

PRIVATE PLACEMENTS

Private Placements include all investments made in Basin-based commercial businesses or real estate. CBT may invest by way of direct ownership (equity), business lending (loans) or a combination of these two structures. Private Placements are generally split into two categories:

1. Commercial Loans and Investments: In accordance with accepted market standards, CBT invests directly in Basin-based businesses to generate financial returns consistent with the levels of risk assumed; and
2. Real Estate Investments: CBT has an ownership interest in eight seniors housing facilities located throughout the Basin, containing 803 living suites that offer a range of support services depending on the needs of the residents.

MARKET SECURITIES

This category includes a range of investments such as publicly traded bonds and equities. The portfolio is managed by the British Columbia Investment Management Corporation on behalf of CBT.

www.cbt.org/investments

DELIVERY OF BENEFITS

Using the income earned from its Investment Program, CBT—either on its own or through partnerships with other organizations—develops, implements and manages programs and initiatives that respond to community and regional needs, working closely with Basin organizations and residents throughout the process. This work is referred to as the Delivery of Benefits.

CBT's strategic planning framework for Delivery of Benefits guides the development and implementation of activities in this area and resource allocations, both in terms of staff time and funds for programs and initiatives. The strategic priorities in the *Columbia Basin Management Plan* provide a high-level road map that focuses CBT's work in the Basin (www.cbt.org/strategicpriorities). Greater direction related to the Delivery of Benefits strategic priorities is captured in sector-specific three- to five-year plans. All plans are developed in consultation with Basin communities and residents.

CBT RESOURCES

This illustration shows the range of resources and services that CBT provides to Basin communities.

Advisory committees also help establish CBT's strategic direction within Delivery of Benefits and provide ongoing feedback on CBT's work in the Basin. CBT has three advisory committees in its core mandated areas of social, economic and environment, plus two program advisory groups that provide advice on youth and water initiatives. Each of these volunteer committees plays an important role in providing community perspectives, sectoral expertise and strategic advice on CBT's activities and priorities.

Delivery of Benefits funds are generally spent through:

- grants to a wide range of community projects, administered either by CBT itself or by community partners;
- programs delivered by community partners, which address specific needs linked to CBT's strategic objectives;
- partnerships with organizations that have complementary objectives and expertise in particular issues or sectors, through which CBT and the partners work toward attaining common goals; and
- facilitation and support of community or regional discussions on issues of importance; CBT often brings together Basin residents to provide information on an issue or to facilitate dialogue on how to address that issue.

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

CBT's 12-member Board of Directors consists of one appointee from each of the five regional districts, as well as the Ktunaxa Nation Council. Regional governments nominate these directors to the provincial government and the appointments are made by the Lieutenant-Governor through an order-in-council. The other six directors are appointed directly by the Province. All 12 directors must be residents of the Basin.

For more information on CBT's Board or governance processes and policies, visit www.cbt.org/governance. All Board-approved processes and policies are generally disclosed in accordance with the Board Resourcing and Development Office's disclosure requirements for Crown corporations. As new governance policies and processes are approved by the Board, these are also appropriately disclosed.

GOVERNANCE PRINCIPLES

In governing CBT, the Board is committed to upholding the core values of CBT established in the *Columbia Basin Management Plan* and acting in accordance with the following principles:

Preparation
Directors will ensure they are fully prepared to address the business of CBT.

Transparency
To the greatest extent possible, the actions and decisions of CBT, including those of the Board, will be transparent and open to Basin residents.

Participation and Commitment

Directors will ensure they participate fully as directors and are capable of meeting their commitments to CBT.

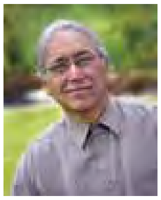
Service

The Board will act in the best interests of CBT, which serves the Basin region as a whole.

BOARD COMMITTEES

CBT Board committees address issues on behalf of the Board and report back to the Board on a regular basis. Committees assess their performance against their terms of reference annually. The Chair of the Board is the Executive Committee Chair and an ex-officio and voting member of all other Board committees.

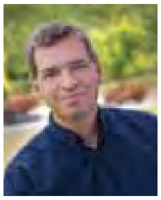

Wendy Booth


Am Naqvi


Laurie Page


Back row from left to right: Greg Deck, Garry Merkel, Denise Birdstone, Ron Miles, Bob Smith.
Front row from left to right: Richard (Kim) Deane, Mike Berg, Paul Peterson, Cindy Gallinger, Bill Trewhella, Ron Oszust. *Missing from the photo:* Jim Miller.


Gord DeRosa


Andru McCracken


David Raven

CBT Board of Directors

Ongoing Board Members	Board Members Until Dec. 31/11	Board Members as of Jan. 1/12	Board Members Until Mar. 31/12	Board Members as of Apr. 1/12
Garry Merkel, Chair	Mike Berg	Wendy Booth	Bill Trewhella	Gord DeRosa
Greg Deck, Vice-Chair	Ron Miles	Am Naqvi	Ron Oszust	Andru McCracken
Denise Birdstone	Jim Miller	Laurie Page	Bob Smith	David Raven
Richard (Kim) Deane				
Cindy Gallinger				
Paul Peterson				

Executive Committee	2011/12[1]	2012/13[2]
Acts on behalf of the Board between Board meetings, ensures that appropriate governance policies and practices are developed and implemented, ensures that a human resources framework is developed and maintained and addresses any other matters referred to it by the Board.	Garry Merkel, Chair	Garry Merkel, Chair
	Greg Deck, Vice-Chair	Greg Deck, Vice-Chair
	Denise Birdstone	Kim Deane
	Kim Deane	Am Naqvi
	Jim Miller	Laurie Page
	Am Naqvi	
	Ron Oszust	
	Laurie Page	

Finance and Audit Committee	2011/12[1]	2012/13[2]
Through its expanded Terms of Reference, assists the Board in fulfilling its financial accountability and oversight responsibilities by ensuring the accuracy and integrity of CBT's financial information, and monitors systems of internal controls and oversees the internal and external audit processes.	Mike Berg, Chair[3]	Am Naqvi, Chair
	Am Naqvi, Chair[4]	Denise Birdstone
	Denise Birdstone	Gord DeRosa
	Kim Deane	
	Ron Miles	

Investment Committee	2011/12[1]	2012/13[2]
Oversees the management of CBT investments and develops and reviews Investment policies and procedures.	Jim Miller, Chair[3]	Greg Deck, Chair
	Greg Deck, Chair[5]	Wendy Booth
	Wendy Booth	Cindy Gallinger
	Cindy Gallinger	Paul Peterson
	Paul Peterson	David Raven
	Bob Smith	
	Bill Trewhella	

Delivery of Benefits Committee	2011/12[1]	2012/13[2]
Oversees the governance and management of Delivery of Benefits programs, initiatives and activities.	Kim Deane, Chair	Kim Deane, Chair
	Denise Birdstone	Wendy Booth
	Wendy Booth	Greg Deck
	Greg Deck	Andru McCracken
	Cindy Gallinger	Am Naqvi
	Am Naqvi	Laurie Page
	Laurie Page	
	Paul Peterson	
	Bill Trewhella	

Water Initiatives Committee	2011/12[1]	2012/13[2]
Develops and oversees strategies to address water initiatives in the Basin.	Ron Oszust, Chair	David Raven, Chair
	Mike Berg	Denise Birdstone
	Denise Birdstone	Gord DeRosa
	Greg Deck	Cindy Gallinger
	Cindy Gallinger	Paul Peterson
	Ron Miles	
	Laurie Page	
	Paul Peterson	
	Bob Smith	

[1]Committee membership changed during 2011/12 due to retirement from the Board. This lists all the directors who served in this fiscal.
[2]Committee membership as of Apr.1/12. [3]Served as Chair until Dec. 31/11. [4]Served as Chair starting Jan. 1/12. [5]Served as Chair starting Feb. 3/12.

EXECUTIVE MANAGEMENT COMMITTEE

- Neil Muth, President and CEO;
- Johnny Strilaeff, Vice-President, Investments;
- Sabrina Curtis, Director, Planning and Development;
- Kindy Gosal, Director, Water and Environment;
- Delphi Hoodicoff, Director, Communications;
- Christine Lloyd, Director, Finance and Operations;
- Wayne Lundeberg, Director, Youth Initiatives; and
- Gary Ockenden, Director, Community Engagement.

BOARDS OF CBT SUBSIDIARIES

Subsidiary Holding Companies

For commercial and legal reasons, CBT has a number of subsidiaries that hold its interests in investments. The boards of these subsidiaries do not address policy matters. Directors of these holding company subsidiaries consist of CBT senior management Neil Muth, President and CEO, and Johnny Strilaeff, Vice-President, Investments.

- CBT Commercial Finance Corp. holds CBT interests in Commercial Loans and Investments;
- CBT Real Estate Investment Corp. holds CBT interests in Real Estate Investments;
- CBT Energy Inc. (CBTE) is the main CBT subsidiary related to Power Projects;
- CBT Arrow Lakes Power Development Corp. is a subsidiary of CBTE and holds interests in the Arrow Lakes Generating Station joint venture with Columbia Power;
- CBT Brilliant Expansion Power Corp. is a subsidiary of CBTE and holds interests in the Brilliant Expansion joint venture with Columbia Power;
- CBT Power Corp. is a subsidiary of CBTE and holds interests in the Brilliant Dam joint venture with Columbia Power;
- CBT Waneta Expansion Power Corp. is a subsidiary of CBT that holds interests in the limited partnership and in the general partnership formed to complete the Waneta Expansion Project; and
- CBT Property Corp. is a subsidiary of CBT that holds its capital assets.

Operating Subsidiaries

CBT has transitioned a former holding company into an active operating subsidiary and named it the Columbia Basin Broadband Corporation, which was formed in an effort to expand broadband in the Basin. The Board consists of Kim Deane, Greg Deck, Garry Merkel, Ron Miles and Jim Miller.

THE PROVINCE OF BC AND CBT

The *Columbia Basin Trust Act* establishes the Province of BC as the shareholder of CBT. Within the provincial government, the Minister of Jobs, Tourism and Innovation is responsible for CBT.

The respective roles and responsibilities of the provincial government and CBT are established in numerous agreements and legislation, including the *Financial Agreement* and the *Columbia Basin Trust Act*. The *Government's Letter of Expectations*, signed June 2011, further defines the roles and responsibilities of the Minister of Jobs, Tourism and Innovation and CBT.

www.cbt.org/gle

Direction From Government's Letter of Expectations

Requested Corporate Accountabilities	CBT Alignment
Ensure that the management of investments and delivery of benefits to Basin residents are efficient and effective.	• CBT measures the performance of its Investment Program and Delivery of Benefits activities using the performance measures noted in this *Annual Report*. CBT also assesses the effectiveness of its corporate functions, which support the Investment Program and Delivery of Benefits activities and which include communications, accounting, administration, information technology and human resources, using measures noted in this *Annual Report*. See pages 20, 25 and 27 for more information.
Develop measures for evaluating the Corporation's overall delivery of benefits activities by July 1, 2011.	• Key measures were developed for Delivery of Benefits activities and targets for those measures were introduced in the *2011/12 – 2013/14 Service Plan*. CBT reports against those measures in this *Annual Report*. See page 36 for more information.
Ensure that it does not purport to represent the Shareholder in any statements or matters of an inter-provincial, federal-provincial or international nature.	• CBT has not purported to represent the Government in any matters.
Directors nominated by regional districts and the tribal council pursuant to the *Columbia Basin Trust Act* will report on the Corporation's activities to their respective nominating bodies.	• CBT regularly communicates with regional districts and the Ktunaxa Nation Council, and annually offers to review the year's activities with these organizations.
Comply with requirements to be carbon neutral under the *Greenhouse Gas Reduction Targets Act*, including: accurately defining, measuring, reporting on and verifying the greenhouse gas emissions from the Corporation's operations; implementing aggressive measures to reduce those emissions and reporting on these reduction measures and reduction plans; and offsetting any remaining emissions through investments in Pacific Carbon Trust.	• Complied with requirements and continued to implement the Carbon Neutral Action Plan into CBT operations. • www.cbt.org/cnar

REPORT ON PERFORMANCE

INVESTMENT PROGRAM

Goal 1
Generate a predictable, sustainable and appreciating income stream to fund Delivery of Benefits obligations and corporate administration expenses.
Strategies
1. Communicate directly with financial partners throughout the Basin in order to originate high-quality investment opportunities.
2. Develop strong working relationships with the management of companies in which CBT has invested in order to fully appreciate risk, as well as uncover future opportunity.
3. Identify and develop investment opportunities that target areas of quality risk not otherwise addressed by conventional lenders.
4. Remain fully engaged with the management of Columbia Power Corporation (Columbia Power) and Fortis Inc. during the pre-development and operating phases of its jointly held power projects.

HIGHLIGHTS

The first year and a half of construction of the Waneta Expansion Project progressed well. Several key construction milestones were reached in 2011/12, including the successful excavation of the powerhouse and power tunnels. Worker safety was a key focus of the contractor, and the safety record over the course of the fiscal year was exemplary. Development continued within budget and on schedule, with completion expected by May 2015.

In June 2011, Brilliant Expansion experienced a technical issue with a key generating component, which required a 22-day unplanned outage. Steps were taken to restore operations on a temporary basis, and a long-term solution was successfully implemented during the planned maintenance outage in January 2012.

CBT's *Statement of Investment Policies and Procedures* (SIPP) provides the framework for its long-term Investment strategy. The SIPP was originally approved by the Board of Directors in 2007 and is subject to review every two years. In 2011, the second such review was undertaken and—with the exception of an amendment to the methodology used to calculate Cash-based Return on Investment (described more fully on page 20)—it was determined only minor refinements were required. The policies continue to provide a robust framework for the Investment Program.

