

Columbia Basin Trust

2021/22 Annual Service Plan Report

August 2022



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Board Chair's Accountability Statement



The *Columbia Basin Trust 2021/22 Annual Service Plan Report* compares the corporation's actual results to the expected results identified in the *2021/22 – 2023/24 Service Plan* created in April 2021. The Board is accountable for those results as reported.

A handwritten signature in black ink that reads "Jocelyn Carver". The signature is written in a cursive, flowing style.

Jocelyn Carver
Board Chair
July 29, 2022

Table of Contents

Board Chair’s Accountability Statement	3
Letter from the Board Chair & CEO.....	5
Purpose of the Annual Service Plan Report.....	6
Purpose of the Organization.....	6
Strategic Direction	7
Operating Environment.....	7
Report on Performance: Goals, Objectives, Measures and Targets.....	8
Financial Report.....	13
Discussion of Results.....	13
Financial Summary	14
Trust and Power Facilities Administration Expenses	15
Variance and Trend Analysis.....	16
Risks and Uncertainties.....	16
Appendix A: Additional Information.....	18
Appendix B: Subsidiaries and Operating Segments	19
Appendix C: Auditor’s Report and Audited Financial Statements.....	21

Letter from the Board Chair & CEO

Columbia Basin Trust (the Trust) exists to support the efforts of the people of the Columbia Basin (Basin) to create a legacy of social, economic, and environmental well-being. The Trust accomplishes this work through 75 active programs and initiatives, supporting nearly 2,400 projects this year.

As the pandemic entered its second year, the impacts of COVID-19 continued to be felt by many Basin residents and communities in 2021/22. The Trust's granting programs provided supports to strengthen the efforts of organizations, local governments, and First Nations, while our working capital loans, wage subsidies and other programs supported business renewal in the region. Our staff continued to deliver uninterrupted support to Basin communities during this time, as we shifted between remote work and the office.

The Trust launched 11 new programs and initiatives as it continued to implement and execute on the [Columbia Basin Management Plan Strategic Priorities 2020-2023](#) which focuses on: community well-being, ecosystem enhancement, high-speed connectivity, housing, local food production and access, support for business renewal, and two integrated priorities: climate resilience and working with Indigenous Peoples. In recognition of the enduring impacts of the pandemic and the continued applicability of the plan, the Trust extended its strategic plan by one year. The Trust looks forward to beginning public engagement for the renewal of this plan in the coming year.

Our financial support comes from our investments, primarily in hydroelectric power generation, and in 2021/22, our revenues exceeded targets and totaled over \$96 million. The power facilities operated reliably with minimal unplanned outages, contributing to the increased revenue. The Trust delivered \$62.4 million in programs and initiatives, as well as \$12.9 million to new commercial loans and real estate, and \$12.6 million in capital investments related to broadband infrastructure and economic programs that positively impacted the communities and residents of the Basin.

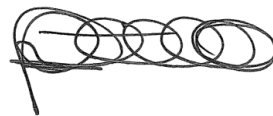
The Trust met regularly with the Minister of Forests, and held biweekly meetings with senior staff of the Ministry of Energy, Mines and Low Carbon Innovation (who support the Minister's governance responsibilities for the Trust) over the past year to discuss progress on the objectives identified in the 2021/22 [Mandate Letter](#).

Jocelyn Carver



Board Chair Columbia Basin Trust
July 29, 2022

Johnny Strilaeff



President & CEO Columbia Basin Trust
July 29, 2022

Purpose of the Annual Service Plan Report

The Annual Service Plan Report is designed to meet the requirements of the [Budget Transparency and Accountability Act](#) (BTAA), which sets out the legislative framework for planning, reporting and accountability for Government organizations. Under the BTAA, the Crown Corporation's Board is required to report on the actual results of the Crown's performance related to the forecasted targets documented in the previous year's Service Plan.

Purpose of the Organization

The [Columbia Basin Trust Act](#) and the [Financial Agreement](#) formally established Columbia Basin Trust in 1995. The legislation outlines the Trust's dual accountability to both the residents of the Columbia Basin and to the Province, its shareholder. A [Memorandum of Understanding](#) further clarifies the dual accountability and relationship with the Province. Within the provincial government, the Minister of Forests is responsible for the Trust.

The Trust has two core functions:

1. Invest capital and manage the assets of the Trust (Investments).
2. Use the income earned from the Trust's investments to deliver benefits to the Basin (Delivery of Benefits).

These are supported by Corporate Operations, which includes administration, communications, finance and accounting, human resources, information services, procurement and records management.

The Trust also has a Power Operations department, which provides power asset management services to Columbia Power Corporation (Columbia Power).

Decisions related to the Trust's Investments and Delivery of Benefits activities are made within the context of its legislation and Board-approved [Statement of Investment Policies and Procedures](#).

The Trust sets its priorities in consultation with the residents of the region. The resulting [Columbia Basin Management Plan](#) (CBMP) provides a high-level road map to focus the Trust's work in the Basin. Greater direction is captured in specific strategic frameworks and plans.

The Trust supports the efforts of the people who live in the Basin, working with them to deliver social, economic and environmental benefits to the [region](#). We do this by:

- investing in Basin hydropower facilities, businesses and real estate (to generate a financial return);
- investing in projects that have broader community impact and where financial return is secondary;
- engaging with residents to understand priorities;
- providing and facilitating access to information to deepen our collective understanding of issues;
- partnering with organizations that have complementary objectives and expertise in particular issues or sectors to work toward attaining common goals;

- developing initiatives and programs that address specific needs linked to our strategic objectives, delivered by the Trust or partners; and
- providing grants to a wide range of community projects, as well as to the social, economic, environment, youth, and arts and culture sectors, administered by the Trust or by partners.

The Trust has eight wholly owned holding companies that hold our interests in investments ([see Appendix B](#)) and two operating subsidiaries. Columbia Basin Broadband Corporation (CBBC) works with Basin communities and rural areas to improve high-speed connectivity through a region-wide fibre optic cable network. Columbia Basin Development Corporation (CBDC) leads and supports efforts to advance economic growth, job creation, innovation and entrepreneurial opportunities in the Basin.

Strategic Direction

The strategic direction set by Government in 2020 and expanded upon in the Board Chair's [2021/22 Mandate Letter](#) from the Minister Responsible shaped the goals, objectives, performance measures, and financial plan outlined in the [2021/22 Columbia Basin Trust Service Plan](#) as well as actual results reported on in this annual report.

Operating Environment

Almost 80 per cent of the Trust's revenues in 2021/22 came from Power Facilities to support its Delivery of Benefits, Investments and Corporate Operations.

In 2021/22 the Trust continued to implement its strategic plan, [Columbia Basin Management Plan Strategic Priorities 2020-2023](#). In the fall of 2021, the Trust extended the plan to the end of 2023 in recognition of the enduring impacts of COVID-19 in the region and the continued applicability of the plan.

Due to COVID-19, the Trust offices were closed to the public in the spring of 2021 and many employees worked remotely. As public health restrictions eased over the summer, Trust offices reopened to the public and employees that had been working remotely returned to offices. In early January 2022, as health recommendations changed, offices were again closed until the end of February. This had minimal impact on operations.

In October 2021, the Trust implemented a COVID-19 Vaccination Policy, which requires all employees to be fully vaccinated. Most staff complied with the policy and operations were not impacted.

Report on Performance: Goals, Objectives, Measures and Targets

Goal 1: Sound investments for the benefit of Basin residents

Objective 1: A predictable, sustainable and appreciating income stream to fund Delivery of Benefits obligations and corporate operating expenses.

Key Highlights

- Power Facility returns exceeded the 10 per cent target due to continued reliable operation of the facilities, with minimal unplanned outages. Operating costs were slightly under budget, with revenues slightly above budget reflecting the reliability of operations.
- Within Private Placements, the Trust approved eight new investment opportunities referred by partners and existing clients into direct investments valued at \$12.9 million.
- Market Securities portfolios performed well and the returns in the equity and fixed income markets were close to targets.

Performance Measure(s)	2020/21 Actuals	2021/22 Target	2021/22 Actuals	2022/23 Target	2023/24 Target
1.1a Return on Power Facilities (calculated as a cash-based return on investment) ¹	12.17%	10%	11.43%	10%	10%
1.1b Return on Private Placements (calculated as a cash-based return on investment) ¹	4.76%	6%	4.36%	6%	6%
1.1c Return on Market Securities ²	23.50%	6%	7.4%	6%	6%

¹ Data Source: Returns are calculated based on audited year-end financial statements, which are approved by both external auditors and the Board of the Trust.

² Data Source: Returns are calculated by BC Investment Management Corporation in accordance with Global Investment Performance Standards.

Discussion of Results

For Power Facilities, the structure of the investments (as defined by agreements between the Province, Columbia Power and the Trust) is challenging to reconcile against those commonly observed in the private market. It continues to be difficult to compare the performance of Power Facilities against other hydroelectric facilities, as our facilities operate under long-term power sales agreements which may not reflect current market pricing.

The Trust's targeted returns on Power Facilities are based on historical performance and forecasted returns over the next five years, which are the result of contracted power sale prices, anticipated plant availability and forecasted expenses. Returns for Power Facilities are calculated using a cash-based return on investment methodology, with the data sources audited annually by the external auditor. In 2021/22, Power Facilities exceeded the 10 per cent target due in large part to a continued high level of efficient and reliable operations of our facilities with minimal unplanned outages and planned operating costs coming under budget. Due to an adjustment in return calculation methodology, the 2021/22 returns are slightly below the 2020/21 results, while the actual performance improved year to year.

For Private Placements, the Trust is limited to investing in a relatively small geographic region. Except for a few larger credit unions (too small a sample size to establish performance benchmarks), there are no reasonable market comparisons from which the Trust can benchmark a performance measure. This performance measure was developed by evaluating historical performance as well as market conditions anticipated in the next five years. The Trust continues to follow a cash-based return on investment methodology.

In 2021/22, returns on Private Placements show a slight decrease over the prior year. Overall, all returns remained below the target of six per cent, reflecting continued lower market interest rates, increasing maintenance expenses and additional capital investments in existing real estate properties. Investments in Basin-based businesses continued to grow at a reasonable pace with demand for Trust support remaining robust and diversified throughout the region. The Trust continues to expand its real estate investments, which is anticipated to have a positive impact on the future performance of this portfolio.

To determine the Market Securities target, forecasted returns of similarly constructed securities portfolios are considered, as well as historical returns observed in the general marketplace. BC Investment Management Corporation provided information in support of this objective. Forecasting financial market returns (particularly in the short-term) is challenging, as evidenced by performance from this past year. In future, it is possible the realized returns in a fiscal year will be materially higher or lower than the six per cent forecast. Notwithstanding this inherent challenge in predicting returns, the Trust continues to believe that the six per cent long-term objective is appropriate.

Goal 2: Effective delivery of benefits for Basin residents

Objective 2.1: Benefits that serve to strengthen the social, economic and environmental well-being of the Basin and its residents and communities.

Key Highlights

- Committed \$62.4 million for grants and initiatives and \$12.6 million in capital investments, which included low interest loans and purchase or construction of capital assets.
- Over 2,394 projects supported through 75 programs.
- Launched 11 new programs and initiatives to:
 - support social service agencies;
 - support Basin communities to become more climate resilient and prepared for emergencies;
 - increase Basin food producers' and processors' access to qualified labour; and
 - help communities reduce wildfire risk and support meaningful job creation.
- Continued to work with Indigenous peoples and communities in a spirit of mutual support, adaptability and respect, to support their own choices and processes that are aligned with their cultural values, customs and governance. For example, the collaboratively developed First Nations Housing Sustainability Initiative provided First Nations communities with \$1.9 million (and leveraged \$2.4 million) to create six new

units, as well as renewable energy generation, solar photovoltaics (PV) and training and fibre optic cable to 70 units.

- Existing Trust initiatives were expanded to include elements of climate resilience support, such as alternative energy generation and retrofits at childcare facilities.

Performance Measures	2020/21 Actuals	2021/22 Target	2021/22 Actuals	2022/23 Target	2023/24 Target
2.1a Per cent of Basin residents perceiving the Trust's impact as positive	87%	n/a	n/a	85%	n/a
2.1b Per cent of partners perceiving the Trust's impact as positive	96%	n/a	n/a	90%	n/a

The Trust first measured resident and partner perceptions in 2010 and has since conducted the surveys every two years. The Trust engaged Ipsos Reid to conduct the most recent surveys in fall 2020. The results for these measures represent the percentage of those surveyed who are familiar with the Trust and agree that the Trust is making a positive difference in their community. Assessment of the targets takes place internally every two years.

Discussion of Results

2.1a – 2.1b:

As the Trust is accountable to Basin residents, and as the organization ultimately supports efforts of residents and the well-being of the region, the Trust measures whether Basin residents and delivery partners feel the organization is making a positive difference and how these perceptions change over time. To achieve this, the Trust conducts surveys of Basin residents and program delivery partners every two years. The most recent survey was conducted in 2020.

Performance Measures	2020/21 Actuals	2021/22 Target	2021/22 Actuals	2022/23 Target	2023/24 Target
2.1c Affordable Housing # of new affordable housing units funded	138	30	209	30	30
2.1d Broadband¹ # rural households served with minimum 5/1 Mbps up to 50/10 Mbps	12,000	12,225	12,000	12,750	13,500
# rural households served with minimum 50/10 Mbps	0	1,400	0	4,700	9,400
# km of fibre backbone in place	975	1,025	1,055	1,150	1,325
2.1e Business value of new business loans provided	5.9M	7.5M	8.7M	7.5M	7.5M
2.1f Community Assets # of existing indoor and outdoor community spaces being enhanced	43	40	64	40	40
# of newly constructed/acquired community assets being funded	9	10	21	10	10
2.1g Ecosystem Health Area of aquatic habitat improved (m2)	2,035,142	2,000	3,686,385	4,000	4,000
Area of terrestrial habitat improved (ha)	11,059	1,000	393	2,000	2,000

Data Source: Results are internally monitored on an ongoing basis for efforts undertaken relative to each performance measure. The targets are assessed annually.

¹ Broadband performance measure is cumulative year over year.

Discussion of Results

2.1c – 2.1g:

These measures align with the key areas of the Trust’s mandate – social, economic, and environmental well-being – as well as current CBMP strategic priorities. Targets for these shorter-term performance measures are reviewed annually to ensure they reflect the Trust’s strategic approach and projected progress and take into consideration community needs and capacity. Factors such as changes in provincial or federal funding programs or a change in community demand could also influence the target.

2.1c Affordable Housing

The Trust was able to deliver a significant number of affordable housing projects in 2021/22. Specific opportunities arose, including student housing and other housing projects throughout the Basin, that were not under development prior to that fiscal year and enabled the Trust to exceed its target. The targets for future years remain appropriate as most communities in the Basin now have affordable housing projects underway or are in varying stages of development. The lower targets in fiscal 2022/23 and 2023/24 take into consideration the expected decrease in availability of provincial funding for affordable rental housing projects as well as the time it takes for communities to complete projects underway before they can start another.

2.1d Broadband

In 2021/22, the Trust neared completion of the construction of fibre backbone on two projects under the provincial Connecting BC program, exceeding the target and increasing the number of kilometres of reliable backbone installed throughout the Basin. Tracking this metric is significant as this fibre runs through or adjacent to communities and is a necessary step to then build out last-mile networks within communities. There was no tangible increase in 2021/22 in the number of homes that have been connected, as the Trust awaits a decision on its funding application to the federal government that, if successful, will increase residential connections. The Trust relies on external third-party internet service providers to provide estimates on the number of rural households connected to 5/1 (bandwidth speeds of 5Mbps download and 1Mbps upload) and 12,000 remains the current estimate. The number of households connected to 50/10 (bandwidth speeds of 50Mbps download and 10Mbps upload) is important because that is the Universal Service Objective set by the CRTC.

2.1e Business

The value of new Business Loans exceeded its 2021/22 target of \$7.5 million, reflecting an increase in demand for capital financing as some business sectors started to see post-pandemic recovery.

2.1f Community Assets

In 2021/22, the Trust exceeded its targets for both the number of indoor and outdoor community spaces enhanced and the number of newly constructed or acquired community assets funded. This was primarily due to the launch of two new programs in 2021/22 to enhance and create community spaces: the Outdoor Active Recreation Grants funded 18 projects, and the Non-profit Sustainability Program funded 14 projects supporting energy retrofits, repairs and building improvements in community-purpose buildings.

2.1g Ecosystem Health

In 2021/22, the area of aquatic habitat improved was higher than its target due to support of several large-scale projects through the Ecosystem Enhancement Program, Environment Grants and other programs. The area of terrestrial habitat improved was below target due to the delay of several substantial projects through the Ecosystem Enhancement Program.

Goal 3: Robust corporate operations

Objective 3: Corporate operations that support and enable the cost-effective management of Investments and Delivery of Benefit activities to the region.

Key Highlights

- Staff continued to deliver uninterrupted support to the region as the organization shifted between remote working and the office.
- Corporate administration expenses were under budget by \$893,000 enabling additional delivered benefits support to the region
- New capital investments and delivered benefits were funded using annual revenues and existing cash reserves.

Performance Measure	2020/21 Actuals	2021/22 Target	2021/22 Actuals	2022/23 Target	2023/24 Target
3.1a Ratio of Regional Reinvestment ¹	65%	80-90%	100%	80-90%	80-90%

¹ Ratio of Regional Reinvestment measures the percentage of annual revenue that is committed to the Trust's two core functions – Delivery of Benefits and the Investment Program.

Discussion of Results

The 2021/22 actual of 100 per cent exceeded the target of 80-90 per cent due to a combination of factors that resulted in the Trust supporting more regional investments. In 2021/22, Delivery of Benefits funding commitments exceeded targets due to additional revenue that became available through our Power Facilities and Market Securities portfolios. Capital investments related to broadband infrastructure and economic programs increased in 2021/22 and totaled \$12.6 million. The Trust also invested \$12.9 million in new commercial loans and real estate opportunities over this past year.

Financial Report

The Financial Report provides an overview of the financial performance of the Trust for the fiscal year ended March 31, 2022. The details of these results are contained in the audited financial statements. Financial results are presented in accordance with public sector accounting standards.

For the auditor's report and audited financial statements, [see Appendix C](#). These can also be found on the Columbia Basin Trust website ourtrust.org.

Discussion of Results

The Trust recorded over \$96 million in revenues in 2021/22, with almost 80 per cent of those revenues obtained through operations of our jointly owned Power Facilities. This past year Market Securities performed extremely well, with \$7.6 million in realized revenues. Revenues from commercial loans were slightly under budget due to repayments of existing loans over the year while real estate investments revenues exceeded targets due to lower maintenance expenses.

The Trust expensed and recorded over \$61 million (net of rescinds) in grants this year through its Delivery of Benefits programs and initiatives. In addition to grants, the Trust also invested \$12.6 million in capital projects/loans in the region, which included new capital additions to broadband infrastructure and new loans to businesses through various economic loan programs. Total Trust and Power Facilities administration expenses came under budget by \$893,000 at \$11.3 million.

Financial Summary

(\$000)	2020/21 Actuals	2021/22 Budget ³	2021/22 Actuals	2021/22 Variance
Revenue				
Power Facilities	74,771	73,604	76,241	2,637
Private Placements: Commercial Loans	1,569	1,675	1,347	(328)
Private Placements: Real Estate	1,237	1,360	1,580	220
Market Securities	3,983	1,200	7,550	6,350
Short-Term Investments	953	1,000	630	(370)
Broadband Operations	912	741	921	180
Other	582	537	389	(148)
Power Facilities Recoveries	3,500	3,777	3,777	-
Rental Revenue: Commercial Investments	452	574	546	(28)
Restricted Investment Income	221	-	453	453
Grant Revenues	-	2,660	2,663	3
Total Revenue	88,180	87,128	96,067	8,939
Expenses				
Delivery of Benefits				
Broadband Initiatives ¹	2,499	3,776	2,966	810
Community Initiatives	38,994	27,625	37,029	(9,404)
Economic Initiatives ²	5,977	4,655	2,541	2,114
Other Initiatives	801	1,410	2,749	(1,339)
Social Initiatives	2,916	3,882	4,605	(723)
Water and Environment Initiatives	5,380	8,670	8,553	117
Youth Initiatives	1,621	1,818	2,612	(794)
Programs Under Development	-	4,800	-	4,800
Total Delivery of Benefits	58,188	56,636	61,055	(4,419)
Power Facilities Administration Expenses	3,500	3,777	3,777	-
Trust Administration Expenses	7,114	8,386	7,493	893
Trust Investment Expenses	492	594	728	(134)
Financing Costs	17,562	17,662	17,544	118
Loss Due to Impairment	714	-	33	(33)
Total Expenses	87,570	87,055	90,630	(3,575)
Annual Surplus	610	73	5,437	5,364
Total Debt	5,771	8,223	6,013	(2,210)
Accumulated Surplus	522,111	522,089	525,706	3,617

¹ Broadband Initiatives includes direct CBBC expenses, as well as other broadband initiatives delivered through CBBC. See Appendix B for separate financial information for this subsidiary.

² Economic Initiatives includes direct CBDC expenses, as well as other economic initiatives delivered through CBDC. See Appendix B for separate financial information for this subsidiary.

³ 2021/22 Budget disclosure aligns with accounting presentation of audited financial statements.

Trust and Power Facilities Administration Expenses

(\$000)	2020/21 Actuals	2021/22 Budget	2021/22 Actuals	2021/22 Variance
Staff Remuneration and Development	\$8,385	\$9,313	\$8,864	\$449
Office and General	727	802	711	91
Amortization	402	351	353	(2)
Professional Fees	349	330	304	26
Corporate Travel and Meetings	35	386	86	300
Communications	251	420	474	(54)
Board and Committee	118	250	132	118
Information Technology	347	311	346	(35)
Subtotal	10,614	12,163	11,270	893
LESS: Allocation to Power Facilities Administration	(3,500)	(3,777)	(3,777)	-
Total Trust Administration Expenses	\$7,114	\$8,386	\$7,493	\$893

Variance and Trend Analysis

The Trust recorded a total of \$96 million in revenues in 2021/22, an increase of \$8.9 million from budget. This is largely reflective of the positive impacts from the financial markets over this past year that is reflected in the \$7.6 million recorded from revenues received from our Market Securities portfolio, an increase of \$6.4 million over budget. In addition, revenues from Power Facilities were \$2.6 million above budget, which reflects the reliability of power operations with no significant unplanned outages occurring throughout the fiscal year. Maintenance and repair costs were also under budget.