Efforts have been made to grow the Private Placements portfolio by building CBT's referral network of financial and business contacts in the region. This strategy provides structure for the investment process, while also providing the flexibility to evaluate opportunities that require solutions not typically offered by other regional investors. A total of 45 investment opportunities were referred to CBT in 2011/12, resulting in $6.5 million in new regional investment.

Market interest rates continued to hover near historic lows, which had a negative impact on CBT's Commercial Loans and Investments. The lower return from Commercial Loans and Investments was partially offset by enhanced returns in Real Estate Investments.

CBT has invested in eight seniors housing facilities, including Columbia Garden Village in Invermere, BC.

MEASURES

Each of CBT's three categories of investment has a distinct risk and return profile, so CBT has adopted three different performance measures to reflect these differences. These measures have been in the SIPP since July 2007 and set ongoing targets for each category of investment.

1. Power Projects: 8 per cent calculated as a Cash-based Return on Investment;
2. Private Placements: 8 per cent calculated as a Cash-based Return on Investment; and
3. Market Securities: 6 per cent calculated as a Return on Investment.

Using a Cash-based Return on Investment methodology for Power Projects and Private Placements allows CBT to clearly link returns from these investments to cash available for Delivery of Benefits activities and corporate administration expenses. As a result of the 2011 SIPP review, the methodology used to calculate Cash-based Return on Investment was amended. Investment projects are now included in the calculation of the return as soon as CBT decides to move forward with them and dollars are invested in them. This amendment more accurately represents financial performance when large projects are under development. In particular, the Waneta Expansion Project is not expected to be complete until May 2015 and is requiring significant investment during the construction period. If CBT did not include this project in its rate-of-return calculation, there would be an artificially high indication of financial performance that did not match the actual cash generated from the Power Projects portfolio.

CBT has adopted a Return on Investment methodology for the Market Securities portfolio that includes cash returns, as well as increases or decreases in the value of the market securities themselves. The Global Investment Performance Standards, as adopted by the CFA Institute, are the basis for this methodology, and the calculation is completed by CBT's external investment manager, the British Columbia Investment Management Corporation.

In the case of Power Projects, there are a number of agreements between CBT, the Province of BC and Columbia Power that make it difficult to reconcile performance with that observed in the private market. A similar issue arises with Private Placements, as CBT must only invest in commercial opportunities in the Basin. Despite these challenges and difficulty in benchmarking performance to other organizations, CBT arrived at an 8 per cent performance target for both Power Projects and Private Placements, and will be evaluating historical performance against forecasts over the next five years.

The Market Securities category allows for easier market comparison, as there are a number of public investment portfolios of comparable risk. CBT established a 6 per cent performance target based on a review of similarly constructed portfolios, combined with an assessment of historical returns observed in the general marketplace.

Return on Investment

POWER PROJECTS*

	2009/10	2010/11	2011/12
1 Year	7.69%	7.33%	10.05%
3 Year	7.07%	7.31%	8.35%
5 Year	5.78%	6.89%	7.71%
10 Year	5.35%	5.85%	6.66%
Inception	5.19%	5.35%	5.68%

* *Under the previous methodology, the annualized return for 1 Year would have been 14.13 per cent and 7.92 per cent since inception.*

PRIVATE PLACEMENTS*

	2009/10	2010/11	2011/12
1 Year	7.69%	8.32%	7.29%
3 Year	9.26%	7.85%	7.76%
5 Year	8.59%	9.04%	8.68%
10 Year	0.95%	2.77%	2.85%
Inception	1.51%	2.01%	2.38%

* *Under the previous methodology, the annualized return for 1 Year would have been 7.29 per cent and 2.48 per cent since inception.*

MARKET SECURITIES*

	2009/10	2010/11	2011/12
1 Year	20.80%	10.10%	1.60%
3 Year	-	-	10.60%
5 Year	-	-	-
10 Year	-	-	-
Inception	1.10%	4.30%	3.10%

* *The Market Securities portfolio was established in July 2008.*

RESULTS

All values used in the calculation of investment returns for Power Projects and Private Placements were obtained from CBT's 2011/12 audited financial statements. Returns were calculated by accounting staff and reviewed by investment staff. Returns for Market Securities were calculated in accordance with the Global Investment Performance Standards as adopted by the CFA Institute.

Historical returns for Private Placements and Power Projects have been restated to conform to the new rate-of-return methodology, which includes projects in development.

Power Projects

The annual return on Power Projects was 10.05 per cent for 2011/12. Hydroelectric power projects remain the largest contributor to CBT's Investment portfolio and, with the exception of a mechanical issue at Brilliant Expansion, largely performed to expectations for the year. Over the next three years, CBT anticipates a modest reduction in returns as construction costs for the Waneta Expansion Project are incurred; once this project comes into commercial operation, returns are expected to increase significantly.

Arrow Lakes Generating Station

Arrow Lakes Generating Station generated a loss of $2.1 million in 2011/12. This loss was slightly larger than anticipated due to financing expenses incurred for the $350-million Series “B” bonds, which were budgeted for the 2010/11 fiscal year. The Series “B” bonds were issued in order to raise the funds required for the Waneta Expansion Project, and the increased interest expense associated with the new debt was part of the reason for the loss.

All power generated at Arrow Lakes Generating Station is sold to BC Hydro under the terms of a 12-year contract that matures in 2015. In order to secure the financing required for the Waneta Expansion Project, BC Hydro agreed to a 30-year extension of the agreement, scheduled to commence January 1, 2016.

Brilliant Dam

Brilliant Dam generated $9.6 million in revenue for CBT. Results were slightly better than in 2010/11, with revenue from energy sales increasing and interest costs on long-term debt decreasing. Brilliant Dam is the oldest of CBT’s power projects and requires a higher level of ongoing capital investment. Capital expenditures were $1.8 million in 2011/12, and are expected to increase to $8.8 million over the next three years.

Brilliant Expansion

Brilliant Expansion contributed $7.8 million in revenue to CBT, a decrease of 23 per cent from the previous year. A 22-day unplanned outage—to allow for temporary repairs to a failed shaft seal and associated works—resulted in lost generating revenue that is not expected to be recovered. There may be options for recovery of the direct costs associated with these repairs, and negotiations will be undertaken with the project contractor. Approximately $2 million of the $7.8-million revenue was received under the federal EcoEnergy Program.

Private Placements

The return on Private Placements of 7.29 per cent was less than the 8.32 per cent earned in 2010/11. This category of investment includes CBT’s investment in real estate projects and in Basin-based businesses.

Commercial Loans and Investments

The return on Commercial Loans and Investments fell to 6.13 per cent, from 7.45 per cent in 2010/11. Market interest rates remained near historic lows and this had a negative impact on returns. Overall investment balances increased to $18.2 million, from $15.6 million in 2010/11, and this positive trend is anticipated to continue into 2012/13. Notwithstanding the increase in investment balances at year-end, revenues fell slightly compared to 2010/11 as a result of an earlier-than-anticipated repayment of a large loan at a relatively high interest rate.

CBT invested in Fisher Peak Townhomes, a new multi-family housing complex in Cranbrook, BC.

A total of 45 opportunities were reviewed and CBT approved $6.5 million in new investment. Approximately $2.8 million of these new approvals were not advanced until after the fiscal year-end of March 31, 2012.

Real Estate Investments

The return from Real Estate Investments fell to 8.77 per cent, from 9.33 per cent in 2010/11. CBT's portfolio of seniors housing facilities remained a significant contributor to the Investment Program, and the existing 803 suites in eight Basin communities will grow by 35 new units because of an expansion of Columbia Village in Invermere, BC. Construction of this expansion started in late spring 2012 and is expected to finish in early 2013. The slight decrease in return is largely attributable to costs incurred for normal maintenance and improvements to several of the facilities.

Market Securities

Global capital markets were influenced by a number of financial, political and macroeconomic events during 2011/12. A sovereign debt crisis in Europe heavily influenced the markets as several countries struggled with austerity proposals to reduce government debt. In the U.S., a political impasse over raising the debt ceiling resulted in a controversial downgrade of U.S. debt by certain credit rating agencies. In Canada, regional economic disparities were increasingly evident as resource-rich provinces enjoyed relatively strong growth, while provinces more heavily invested in manufacturing and services struggled to fully recover from the global economic slowdown. It was within this volatile environment that CBT's Market Securities portfolio generated a return of 1.6 per cent. From the inception of its investment in market securities in July 2008, CBT has earned a 3.1 per cent annualized return. Both of these returns are below the long-term target of 6 per cent. However, CBT's investment in market securities is long term in nature and the expectation is for improved returns over time.

DELIVERY OF BENEFITS

Goal 2
Deliver benefits that serve to strengthen the social, economic and environmental well-being of the Basin, its residents and communities.
Strategies
1. Encourage long-term stewardship of the Basin's natural assets and help build the ability to take action to meet environmental challenges.
2. Actively foster and support local and regional economic resiliency and well-being.
3. Help communities respond to social issues and make social considerations part of strengthening community well-being.
4. Work with communities and youth to enhance youth opportunities and engagement.
5. Support Basin residents to increase their awareness and understanding of water issues, and take steps to address issues.
6. Support local communities and regions in identifying and meeting their priorities.

HIGHLIGHTS

In 2011/12, in order to help it fulfill its broad mandate and advance its Delivery of Benefits strategies, CBT delivered $18.2 million in direct funding benefits within the Basin through a variety of projects, programs and initiatives. It also launched and continued a number of initiatives; for example, CBT:

- introduced the Social Grants Program, a three-year pilot with a budget of $3 million for projects that address social needs in the Basin;
- committed $5 million to a three-year, $10-million partnership with BC Housing that will see the creation of affordable rental housing in the Basin;
- committed $4.5 million over three years to student wage subsidy programs, including the School Works pilot and Summer Works, to offer wage subsidies to Basin small businesses to encourage student employment during the school year and in the summer;
- launched the Manufacturing and Technology Sector Development initiative, a two-year, $300,000 pilot that will test activities like a peer support and networking program and virtual business incubator;
- created a new subsidiary, the Columbia Basin Broadband Corporation, in order to create a world-class open access broadband network across the Basin, as access to high-speed Internet can connect people, help businesses remain competitive in a global economy and provide educational opportunities;
- engaged more than 1,600 Basin residents in learning about the Columbia River Treaty (CRT)—through 20 community, First Nations and online information sessions, plus a conference for young leaders—so that they can effectively engage in formal consultation with senior levels of government on the future of the CRT;

- introduced Community Directed Youth Funds, a $2.25-million program that commits $100,000 over a four-year period to qualifying communities in order to enhance local opportunities and services for youth aged 12 to 19; and
- confirmed a new delivery method that will create significant funding partnerships with communities and empower them to make decisions about the allocation of those funds.


The Nakusp Public Library is one of the organizations that has benefited from CBT's new School Works program.

These examples demonstrate how CBT:
1) helped address critical needs in the Basin; and 2) worked closely with communities to help them identify their own priorities, while also providing funds to help them achieve those priorities.

During 2011/12, CBT continued to follow the overarching direction set out in its *Strategic Priorities 2011 – 2015*, as well as more detailed strategic plans for each of the key Delivery of Benefits-related areas. All of these plans were written in consultation with Basin residents to ensure CBT's activities meet current and future needs. They provide guidance for pursuing opportunities, developing external relationships and partnerships and allocating staff resources.

CBT also continued to explore potential new roles it can play in communities. Emerging opportunities have been identified, and CBT will use available information and trends—and initiate additional research and analysis where required—to see how it might add value to addressing those opportunities.

MEASURES

Measuring CBT's Delivery of Benefits performance is a challenge given that the organization has a broad mission and mandate, that it plays a variety of roles (e.g., funder, facilitator, information resource) and that its activities often have qualitative, as opposed to quantitative, outcomes.

Because CBT is accountable to Basin residents—and because it ultimately supports efforts of residents and the well-being of the region—the organization is measuring how Basin residents' perceptions of CBT change over time; the particular question is whether residents feel CBT is making a positive difference in their lives and communities. This approach gives CBT meaningful feedback on whether its key stakeholders feel the organization is fulfilling its mission. It also helps CBT understand the impacts of its range of roles and its overall effectiveness.

CBT is also measuring its performance by assessing the perceptions of its partners: Do its partners feel CBT is making a positive difference in their communities? CBT has many partners, including local governments, regional non-profit bodies and organizations that have similar mandates. CBT engages with its partners regularly to explore opportunities for collaboration, and CBT's partners are the conduits through which numerous programs and initiatives are delivered to residents.

CBT first measured Basin residents' and partners' perceptions in late 2010 through an independent market research firm. That exercise will be repeated every two years, which allows sufficient time for residents and partners to work with CBT and for CBT to complete work related to its strategic priorities.

CBT also takes more frequent steps to monitor the diversity of roles it plays and the range of outcomes it strives to attain. It continues to develop performance measures and success indicators for key initiatives and partnerships. CBT also continues to evaluate its programs and initiatives, typically via external consultants who use a range of data collection and stakeholder engagement methods. Throughout the year, CBT's Board can then view how the organization's progress compares to its strategies and identify opportunities for improvement.

RESULTS

In 2010/11, CBT surveyed residents and partners on their perceptions of whether CBT was making a positive difference in communities; this information will be used as a baseline. The perceptions will be measured again in fall 2012. The descriptions of these measures can be viewed online in Appendix 2 of the *2012/13 – 2014/15 Service Plan* at www.cbt.org/serviceplan.

MEASURES	Results	Baseline	Results	Targets		
	2009/10	**2010/11**	**2011/12**	**2012/13**	**2013/14**	**2014/15**
Assessment by Basin Residents of CBT's Effectiveness	N/A	74%	N/A	78%	N/A	78%
Assessment by CBT Partners of CBT's Effectiveness	N/A	96%	N/A	96%	N/A	96%

CBT partners with a range of organizations to deliver benefits across the Basin, including Columbia Basin Alliance for Literacy, which delivers literacy programs for people of all ages.

CORPORATE OPERATIONS

Goal 3
Support and enable the effective management of the Investment Program and Delivery of Benefits programs and initiatives.
Strategies
1. Develop a formal risk management framework.
2. Review and implement improvements to the various business processes that support CBT's activities, including processes related to contract management, records management and information management systems.
3. Ensure CBT is viewed as an employer of choice, including by developing human resources strategies and supports, such as an individualized employee performance framework and appropriate benefits.
4. Implement appropriate sustainability principles and practices in CBT's everyday activities, including through the execution of a corporate carbon neutral plan.

HIGHLIGHTS

Corporate Operations includes communications, accounting, administration, information technology and human resources. The effective and efficient operation of each of these functions ensures CBT is able to support its Investment Program and Delivery of Benefits activities.

CBT took a number of steps to shape the management of its Corporate Operations in 2011/12. For example, CBT:

- commenced an annual external audit program to verify that CBT funds are being used for intended purposes and expenses incurred are in accordance with approved budgets; and
- initiated a financial management improvement project to design and implement appropriate controls to increase the predictability and effectiveness of Delivery of Benefits programs.

CBT will continue to enhance and evaluate its Corporate Operations practices and will focus on enhancing human resources strategies and practices in an effort to continue to retain and attract top talent.

MEASURES

In order to measure the effectiveness of the performance of its integral corporate functions, CBT continued to use the three measures that were introduced in 2010/11.

Maturity of Planning Practices

By annually assessing the maturity of its planning practices, CBT ensures that planning (including prioritization, business and operational planning and the allocation of resources) is fully indoctrinated within the organization.

Maturity of Risk Management Practices

By annually assessing the maturity of its risk management practices, CBT ensures the organization is making progress toward developing and implementing an enterprise-wide risk management framework.

Both planning and risk management practices are assessed against a set of descriptions representing four levels of attainment, from level one (absent or immature practices) to level four (a fully mature state with widespread adoption and implementation of practices). Current levels of maturity and targets are discussed and approved by the Board.

Average Budget Variance and Contributing Factors

By measuring budget variances for administration expenses, CBT assesses its ability to forecast appropriately and set realistic budgets, as well as manage its resources effectively over the course of the fiscal year.

Budget variance is calculated as the difference between the budget, approved by CBT's Board each January of the preceding year, and actual results, as reported in CBT's consolidated financial statements at the fiscal year-end. Targets are established by reviewing historical performance and budget variances, considering the degree of actual costs that could reasonably be expected to deviate from the budget and, most importantly, assessing CBT's tolerance for budget variances.

RESULTS

For 2011/12, it was determined CBT had attained a level three for maturity of planning practices, meaning the organization has developed higher-level plans but needs to more closely integrate those plans with its ongoing operations and resource allocation. For maturity of risk management practices, a level of 2.5 was attained, meaning the organization has identified corporate risks and developed some strategies to address them, but still needs to better articulate its overall tolerances for risk and implement a formal enterprise-wide risk management system.

Administration expenses were under budget by $344,000, resulting in a (5.6) per cent variance.

The descriptions of these measures can be viewed online in Appendix 3 of the *2012/13 – 2014/15 Service Plan* at www.cbt.org/serviceplan.

Measures	Results	Baseline	Results	Targets		
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Maturity of Planning Practices	N/A	2.5	3	4	4	4
Maturity of Risk Management Practices	N/A	2	2.5	3	4	4
Budget Variance for Corporate Operations	N/A	(4%)	(5.6%)	5%	5%	5%

MANAGEMENT DISCUSSION AND ANALYSIS

This Management Discussion and Analysis provides management's perspective of the consolidated financial position and results of operations of CBT for the year ended March 31, 2012. It should be read in conjunction with the audited consolidated financial statements and associated notes and material contained in the *Annual Report*. Forward-looking statements contained in this discussion are based on management's beliefs and information currently available and are subject to risks and uncertainties. As such, actual results could differ materially from those set forth in this discussion.

Commencing with the 2011/12 fiscal year, CBT has adopted Canadian public sector accounting standards (PSA). These are the first financial statements for which CBT has done so, and include the financial statements for the year ended March 31, 2012, the comparative information presented for March 31, 2011, and an opening PSA Statement of Financial Position at April 1, 2010.

These consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity, which is composed of all organizations controlled by CBT. CBT and its subsidiaries are fully consolidated with the exception of government business enterprises (GBE) and government business partnerships (GBP), which are accounted for by the modified equity method. Under this method, only CBT's investment in the GBE and GBP, and their net income and other changes in equity, are recorded. No adjustment is made for accounting policies that are different from those of CBT, except that any other comprehensive income of the GBE and GBP is accounted for as an adjustment to the accumulated surplus. Revenues are recorded by major category of investment, rather than at a subsidiary level. CBT's GBE include interests in power project entities and the Columbia Basin Broadband Corporation, and GBP include interests in real estate joint ventures.

CBT provided $1 million to help the Nature Conservancy of Canada purchase Columbia Lake – Lot 48 near Fairmont Hot Springs.

RESULTS OF OPERATIONS

Total revenues in 2011/12 were $23 million, a decrease from $29.5 million in 2010/11. This decrease was a result of a number of factors, including the income from Power Projects dropping to $16 million from $22 million. However, the decrease was offset by the increase of $1.1 million for loan interest income from a $20-million loan to Columbia Power and an increase of $1 million in Short-term Investments due to an increase in funds available for deposit from financing related to Arrow Lakes Generating Station.

Results of Operations *(in thousands)*		(Restated)	Variance	
	2011/12	**2010/11**	**Amount**	**%**
Revenues				
Power Projects	$16,371	$22,360	$(5,989)	(26.8%)
Short-term Investments	2,106	1,080	1,026	95.0%
Private Placements – Commercial Loans	1,163	1,197	(34)	(2.8%)
Loan Income	1,135	-	1,135	0.0%
Market Securities	860	1,524	(664)	(43.6%)
Recoveries	786	775	11	1.4%
Private Placements – Real Estate Investments	627	596	31	5.2%
Broadband Operations	(110)	-	(110)	0.0%
Contributions From the Province of BC	-	2,000	(2,000)	(100.0%)
	22,938	**29,532**	**(6,594)**	**(22.3%)**
Expenses				
Community Development Initiatives	9,046	6,387	2,659	41.6%
Water Initiatives	2,244	839	1,405	167.5%
Environment Initiatives	3,172	1,066	2,106	197.6%
Economic Initiatives	1,931	1,160	771	66.5%
Social Initiatives	1,276	1,058	218	20.6%
Youth Initiatives	476	352	124	35.2%
Other	65	305	(240)	(78.7%)
Administration	6,175	5,681	494	8.7%
	24,385	**16,848**	**7,537**	**44.7%**
Annual (Deficit)/Surplus	**$(1,447)**	**$12,684**	**$(14,131)**	**(111.4%)**

POWER PROJECTS

Power Projects revenues comprise the net income received from the three hydroelectric power projects in which CBT is a fifty-fifty partner with Columbia Power, as well as annual interest income in the Waneta Expansion Power Corporation.

Power sales revenues at both Brilliant Dam and Arrow Lakes Generating Station remained consistent with revenues received in 2010/11.

Brilliant Expansion experienced a shaft seal failure in June 2012, which caused a 22-day outage of operations. This resulted in lost revenues and repair costs of $3.2 million, shared equally with Columbia Power.

Financing costs for Arrow Lakes Generating Station increased in 2011/12 due to a new $350-million Series “B” bonds issue that took place to assist CBT and Columbia Power in financing their interests in the Waneta Expansion Project. In addition, budgeted one-time costs of $3.6 million in redemption and financing costs were also incurred in 2011/12 for the retirement of the original Series “A” bonds, shared equally with Columbia Power.

In 2010/11, the Waneta Expansion Power Corporation sold the expansion rights and development costs for the Waneta Expansion Project to a newly formed partnership between Fortis Inc., CBT and Columbia Power for $72 million. The Promissory Note was discounted using an effective interest rate of 5.5 per cent to reflect its present value at March 31, 2011. Interest accrues annually until the Promissory Note is recognized at its full value in 2020. CBT’s portion of the interest income in 2011/12 was $1 million.

Power Projects
(in thousands)

			Variance	
	2011/12	**2010/11**	**Amount**	**%**
Brilliant Dam				
Revenues	$20,567	$20,292	$275	1.4%
Expenses	10,929	10,926	3	0.0%
Net (Deficit)/Income	**9,638**	**9,366**	**272**	**2.9%**
Brilliant Expansion				
Revenues	15,240	17,097	(1,857)	(10.9%)
Expenses	7,455	6,966	489	7.0%
Net (Deficit)/Income	**7,785**	**10,131**	**(2,346)**	**(23.2%)**
Arrow Lakes Generating Station				
Revenues	18,079	17,388	691	4.0%
Expenses	20,144	9,510	10,634	111.8%
Net (Deficit)/Income	**(2,065)**	**7,878**	**(9,943)**	**(126.2%)**
Waneta Expansion Project				
Revenues	1,013	2,340	(1,327)	(56.7%)
Expenses	-	7,355	(7,355)	100.0%
Net (Deficit)/Income	**1,013**	**(5,015)**	**6,028**	**(120.20%)**
	$16,371	**$22,360**	**$(5,989)**	**(26.8%)**

SHORT-TERM INVESTMENTS

Short-term Investments revenues consist of interest revenue from a portfolio of short-term deposits held at financial institutions and with the British Columbia Investment Management Corporation. Revenues increased in 2011/12, as monies received from the new bond financing related to Arrow Lakes Generating Station were invested until they are required for CBT's investment in the Waneta Expansion Project. Deposits in the Short-term Investments portfolio also happened throughout the year by way of dividend transfers from both power and non-power investments. Balances decreased throughout the year as cash was used for construction costs related to the Waneta Expansion Project, Delivery of Benefits commitments, new investment opportunities and corporate administration expenses.

Short-term Investments *(in thousands)*			Variance	
	2011/12	2010/11	Amount	%
Short-term Investments	$2,106	$1,080	$1,026	95.0%

PRIVATE PLACEMENTS

Commercial Loans and Investments

Revenues received from Commercial Loans and Investments remained relatively unchanged from 2010/11. This year, a total of $6.5 million in new commercial loans was approved. Approximately $2.8 million of these new approvals were not advanced until after the fiscal year end of March 31, 2012.

Real Estate Investments

Real Estate Investments includes CBT's ownership interest in seniors housing facilities located in eight Basin communities. Net income received from Real Estate Investments increased nominally to $627,000, from $596,000 in 2010/11.

Private Placements *(in thousands)*			Variance	
	2011/12	2010/11	Amount	%
Real Estate Investments	$627	$596	$31	5.2%
Commercial Loans and Investments	1,163	1,197	(34)	(2.8%)
	$1,790	$1,793	$(3)	(0.2%)

LOAN INCOME

A $20-million loan was advanced to Columbia Power in April 2011. Interest will be payable until April 2016, at the rate of 5.67 per cent, after which the loan will be repayable in 50 semi-annual payments of principal and interest. Revenue received in 2011/12 from this loan totalled $1.1 million.

MARKET SECURITIES

CBT's diversified Market Securities portfolio recorded $860,000 in realized revenues compared to $575,000 in 2010/11. An unrealized loss of $538,000 was also recorded on the Statement of Remeasurement Gains and Losses and was accounted for directly in Accumulated Surplus. In April 2011, an additional $5 million was injected into this portfolio. The market value of this portfolio at the end of 2011/12 was $21.9 million.

Market Securities *(in thousands)*			Variance	
	2011/12	2010/11	Amount	%
Realized Gain	$860	$575	$285	49.6%
Unrealized Gain	$(538)	$949	$(1,487)	(156.7%)

RECOVERIES

CBT recovers costs from Columbia Power for shared information technology services and assets, as well as rental income for the second floor of the CBT building in Castlegar, BC. Recoveries were also received for management services from CBT's Power Projects subsidiaries and the Columbia Basin Broadband Corporation.

OPERATING EXPENSES

Delivery of Benefits

Funds used to support Delivery of Benefits activities increased by over $7 million in 2011/12 to $18.2 million, up from $11.2 million in 2010/11. This growth was a result of increased uptake of some of CBT's direct granting programs (more community driven-projects were ready to proceed or had matching dollars from partners, and required funding), increased demand for some of CBT's targeted programs, increases in the size of some of CBT's individual grants to projects and demand for the new programs and initiatives launched by CBT during the fiscal year.

In addition to these expenditures, there was a total of $2.5 million in outstanding financial commitments to Delivery of Benefits activities as of March 31, 2012. These commitments have been approved but are not expensed until eligibility criteria and accountabilities have been completed to the satisfaction of CBT.

Cranbrook's Baker Gardens was one of the affordable seniors housing projects that opened in 2011/12 as part of a partnership between CBT and the governments of Canada and BC.

Administration Expenses

Administration expenses consist of the following:

Administration Expenses *(in thousands)*	2011/12	2010/11	Variance Amount	%
Amortization	$448	$390	$58	14.9%
Board and Committee Expenses	162	169	(7)	(4.1%)
Communications	318	291	27	9.3%
Corporate Travel and Meetings	247	235	12	5.1%
Information Technology	189	187	2	1.1%
Office and General	474	527	(53)	(10.1%)
Professional Fees	385	303	82	27.1%
Staff Remuneration and Development	3,952	3,579	373	10.4%
	$6,175	**$5,681**	**$494**	**8.7%**

Total administration expenses increased by 9 per cent to $6.2 million, from $5.7 million in 2010/11. Staff remuneration and development experienced increases due to maternity leave coverage and two new permanent positions being filled. Professional fees also saw an increase due to the increased use of consultants who provide specific areas of expertise to CBT. These increases were all expected and approved in CBT's annual budget.