In 2021/22, a total of \$61 million (net of rescinds) in Delivery of Benefits were provided through programs and initiatives to communities and residents of the Basin. These benefits included launching 11 new programs and initiatives supporting Basin communities to:

- become more climate resilient and prepared for emergencies;
- increase Basin food producers' and processors' access to qualified labour;
- help communities reduce wildfire risk; and
- support social service agencies and meaningful job creation.

Existing Trust initiatives were also expanded to integrate support for projects and initiatives that support climate resilience.

Administration expenses were \$893,000 under budget with a large portion of that related to decreased use of travel and meeting budgets due to COVID-19, as well as a reduction in staff remuneration because of staff vacancies due to leaves.

Risks and Uncertainties

Almost 80 per cent of Trust revenues came from Power Facilities assets providing a stable stream of revenue. Our long-term power sales agreements with BC Hydro and FortisBC in Canadian dollars mitigate currency and pricing risks and interest rate risk is mitigated with fixed rates in long-term project financing. Commercial operations could be affected by capital and operating requirements of the assets under management and regulatory and/or legislative changes imposed on existing assets.

If the facilities experience operational challenges and revenues are reduced, the Trust's ability to deliver benefits or make new investments may be impacted.

Financial markets are volatile, and returns may vary significantly when measured over the short-term. A one per cent change in return would have an approximate impact of \$824,000 on revenue given the current level of investment.

Fluctuating interest rates have a direct effect on the income from business loans. Changes in the economic environment influence the performance of business loans. A one per cent change in return would have an approximate impact of \$280,000 on revenue given the current level of investment. New investments continue to be made and are priced to reflect current market rates. The portfolio continues to grow with a diverse mix of opportunities.

Fluctuating interest rates have a direct impact on returns from short-term investments. A one per cent change in interest rates would have an approximate impact of \$560,000 on revenue, given the current level of investment. Short-term investments are generally under one year in maturity, and the portfolio is managed to optimize maturities to reduce interest rate risk.

Appendix A: Additional Information

Organizational Overview

Learn more at ourtrust.org/about

Corporate Governance

Learn more about our:

- Governance: ourtrust.org/governance
- Board of Directors: ourtrust.org/board
- Executive: ourtrust.org/contact

Contact Information

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Appendix B: Subsidiaries and Operating Segments

Columbia Basin Broadband Corporation

CBBC is a wholly owned subsidiary of the Trust formed in 2011. CBBC is working with Basin communities and rural areas to improve connectivity through a region-wide fibre optic cable network which will contribute to economic and social development in the Basin.

The activities of CBBC are considered a delivered benefit to Basin residents; therefore, any losses incurred by CBBC are addressed through the Delivery of Benefits budget.

The CBBC Board comprises the following members:

- Ron Miles, Chair
- Wendy Booth
- Greg Deck
- Andrew Kyle
- Richard Leggett
- Ron Oszust
- Owen Torgerson
- Aimee Watson

CBBC Financial Summary

(\$000)	2020/21 Actual	2021/22 Budget	2021/22 Actual
Total Revenues	\$912	\$1,353	\$1,307
Total Expenses	2,499	3,448	2,966
Net Income	\$(1,587)	\$(2,095)	\$(1,661)

Columbia Basin Development Corp.

CBDC is a wholly owned subsidiary of the Trust formed in 2016. Its purpose is to lead and support efforts to advance economic growth, job creation, innovation and entrepreneurial opportunity for a prosperous and sustainable Basin economy.

The activities of CBDC are considered a delivered benefit to Basin residents; therefore, any losses incurred by CBDC will be addressed through the Delivery of Benefits budget. Total expenses for Delivery of Benefits activities related to economic programs were higher than budgeted as CBDC entered multi-year commitments with delivery partners for existing economic programs.

The CBDC Board comprises the following members:

- Don McCormick, Chair
- Kevin Andruschuk
- Larry Binks
- Jocelyn Carver
- Alan Mason

- Heidi Romich
- Krista Turcasso

CBDC Financial Summary

(\$000)	2020/21 Actual	2021/22 Budget	2021/22 Actual
Total Revenues	\$264	\$537	\$345
Total Expenses	6,654	4,045	2,574
Net Income	\$(6,390)	\$(3,508)	\$(2,229)

Holding Companies

For commercial and legal reasons, the Trust has eight subsidiaries that hold its interests in investments.

- CBT Commercial Finance Corp. holds Trust interests in business loans and investments.
- CBT Real Estate Investment Corp. holds Trust interests in real estate.
- CBT Property Corp. holds Trust interests in corporate real estate.
- CBT Arrow Lakes Power Development Corp. holds Trust interests in the Arrow Lakes Generating Station joint venture with Columbia Power.
- CBT Brilliant Expansion Power Corp. holds Trust interests in the Brilliant Expansion joint venture with Columbia Power.
- CBT Power Corp. holds Trust interests in the Brilliant Dam joint venture with Columbia Power.
- CBT Waneta Expansion Power Corp. holds Trust interests in the limited partnership and in the general partnership formed to complete the Waneta Expansion Project.
- Columbia Basin Housing Society is a wholly controlled entity of CBT Property Corp.

Appendix C: Auditor's Report and Audited Financial Statements

COLUMBIA BASIN TRUST
CONSOLIDATED FINANCIAL STATEMENTS
AS AT MARCH 31, 2022

CONTENTS

	Page
Responsibility for Financial Reporting	1
Independent Auditor's Report	2
CONSOLIDATED FINANCIAL STATEMENTS	
Statement of Financial Position	5
Statement of Operations	6
Statement of Remeasurement Gains and Losses	7
Statement of Change in Accumulated Surplus	7
Statement of Change in Net Financial Assets	8
Statement of Cash Flows	9
Notes to Financial Statements	10

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 consolidated financial statements have been prepared in accordance with the financial reporting provisions of Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia and include amounts that are based on estimates and judgements. Management believes that the consolidated financial statements fairly present the Trust's consolidated financial position and results of operations. The integrity of the information presented in the consolidated financial statements, including estimates and judgements relating to matters not concluded by fiscal year end, is the responsibility of management. The consolidated financial statements have been approved by the Trust's Board of Directors.

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

The Auditor General of British Columbia has been appointed by the Trust's Board of Directors to express an opinion as to whether the consolidated financial statements present fairly, in all material respects, the Trust's financial position, results of operations, changes in net assets and cash flows in conformity with the financial reporting provisions of 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 of Directors, 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, comprised of 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 consolidated financial statements before recommending approval by the Board of Directors. The external auditors have full and open access to the Finance and Audit Committee, with and without the presence of management.



Johnny Strilaeff
President & CEO



Christine Lloyd, CPA, CGA
Executive Director, Finance & Operations



INDEPENDENT AUDITOR'S REPORT

*To the Board of Directors of Columbia Basin Trust, and
To the Minister of Forests, Province of British Columbia*

Opinion

I have audited the accompanying consolidated financial statements of Columbia Basin Trust (“the Trust”), which comprise the consolidated statement of financial position as at March 31, 2022, and the consolidated statements of operations, remeasurement gains and losses, change in accumulated operating surplus, change in net financial assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Trust as at March 31, 2022, and the results of its operations, remeasurement gains and losses, change in accumulated operating surplus, change in net financial assets, and its cash flows for the year then ended in accordance with Public Sector Accounting Standards (PSAS).

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of my report. I am independent of the Trust in accordance with the ethical requirements that are relevant to my audit of the consolidated financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Accompanying Information

Management is responsible for the other information. The other information comprises the information included in the 2021/22 Annual Service Plan Report but does not include the consolidated financial statements and my auditor's report thereon. The 2021/22 Annual Service Plan Report is expected to be made available to us after the date of this auditor's report.

My opinion on the consolidated financial statements does not cover the other information accompanying the financial statements and I do not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated financial statements, my responsibility is to read the other information that I have obtained prior to the date of my auditor's report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or my knowledge obtained during the audit or otherwise appears to be materially misstated.

When I read the 2021/22 Annual Service Plan Report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Those charged with governance are responsible for the oversight of the financial reporting process. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian Public Sector Accounting Standards (PSAS), and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting when the Trust will continue its operations for the foreseeable future.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

My objectives are to obtain reasonable assurance about whether the Trust's consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit and I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



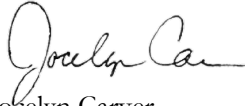
Stuart Newton, CPA, CA
Assistant Auditor General

Victoria, British Columbia, Canada
June 2, 2022

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

AS AT MARCH 31	Note	2022	2021
FINANCIAL ASSETS			
Cash		\$ 17,141	\$ 13,097
Short-term investments	5	55,889	64,651
Accrued interest and other accounts receivable	6	1,952	1,298
Market securities	7	82,358	76,650
Loans receivable	8	6,629	4,646
Private placements - Commercial loans	9	24,995	25,847
Private placements - Commercial investment	10	2,375	2,375
Private placements - Real estate investments	11	8,373	8,517
Investment in power facilities	12	967,182	971,774
		1,166,894	1,168,855
LIABILITIES			
Accounts payable and accrued liabilities	13	3,221	832
Employee future benefits		406	372
Long-term debt	14	6,013	5,771
Deferred contributions	15	4,848	6,322
Delivery of benefits initiatives	16	33,436	18,818
Due to Waneta Expansion Power Corporation	17	626,796	634,208
		674,720	666,323
Net Financial Assets		492,174	502,532
NON-FINANCIAL ASSETS			
Prepaid expenses		616	1,214
Tangible capital assets	18		
Tangible capital assets - Corporate		1,771	1,798
Tangible capital assets - Delivery of benefits		16,201	8,217
Tangible capital assets - Investments		14,944	8,350
Total tangible capital assets		32,916	18,365
		33,532	19,579
ACCUMULATED SURPLUS		\$ 525,706	\$ 522,111
Accumulated Surplus is comprised of:			
Accumulated Operating Surplus		\$ 517,913	\$ 512,476
Accumulated Remeasurement Gains		7,793	9,635
		\$ 525,706	\$ 522,111
COMMITMENTS	25		

Approved on behalf of the Board of Directors:


Jocelyn Carver
Chair


Bill van Yzerloo
Chair, Finance and 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 ENDED MARCH 31	Note	Budget	2022	2021
		(Note 29)		
REVENUES				
Power facilities	12	\$ 73,604	\$ 76,241	\$ 74,771
Market securities		1,200	7,550	3,983
Power facilities recoveries	19	3,777	3,777	3,500
Grant revenues	20	2,660	2,633	140
Private placements - Real estate investments	11	1,360	1,580	1,237
Private placements - Commercial loans		1,675	1,347	1,569
Broadband operations		741	921	912
Short-term investments		1,000	630	953
Rental revenues - Commercial investments	21	574	546	452
Restricted investment income	17	-	453	221
Other revenues	22	537	389	442
		87,128	96,067	88,180
EXPENSES				
	23			
Community initiatives		30,998	40,043	41,505
Water and environment initiatives		9,403	9,208	5,970
Social initiatives		4,773	5,401	3,949
Other initiatives		7,864	4,226	1,838
Power facilities administration	19	3,777	3,777	3,500
Economic initiatives		5,429	3,233	6,859
Broadband initiatives		3,776	2,966	2,499
Youth initiatives		2,190	2,945	1,924
Investment initiatives		1,183	1,254	1,250
Financing costs	17	17,662	17,544	17,562
		87,055	90,597	86,856
Loss due to impairment	8	-	33	714
ANNUAL OPERATING SURPLUS		\$ 73	\$ 5,437	\$ 610

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 ENDED MARCH 31	Note	2022	2021
Accumulated remeasurement gains (losses), beginning of year		\$ 9,635	\$ (971)
Unrealized gains on market securities		4,217	13,336
Less realized gains reclassified to the Statement of Operations		(6,059)	(2,730)
Net change for the year		(1,842)	10,606
ACCUMULATED REMEASUREMENT GAINS, end of year	7	\$ 7,793	\$ 9,635

CONSOLIDATED STATEMENT OF CHANGE IN ACCUMULATED OPERATING SURPLUS
(in thousands)

FOR THE YEAR ENDED MARCH 31	2022	2021
Accumulated operating surplus, beginning of year	\$ 512,476	\$ 511,866
Annual operating surplus	5,437	610
ACCUMULATED OPERATING SURPLUS, end of year	\$ 517,913	\$ 512,476

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 ENDED MARCH 31	Budget	2022	2021
	(Note 29)		
ANNUAL SURPLUS	\$ 73	\$ 5,437	\$ 610
Acquisition of prepaid expenses	-	(616)	(1,214)
Use of prepaid expenses	-	1,214	303
Acquisition of tangible capital assets	-	(16,525)	(4,243)
Disposal of tangible capital assets	-	-	3
Amortization of tangible capital assets	491	1,974	1,467
	491	(13,953)	(3,684)
Effect of remeasurement gains (losses)	-	(1,842)	10,606
Change in Net Financial Assets	564	(10,358)	7,532
NET FINANCIAL ASSETS, beginning of year	502,532	502,532	495,000
NET FINANCIAL ASSETS, end of year	\$ 503,096	\$ 492,174	\$ 502,532

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

COLUMBIA BASIN TRUST
CONSOLIDATED STATEMENT OF CASH FLOWS
(in thousands)

FOR THE YEAR ENDED MARCH 31	2022	2021
CASH FLOWS FROM (APPLIED TO) OPERATING ACTIVITIES		
Cash received from private placements - Commercial loans	\$ 1,409	\$ 1,726
Cash received from other loans	211	174
Cash received from broadband operations	1,271	1,218
Cash received from short-term investments	733	990
Cash received from market securities	7,550	3,983
Cash received from tenants	556	464
Cash paid for operating expenses	(3,855)	(4,767)
Cash paid for delivery of benefits initiatives	(46,437)	(47,720)
Cash received from delivery of benefits	803	2,680
	<u>(37,759)</u>	<u>(41,252)</u>
CASH FLOWS FROM (APPLIED TO) INVESTING ACTIVITIES		
Purchase of short-term investments and market securities	(46,064)	(49,357)
Redemption of short-term investments and market securities	47,276	29,314
Issuance of commercial loans	(5,906)	(3,480)
Repayment of commercial loans	6,787	11,822
Issuance of other loans	(3,404)	(2,420)
Repayment of other loans	1,392	8,725
Real estate investments	(50)	(90)
Dividends received from real estate investments	1,774	1,508
Dividends received from power facilities investments	80,735	84,075
	<u>82,540</u>	<u>80,097</u>
CASH FLOWS APPLIED TO CAPITAL TRANSACTIONS		
Purchase of tangible capital assets	(16,525)	(4,243)
Disposal of tangible capital assets	-	3
	<u>(16,525)</u>	<u>(4,240)</u>
CASH FLOWS FROM (APPLIED TO) FINANCING ACTIVITIES		
Issuance of other debt	-	750
Repayment of debt	(57)	(43)
Interest paid on debt	(18,194)	(18,174)
Contributions to WEPC sinking fund	(6,260)	(16,140)
Advances from community foundations	299	509
Repayment to community foundations	-	(83)
	<u>(24,212)</u>	<u>(33,181)</u>
INCREASE IN CASH	4,044	1,424
CASH, beginning of year	13,097	11,673
CASH, end of year	\$ 17,141	\$ 13,097

Interest collected during the year was \$2.4 million (fiscal 2021 - \$2.9 million).

Interest paid during the year was \$18.4 million (fiscal 2021 - \$18.4 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2022

(Tabular amounts in thousands)

1. NATURE OF COLUMBIA BASIN TRUST

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Trust are prepared by management in accordance with the basis of accounting described below. Significant accounting policies of the Trust are as follows:

(a) Basis of accounting

The consolidated financial statements have been prepared in accordance with Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia (Section 23.1) supplemented by Regulations 257/2010 and 198/2011 (Regulations) issued by the Province of British Columbia Treasury Board.

The *Budget Transparency and Accountability Act* requires that the consolidated financial statements be prepared in accordance with the set of standards and guidelines that comprise generally accepted accounting principles for public sector organizations in Canada, or if the Treasury Board makes a regulation, the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada as modified by the alternate standard or guideline or part thereof adopted in the regulation.

Regulation 257/2010 requires all tax-payer supported organizations to adopt Canadian public sector accounting standards without any PS4200 elections.

Regulation 198/2011 requires that restricted contributions received or receivable are to be reported as revenue depending on the nature of the restrictions on the use of the funds by the contributors as follows:

- i. Contributions for the purpose of acquiring or developing a depreciable tangible capital asset or contributions in the form of a depreciable tangible capital asset are recorded and referred to as deferred capital contributions and recognized in revenue at the same rate that amortization of the related tangible capital asset is recorded. The reduction of deferred capital contributions and recognition of revenue are accounted for over the fiscal periods during which the tangible capital asset is used to provide services.
- ii. Contributions restricted for specific purposes other than those for the acquisition or development of a depreciable tangible capital asset are recorded as deferred contributions and recognized in revenue in the year in which the stipulation or restriction on the contributions have been met.

For British Columbia tax-payer supported organizations, these contributions include government transfers and externally restricted contributions.

The accounting policy requirements under Regulation 198/2011 are significantly different from the requirements of Canadian public sector accounting standards which require that:

- i. Government transfers that do not contain a stipulation that creates a liability be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with public sector accounting standard PS3410; and

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2022

(Tabular amounts in thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- ii. Externally restricted contributions be recognized as revenue in the period in which the stipulations are met.

(b) Basis of consolidation

- i. Consolidated entities:

These consolidated financial statements reflect the assets, liabilities, revenues and expenses of organizations which are wholly owned and controlled by the Trust. Controlled organizations are consolidated except for government business partnerships and government business enterprises which are accounted for by the modified equity method. Intercompany transactions, balances, and activities are eliminated on consolidation.

The following entities are wholly owned and controlled by the Trust and are fully consolidated:

- CBT Commercial Finance Corp.
- CBT Arrow Lakes Power Development Corp.
- CBT Brilliant Expansion Power Corp.
- CBT Power Corp.
- CBT Property Corp.
- CBT Waneta Expansion Power Corp.
- CBT Real Estate Investment Corp.
- Columbia Basin Broadband Corporation
- Columbia Basin Development Corporation

- ii. Investment in Government business partnerships:

Government business partnerships (GBPs) are accounted for using the modified equity method. Under the modified equity method, only the Trust's percentage investment in the GBP, and the net income and other changes in equity are recorded. No adjustments are made for accounting policies that are different from those of the Trust and intercompany transactions and balances are not eliminated.

The following entities are GBPs of the Trust and are consolidated using the modified equity method:

Power facilities:

- 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) – 50% interest

Real estate:

- Castle Wood Village – 50% interest
- Columbia Village – 50% interest
- Crest View Village – 50% interest
- Garden View Village – 50% interest
- Joseph Creek Village – 50% interest
- Kootenay Street Village – 50% interest
- Lake View Village – 50% interest
- Mountain Side Village – 50% interest
- Rocky Mountain Village – 50% interest

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2022

(Tabular amounts in thousands)

2. (b) Basis of consolidation (continued)

iii. Investment in Government business enterprises:

Government business enterprises (GBEs) are accounted for using the modified equity method. Under the modified equity method, only the Trust's percentage investment in the GBE, and the net income and other changes in equity are recorded. No adjustments are made for accounting policies that are different from those of the Trust and inter-entity transactions and balances are not eliminated.

Red Mountain Hostel (80% interest) is a GBE of the Trust and is consolidated in these financial statements using the modified equity method.

(c) 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 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:

	<u>Years</u>
Automobiles	2 - 8
Hardware and software	3 - 7
Broadband hardware	3 - 15
Office furniture and equipment	5
Fibre optics	25
Buildings	25 - 35
Tenant improvements	Lease term or improvement useful life

Tangible capital assets are written down to their residual value when conditions indicate they no longer contribute to the Trust'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 write-downs are accounted for as expenses in the statement of operations. Transfers of capital assets from related parties are recorded at carrying value.

(d) 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.

Regulation 198/2011 requires that restricted contributions received or receivable are to be reported as revenue depending on the nature of the restrictions on the use of the funds by the contributors as follows:

- i. Contributions for the purpose of acquiring or developing a depreciable tangible capital asset or contributions in the form of a depreciable tangible capital asset are recorded and referred to as deferred capital contributions and recognized in revenue at the same rate that amortization of the related tangible capital asset is recorded. The reduction of the deferred capital contributions and the recognition of the revenue are accounted for over the fiscal period during which the tangible capital asset is used to provide services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2022

(Tabular amounts in thousands)

2. (d) Revenue recognition (continued)

- ii. Contributions restricted for specific purposes other than those for the acquisition or development of a depreciable tangible capital asset are recorded as deferred contributions and recognized in revenue in the year in which the stipulation or restriction on the contributions have been met.

For British Columbia tax-payer supported organizations, these contributions include government transfers and externally restricted contributions.

Contributions 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.

(e) Expenses

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

Expenses are classified by function on the statement of operations. The Trust allocates administration costs by identifying an appropriate basis of allocating and applying that basis consistently each year.

Government transfers are recognized in the consolidated financial statements in the period in which the amounts of the transfers are authorized and any eligibility criteria have been met by the recipient.

(f) Taxes

The Trust and its wholly owned subsidiaries are exempt from income taxes under paragraph 149(1)(d) of the *Income Tax Act*. The Trust is also exempt from Federal Large Corporations Tax under subsection 181.1(3) of the *Income Tax Act*.