RETURN ON INVESTMENTS

The returns for CBT's Investment Program—Power Projects, Private Placements and Market Securities—can be viewed on page 21 of this document in the Investment Program Results section.

LIQUIDITY AND CAPITAL RESOURCES

Dividends

CBT received $21.4 million in dividends from power projects and $1.2 million from joint venture real estate projects. These funds were initially placed in Short-term Investments until required for CBT's investment in regional investment opportunities, Delivery of Benefits obligations or funding for corporate administration expenses.

Capital Expenditures

CBT classifies capital expenditures according to key projects and investments. The figures in the table on page 35 represent CBT's share. Total capital spending during 2011/12 was $37.7 million, almost all of which was invested in Power Projects. The major component was for CBT's investment in the Waneta Expansion Project, as CBT invested a total of $35.4 million for project development activities. Brilliant Expansion's expenditures included repairs to the shaft seal, while all other power projects expenditures were for planned regular upgrades and sustaining capital expenditures.

In 2011/12, CBT exercised an option to purchase its office location in Golden, BC; the transaction was completed in September 2011. CBT corporate assets consist of the Castlegar building, the Golden building, leasehold improvements, office furniture and equipment and information technology equipment.

Capital Expenditures *(in thousands)*	2011/12
Arrow Lakes Generating Station	$289
Brilliant Expansion	366
Waneta Expansion Project	35,422
Brilliant Dam	910
CBT Corporate Assets	673
	$37,660

CBT's Youth Advisory Committee is a group of involved, inspired, creative youth from around the Basin who provide advice on youth issues and evaluate CBT's Columbia Basin Youth Grants applications.

COMPARISON TO SERVICE PLAN

CBT provides a *Service Plan* each year to the BC Legislature under the *Budget Transparency and Accountability Act*. The *Service Plan* outlines CBT's goals, objectives and key strategies, along with the results it expects to achieve for the following three-year period.

Total revenues were $2 million less than forecasted in the *2011/12 – 2013/14 Service Plan*. A shaft seal failure at Brilliant Expansion, as well as one-time financing costs in the Arrow Lakes Power Corporation, accounted for the decrease in forecasted Power Projects revenues. The portfolio of Short-term Investments also experienced lower than expected revenues due to continuing low interest rates. Overall expenses were $866,000 higher than expected due to increased expenditures in Delivery of Benefits activities within the Basin.

Comparison to Service Plan *(in thousands)*	Actual	Service Plan	Variance	Three-year Forecasts		
	2011/12	2011/12	Amount	2012/13	2013/14	2014/15
Revenues						
Power Projects	$16,371	$17,586	$(1,215)	$19,021	$20,619	$21,838
Short-term Investments	2,106	3,850	(1,744)	1,620	1,200	1,000
Private Placements – Commercial Loans	1,163	1,303	(140)	777	796	819
Loan Income	1,135	548	587	1,134	1,134	1,134
Market Securities	860	350	510	700	700	700
Recoveries	786	473	313	460	450	450
Private Placements – Real Estate Investments	627	819	(192)	816	1,004	1,071
Broadband Operations	(110)	-	(110)	-	-	-
	22,938	24,929	(1,991)	24,528	25,903	27,012
Expenses						
Staff Remuneration and Development	3,952	4,091	(139)	4,233	4,375	4,500
Amortization	448	455	(7)	350	350	350
Board and Committee Expenses	162	219	(57)	208	208	208
Corporate Travel and Meetings	247	247	-	263	263	263
Communications	318	318	-	332	332	332
Information Technology	189	197	(8)	175	175	175
Office and General	474	582	(108)	564	722	797
Professional and Consultants Fees	385	410	(25)	375	375	375
Delivery of Benefits	18,210	17,000	1,210	20,000	19,000	20,000
	24,385	23,519	866	26,500	25,800	27,000
Unrealized Gain on Market Securities	-	970	-	-	-	-
Annual (Deficit)/Surplus	(1,447)	2,380	(2,857)	(1,972)	103	12
Capital Expenditures	$37,660	$38,857	$(1,197)	$46,242	$25,270	$10,569

FUTURE FINANCIAL OUTLOOK

Over the next three years, CBT anticipates the following trends, risks and opportunities may influence its financial performance.

The Waneta Expansion Project is within budget and on schedule.

Trends

Total revenues over the next three years are expected to be higher than those experienced in 2011/12. The shaft seal issues at Brilliant Expansion have been addressed and the unplanned outage experienced in the past fiscal year is not expected to recur. Financing costs associated with the Series "B" bond issue at Arrow Lakes Generating Station were also a one-time item and, when these are combined with normal course increases to contracted power sale prices, the expectation is for higher Power Project revenues.

The Private Placements portfolio is expected to grow and, assuming a stable or increasing interest rate environment, CBT should generate higher returns from the portfolio. Returns from Market Securities are more difficult to predict; however, given the relatively small allocation of funds to this portfolio, the returns are not expected to materially impact the total revenue of CBT.

Given that CBT anticipates stable revenues and no significant changes to its operating expenses, the planned deficit is attributable to its increased budget for delivering benefits in the Basin. Over the last several years, CBT's Investment Program earnings have increased, making more funds available for Delivery of Benefits. Instead of immediately using the new funds, CBT built its collective capacity to return higher levels of benefits over the long term, including through delivery agents and partners, in the most effective and impactful ways possible. This meant CBT had surpluses in those years. As a result, CBT has the cash available to fully fund these higher levels of benefits over the next three fiscal years and anticipates no operational or financial issues as a result of the deficit.

Risks and Opportunities

Waneta Expansion Project

Any significant issue with the construction of the Waneta Expansion Project could increase project cost or delay its completion and the generation of revenues. On the other hand, early completion could result in financial benefit to CBT. CBT is working with project partners during the construction of the project to address risk by ensuring that the project adheres to the overall budget and construction schedule.

Revenue Growth

Significant revenue growth over the past few years has put pressure on CBT, as it must continue to manage its finances and deliver benefits to the Basin prudently and effectively.

In order to improve its financial processes, CBT will continue developing a comprehensive internal audit program, which assesses the effectiveness of its financial controls, policies and procedures. It will also expand its external Delivery of Benefits audit program, ensuring CBT funds are being used for their intended purposes and expenditures are in accordance with approved budgets. CBT has also initiated a financial management improvement project, which will increase the predictability and effectiveness of its Delivery of Benefits programs.

Revenue growth also means increased pressure on CBT staff. In order to remain effective, CBT will increase staff when necessary. For example, in 2011/12 CBT hired a Manager, Operations, and a Manager, Planning and Development. Workloads must be balanced with expenses, however, as staff salaries and benefits comprise over 60 per cent of CBT's total administration expenses. This means CBT must continually consider the impact of changes to both staffing levels and remuneration to its overall budget and service delivery.

CBT has also been identifying potential new roles and opportunities to work with Basin communities. Over 2012/13, CBT will further explore some of those opportunities and their implications for CBT. Another important focus for 2012/13 will be continued engagement with the people of the region, and CBT will seek their input not only on its future direction but on how it does business and how it can do better.

Risk Management Program

CBT is developing an enterprise-wide risk management program that will help it identify the types of corporate risks that can undermine its ability to achieve its mandate and priorities. In turn, CBT will be better able to appropriately manage these risks.

Currently, CBT has attained a level of 2.5 out of four on its scale of maturity of risk management practices. This means the organization has identified corporate risks and developed some strategies to address them, but still needs to better articulate its overall tolerances for risk, and implement a formal enterprise-wide risk management system. CBT is working to increase its level of maturity, and striving to attain the highest level, four, by 2013/14.

CBT's Delivery of Benefits included providing support to improve public access to Koocanusa Reservoir.

CONSOLIDATED FINANCIAL STATEMENTS

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RESPONSIBILITY FOR FINANCIAL REPORTING

Management is responsible for the preparation of the accompanying consolidated financial statements and all of the information contained in the *Annual Report*. The financial statements have been prepared in accordance with Canadian public sector accounting standards and include amounts that are based on estimates and judgments. Management believes that the financial statements fairly present CBT's consolidated financial position and results of operations. The integrity of the information presented in the financial statements, including estimates and judgments relating to matters not concluded by fiscal year-end, is the responsibility of management. The financial statements have been approved by CBT's Board of Directors.

Management has established and maintained appropriate systems of internal control, which are designed to provide reasonable assurance that CBT's assets are safeguarded and that reliable financial records are maintained to form a proper basis for the preparation of financial statements. These systems include formal written policies and appropriate delegation of authority and segregation of responsibilities within the organization.

The independent external auditors, Yule Anderson, Chartered Accountants, have been appointed by CBT's Board to express an opinion as to whether the consolidated financial statements present fairly, in all material respects, CBT's financial position, results of operations, changes in net assets and cash flows in conformity with Canadian public sector accounting standards. The Auditor's Report follows and outlines the scope of their examination and their opinion on the consolidated financial statements.

The Board, through the Finance and Audit Committee, is responsible for ensuring that management fulfills its responsibility for financial reporting and internal controls. The Finance and Audit Committee, comprising directors who are not employees, meets regularly with the external auditors and management to satisfy itself that each group has properly discharged its responsibility to review the financial statements before recommending approval by the Board. The external auditors have full and open access to the Finance and Audit Committee, with and without the presence of management.

Neil Muth	Christine Lloyd
President and CEO	Director, Finance and Operations

INDEPENDENT AUDITOR'S REPORT

To the Directors of Columbia Basin Trust:

To the Minister of Jobs, Tourism and Innovation:

We have audited the accompanying consolidated financial statements of Columbia Basin Trust, which comprise the consolidated statement of financial position as at March 31, 2012 and the consolidated statement of operations, consolidated statement of change in accumulated surplus, consolidated statement of remeasurement gains and losses, consolidated statement of change in net financial assets and consolidated statement of 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 consolidated 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 consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian public sector accounting standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Columbia Basin Trust as at March 31, 2012, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Castlegar, BC

May 25, 2012

CHARTERED ACCOUNTANTS

COLUMBIA BASIN TRUST
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(in thousands)

	March 31, 2012	March 31, 2011 (Restated - Note 22)	April 1, 2010 (Restated - Note 22)
FINANCIAL ASSETS			
Cash	$ 1,867	$ 3,516	$ 3,233
Accrued interest and other assets (Note 3)	1,420	6,941	926
Short-term investments (Note 4)	88,625	22,578	38,333
Market securities (Note 5)	21,911	16,588	15,064
Loan receivable (Note 6)	20,000	-	-
Private placements - commercial loans (Note 7)	13,827	15,621	16,322
Private placements - commercial investment (Note 8)	4,400	-	-
Private placements - real estate investments (Note 9)	7,565	8,178	9,046
Investment in Columbia Basin Broadband Corporation (Note 10)	1,284	-	-
Investment in Waneta Expansion Limited Partnership (Note 11)	61,987	26,565	-
Investment in power projects (Note 12)	205,849	330,957	334,143
	428,735	430,944	417,067
LIABILITIES			
Accounts payable and accrued liabilities	1,642	1,734	521
Net Financial Assets	427,093	429,210	416,546
NON-FINANCIAL ASSETS			
Prepaid expenses	24	117	36
Tangible capital assets (Note 13)	2,906	2,681	2,742
	2,930	2,798	2,778
ACCUMULATED SURPLUS	$ 430,023	$ 432,008	$ 419,324
Accumulated Surplus is comprised of:			
Accumulated Surplus	$ 430,561	$ 432,008	$ 419,324
Accumulated Remeasurement Loss	(538)	-	-
ACCUMULATED SURPLUS	$ 430,023	$ 432,008	$ 419,324

COMMITMENTS (Notes 15 and 16)

Approved on behalf of the Board of Directors:

Garry Merkel
Chair

Naqvi

Amed Naqvi
Chair, Audit Committee

The accompanying notes are an integral part of these consolidated financial statements.

COLUMBIA BASIN TRUST
CONSOLIDATED STATEMENT OF OPERATIONS
(in thousands)

FOR THE YEAR ENDING MARCH 31	Budget (Unaudited - Note 21)	2012	2011 (Restated - Note 22)
REVENUES			
Power projects (Note 12)	$ 17,586	$ 16,371	$ 22,360
Short-term investments (Note 4)	3,850	2,106	1,080
Private placements - commercial loans (Note 7)	1,303	1,163	1,197
Loan income (Note 6)	548	1,135	-
Market securities (Note 5)	350	860	1,524
Recoveries (Note 17)	473	786	775
Private placements - real estate investments (Note 9)	819	627	596
Contributions from the Province of BC	-	-	2,000
Broadband operations (Note 10)	-	(110)	-
	24,929	22,938	29,532
EXPENSES (Note 14)			
Community development initiatives	8,516	9,046	6,387
Water initiatives	1,255	2,244	839
Environment initiatives	3,064	3,172	1,066
Economic initiatives	2,365	1,931	1,160
Social initiatives	1,005	1,276	1,058
Youth initiatives	238	476	352
Other	557	65	305
Administration	6,519	6,175	5,681
	23,519	24,385	16,848
ANNUAL (DEFICIT)/SURPLUS	$ 1,410	$ (1,447)	$ 12,684

The accompanying notes are an integral part of these consolidated financial statements.