(g) Financial instruments

Derivatives and equity instruments quoted in an active market are measured at fair value. The Trust measures other specific financial instruments at cost and amortized cost to correspond with how they are evaluated and managed.

Financial instruments measured at fair value are classified as level one, two or three for the purposes of describing the basis of the inputs used to measure the fair values, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2022

(Tabular amounts in thousands)

2. (g) Financial instruments (continued)

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 impairment losses. 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 an impairment 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.

Financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations and any related fair value changes previously recorded in the statement of remeasurement gains and losses are reversed to the extent of the impairment. Impairment losses are 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.

The Trust has designated its financial instruments as follows:

i. Cash:

Cash includes cash on hand and demand deposits. The Trust presents its statement of cash flows using the direct method.

ii. Portfolio 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 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.

Market securities equity and debt investments quoted in an active market are reported at fair value. The Trust invests in long-term investments through pooled fund products managed by the British Columbia Investment Management Corporation (BCI), a corporation established under the *Public Sector Pension Plans Act*. The Trust 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 value with changes in fair value recognized in the statement of remeasurement gains and losses.

Private placements - commercial investments that have an equity interest are accounted for as portfolio investments and are measured at cost, less any amounts written off to reflect a permanent decline in value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2022

(Tabular amounts in thousands)

2. (g) Financial instruments (continued)

iii. Loans receivable:

Private placements - commercial loans as well as loans receivable are recorded at amortized cost less any amount for impairments. Impairment losses are recorded to reflect loans receivable at the lower of amortized cost and the net recoverable value, when collectability and risk of loss exists. Impairments are recognized in the statement of operations. Interest is accrued on loans receivable to the extent it is deemed collectable.

iv. Debt and other financial assets and financial liabilities:

Debt, accrued interest and other assets, and accounts payable and accrued liabilities are measured and recorded at amortized cost using the effective interest rate method.

(h) Employee future benefits

Employee future benefits consist of an employee pension plan, retirement benefits and sick leave benefits.

The Trust and its employees make contributions to the Public Sector Pension Plan, which is a multi-employer defined benefit pension plan. Multi-employer defined benefit pension plans are accounted for as defined contribution plans. As a result, the Trust's contributions are expensed as paid.

The Trust provides a retirement allowance to all employees who have accumulated 20 years or more of service with the Trust. An actuarially determined accrued liability for the retirement allowance has been recorded in the statements and has been determined using management's best estimate of employee retention, salary escalation, long-term inflation and discount rates.

The Trust provides their employees with sick leave benefits that accumulate but do not vest. All employees are entitled to eight sick days per calendar year, which may be carried over, to a maximum of 120 days. An actuarially determined accrued liability has been recorded on the statements for non-vesting sick leave benefits. The cost of non-vesting sick leave benefits are calculated using management's best estimate of salary escalation, long-term inflation rates and discount rates.

(i) Measurement uncertainty

The preparation of these 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. Significant estimates include assumptions used for recording specific impairments and general loan loss provisions on commercial loans and loans receivable, useful life of tangible capital assets, and for identifying any impairment on its commercial investment.

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. Actual results could differ from these estimates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2022

(Tabular amounts in thousands)

3. FUTURE ACCOUNTING STANDARDS

In August 2018, the Canadian public sector accounting board issued PS3280 Asset Retirement Obligations. PS3280 establishes standards of how to account for and report legal obligations associated with the retirement of certain tangible capital assets and solid waste landfill sites. Disclosure of information about asset retirement obligations is required when tangible capital assets are acquired, constructed, developed, or are in normal use. PS3280 applies to fiscal years beginning on or after April 1, 2022. Management is in the process of assessing the impact of adoption of PS3280 on the financial statements of the Trust.

In June 2018, the Canadian public sector accounting board issued PS3400 Revenue. PS3400 proposes a framework describing two categories of revenue – transactions with performance obligations and transactions with no performance obligations. PS3400 applies to fiscal years beginning on or after April 1, 2023. Management is in the process of assessing the impact of adoption of PS3400 on the financial statements of the Trust.

4. COMPARATIVE FIGURES

Certain prior year figures have been reclassified to conform with the current year's presentation.

5. SHORT-TERM INVESTMENTS

Short-term investments consist of a portfolio of guaranteed investment certificates (GICs) held at financial institutions.

6. ACCRUED INTEREST AND OTHER ACCOUNTS RECEIVABLE

Accrued interest and other accounts receivable consist of accrued interest on short-term investments, receivables, accrued interest on commercial loans and recoveries for management and information technology services.

7. MARKET SECURITIES

The Trust has a diversified securities portfolio that includes short-term deposits, bond and equity pooled funds, which are managed by the BCI. The Trust's investment in market securities measured at fair value is as follows:

	Fair value hierarchy level	2022	2021
Market value	1	\$ 82,358	\$ 76,650
Cost		74,565	67,015
Accumulated remeasurement gains		\$ 7,793	\$ 9,635

During fiscal year 2022, the Trust recognized realized gains on market securities of \$6.1 million (2021 - \$2.7 million).

8. LOANS RECEIVABLE

The Trust provides funding through the Impact Investment program to businesses challenged with obtaining financing from other sources. These loans are generally secured by assets and personal guarantees and currently have terms extending no further than 17 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2022

(Tabular amounts in thousands)

8. LOANS RECEIVABLE (continued)

The Trust provides funding through the Small Business Working Capital program to provide working capital and operating funds to Basin-based small businesses and social enterprises to assist with the challenges of COVID-19. The Trust also provides funding through the Basin Food Producer program to help bolster the region's food supply, create employment and alleviate longer-term economic impacts caused by the pandemic. The loan terms for both of these related programs bear interest of 2% over a maximum term of five years. There is no interest charged for the first three months followed by interest-only payments for nine months. At March 31, 2022, the outstanding balance of the loans in these two programs totaled \$1.4 million (discounted to present value \$1.3 million). Three loans under the Small Business Working Capital program declared bankruptcy in fiscal 2022 resulting in an impairment loss totaling \$33,000.

The Trust provided the Trail airport with a non-interest bearing \$1 million loan over a term of 20 years. At March 31, 2022, the outstanding balance was \$800,000 (discounted to present value \$562,000).

The Trust provides funding through the Economic Development program to support business development throughout the Basin. The Trust provided two loans under the Economic Development program in fiscal 2022 with terms extending no further than 25 years.

Loans receivable are as follows:

	2022	2021
Impact Investment funds bearing interest from 3.7% to 6.7%	\$ 3,476	\$ 2,906
Small Business Working Capital bearing interest at 2% after first 3 months	761	1,010
Trail airport non-interest bearing	562	585
Basin Food Producers bearing interest at 2% after first 3 months	560	369
Economic Development loans bearing interest from prime to prime +2%	1,519	-
	6,878	4,870
Less: general impairment loss	(249)	(224)
	\$ 6,629	\$ 4,646

9. PRIVATE PLACEMENTS – COMMERCIAL LOANS

The Trust provides commercial loans that are generally secured by real estate and currently have terms extending no further than 25 years.

Commercial loans are as follows:

	2022	2021
Commercial loans bearing interest from nil to 7.5%	\$ 25,172	\$ 26,030
Less: general impairment loss	(177)	(183)
	\$ 24,995	\$ 25,847

10. PRIVATE PLACEMENTS – COMMERCIAL INVESTMENT

This commercial equity investment in a private company is accounted for as a portfolio investment and measured at cost, net of impairment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2022

(Tabular amounts in thousands)

11. PRIVATE PLACEMENTS - REAL ESTATE INVESTMENTS

The Trust's real estate investments are comprised of the following:

- 50% ownership interest in nine seniors housing facilities throughout the Basin.
- 80% ownership interest in Red Mountain Hostel located in Rossland, BC.

These investments are accounted for as investments in GBPs and GBEs using the modified equity method. See Note 2(b).

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
March 31, 2022							
Castle Wood Village - 50%	\$ 495	\$ 2,823	\$ 3,318	\$ 209	\$ 2,534	\$ 2,743	\$ 575
Columbia Village - 50%	154	3,991	4,145	256	3,490	3,746	399
Crest View Village - 50%	270	3,155	3,425	269	2,511	2,780	645
Garden View Village - 50%	416	2,404	2,820	181	2,127	2,308	512
Joseph Creek Village - 50%	46	6,875	6,921	502	5,159	5,661	1,260
Kootenay Street Village - 50%	75	11,797	11,872	302	11,128	11,430	442
Lake View Village - 50%	226	4,328	4,554	229	3,044	3,273	1,281
Mountain Side Village - 50%	81	2,192	2,273	127	1,666	1,793	480
Red Mountain Hostel - 80%	371	3,177	3,548	50	1,313	1,363	2,185
Rocky Mountain Village - 50%	112	2,217	2,329	224	1,511	1,735	594
	\$ 2,246	\$ 42,959	\$ 45,205	\$ 2,349	\$ 34,483	\$ 36,832	\$ 8,373
March 31, 2021							
Castle Wood Village - 50%	\$ 424	\$ 3,018	\$ 3,442	\$ 180	\$ 2,712	\$ 2,892	\$ 550
Columbia Village - 50%	132	4,212	4,344	236	3,718	3,954	390
Crest View Village - 50%	251	3,367	3,618	258	2,769	3,027	591
Garden View Village - 50%	58	2,543	2,601	149	1,954	2,103	498
Joseph Creek Village - 50%	18	7,288	7,306	440	5,622	6,062	1,244
Kootenay Street Village 50%	205	12,234	12,439	85	11,689	11,774	665
Lake View Village - 50%	211	4,534	4,745	222	3,283	3,505	1,240
Mountain Side Village - 50%	71	2,319	2,390	121	1,784	1,905	485
Red Mountain Hostel - 85%	282	3,428	3,710	48	1,404	1,452	2,258
Rocky Mountain Village - 50%	99	2,340	2,439	162	1,681	1,843	596
	\$ 1,751	\$ 45,283	\$ 47,034	\$ 1,901	\$ 36,616	\$ 38,517	\$ 8,517

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2022

(Tabular amounts in thousands)

11. PRIVATE PLACEMENTS - REAL ESTATE INVESTMENTS (continued)

(b) Results of operations:

	Revenue	Finance Charges	Operations	Amortization	Total Expense	Surplus
March 31, 2022						
Castle Wood Village - 50%	\$ 524	\$ 93	\$ 16	\$ 202	\$ 311	\$ 213
Columbia Village - 50%	529	138	13	226	377	152
Crest View Village - 50%	561	94	9	213	316	245
Garden View Village - 50%	362	70	19	140	229	133
Joseph Creek Village - 50%	1,093	197	36	422	655	438
Kootenay Street Village - 50%	812	321	-	448	769	43
Lake View Village - 50%	545	102	-	207	309	236
Mountain Side Village - 50%	310	70	2	126	198	112
Red Mountain Hostel - 80%	106	38	35	156	229	(123)
Rocky Mountain Village - 50%	374	67	33	143	243	131
	\$ 5,216	\$ 1,190	\$ 163	\$ 2,283	\$ 3,636	\$ 1,580

March 31, 2021

Castle Wood Village - 50%	\$ 525	\$ 98	\$ (10)	\$ 202	\$ 290	\$ 235
Columbia Village - 50%	528	150	-	227	377	151
Crest View Village - 50%	559	102	19	214	335	224
Garden View Village - 50%	363	96	15	144	255	108
Joseph Creek Village - 50%	1,094	246	107	428	781	313
Kootenay Street Village - 50%	278	160	2	255	417	(139)
Lake View Village - 50%	546	109	1	207	317	229
Mountain Side Village - 50%	311	74	8	126	208	103
Red Mountain Hostel - 85%	113	67	25	150	242	(129)
Rocky Mountain Village - 50%	374	76	12	144	232	142
	\$ 4,691	\$ 1,178	\$ 179	\$ 2,097	\$ 3,454	\$ 1,237

(c) Investment in private placements - real estate:

	Castle Wood Village	Columbia Village	Crest View Village	Garden View Village	Joseph Creek Village	Kootenay Street Village	Lake View Village	Mountain Side Village	Red Mountain Hostel	Rocky Mountain Village	Total
	50%	50%	50%	50%	50%	50%	50%	50%	80%*	50%	
March 31, 2022											
Opening balance	\$ 550	\$ 390	\$ 591	\$ 498	\$ 1,244	\$ 665	\$ 1,241	\$ 484	\$ 2,258	\$ 596	\$ 8,517
Dividends paid	(188)	(143)	(191)	(119)	(422)	(266)	(196)	(116)	-	(133)	(1,774)
Contributions	-	-	-	-	-	-	-	-	50	-	50
Surplus	213	152	245	133	438	43	236	112	(123)	131	1,580
	\$ 575	\$ 399	\$ 645	\$ 512	\$ 1,260	\$ 442	\$ 1,281	\$ 480	\$ 2,185	\$ 594	\$ 8,373

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2022

(Tabular amounts in thousands)

11. PRIVATE PLACEMENTS - REAL ESTATE INVESTMENTS (continued)

	Castle Wood Village	Columbia Village	Crest View Village	Garden View Village	Joseph Creek Village	Kootenay Street Village	Lake View Village	Mountain Side Village	Red Mountain Hostel	Rocky Mountain Village	Total
	50%	50%	50%	50%	50%	50%	50%	50%	85%*	50%	
March 31, 2021											
Opening balance \$	503	\$ 382	\$ 558	\$ 509	\$ 1,353	\$ 804	\$ 1,208	\$ 497	\$ 2,297	\$ 587	\$ 8,698
Dividends paid	(188)	(143)	(191)	(119)	(422)	-	(196)	(116)	-	(133)	(1,508)
Contributions	-	-	-	-	-	-	-	-	90	-	90
Surplus	235	151	224	108	313	(139)	229	103	(129)	142	1,237
	\$ 550	\$ 390	\$ 591	\$ 498	\$ 1,244	\$ 665	\$ 1,241	\$ 484	\$ 2,258	\$ 596	\$ 8,517

*Additional equity contributions from Red Mountain Hostel joint venture partner in fiscal 2022 decreased the Trust's equity ownership to 80% (fiscal 2021 - 85%).

(d) Non-current assets:

The Trust's investment in private placements - Real estate is as follows:

	Land	Building and Equipment	2022	2021
Operating facilities	\$ 3,953	\$ 64,457	\$ 68,410	\$ 68,480
Less: accumulated amortization	-	(25,451)	(25,451)	(23,197)
	\$ 3,953	\$ 39,006	\$ 42,959	\$ 45,283

(e) Non-current liabilities:

i. Long-term debt

Long-term debt consisting of mortgage loans 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 construction of the real estate facilities. These loans have interest rates varying between 2.65% and 4.25% and will mature on different dates between June 2022 and November 2028. The loans are repayable in equal monthly payments of principal and interest, were originally amortized over 25 years and are secured by first charges, both fixed and floating, over the assets of the seniors housing facilities to which they relate.

ii. Indemnities by joint venturers

The joint venturers of Trust's real estate investments gave separate indemnities for mortgage proceeds totaling \$34.9 million (fiscal 2021 - \$36.4 million).

(f) Contingencies:

In June 2010, the BC Housing Management Commission (BC Housing) provided Lake View Village, a seniors housing facility located in Nelson, BC, with a government grant to allow for subsidized suites. Under this agreement, Lake View Village received a forgivable loan in the amount of \$855,000 (the Trust'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, 2022, the balance of the forgivable loan was \$741,000 (fiscal 2021 - \$798,000). The Trust's share is 50%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2022

(Tabular amounts in thousands)

12. INVESTMENT IN POWER FACILITIES

The Trust's investment in power facilities comprises ownership interests in four entities that are jointly controlled with Columbia Power, a party related through common control by the Province. These investments are accounted for as GBP's using the modified equity method. See listing of joint ventures in Note 2(b).

(a) Arrow Lakes Power Corporation

The Trust's wholly owned subsidiary, CBT Arrow Lakes Power Development Corp., has a 50% ownership interest in Arrow Lakes Power Corporation (ALPC). The purpose of 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. ALPC sells the entitlement energy and capacity generated from this facility.

(b) Brilliant Power Corporation

The Trust's wholly owned subsidiary, CBT Power Corp., has a 50% ownership interest in Brilliant Power Corporation (BPC). The purpose of BPC is to act as lessor of the Brilliant Dam and Generating Station (Brilliant Power Facility) and Brilliant Terminal Station assets. The Brilliant Power Facility and Brilliant Terminal Station are currently leased to FortisBC Inc., a regulated utility operating in British Columbia, according to the terms of finance leases. The Brilliant Power Facility is located on the Kootenay River, three kilometers upstream of the confluence with the Columbia River.

(c) Brilliant Expansion Power Corporation

The Trust's wholly owned subsidiary, CBT Brilliant Expansion Power Corp., has a 50% interest in Brilliant Expansion Power Corporation (BEPC). The purpose of BEPC is to operate Brilliant Expansion, a 120-megawatt power generation facility adjacent to the Brilliant Dam at Castlegar, BC. BEPC sells the entitlement energy and capacity generated from this facility.

(d) Waneta Expansion Power Corporation

The Trust's wholly owned subsidiary, CBT Waneta Expansion Power Corp., has a 50% interest in Waneta Expansion Power Corporation (WEPC). The purpose of WEPC is to operate the 340-megawatt power generation facility adjacent to the Waneta Dam near Trail, BC, and a 10 kilometre transmission line from the power plant to British Columbia Hydro and Power Authority's Selkirk substation. WEPC sells the entitlement energy and capacity generated from this facility.

The Waneta Expansion was previously owned by the Waneta Expansion Limited Partnership (WELP), of which Fortis Inc. held a 51% interest, Columbia Power a 32.5% interest, and the Trust a 16.5% interest. On April 17, 2019, the Trust and Columbia Power purchased Fortis Inc.'s 51% interest in WELP. The purchase agreement was completed through a series of transactions and amalgamations, which resulted in the creation of WEPC through a business combination to hold the Trust and Columbia Power's interest (a 50/50 partnership). The acquisition transaction was identified as a business combination with WEPC identified as the acquirer. A purchase price allocation was performed to measure the fair value of identifiable assets acquired and liabilities assumed by WEPC at the acquisition date. The Trust purchased additional shares (33.5%) in WEPC for the purchase price of \$651 million to have equal ownership in WEPC between the Trust and Columbia Power. The structure of this additional purchase of shares required the Trust to be responsible for 66% of the long-term debt required for the purchase from Fortis. See Note 17.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2022

(Tabular amounts in thousands)

12. INVESTMENT IN POWER FACILITIES (continued)

In applying the modified equity basis of accounting to its interest in WEPC, the Trust makes annual adjustments for related party transactions where the underlying investment remains within the reporting entity. The Trust's original investment in WELP of 16.5% is accounted for on a cost basis, with the additional 33.5% investment accounted for at fair value at acquisition. The entire amount of the investment is recorded at fair value within WEPC. The fair value increment on the original investment, adjusted for annual amortization of related assets, is eliminated on consolidation. WEPC adjustments in the tables below also include development costs incurred by the Trust for the purchase of Fortis Inc.'s 51% interest in the Waneta Expansion Limited Partnership.

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

(e) Financial position:

	Current	Property, Plant & Equipment	Lease Receivable	Non- Current Assets	Total Assets	Current Liabilities	Non- Current Liabilities	Total Liabilities	Net Assets
March 31, 2022									
ALPC - 50%	\$ 12,175	\$ 101,837	\$ -	\$ -	\$ 114,012	\$ 9,270	\$ 148,534	\$ 157,804	\$ (43,792)
BPC - 50%	12,792	-	166,437	6,484	185,713	8,731	23,482	32,213	153,500
BEPC - 50%	4,600	98,372	-	654	103,626	596	-	596	103,030
WEPC* - 50%	19,765	923,771	-	491,310	1,434,846	4,872	490,779	495,651	939,195
	\$ 49,332	\$ 1,123,980	\$ 166,437	\$ 498,448	\$ 1,838,197	\$ 23,469	\$ 662,795	\$ 686,264	\$ 1,151,933
WEPC adjustment									(184,751)
									\$ 967,182
March 31, 2021									
ALPC - 50%	\$ 12,460	\$ 103,003	\$ -	\$ -	\$ 115,463	\$ 9,266	\$ 153,031	\$ 162,297	\$ (46,834)
BPC - 50%	12,612	-	165,082	6,506	184,200	7,916	29,092	37,008	147,192
BEPC - 50%	5,126	99,772	-	678	105,576	640	-	640	104,936
WEPC* - 50%	20,137	938,258	-	492,064	1,450,459	4,885	491,311	496,196	954,263
	\$ 50,335	\$ 1,141,033	\$ 165,082	\$ 499,248	\$ 1,855,698	\$ 22,707	\$ 673,434	\$ 696,141	\$ 1,159,557
WEPC adjustment									(187,783)
									\$ 971,774

*WEPC assets and liabilities contain amounts due from the owners and due to the Province for a long-term debt arrangement to fund the acquisition of Fortis Inc.'s 51% ownership in WELP. Each owner purchased additional shares to restore the ownership to the originally mandated 50/50 partnership between the Trust and Columbia Power (Trust purchased 33.5%). The Trust's share of the long-term debt is \$621.7 million (fiscal 2021 - \$629.1 million). See Note 17.