COLUMBIA BASIN TRUST
CONSOLIDATED STATEMENT OF CHANGE IN ACCUMULATED SURPLUS
(in thousands)

FOR THE YEAR ENDING MARCH 31	2012	2011 (Restated - Note 22)
Accumulated surplus, beginning of year, as originally reported	$ 389,939	$ 388,857
Adjustments to accumulated surplus due to change in reporting standards	42,069	30,467
Accumulated surplus, beginning of year, restated	432,008	419,324
Annual (deficit)/surplus, as originally reported	(1,447)	1,082
Adjustments to annual surplus due to change in reporting standards	-	11,602
Annual (deficit)/surplus, restated	(1,447)	12,684
ACCUMULATED SURPLUS, end of year	$ 430,561	$ 432,008

The accompanying notes are an integral part of these consolidated financial statements.

COLUMBIA BASIN TRUST
CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES
(in thousands)

FOR THE YEAR ENDING MARCH 31		2012
Accumulated remeasurement (loss)/gain on market securities upon adoption of Public Sector Accounting Standards, beginning of period	$	-
Unrealized loss on market securities during the period (Note 5)		(538)
Accumulated remeasurement loss on market securities, end of period	$	(538)

The accompanying notes are an integral part of these consolidated financial statements.

COLUMBIA BASIN TRUST
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
(in thousands)

FOR THE YEAR ENDING MARCH 31	Budget (Unaudited - Note 21)	2012	2011 (Restated - Note 22)
ANNUAL (DEFICIT)/SURPLUS	$ 1,410	$ (1,447)	$ 12,684
Acquisition of prepaid expenses	-	(24)	(117)
Use of prepaid expenses	-	117	36
Acquisition of tangible capital assets	(725)	(673)	(329)
Amortization of tangible capital assets	455	448	390
	(270)	(132)	(20)
Effect of remeasurement losses	-	(538)	-
Change in Net Financial Assets	1,140	(2,117)	12,664
NET FINANCIAL ASSETS, beginning of year	429,210	429,210	416,546
NET FINANCIAL ASSETS, end of year	$ 430,350	$ 427,093	$ 429,210

The accompanying notes are an integral part of these consolidated financial statements.

COLUMBIA BASIN TRUST
CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEARS ENDING MARCH 31 *(in thousands)*	2012	2011 (Restated - Note 22)
CASH FLOWS FROM/APPLIED TO OPERATING ACTIVITIES		
Cash received from private placements - commercial loans	$ 1,554	$ 1,017
Cash received from short-term investments	3,229	1,076
Cash received from market securities	860	575
Cash received from the Province of BC	-	2,000
Cash paid for operating expenses	(4,682)	(4,277)
Cash paid for Delivery of Benefits	(18,210)	(11,167)
	(17,249)	(10,776)
CASH FLOWS FROM/APPLIED TO INVESTING ACTIVITIES		
Investment in Waneta Expansion Limited Partnership	(35,422)	(26,565)
Proceeds from sale of investment in deferred power projects	5,760	-
Investment in deferred power projects	(876)	(1,403)
Investment in Brilliant Expansion Power Corporation	(16,598)	-
Purchase of income and market securities	(225,906)	(109,376)
Redemption of income and market securities	154,000	124,556
Purchase of capital assets	(673)	(329)
Repayment of commercial loans	1,806	706
Commercial investment	(4,400)	-
Dividends received from real estate investments	1,240	1,402
Dividends received from power projects investments	158,063	22,068
	36,994	11,059
CASH FLOWS FROM/APPLIED TO FINANCING ACTIVITIES		
Advances to Columbia Power Corporation	(20,000)	-
Advances to Columbia Basin Broadband Corporation	(1,394)	-
	(21,394)	-
(DECREASE)/INCREASE IN CASH	(1,649)	283
CASH, beginning of year	3,516	3,233
CASH, end of year	$ 1,867	$ 3,516

The accompanying notes are an integral part of these consolidated financial statements.

COLUMBIA BASIN TRUST
Notes to the Consolidated Financial Statements
For the Years Ending March 31, 2012, and March 31, 2011
(in thousands)

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1. NATURE OF COLUMBIA BASIN TRUST

Columbia Basin Trust (CBT) is a corporation established by the *Columbia Basin Trust Act.* The purpose of CBT is to manage its assets for the ongoing economic, social and environmental well-being of the Columbia Basin (Basin) region. The sole share of CBT is held by the Minister of Finance on behalf of the Province of BC.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

These consolidated financial statements are prepared by management in accordance with generally accepted accounting principles for provincial reporting entities established by the Canadian Public Sector Accounting Board.

(b) Conversion to public sector accounting standards

Commencing with the 2011/12 fiscal year, CBT has adopted Canadian public sector accounting (PSA) standards. These are the first financial statements for which CBT has done so. CBT has early adopted the accounting standards contained in PS 1201 – Financial statement presentation, PS 2601 – Foreign currency translation, PS 3041 – Portfolio investments and PS 3450 – Financial instruments in the preparation of these financial statements.

Detailed information on the impact of the conversion to Canadian public sector accounting standards is provided in Note 22.

(c) Basis of consolidation

These consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity, which is composed of all organizations controlled by CBT. These organizations are as follows:

- CBT Real Estate Investment Corp. – 100% interest
- CBT Commercial Finance Corp. – 100% interest
- CBT Property Corp. – 100% interest
- CBT Energy Inc. – 100% interest
- CBT Power Corp. – 100% interest
- CBT Arrow Lakes Power Development Corp. – 100% interest
- CBT Brilliant Expansion Power Corp. – 100% interest
- CBT Waneta Expansion Power Corp. – 100% interest

All the organizations are fully consolidated with the exception of government business enterprises and government business partnerships, which are accounted for by the modified equity method (see note (d) below).

All intercompany balances and transactions have been eliminated.

COLUMBIA BASIN TRUST
Notes to the Consolidated Financial Statements
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(in thousands)

(d) Investment in government business enterprises and government business partnerships

CBT consolidates government business enterprises (GBE) and government business partnerships (GBP) using the modified equity method.

CBT's government business enterprises consist of the following entities:

- Columbia Basin Broadband Corporation (CBBC) – 100% interest
- Arrow Lakes Power Corporation (ALPC) – 50% interest
- Brilliant Power Corporation (BPC) – 50% interest
- Brilliant Expansion Power Corporation (BEPC) – 50% interest
- Waneta Expansion Power Corporation (WEPC) – 42% interest

Government business partnerships consist of CBT's 50% interest in the following real estate joint ventures:

- Castle Wood Village
- Columbia Village
- Crest View Village
- Garden View Village
- Joseph Creek Village
- Lake View Village
- Mountain Side Village
- Rocky Mountain Village

Under the modified equity method of accounting, only CBT's investment in the GBE and GBP, and their net income and other changes in equity are recorded. No adjustment is made for accounting policies that are different from those of CBT. Other comprehensive income of the GBE and GBP is presented in the statement of remeasurement gains and losses.

Intercompany transactions and balances are not eliminated, except for any profit or loss on the sale between entities of assets that remain within the reporting entity. Any dividends CBT receives are reflected as a reduction in the investment asset account.

(e) Tangible capital assets and amortization

Tangible capital assets are recorded at cost, which includes amounts directly related to the acquisition, construction, design, development, improvement or betterment of the assets. Costs include overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

The cost, less residual value of the tangible capital assets, excluding land, is amortized on a straight-line basis over the expected useful lives as follows:

	Years
Building	30
Leasehold improvements	4 - 10
Office furniture and equipment	5
Server hardware and software	3 - 5
Workstation hardware	3

COLUMBIA BASIN TRUST
Notes to the Consolidated Financial Statements
For the Years Ending March 31, 2012, and March 31, 2011
(in thousands)

Tangible capital assets are written down when conditions indicate that they no longer contribute to CBT's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations. Transfers of capital assets from related parties are recorded at carrying value.

(f) Revenue recognition

Revenues are recognized in the period in which the transaction or event occurs that gives rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers to CBT are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose. Revenue related to fees or services received in advance of the fee being earned or the service being performed is deferred and recognized when the fee is earned or service performed.

(g) Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed.

Government transfers are recognized in the consolidated financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made. Delivery of benefits activities are considered government transfers.

(h) Taxes

CBT is exempt from income taxes under paragraph 149(1)(d) of the *Income Tax Act*. CBT is also exempt from Federal Large Corporations Tax under subsection 181.1(3) of the *Income Tax Act.*

(i) Foreign currency translation

Foreign currency translations are translated at the exchange rates prevailing at the dates of transactions.

Monetary assets and liabilities, and non-monetary items included in the fair value measurement category denominated in foreign currencies, are translated into Canadian dollars at the exchange rate prevailing at the financial statement date. Unrealized foreign exchange gains and losses are recognized in the statement of remeasurement gains and losses. In the period of settlement, realized foreign exchange gains and losses are recognized in the statement of operations, and the cumulative amount of remeasurement gains and losses is reversed in the statement of remeasurement gains and losses.

COLUMBIA BASIN TRUST
Notes to the Consolidated Financial Statements
For the Years Ending March 31, 2012, and March 31, 2011
(in thousands)

(j) Financial instruments

Derivatives and equity instruments quoted in an active market are measured at fair value. CBT has elected to measure other specific financial instruments at cost and amortized cost to correspond with how they are evaluated and managed. These financial instruments are identified in this note by financial asset and financial liability classification and are not reclassified for the duration of the period they are held.

Financial instruments are classified as level one, two or three for the purposes of describing the basis of the inputs used to measure the fair values of financial instruments in the fair value measurement category, as described below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Market-based inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3: Inputs for the asset or liability that are not based on observable market data; assumptions are based on the best internal and external information available and are most suitable and appropriate based on the type of financial instrument being valued in order to establish what the transaction price would have been on the measurement date in an arm's length transaction.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations.

For financial instruments measured using amortized cost, amortized cost is defined as the amount at which a financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus cumulative amortization using the effective interest method and minus any valuation allowance. The effective interest rate method is used to determine interest revenue or expense.

For portfolio investments measured at cost, the cost method records the initial investment at cost and earnings from such investments are recognized only to the extent received or receivable. When an investment is written down to recognize a loss, the new carrying value is deemed to be the new cost basis for subsequent accounting purposes.

Interest and dividends attributable to financial instruments are reported in the statement of operations.

All financial assets, except derivatives, are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations. A write-down of a portfolio investment to reflect a loss in value is not reversed for a subsequent increase in value.

Transaction costs are a component of cost for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

CBT has designated its financial instruments as follows:

i. Cash

Cash includes cash on hand and is measured at fair value.

COLUMBIA BASIN TRUST
Notes to the Consolidated Financial Statements
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(in thousands)

ii. Short-term investments

Short-term investments are accounted for as portfolio investments. Investments quoted in an active market are reported at fair value and other investments are recorded at cost or amortized cost. These investments generally have a maturity of 18 months or less and are highly liquid and held for the purpose of meeting short-term cash commitments. Investments reported at fair value recognize any changes in fair value in the statement of remeasurement gains and losses.

iii. Market securities

Equity and debt investments quoted in an active market are reported at fair value. CBT invests in long-term investments through pooled fund products managed by the British Columbia Investment Management Corporation, a corporation established under the *Public Sector Pension Plans Act*. CBT has a diversified securities portfolio that includes short-term deposits, bonds and equities. Market securities are accounted for as portfolio investments and are reported at fair market value with changes in fair value recognized in the statement of remeasurement gains and losses.

iv. Investment in Waneta Expansion Limited Partnership

CBT accounts for its investment in Waneta Expansion Limited Partnership (WELP) as a portfolio investment and is measured on a cost basis.

v. Private placements and loans receivable

Investments in commercial loans or loans receivable are recorded at amortized cost less any amount for valuation allowance. Valuation allowances are made to reflect loans receivable at the lower of amortized cost and the net recoverable value, when collectability and risk of loss exists. Changes in valuation allowance are recognized in the statement of operations. Interest is accrued on loans receivable to the extent it is deemed collectable. Commercial investments that have an equity interest are accounted for as portfolio investments and are measured at cost.

vi. Other financial assets and financial liabilities

Accrued interest and other assets and accounts payable and accrued liabilities are measured at amortized cost and are recorded at values that approximate their amortized cost using the effective interest method.

The adoption of PS 3450 – Financial instruments has not resulted in any changes to the measurement and recognition of financial instruments from the comparative period to the current period presented in these financial statements.

(k) Employee future benefits

CBT and its employees make contributions to the Public Sector Pension Plan, which is a multi-employer defined benefit pension plan. CBT's contributions are expensed as paid.

Non-vesting sick leave benefits accrue to CBT's employees with no obligation to pay sick leave benefits until the employee is injured or ill. The sick leave benefits are not paid out to an employee upon termination of employment, resignation or retirement. CBT has determined, using management's best

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estimate of the future utilization of the sick leave benefits that the obligation is not significant and one has not been recorded.

(l) Measurement uncertainty

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the consolidated financial statements and the reported amounts of the revenues and expenses during the period. There are no items requiring the use of significant estimates.

Estimates are based on the best information available at the time of preparation of the consolidated financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these consolidated financial statements. Actual results could differ from these estimates.

3. ACCRUED INTEREST AND OTHER ASSETS

Accrued interest and other assets consist of accrued interest and recoveries from government business enterprises and government business partnerships. Accrued interest and other assets in 2010/11 include a $5.7 million receivable from Columbia Power Corporation (Columbia Power).

4. SHORT-TERM INVESTMENTS

Short-term investments consist of a portfolio of short-term deposits held at financial institutions and with the British Columbia Investment Management Corporation and are allocated as follows:

	Fair value hierarchy level	2012	2011	April 1, 2010
Term securities: measured at amortized cost	-	$ 53,095	$ 22,578	$ 38,333
Pooled fund investments: measured at fair value	1	35,530	-	-
		$ 88,625	$ 22,578	$ 38,333

As at March 31, 2012, the market value of the pooled fund investments was equal to its fair value.

5. MARKET SECURITIES

CBT has a diversified securities portfolio that includes short-term deposits, bonds and equities, which is managed by the British Columbia Investment Management Corporation. CBT's investment in market securities measured at fair value is as follows:

	Fair value hierarchy level	2012	2011	April 1, 2010
Market value	1	$ 21,911	$ 16,588	$ 15,064
Cost		$ 21,902	$ 16,042	$ 15,467

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Market securities income consists of:

Income	$ 591
Realized gain	269
	$ 860

Remeasurement loss on market securities:	
Market value at March 31, 2011	$ 16,588
Purchases	5,861
	22,449
Market value at March 31, 2012	21,911
Remeasurement loss	$ (538)

6. LOAN RECEIVABLE

An unsecured $20-million loan was advanced to Columbia Power in April 2011. Interest is payable at the rate of 5.67% until April 2016, after which the loan will be repayable in 50 semi-annual payments of principal and interest. Accrued interest and other assets include $568,000 of accrued interest on this advance to Columbia Power.

7. PRIVATE PLACEMENTS – COMMERCIAL LOANS

CBT provides commercial loans that are generally secured by real estate and have terms extending no further than 30 years.

Commercial loans are as follows:

	2012	2011	April 1, 2010
Commercial loans bearing interest from 4.13% to 7.5%	$ 13,925	$ 15,731	$ 16,437
Less: valuation allowance	(98)	(110)	(115)
	$ 13,827	$ 15,621	$ 16,322

8. PRIVATE PLACEMENTS – COMMERCIAL INVESTMENT

In November 2011, CBT negotiated a new investment agreement with an existing borrower to restructure a $5.7-million loan. The new arrangement includes a $1.3-million loan and a $4.4-million equity interest in the company. This commercial investment is accounted for as a portfolio investment and measured at cost.

Commercial investment is as follows:

	2012	2011	April 1, 2010
Commercial investment	$ 4,400	$ -	$ -

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9. PRIVATE PLACEMENTS – REAL ESTATE INVESTMENTS

CBT's real estate investments are comprised of 50% ownership interests in real estate investments throughout the Basin consisting of eight seniors housing facilities (see listing of joint ventures in Note 2). These investments are accounted for as investments in government business partnerships.

Condensed supplementary financial information for private placements – real estate investments is as follows:

(a) Financial position:

	Current Assets	Non-Current Assets	Total Assets	Current Liabilities	Non-Current Liabilities	Total Liabilities	Net Assets
April 1, 2010							
Castle Wood Village	$ 344	$ 5,083	$ 5,427	$ 364	$ 4,334	$ 4,698	$ 729
Columbia Village	31	3,325	3,356	84	2,509	2,593	763
Crest View Village	29	5,574	5,603	134	4,584	4,718	885
Garden View Village	20	4,053	4,073	84	3,068	3,152	921
Joseph Creek Village	102	11,265	11,367	287	8,753	9,040	2,327
Lake View Village	450	6,811	7,261	1,315	4,161	5,476	1,785
Mountain Side Village	107	3,667	3,774	70	2,769	2,839	935
Rocky Mountain Village	48	3,773	3,821	96	3,024	3,120	701
	$ 1,131	$ 43,551	$ 44,682	$ 2,434	$ 33,202	$ 35,636	$ 9,046
March 31, 2011							
Castle Wood Village	$ 114	$ 4,884	$ 4,998	$ 155	$ 4,177	$ 4,332	$ 666
Columbia Village	35	3,204	3,239	87	2,433	2,520	719
Crest View Village	31	5,371	5,402	140	4,470	4,610	792
Garden View Village	26	3,916	3,942	88	3,001	3,089	853
Joseph Creek Village	92	10,875	10,967	268	8,547	8,815	2,152
Lake View Village	12	6,594	6,606	116	4,959	5,075	1,531
Mountain Side Village	37	3,543	3,580	72	2,713	2,785	795
Rocky Mountain Village	60	3,635	3,695	104	2,921	3,025	670
	$ 407	$ 42,022	$ 42,429	$ 1,030	$ 33,221	$ 34,251	$ 8,178
March 31, 2012							
Castle Wood Village	$ 83	$ 4,733	$ 4,816	$ 162	$ 4,039	$ 4,201	$ 615
Columbia Village	8	3,089	3,097	100	2,340	2,440	657
Crest View Village	37	5,168	5,205	149	4,342	4,491	714
Garden View Village	27	3,778	3,805	92	2,930	3,022	783
Joseph Creek Village	105	10,484	10,589	281	8,325	8,606	1,983
Lake View Village	24	6,388	6,412	121	4,850	4,971	1,441
Mountain Side Village	44	3,419	3,463	76	2,653	2,729	734
Rocky Mountain Village	22	3,543	3,565	111	2,816	2,927	638
	$ 350	$ 40,602	$ 40,952	$ 1,092	$ 32,295	$ 33,387	$ 7,565

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(b) Investment in private placements – real estate:

	Castle Wood Village	Columbia Village	Crest View Village	Garden View Village	Joseph Creek Village	Lake View Village	Mountain Side Village	Rocky Mountain Village	Total
April 1, 2010									
CBT's interest in real estate investments	$ 729	$ 763	$ 885	$ 921	$ 2,327	$ 1,722	$ 935	$ 701	$ 8,983
Elimination entry	-	-	-	-	-	63	-	-	63
Private placements - real estate investments April 1, 2010	$ 729	$ 763	$ 885	$ 921	$ 2,327	$ 1,785	$ 935	$ 701	$ 9,046
March 31, 2011									
Opening balance	$ 729	$ 763	$ 885	$ 921	$ 2,327	$ 1,722	$ 935	$ 701	$ 8,983
Dividends paid	(143)	(105)	(164)	(105)	(346)	(252)	(159)	(127)	(1,401)
Surplus	80	61	71	37	171	61	19	96	596
Private placements - real estate investments March 31, 2011	$ 666	$ 719	$ 792	$ 853	$ 2,152	$ 1,531	$ 795	$ 670	$ 8,178
March 31, 2012									
Opening balance	$ 666	$ 719	$ 792	$ 853	$ 2,152	$ 1,531	$ 795	$ 670	$ 8,178
Dividends paid	(141)	(110)	(168)	(104)	(339)	(162)	(84)	(132)	(1,240)
Surplus	90	48	90	34	170	72	23	100	627
Private placements - real estate investments March 31, 2012	$ 615	$ 657	$ 714	$ 783	$ 1,983	$ 1,441	$ 734	$ 638	$ 7,565

Note - the elimination entry in Lake View Village for April 1, 2010 represents removal of accounts receivable and accounts payable balances between CBT and Lake View Village.

(c) Results of operations:

	Revenue	Finance Charges	Operations	Amortization	Total Expense	Surplus
March 31, 2011						
Castle Wood Village	$ 511	$ 239	$ 2	$ 190	$ 431	$ 80
Columbia Village	313	130	1	121	252	61
Crest View Village	543	262	3	207	472	71
Garden View Village	362	181	-	144	325	37
Joseph Creek Village	1,096	515	1	409	925	171
Lake View Village	545	267	3	214	484	61
Mountain Side Village	311	165	-	127	292	19
Rocky Mountain Village	374	139	1	138	278	96
	$ 4,055	$ 1,898	$ 11	$ 1,550	$ 3,459	$ 596
March 31, 2012						
Castle Wood Village	$ 526	$ 237	$ 2	$ 197	$ 436	$ 90
Columbia Village	313	124	19	122	265	48
Crest View Village	556	251	8	207	466	90
Garden View Village	362	177	7	144	328	34
Joseph Creek Village	1,096	504	13	409	926	170
Lake View Village	545	258	1	214	473	72
Mountain Side Village	311	160	-	128	288	23
Rocky Mountain Village	374	135	-	139	274	100
	$ 4,083	$ 1,846	$ 50	$ 1,560	$ 3,456	$ 627

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(d) Property, plant and equipment:

CBT's investment in real estate, comprised of seniors housing facilities, is as follows:

	Land	Building	2012	2011	April 1, 2010
Operating facilities	$ 2,728	$ 45,519	$ 48,247	$ 48,153	$ 39,208
Projects under development	-	-	-	-	8,970
Less: accumulated amortization	-	(7,645)	(7,645)	(6,131)	(4,627)
	$ 2,728	$ 37,874	$ 40,602	$ 42,022	$ 43,551

(e) Current and non-current liabilities:

i. Long-term debt

Long-term debt consists of mortgage loans that are included in current and non-current liabilities of the real estate entities. The purpose of the mortgage loans was to provide financing for the acquisition of land and the construction of seniors housing facilities. These loans have interest rates varying between 3.9% and 6.4% and will mature on different dates between November 2012 and November 2016. The loans are repayable in equal monthly payments of principal and interest, were originally amortized over 25 years and are secured by first, fixed and floating charges over the assets of the seniors housing facilities to which they relate.

ii. Guarantees by joint venturers

The joint venturers of the eight real estate investments gave separate guarantees for 50% of the original mortgage proceeds totalling $33 million.

iii. Principal repayments

Scheduled principal repayments are estimated as follows:

2013	$ 942
2014	994
2015	1,049
2016	1,106
2017	1,167
Thereafter	27,658
	$ 32,916

(f) Contingencies

In June 2010, the BC Housing Management Commission (BC Housing) provided a government grant to allow for subsidized suites at the Lake View Village, a seniors housing facility located in Nelson, BC. Under this agreement, Lake View Village received a forgivable loan in the amount of $855,000 (CBT's share is 50%), which was applied directly to the existing mortgage on the property. Under the terms and conditions of the agreement, if the loan is defaulted within the first 10 years, $855,000 is repayable to BC Housing. Thereafter, the forgivable loan amount is reduced by 1/15th per year. As at March 31, 2012, the balance of the forgivable loan was $855,000 (CBT's share is 50%).

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10. INVESTMENT IN COLUMBIA BASIN BROADBAND CORPORATION

The Columbia Basin Broadband Corporation (CBBC) is a wholly owned subsidiary of CBT and is accounted for as an investment in a government business enterprise. CBBC was formed in June 2011 to acquire broadband assets from Columbia Mountain Open Network. The mission of CBBC is to provide connectivity to a world-class open access broadband network across the Basin.

Investment in CBBC is as follows:

	2012
Balance, beginning of year	$ -
Loan from CBT	1,394
Net loss	(110)
Balance, end of year	$ 1,284

Condensed supplementary financial information for CBBC as at March 31, 2012, is as follows:

(a) Financial position:

Current Assets	Non-Current	Total Assets	Current Liabilities	Non-Current	Total Liabilities	Net Assets
$ 811	$ 560	$ 1,371	$ 88	$ 1,393	$ 1,481	$ (110)

(b) Results of operations:

Revenue	Operations	Amortization	Total Expense	(Deficit)
$ 359	$ 393	$ 76	$ 469	$ (110)

(c) Non-current liabilities:

In 2011/12, CBT loaned $1.4 million to CBBC in exchange for an unsecured non-interest bearing Promissory Note with no specified terms of repayment.

11. INVESTMENT IN WANETA EXPANSION LIMITED PARTNERSHIP

CBT Waneta Expansion Power Corp. (16.5% interest), CPC Waneta Holding Ltd. (32.5% interest), and Fortis Inc. (51% interest) formed a partnership to own and develop the Waneta Expansion Project.

The Waneta Expansion Project is a $900-million hydroelectric development downstream from the Waneta Dam in Trail, BC. Construction of the 335-megawatt facility commenced October 1, 2010, and is expected to be completed in early 2015. CBT invested a total of $35.4 million in the Waneta Expansion Project in 2011/12, to bring the total investment to $62 million.

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This investment is accounted for as a portfolio investment and is measured at cost.

	2012	**2011**	**April 1, 2010**
Investment in Waneta Expansion Limited Partnership	$ 61,987	$ 26,565	$ -

12. INVESTMENT IN POWER PROJECTS

CBT's investment in power projects comprises ownership interests in four entities which operate powerplants and transmission lines in the Basin. CBT participates in power projects through jointly owned entities with Columbia Power and these investments are accounted for as investments in government business enterprises.

CBT has ownership interest in the following jointly owned entities:

(a) Arrow Lakes Power Corporation

CBT Arrow Lakes Power Development Corp. has a 50% ownership interest in the Arrow Lakes Power Corporation (ALPC). The purpose of the ALPC is to operate the 185-megawatt Arrow Lakes Generating Station adjacent to Hugh Keenleyside Dam at Castlegar, BC, and a 48-kilometre transmission line from the power plant to BC Hydro’s Selkirk substation.

(b) Brilliant Power Corporation

CBT Power Corp. has a 50% ownership interest in the Brilliant Power Corporation (BPC). The purpose of the BPC is to operate the Brilliant Power Facility and Brilliant Terminal Station. The Brilliant Power Facility comprises Brilliant Dam and Generating Station, located on the Kootenay River three kilometres upstream from the confluence of the Columbia River. The Brilliant Terminal Station is a 230-kilovolt switchyard that interconnects Arrow Lakes Generating Station, Brilliant Expansion and Brilliant Dam and Generating Station to the integrated BC transmission system.

(c) Brilliant Expansion Power Corporation

CBT Brilliant Expansion Power Corp. has a 50% interest in the Brilliant Expansion Power Corporation (BEPC). The purpose of the BEPC is to operate Brilliant Expansion, a 120-megawatt power generation development adjacent to Brilliant Dam at Castlegar, BC.