(f) Investment in power facilities:

	ALPC 50%	BPC 50%	BEPC 50%	WEPC 50%	Total
March 31, 2022					
Opening balance	\$ (46,834)	\$ 147,192	\$ 104,936	\$ 766,480	\$ 971,774
WEPC adjustment	-	-	-	3,032	3,032
Dividends paid	(15,600)	(7,905)	(11,600)	(45,630)	(80,735)
Surplus	18,642	14,213	9,694	30,562	73,111
	\$ (43,792)	\$ 153,500	\$ 103,030	\$ 754,444	\$ 967,182

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2022

(Tabular amounts in thousands)

12. INVESTMENT IN POWER FACILITIES (continued)

	ALPC 50%	BPC 50%	BEPC 50%	WEPC 50%	Total
March 31, 2021					
Opening balance	\$ (49,143)	\$ 139,798	\$ 106,269	\$ 784,255	\$ 981,179
WEPC adjustment	-	-	-	3,090	3,090
Dividends paid	(16,275)	(6,400)	(10,800)	(50,600)	(84,075)
Surplus	18,584	13,794	9,467	29,735	71,580
	\$ (46,834)	\$ 147,192	\$ 104,936	\$ 766,480	\$ 971,774

(g) ALPC negative equity:

In fiscal 2012, ALPC issued \$350 million principal amount Series B bonds, due in April 2041. The proceeds of the Series B bond issue were used to pay for the \$45.6 million owing on ALPC's series A bond redemption, and the net proceeds of \$285.6 million were distributed by dividend to the owners, Columbia Power and CBT Arrow Lakes, for investment in the Waneta Expansion and future project development. The dividend to the owners created a deficit in ALPC of \$56.1 million. ALPC ended fiscal 2012 with a deficit of \$60.3 million after incurring net losses of \$4.2 million that year. Total cumulative dividends of \$241.5 million less cumulative net income of \$214.2 million since fiscal 2012 have increased the deficit in ALPC to \$87.6 million at the end of fiscal 2022.

As ALPC's negative equity position has been caused by the payment of dividends rather than by operating losses, the Trust continues to record its investment in ALPC as a long-term financial asset that is recorded on a modified equity basis on the consolidated statement of financial position. The Trust's future share of ALPC's net income will reduce the negative equity balance and the Trust's future share of any additional dividends will increase the negative equity balance. Contracts entered into for the delivery of electricity over the next 23 years are expected to generate sufficient revenue and cash flow to fund on-going operations for the foreseeable future.

(h) Results of operations:

	Revenue	Finance Charges	Operations	Amortization	Total Expense	Surplus
March 31, 2022						
ALPC - 50%	\$ 35,480	\$ 8,615	\$ 5,591	\$ 2,632	\$ 16,838	\$ 18,642
BPC - 50%	23,743	2,517	6,980	33	9,530	14,213
BEPC - 50%	16,680	7	4,653	2,326	6,986	9,694
WEPC - 50%	65,747	13,627	6,890	14,668	35,185	30,562
	\$ 141,650	\$ 24,766	\$ 24,114	\$ 19,659	\$ 68,539	\$ 73,111
WEPC adjustment						3,130
						\$ 76,241
March 31, 2021						
ALPC - 50%	\$ 35,350	\$ 8,848	\$ 5,345	\$ 2,573	\$ 16,766	\$ 18,584
BPC - 50%	22,997	2,915	6,255	33	9,203	13,794
BEPC - 50%	16,714	8	4,962	2,277	7,247	9,467
WEPC - 50%	64,835	13,483	6,942	14,675	35,100	29,735
	\$ 139,896	\$ 25,254	\$ 23,504	\$ 19,558	\$ 68,316	\$ 71,580
WEPC adjustment						3,191
						\$ 74,771

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2022

(Tabular amounts in thousands)

12. INVESTMENT IN POWER FACILITIES (continued)

(i) Non-current liabilities:

Long-term debt

ALPC has long-term debt that consists of Series B bonds 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.

BPC 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.

WEPC has long-term debt that consists of Series A and B bonds maturing June 30, 2050 requiring semi-annual coupon payments and annual payments to a sinking fund for debt retirement. See Note 17.

Power facilities bonds are as follows (at 50%):

	Coupon Rate	Effective Rate	2022	2021
ALPC - Series B	5.52%	5.59%	\$ 153,090	\$ 157,345
BPC - Series A	8.93%	9.06%	16,821	19,733
BPC - Series B	6.86%	7.00%	4,539	5,370
BPC - Series C	5.67%	6.39%	7,807	9,261
WEPC - Series A	2.95%	2.62%	266,143	266,526
WEPC - Series B	2.95%	2.76%	224,636	224,785
			673,036	683,020
Current portion of bonds			(10,241)	(9,586)
			\$ 662,795	\$ 673,434

Bond amounts stated above are inclusive of financing costs of \$4.0 million (fiscal 2021 - \$4.2 million).

(j) Contingencies

The Trust's operating and development power project activities are affected by federal, provincial and local government laws and regulations. Under its agreements with its Bondholders, 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. Refer to Note 30 for disclosure of current contingent liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2022

(Tabular amounts in thousands)

13. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of payables and accruals for information technology services, broadband services, employee benefits, sales taxes and administrative expenses.

14. LONG-TERM DEBT

The Trust has three term loans secured by a collateral mortgage over real estate. The Trust also accepts investment funds from various Community Foundations for investment purposes which are classified as loans.

The debt shown on the consolidated statement of financial position is measured at amortized cost and is comprised of the following:

	2022	2021
Mortgages, interest rates 3.27% and 3.5% per annum, maturing November 2022 and January 2026	\$ 1,438	\$ 1,495
Demand loan, interest rate 5.00% per annum, no specific repayment terms	4,575	4,276
	<u>\$ 6,013</u>	<u>\$ 5,771</u>

The total interest expense in the table below is included in the investment initiatives total on the consolidated statement of operations:

	2022	2021
Mortgage, interest rate 3.27 % and 3.5% per annum, maturing November 2022 and January 2026	\$ 50	\$ 30
Demand loan, interest rate 5.00% per annum, no specific repayment terms	231	207
	<u>\$ 281</u>	<u>\$ 237</u>

Long-term debt repayment is as follows:

2023	\$ 57
2024	62
2025	64
2026	66
2027 and thereafter	5,764
	<u>\$ 6,013</u>

15. DEFERRED CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount of grants received from various entities for the purchase of broadband tangible capital assets. Deferred capital contributions are recognized in revenue at the same rate that amortization of the tangible capital asset is recorded.

Deferred contributions and other revenue represents funding that has been received and relates to broadband projects and a Community Wildfire program scheduled to be completed in a subsequent year. Deferred contributions and other revenue are recognized in revenue as expenses are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**Year Ended March 31, 2022***(Tabular amounts in thousands)***15. DEFERRED CONTRIBUTIONS (continued)**

Deferred contributions at March 31 are as follows:

	Deferred Capital Contributions		Deferred Revenue		Total
March 31, 2022					
Opening balance	\$	3,883	\$	2,439	\$ 6,322
Contributions received during the year		1,157		32	1,189
Transfers to revenue during the year		(298)		(2,365)	(2,663)
	\$	4,742	\$	106	\$ 4,848
March 31, 2021					
Opening balance	\$	3,686	\$	34	\$ 3,720
Contributions received during the year		366		2,405	2,771
Transfers to revenue during the year		(169)		-	(169)
	\$	3,883	\$	2,439	\$ 6,322

Deferred contributions are expected to be recognized in revenue as follows:

	Deferred Capital Contributions		Deferred Revenue		Total
2023	\$	261	\$	106	\$ 367
2024		243		-	243
2025		228		-	228
Thereafter		4,010		-	4,010
	\$	4,742	\$	106	\$ 4,848

16. DELIVERY OF BENEFITS INITIATIVES

Delivery of benefits initiatives refers to activities that the Trust undertakes to support the efforts of the people of the Basin to create a legacy of social, economic and environmental well-being.

	2022	2021
Liabilities, beginning of year	\$ 18,818	\$ 8,350
Funds authorized during the year	62,359	58,888
Funds recovered/rescinded	(1,304)	(700)
Funds paid during the year	(46,437)	(47,720)
Liabilities, end of year	\$ 33,436	\$ 18,818

17. DUE TO WANETA EXPANSION POWER CORPORATION

Waneta Expansion Power Corporation (WEPC) is jointly owned by the Trust's wholly owned subsidiary, CBT Waneta Expansion Power Corporation, and Columbia Power. WEPC is the owner of the Waneta Expansion and related transmission assets (see Note 12(d)). In April 2019, the Trust purchased additional shares in WEPC (33.5%) to have equal ownership between the Trust and Columbia Power. The structure of this additional purchase of shares requires the Trust to make payments to WEPC in an amount approximately equal to 66% of the long-term

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2022

(Tabular amounts in thousands)

17. DUE TO WANETA EXPANSION POWER CORPORATION (continued)

debt held in WEPC. The Trust has recorded an amount due to WEPC and this liability matches the terms of the fiscal agency loan provided to WEPC. The amount of the interest portion of the payments is \$9.1 million semi-annually, with the principal portion of the payments equal to those expected for the sinking fund contributions of WEPC to fully retire CBT Waneta's debt obligations no later than 2050 (see Note 12(i)).

Due to Waneta Expansion Power Corporation is composed on the identical terms to the corresponding long-term debt held in WEPC which consists of the following debt issuances:

	2022	2021
WEPC BONDS: SERIES A		
Long-term debt (coupon rate 2.95%, effective rate 2.623%, maturing 2050)	\$ 328,431	\$ 328,431
Accrued interest	2,734	2,734
Premium on long-term debt	23,153	23,702
Deferred financing costs	(1,945)	(1,991)
	352,373	352,876
WEPC BONDS: SERIES B		
Long-term debt (coupon rate 2.95%, effective rate 2.763%, maturing 2050)	286,629	286,629
Accrued interest	2,386	2,386
Premium on long-term debt	10,452	10,693
Deferred financing costs	(1,971)	(2,016)
	297,496	297,692
Total gross long-term debt	653,785	654,575
Less: deferred financing costs	(3,916)	(4,007)
	649,869	650,568
Less: contributions to WEPC sinking fund	(23,073)	(16,360)
	\$ 626,796	\$ 634,208

Original debt issuance:						2022	2021
	Premium	Interest and fees	Net proceeds	Coupon rate	Effective rate	Carrying amount	Carrying amount
WEPC - Series A	\$ 24,757	\$ 4,840	\$ 353,869	2.95%	2.597%	\$ 352,373	\$ 352,876
WEPC - Series B	11,133	5,366	298,929	2.95%	2.763%	297,496	297,692
	\$ 35,890	\$ 10,206	\$ 652,798			\$ 649,869	\$ 650,568

Total interest expense for the year is as follows:

	2022	2021
Series A	\$ 9,186	\$ 9,199
Series B	8,260	8,265
	17,446	17,464
Purchase premium	98	98
	\$ 17,544	\$ 17,562

The Trust is required to make semi-annual coupon interest payments of \$9.1 million (fiscal 2021 - \$9.1 million) and annual sinking fund contributions for debt retirement to WEPC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2022

(Tabular amounts in thousands)

17. DUE TO WANETA EXPANSION POWER CORPORATION (continued)

Contributions are invested by the Provinces' Debt Management Branch. Interest earned on sinking fund investments are held within the fund for future debt retirement. Restricted interest income totaled \$453,000 (fiscal 2021 - \$221,000).