(d) Waneta Expansion Power Corporation

CBT Energy Inc. has a 42% interest (2011: 50% interest) in the Waneta Expansion Power Corporation (WEPC). The WEPC previously held legal title of assets related to the Waneta Expansion Project. In October 2010, all deferred development costs and expansion rights related to the Waneta Expansion Project were sold to the Waneta Expansion Limited Partnership in exchange for a $72-million non-interest bearing Promissory Note.

In March 2011, CBT Energy Inc. agreed to the sale of 8% of its interest in the WEPC for $5.8 million, and this transaction was finalized in March 2012.

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Condensed supplementary financial information for investment in power projects is as follows:

(e) Financial position:

	Current Assets	Property, Plant &	Lease Receivable	Other Non-Current	Total Assets	Current Liabilities	Non-Current Liabilities	Total Liabilities	Net Assets
April 1, 2010									
ALPC	$ 8,189	$ 133,144	$ -	$ -	$ 141,333	$ 5,367	$ 22,205	$ 27,572	$ 113,761
BPC	10,386	-	145,040	5,274	160,700	7,104	71,291	78,395	82,305
BEPC	5,242	121,753	-	1,285	128,280	16,655	-	16,655	111,625
WEPC	299	-	-	26,787	27,086	634	-	634	26,452
	$ 24,116	$ 254,897	$ 145,040	$ 33,346	$ 457,399	$ 29,760	$ 93,496	$ 123,256	$ 334,143
March 31, 2011									
ALPC	$ 8,669	$ 129,670	$ -	$ -	$ 138,339	$ 23,549	$ -	$ 23,549	$ 114,790
BPC	6,957	-	147,781	5,292	160,030	5,043	66,566	71,609	88,421
BEPC	6,195	119,544	-	1,291	127,030	17,239	-	17,239	109,791
WEPC	1	-	-	17,955	17,956	1	-	1	17,955
	$ 21,822	$ 249,214	$ 147,781	$ 24,538	$ 443,355	$ 45,832	$ 66,566	$ 112,398	$ 330,957
March 31, 2012									
ALPC	$ 8,312	$ 126,243	$ -	$ 14,023	$ 148,578	$ 5,042	$ 173,636	$ 178,678	$ (30,100)
BPC	6,857	-	149,640	5,319	161,816	5,663	63,994	69,657	92,159
BEPC	6,654	117,410	-	1,301	125,365	543	-	543	124,822
WEPC	-	-	-	18,968	18,968	-	-	-	18,968
	$ 21,823	$ 243,653	$ 149,640	$ 39,611	$ 454,727	$ 11,248	$ 237,630	$ 248,878	$ 205,849

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(f) Investment in power projects:

	ALPC	BPC	BEPC	WEPC	Total
April 1, 2010					
CBT's interest in power projects net assets	$ 113,753	$ 82,305	$ 111,625	$ 26,411	$ 334,094
Elimination entry	8	-	-	41	49
Investment in power projects April 1, 2010	$ 113,761	$ 82,305	$ 111,625	$ 26,452	$ 334,143
March 31, 2011					
Opening balance	$ 113,753	$ 82,305	$ 111,625	$ 26,411	$ 334,094
Adjusting entry	-	-	-	(3,420)	(3,420)
Contributions	-	-	-	1,621	1,621
Dividends paid	(6,853)	(3,250)	(11,965)	-	(22,068)
Surplus/(deficit)	7,877	9,366	10,131	(6,657)	20,718
CBT's interest in power projects net assets	114,777	88,421	109,791	17,955	330,944
Elimination entry	13	-	-	-	13
Investment in power projects March 31, 2011	$ 114,790	$ 88,421	$ 109,791	$ 17,955	$ 330,957
March 31, 2012					
Opening balance	$ 114,777	$ 88,421	$ 109,791	$ 17,955	$ 330,944
Contributions	-	-	16,598	-	16,598
Dividends paid	(142,812)	(5,900)	(9,352)	-	(158,064)
Surplus/(deficit)	(2,065)	9,638	7,785	1,013	16,371
Investment in power projects March 31, 2012	$ (30,100)	$ 92,159	$ 124,822	$ 18,968	$ 205,849

Notes:
1. The elimination entries in ALPC represent removal of accounts receivable and accounts payable balances between CBT and ALPC.
2. The elimination entry in WEPC for April 1, 2010 represents removal of accounts receivable and accounts payable balances between CBT and WEPC.
3. The adjusting entry in WEPC for March 31, 2011 represents an adjustment of CBT's interest in WEPC's Promissory Note.

(g) Results of operations:

	Revenue	Finance Charges	Operations	Amortization	Total Expense	Surplus/ (Deficit)
March 31, 2011						
ALPC	$ 17,388	$ 1,487	$ 4,314	$ 3,709	$ 9,510	$ 7,878
BPC	20,292	5,572	5,321	33	10,926	9,366
BEPC	17,097	169	4,308	2,489	6,966	10,131
WEPC	2,340	-	7,355	-	7,355	(5,015)
	$ 57,117	$ 7,228	$ 21,298	$ 6,231	$ 34,757	$ 22,360
March 31, 2012						
ALPC	$ 18,079	$ 11,542	$ 4,886	$ 3,716	$ 20,144	$ (2,065)
BPC	20,567	5,408	5,487	34	10,929	9,638
BEPC	15,240	203	4,751	2,501	7,455	7,785
WEPC	1,013	-	-	-	-	1,013
	$ 54,899	$ 17,153	$ 15,124	$ 6,251	$ 38,528	$ 16,371

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(h) Non-current assets:

Promissory Note

The WEPC's non-current asset is a non-interest bearing Promissory Note and is payable on the fifth anniversary of the commercial operation date of the Waneta Expansion Project. In 2010/11, the commercial operation date was estimated to occur in 2015, thereby making the Promissory Note's estimated repayment date in 2020, 10 years from the date of issuance. The Promissory Note was discounted using an effective interest rate of 5.5% to reflect a present value at March 31, 2011, of $43 million (CBT's portion was $18 million). Interest accretes until the Promissory Note is recognized at its face value in 2020. As at March 31, 2012, CBT's portion of the Promissory Note was $19 million.

(i) Non-current liabilities:

i. Long-term debt

The Brilliant Power Corporation has long-term debt that consists of the following:

- Series "A" bonds bearing interest at 8.93%;
- Series "B" bonds bearing interest at 6.86%; and
- Series "C" bonds bearing interest at 5.67%.

The bonds are redeemable in whole or in part at any time before May 31, 2026, at a price equal to the greater of the principal amount then outstanding, or a price calculated to provide a yield to maturity based on the current yield of a matching-duration Government of Canada bond plus 0.30%, 0.31% and 0.23% respectively. The bonds are secured on a limited recourse basis by charges against Brilliant Dam assets and revenues.

On April 5, 2011, Arrow Lakes Power Corporation (ALPC) and Columbia Power, exercised an option to redeem its Series "A" bonds. The redemption date was May 5, 2011, and the total redemption price was $43.8 million, which included interest and a redemption premium of $2.8 million. On the same date, the ALPC issued $350 million principal amount of Series "B" bonds with a coupon rate of 5.52%, which is due April 5, 2041. The Series "B" bonds are secured on a limited recourse basis by charges against Arrow Lakes Generating Facility and Transmission assets, related material contracts, licenses, permits, approvals, authorizations and insurance coverage.

	2012	**2011**
Arrow Lakes bonds	$ 175,000	$ 22,384
Brilliant Dam bonds	67,893	70,403
	242,893	92,787
BEPC loan from Columbia Power	-	16,409
Less: Financing costs	(2,562)	(1,327)
Less: Current portion of long-term debt	(2,701)	(41,303)
	$237,630	$ 66,566

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ii. Principal repayments

Scheduled principal repayments related to the above long-term debt are estimated as follows:

2013	$ 2,701
2014	2,907
2015	3,129
2016	3,369
2017	7,006
Thereafter	223,781
	$242,893

(j) Contingencies

CBT's operating and development power project activities are affected by federal, provincial and local government laws and regulations. Under its agreements with its Bondholders, the BPC and ALPC have agreed to comply or cause compliance in all material respects with such laws and regulations, as well as to maintain all material franchises. Under current regulations, the venturers are required to meet performance standards to minimize or mitigate the negative impacts of their proposed projects. The impact, if any, of future legislative or regulatory requirements on specific projects and their related deferred costs cannot currently be estimated.

13. TANGIBLE CAPITAL ASSETS

CBT's tangible capital assets are as follows:

	Cost	Accumulated Amortization	2012	2011	April 1, 2010
Land	$ 205	$ -	$ 205	$ 70	$ 70
Building	3,470	1,213	2,257	2,091	2,213
Leasehold improvements	637	590	47	86	123
Office furniture and equipment	530	472	58	115	181
Server hardware and software	632	340	292	258	56
Workstation hardware	268	221	47	61	99
	$ 5,742	$ 2,836	$ 2,906	$ 2,681	$ 2,742

Refer to Schedule A for supplementary financial information.

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14. EXPENSES BY OBJECT

The following is a summary of CBT's expenses listed by object:

	2012	2011
Amortization	$ 448	$ 390
Board and committee expenses	162	169
Communications	318	291
Corporate travel and meetings	247	235
Delivery of Benefits Initiatives	18,210	11,167
Information technology	189	187
Office and general	474	527
Professional fees	385	303
Staff remuneration and development	3,952	3,579
	$ 24,385	$ 16,848

15. DELIVERY OF BENEFITS

Delivery of Benefits refers to activities that CBT undertakes in the region as it seeks to support the efforts of the people of the Basin to create a legacy of social, economic and environmental well-being in the Basin.

In addition to disbursing $18.2 million in benefits in 2011/12 (2010/11 - $11.2 million), CBT had an additional $2.5 million in outstanding financial commitments through Delivery of Benefits programs and initiatives at March 31, 2012. These commitments have been approved but are not recorded as expenses until all eligibility criteria have been met.

CBT has also entered into a number of multi-year commitments for program delivery over the next three years. As at March 31, 2012, CBT had $7.4 million committed for 2012/13 funding, $4.5 million for 2013/14 funding and $4.3 million for 2014/15 funding.

16. COMMITMENTS

(a) CBT Office

CBT has entered into operating lease agreements for its office spaces with terms expiring at various dates in the future.

(b) Private Placements

CBT has entered into various agreements to provide commercial loans under specified terms and conditions. As at March 31, 2012, the balance of committed financing was $3.2 million, and will be advanced when the terms of the contracts are met.

(c) Waneta Expansion Project

Over the next 3.5 years, CBT Waneta Expansion Power Corp. is committed to fund its 16.5% interest in the Waneta Expansion Project. CBT Waneta Expansion Corporation has committed $35.6 million in 2012/13, $14.8 million in 2013/14, $2.4 million in 2014/15 and $240,000 in 2015/16.

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17. RECOVERIES

CBT provides Columbia Power with information technology support and other contract services. Columbia Power also rents a portion of the Columbia Basin Building owned by CBT. In addition, CBT charges the jointly owned entities, CBBC and others for management services. These items are classified as recoveries on the statement of operations.

	2012	**2011**
Information technology systems	$ 299	$ 410
Management/contract services	336	229
Rental expenses	151	136
	$ 786	$ 775

18. RELATED PARTY TRANSACTIONS

CBT is related through common ownership of its jointly owned entities with Columbia Power. CBT is also indirectly related through common ownership to all Province of BC ministries, agencies, Crown corporations and public sector organizations that are included in the provincial government reporting entity. All related party transactions are considered to possess commercial substance and are consequently recorded at their exchange amounts.

Payments received from Columbia Power are as follows:

	2012	**2011**
Information technology systems	$ 299	$ 410
Management / contract services	207	229
Rental expenses	151	136
	$ 657	$ 775

Payments received from CBBC are as follows:

	2012	**2011**
Management / contract services	$100	$ -

CBT’s portion of related party transactions in power projects and CBBC are summarized as follows:

Due from and sales to related parties:

	2012	**2011**
Columbia Power	$ 2,122	$ 3,537
Province of BC	6,449	6,377
BC Hydro	196	10
BPC	682	694
BC Transmission Corporation	-	8
Powerex	45	45
	$ 9,494	$ 10,671

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Due to and purchases from related parties:

	2012	**2011**
Province of BC	$ 1,829	$ 1,642
BC Hydro	31,945	32,304
BEPC	682	-
BC Transmission Corporation	-	694
Powerex	705	1,266
CBBC	24	-
	$ 35,185	$ 35,906

19. PUBLIC SERVICE PENSION PLAN

CBT and its employees contribute to the Public Service Pension Plan (PSPP) in accordance with the *Public Sector Pension Plans Act*. The British Columbia Pension Corporation administers the plan, including payment of pension benefits to employees to whom the Act applies. The PSPP is a multi-employer defined benefit pension plan. Under joint trusteeship, the risks and rewards associated with the PSPP's unfunded liability or surplus is shared between the employers and the plan members and will be reflected in future contributions.

The most recent actuarial valuation (March 31, 2011) determined the PSPP was 98% funded. To maintain funding for the basic pension benefit, contribution rates to the basic account will be increased by a total of 0.8% of salary. This increase will be shared equally between members and employers and is effective April 2012. Contributions to the PSPP by CBT in 2011/12 were $232,116 (2010/11 - $45,000). No provision, other than CBT's required employer pension contributions, has been made in the accounts of CBT for this liability.

20. RISK MANAGEMENT

(a) Credit risk

Credit risk refers to the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. CBT extends credit within its commercial loans and investments. To mitigate CBT’s exposure to credit risk, an assessment of the credit worthiness of a borrower is carried out prior to the placement of a commercial loan or investment. CBT’s exposure to credit risk is as indicated by the carrying value of its commercial loans and investments. The maximum exposure to credit risk at March 31, 2012, was:

	2012	**2011**	**April 1, 2010**
Accrued interest and other assets	$ 1,867	$ 3,516	$ 3,233
Commercial loans	$13,827	$15,621	$16,322
Commercial investment	$ 4,400	$ -	$ -

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(b) Liquidity risk

Liquidity risk refers to the risk that CBT will encounter difficulty in meeting obligations associated with financial liabilities. CBT monitors and maintains its liquidity to ensure sufficient capacity to repay its financial liabilities when they become due. CBT considers that it has sufficient liquidity to meet its financial obligations. The maximum exposure to liquidity risk at the reporting date was:

	2012	2011	April 1, 2010
Accounts payable and accrued liabilities	$ 1,642	$ 1,734	$ 521

(c) Market risk

Market risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk.

i. Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. CBT realizes all significant revenues and expenses in Canadian dollars and is therefore not significantly exposed to currency fluctuations.

ii. Interest rate risk

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. CBT is not exposed to significant interest rate risk for current liabilities due to the short-term nature of its current liabilities. CBT's short-term investments and commercial loans are subject to variable interest rates.

Sensitivity analyses: A change of 100 basis points in the interest rates in short-term investments would increase or decrease revenues by $830,000. A change of 100 basis points in the market rates of commercial loans would increase or decrease revenues by $98,000.

iii. Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial statement or its issuer, or factors affecting all similar financial instruments traded in the market. As CBT's market securities portfolio is affected by global market conditions, the maximum exposure to price risk at the reporting date was:

	2012	2011	April 1, 2010
Market securities	$ 21,911	$ 16,588	$ 15,064

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21. BUDGETED FIGURES

Budgeted figures have been provided for comparison purposes and have been derived from CBT's annual budget approved by the Board of Directors in January 2011.

22. CONVERSION TO PUBLIC SECTOR ACCOUNTING STANDARDS

Commencing with the 2011/12 fiscal year, CBT has adopted Canadian public sector accounting standards (PSA). These consolidated financial statements are the first consolidated financial statements for which CBT has applied Canadian PSA. CBT has early adopted the accounting standards contained in PS 1201 – Financial statement presentation, PS 2601 – Foreign currency translation, PS 3041 - Portfolio investments and PS 3450 – Financial instruments and in the preparation of these financial statements.

The impact of the conversion to Canadian PSA on the accumulated surplus at the beginning of the 2010/11 fiscal year, the date of transition and the comparative annual surplus are presented in the statement of change in accumulated operating surplus. These accounting changes have been applied retroactively with restatement of prior periods except for the accounting standards contained in PS 2601 and PS 3450, as these standards specifically prohibit retroactive application. The following changes have been implemented to comply with PSA:

(a) Explanation to significant changes in the presentation of the financial statements:

i. Material adjustment to the presentation of the statement of operations:

CBT has made certain adjustments to the presentation of its statement of operations to comply with the presentation requirements under PSA. PSA requires that expenses be presented by function on the statement of operations and disclosed in the notes by object. The change to presentation by function required the allocation of expenses by object to the appropriate Delivery of Benefits initiative.

ii. Equity investments in GBE and GBP:

Under previous Canadian generally accepted accounting principles (GAAP), CBT accounted for its investments in government business enterprises (GBE) and government business partnerships (GBP) using the proportionate consolidation method. Under this method, the consolidated financial statements include CBT's proportionate share of the investees' assets, liabilities, revenues and expenses with items of similar nature on a line-by-line basis. Under the modified equity method, the investment is initially recorded at cost and the carrying amount is increased or decreased to recognize the investor's share of the GBE and GBP's profit or loss and other changes in equity. The adjustments related to this change are shown under the reclass adjustment column. No adjustments are made for accounting policies of the GBE or GBP that are different than that of CBT.

iii. Accounting standards change in jointly controlled power project entities:

In the reporting periods presented, CBT's jointly controlled power project entities transitioned to International Financial Reporting Standards (IFRS) from their previous Canadian GAAP. This

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transition had some material changes to the jointly controlled power project entities' financial statements, which included removing property, plant and equipment and setting up a finance lease, writing off ineligible capitalized costs and reallocating property, plant and equipment to major component categories and amortizing costs over the estimated useful lives of these categories. The net effect of these changes is shown under the IFRS adjustment column.

In the reporting periods presented, CBT's real estate joint ventures transitioned to Accounting Standards for Private Enterprises (ASPE) from their previous GAAP. There were no adjustments required for the transition to ASPE.

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(b) The following table shows the adjustments required to the April 1, 2010, statement of financial position to transition from previous GAAP to PSA:

ASSETS	GAAP 2010	PSA Adjustments RECLASS	PSA	IFRS	PSA 2010
CURRENT					
Cash	$ 14,333	$ (11,100)	$ -	$ -	$ 3,233
Unbilled power project revenue	5,196	(5,196)	-	-	-
Accrued interest and other assets	5,241	(4,315)	-	-	926
	24,770	(20,611)	-	-	4,159
INVESTMENTS					
Power projects	361,778	(361,778)	-	-	-
Private placements	59,874	(59,874)	-	-	-
Income securities	44,892	(44,892)	-	-	-
Market securities	15,064		-	-	15,064
Short-term investments	-	38,333	-	-	38,333
Private placements-commercial loans	-	16,322	-	-	16,322
Private placements-real estate investments	-	9,046	-	-	9,046
Investment in power projects	-	303,579	-	30,564	334,143
	481,608	(99,264)	-	30,564	412,908
OTHER					
Capital assets	2,838	(2,838)	-	-	-
Deferred amounts	34,492	(34,492)	-	-	-
Tangible capital assets	-	2,839	(97)	-	2,742
Prepaid expenses	-	36	-	-	36
	37,330	(34,455)	(97)	-	2,778
	$ 543,708	$ (154,330)	$ (97)	$ 30,564	$ 419,845
LIABILITIES AND NET ASSETS					
CURRENT					
Accounts payable and accrued liabilities	$ 3,975	$ (3,454)	$ -	$ -	$ 521
Accrued interest payable	2,592	(2,592)	-	-	-
Current portion of long-term debt	23,919	(23,919)	-	-	-
	30,486	(29,965)	-	-	521
OTHER					
Long-term debt	124,365	(124,365)	-	-	-
NET ASSETS					
Opening balance	375,987	-	-	-	375,987
Income	12,870	-	19	-	12,889
Adjustments	-	-	(116)	30,564	30,448
	388,857	-	(97)	30,564	419,324
	$ 543,708	$ (154,330)	$ (97)	$ 30,564	$ 419,845

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(c) The following table shows the adjustments required to the March 31, 2011, statement of financial position to transition from previous GAAP to PSA:

	GAAP	PSA Adjustments			PSA
ASSETS	**2011**	**RECLASS**	**PSA**	**IFRS**	**2011**
CURRENT					
Cash	$ 15,875	$ (12,359)	$ -	$ -	$ 3,516
Unbilled power project revenue	4,978	(4,978)	-	-	-
Accrued interest and other assets	11,793	(4,852)	-	-	6,941
	32,646	(22,189)	-	-	10,457
INVESTMENTS					
Power projects	354,942	(354,942)	-	-	-
Private placements	57,642	(57,642)	-	-	-
Income securities	29,161	(29,161)	-	-	-
Market securities	16,588	-	-	-	16,588
Short-term investments	-	22,578	-	-	22,578
Private placements-commercial loans	-	15,621	-	-	15,621
Private placements-real estate investments	-	8,178	-	-	8,178
Investment in power projects	-	288,744	-	42,213	330,957
	458,333	(106,624)	-	42,213	393,922
OTHER					
Capital assets	2,825	(2,825)	-	-	-
Promissory Note	17,955	(17,955)	-	-	-
Investment in WELP	26,565	-	-	-	26,565
Tangible capital assets	-	2,825	(144)	-	2,681
Prepaid expenses	-	117	-	-	117
	47,345	(17,838)	(144)	-	29,363
	$ 538,324	$ (146,651)	$ (144)	$ 42,213	$ 433,742
LIABILITIES AND NET ASSETS					
CURRENT					
Accounts payable and accrued liabilities	$ 3,956	$ (2,222)	$ -	$ -	$ 1,734
Accrued interest payable	2,460	(2,460)	-	-	-
Current portion of long-term debt	42,182	(42,182)	-	-	-
	48,598	(46,864)	-	-	1,734
OTHER					
Long-term debt	99,377	(99,377)	-	-	-
Restricted contribution	410	(410)	-	-	-
	99,787	(99,787)	-	-	-
NET ASSETS					
Opening balance	388,857	-	-	-	388,857
Income	1,082	-	(47)	11,649	12,684
Adjustments	-	-	(97)	30,564	30,467
	389,939	-	(144)	42,213	432,008
	$ 538,324	$ (146,651)	$ (144)	$ 42,213	$ 433,742

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(d) The following table shows the adjustments required to the March 31, 2011, statement of operations to transition from previous GAAP to PSA:

	GAAP	PSA Adjustments			PSA
	2011	RECLASS	PSA	IFRS	2011
REVENUES					
Power projects	$ 22,996	$ (12,285)	$ -	$ 11,649	$ 22,360
Private placements	1,797	(1,797)	-	-	-
Income securities	1,076	(1,076)	-	-	-
Market securities	575	949	-	-	1,524
Contributions from the Province of BC	2,000	-	-	-	2,000
Private placements-commercial loans	-	1,197	-	-	1,197
Private placements-real estate investments	-	596	-	-	596
Short-term investments	-	1,080	-	-	1,080
Recoveries	-	775	-	-	775
	28,444	(10,561)	-	11,649	29,532
OPERATING EXPENSES					
Amortization	412	(412)	-	-	-
Board and committee expenses	169	(169)	-	-	-
Corporate travel and meetings	235	(235)	-	-	-
Communications	291	(291)	-	-	-
Information technology/systems	136	(136)	-	-	-
Office and general	504	(504)	-	-	-
Professional and consultants fees	308	(308)	-	-	-
Staff remuneration	3,579	(3,579)	-	-	-
Administration	-	5,634	47	-	5,681
	5,634	-	47	-	5,681
RECOVERIES					
Recovery from CPC-IT	546	(546)	-	-	-
Recovery from CPC-Management Services	229	(229)	-	-	-
	775	(775)	-	-	-
DELIVERY OF BENEFITS	11,167	(11,167)	-	-	-
Community development initiatives	-	6,387	-	-	6,387
Water initiatives	-	839	-	-	839
Environment initiatives	-	1,066	-	-	1,066
Economic initiatives	-	1,160	-	-	1,160
Social initiatives	-	1,058	-	-	1,058
Youth initiatives	-	352	-	-	352
Other	-	305	-	-	305
	11,167	-	-	-	11,167
Excess of Revenue over Expenses Before Other Items	12,418	(11,336)	(47)	11,649	12,684
Unrealized gain on market securities	949	(949)	-	-	-
Discount on Promissory Note	12,285	(12,285)	-	-	-
EXCESS OF REVENUES OVER EXPENSES	$ 1,082	$ -	$ (47)	$ 11,649	$ 12,684

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(e) CBT has elected to use the following exemptions:

i. Retirement and post-employment benefits – as of April 1, 2010, application of the discount rate with reference to pension plan asset earnings or to the cost of borrowing is delayed until the date of the next actuarial valuation or within three years of the transition to PSA. Additionally, all cumulative actuarial gains and losses as at the date of transition to PSA standards are recognized directly in the accumulated surplus.

ii. Investments in government business enterprises – as of April 1, 2010, all power project jointly owned entities, defined as government business enterprises, are reported prospectively on a modified equity basis.

iii. Investments in government business partnerships – as of April 1, 2010, all real estate joint ventures, defined as government business partnerships, are reported prospectively on a modified equity basis.

iv. Tangible capital asset impairment – under PSA, tangible capital assets may require a write-down when certain conditions are met. An exemption allows for write-downs to be applied on a prospective basis from April 1, 2010.

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Schedule A: Tangible capital assets supplementary financial information

	Land	Building	Office furniture and equipment	Leasehold improvements	Server hardware and software	Workstation hardware	Total
March 31, 2011							
Cost							
Opening balance, April 1, 2010	$ 70	$ 3,190	$ 627	$ 632	$ 147	$ 223	$ 4,889
Additions	-	-	5	3	298	23	329
Disposals	-	-	(115)	-	-	(2)	(117)
	70	3,190	517	635	445	244	5,101
Accumulated amortization							
Opening balance, April 1, 2010	-	(977)	(446)	(509)	(91)	(124)	(2,147)
Additions	-	(122)	(71)	(40)	(96)	(61)	(390)
Disposals	-	-	115	-	-	2	117
	-	(1,099)	(402)	(549)	(187)	(183)	(2,420)
Net book value	**$ 70**	**$ 2,091**	**$ 115**	**$ 86**	**$ 258**	**$ 61**	**$ 2,681**

	Land	Building	Office furniture and equipment	Leasehold improvements	Server hardware and software	Workstation hardware	Total
March 31, 2012							
Cost							
Opening balance	$ 70	$ 3,190	$ 517	$ 635	$ 445	$ 244	$ 5,101
Additions	135	280	15	2	187	54	673
Disposals	-	-	(2)	-	-	(30)	(32)
	205	3,470	530	637	632	268	5,742
Accumulated amortization							
Opening balance	-	(1,099)	(402)	(549)	(187)	(183)	(2,420)
Additions	-	(114)	(72)	(41)	(153)	(68)	(448)
Disposals	-	-	2	-	-	30	32
	-	(1,213)	(472)	(590)	(340)	(221)	(2,836)
Net book value	**$ 205**	**$ 2,257**	**$ 58**	**$ 47**	**$ 292**	**$ 47**	**$ 2,906**

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a legacy for the people

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