Long-term debt repayment in the form of sinking fund payments is as follows:

2023	\$	6,517
2024		7,095
2025		7,506
2026		8,050
2027 and thereafter		377,302
	\$	406,470

18. TANGIBLE CAPITAL ASSETS

		Cost	Accumulated Amortization	2022	2021
Corporate					
Land	\$	205	\$ -	\$ 205	\$ 205
Building		3,494	2,367	1,127	1,243
Tenant improvements		724	675	49	57
Automobiles		135	28	107	-
Office furniture and equipment		499	432	67	60
Hardware and software		2,058	1,842	216	233
	\$	7,115	\$ 5,344	\$ 1,771	\$ 1,798
Delivery of benefits					
<i>Economic initiatives</i>					
Land	\$	188	\$ -	\$ 188	\$ 188
Building		1,481	300	1,181	1,233
		1,669	300	1,369	1,421
<i>Broadband initiatives</i>					
Broadband hardware*		6,306	3,659	2,647	1,577
Fibre optics		12,168	1,533	10,635	4,376
		18,474	5,192	13,282	5,953
<i>Grain Elevators</i>					
Land		102	-	102	102
Building		1,477	29	1,448	741
		1,579	29	1,550	843
	\$	21,722	\$ 5,521	\$ 16,201	\$ 8,217
Investments					
Land	\$	3,404	\$ -	\$ 3,404	\$ 1,604
Building		12,941	1,401	11,540	6,746
	\$	16,345	\$ 1,401	\$ 14,944	\$ 8,350
Total tangible capital assets	\$	45,182	\$ 12,266	\$ 32,916	\$ 18,365

*Includes \$68,000 (fiscal 2021 - \$5,000) for unamortized development costs for broadband projects expected to commence in a subsequent year. Refer to Schedule A for additional financial information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2022

(Tabular amounts in thousands)

19. POWER FACILITIES RECOVERIES AND ADMINISTRATION

The Trust and Columbia Power implemented an Asset Management Services Agreement (Agreement) effective January 1, 2020, wherein the Trust provides support in all areas of operations services for the jointly owned power assets including human resources, accounting, payroll, records management, information technology, and other support functions to Columbia Power on a cost recovery basis. Columbia Power remains the appointed Manager of the four power assets under the Agreement. Staff are employed directly by the Trust and all employment benefits and related costs are paid by the Trust. There are no direct employees of Columbia Power.

20. GRANT REVENUES

CBBC entered into Contribution Agreements with the Northern Development Initiative Trust for the *Connecting BC Program* and the *Canadian Radio-Television and Telecommunications Commission Broadband Fund*. These programs extend and/or enhance high-capacity broadband infrastructure in rural and remote communities to provide access to quality broadband services. The *Connecting BC Program* is expected to be completed by March 31, 2023, and the *Canadian Radio-Television and Telecommunications Commission Broadband Fund* by March 31, 2024.

The Trust also entered into an agreement with the Province for a Community Wildfire program scheduled to be completed in fiscal 2023.

21. RENTAL REVENUES - COMMERCIAL INVESTMENTS

The Trust records revenues for various commercial properties located throughout the Basin.

22. OTHER REVENUES

Other revenues for the Trust consist of the following:

Interest revenue

The Trust receives interest revenue from four programs: Impact Investment, Small Business Working Capital, Basin Food Producers and Economic Development. The Impact Investment program provides capital to businesses challenged with obtaining financing from other sources. The Small Business Working Capital program supports working capital and operational projects for Basin-based small businesses facing challenges of COVID-19. The Basin Food Producer program assists food producers challenged with increased COVID-19-related demand. The Economic Development program supports business development throughout the Basin.

Rental revenue

The Trust receives rental revenue from commercial properties located in Creston and Trail, BC.

Other revenue

Other revenues include external funding and fees collected for various delivery of benefits events and projects as well as loan recoveries and discounts.

	2022	2021
Interest revenue	\$ 239	\$ 206
Rental revenue	10	13
Other revenue	140	223
	<u>\$ 389</u>	<u>\$ 442</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2022

(Tabular amounts in thousands)

23. EXPENSES

In addition to the direct benefits provided to Basin communities, the Trust has also allocated administration services and costs to each major initiative area (with the exception of CBBC) using an appropriate cost allocation methodology. In the case of CBBC and CBDC, administration costs are tracked separately and expensed directly to these initiative areas.

The following table lists the community benefits expensed, funding benefits that were recovered or rescinded, and the allocation of the Trust's administration services and costs to each major initiative area:

March 31, 2022	Community Benefits	Benefits Recovered/ Rescinded	Administration Allocation	Total Expenses
Trust				
Community initiatives	\$ 37,801	\$ (772)	\$ 3,014	\$ 40,043
Water and Environment initiatives	8,854	(301)	655	9,208
Social initiatives	4,619	(14)	796	5,401
Other initiatives	2,749	-	1,477	4,226
Economic initiatives	-	-	692	692
Youth initiatives	2,626	(14)	333	2,945
Investment initiatives	-	-	1,254	1,254
Power facilities administration	-	-	3,777	3,777
	56,649	(1,101)	11,998	67,546
CBBC				
Broadband administration	2,966	-	-	2,966
	2,966	-	-	2,966
CBDC				
Economic initiatives	2,519	(203)	-	2,316
Economic administration	225	-	-	225
	2,744	(203)	-	2,541
	\$ 62,359	\$ (1,304)	\$ 11,998	\$ 73,053

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2022

(Tabular amounts in thousands)

23. EXPENSES (continued)

March 31, 2021	Community Benefits	Benefits Recovered/ Rescinded	Administration Allocation	Total Expenses
Trust				
Community initiatives	\$ 39,085	\$ (91)	\$ 2,511	\$ 41,505
Water and Environment initiatives	5,688	(308)	590	5,970
Social initiatives	2,933	(17)	1,033	3,949
Other initiatives	937	(136)	1,037	1,838
Economic initiatives	40	-	882	922
Youth initiatives	1,654	(33)	303	1,924
Investment initiatives	-	-	1,250	1,250
Power facilities administration	-	-	3,500	3,500
	50,337	(585)	11,106	60,858
CBBC				
Broadband administration	2,499	-	-	2,499
	2,499	-	-	2,499
CBDC				
Economic initiatives	5,769	(115)	-	5,654
Economic administration	283	-	-	283
	6,052	(115)	-	5,937
	\$ 58,888	\$ (700)	\$ 11,106	\$ 69,294

The following comprises the Trust's, CBBC's and CBDC's expenses by object:

March 31, 2022	Trust	CBBC	CBDC	Total
Amortization*	\$ 353	\$ 1,145	\$ -	\$ 1,498
Board and committee expenses	132	3	7	142
Commercial investment expenses*	728	-	152	880
Communications	474	-	-	474
Corporate travel and meetings	86	8	-	94
Delivery of benefits initiatives	55,548	-	2,316	57,864
Information technology	346	361	-	707
Network costs	-	739	-	739
Office and general	711	138	66	915
Professional fees	304	53	-	357
Staff remuneration and development	8,864	519	-	9,383
	\$ 67,546	\$ 2,966	\$ 2,541	\$ 73,053

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2022

(Tabular amounts in thousands)

23. EXPENSES (continued)

	Trust	CBBC	CBDC	Total
March 31, 2021				
Amortization*	\$ 402	\$ 737	\$ -	1,139
Board and committee expenses	118	6	9	133
Commercial investment expenses*	492	-	138	630
Communications	251	2	-	253
Corporate travel and meetings	35	4	-	39
Delivery of benefits initiatives	49,752	-	5,654	55,406
Information technology	347	278	-	625
Network costs	-	730	-	730
Office and general	727	102	136	965
Professional fees	349	101	-	450
Staff remuneration and development	8,385	539	-	8,924
	\$ 60,858	\$ 2,499	\$ 5,937	\$ 69,294

*Amortization of \$468,000 (fiscal 2021 - \$318,000) included in Commercial investment expenses.

24. CONTRACTUAL RIGHTS

Contractual rights are rights to economic resources arising from contracts or agreements that will result in revenues and assets in the future. The Trust's contractual rights arise because of contracts entered into for broadband services, real estate leases and power facilities sales agreements. The following table summarizes the contractual rights of the Trust's future assets:

	2023	2024	2025	2026	2027
Future broadband revenue and project funding	\$ 3,451	\$ 575	\$ 333	\$ 320	\$ 270
Future real estate rental revenue	\$ 5,892	\$ 5,703	\$ 5,348	\$ 4,073	\$ 2,605
Future power facilities revenue	120,784	122,086	123,550	124,508	126,327
	\$ 130,127	\$ 128,364	\$ 129,231	\$ 128,901	\$ 129,202

25. COMMITMENTS

The Trust has entered into various agreements for delivery of benefits initiatives and an operating lease agreement for office space in Nakusp with terms expiring March 31, 2024. The Trust has also entered into a transaction to purchase property for future development. Completion date for this purchase is May 2022.

	Delivery of Benefits	Leases	Real estate	Total
2023	\$ 2,038	\$ 38	\$ 1,050	3,126
2024	638	38	-	676
2025	76	-	-	76
	\$ 2,752	\$ 76	\$ 1,050	\$ 3,878

26. RELATED PARTY TRANSACTIONS

The Trust is indirectly related through common control to all Province of British Columbia ministries, agencies, crown corporations and public sector organizations that are included in the provincial government reporting entity. Any related party transactions are recorded on a cost recovery basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2022

(Tabular amounts in thousands)

27. PUBLIC SERVICE PENSION PLAN

The Trust 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 as at March 31, 2020 indicated that the PSPP is fully funded and is sufficient to pay the current and future lifetime pensions of all members. Contributions to the PSPP by the Trust in fiscal 2022 were \$668,000 (fiscal 2021 - \$624,000). No provision, other than the Trust's required employer pension contributions, has been made in the accounts of the Trust for this liability. The next valuation date for the PSPP is scheduled for 2023 with results expected in 2024.

28. 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. The Trust extends credit within its commercial loans and investments. To mitigate the Trust'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. The Trust'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 was:

		2022		2021
Accrued interest and other assets	\$	1,952	\$	1,298
Loans receivable	\$	6,629	\$	4,646
Commercial loans	\$	24,995	\$	25,847
Commercial investment	\$	2,375	\$	2,375

(b) Liquidity risk

Liquidity risk refers to the risk that the Trust will encounter difficulty in meeting obligations associated with financial liabilities. The Trust monitors and maintains its liquidity to ensure sufficient capacity to repay its financial liabilities when they become due. The Trust considers that it has sufficient liquidity to meet its financial obligations.

The maximum exposure to liquidity risk at March 31 was:

		2022		2021
Accounts payable and accrued liabilities	\$	3,221	\$	832
Long-term debt	\$	6,013	\$	5,771
Deferred contributions	\$	4,848	\$	6,322
Delivery of benefits liabilities	\$	33,436	\$	18,818
Due to Waneta Expansion Power Corporation	\$	626,796	\$	634,208

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2022

(Tabular amounts in thousands)

28 (c) Market risk (continued)

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. The Trust 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. The Trust is not exposed to significant interest rate risk for current liabilities due to the short-term nature of its current liabilities. The Trust'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 \$559,000. A change of 100 basis points in the market rates of commercial loans would increase or decrease revenues by \$252,000.

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 instrument or its issuer, or factors affecting all similar financial instruments traded in the market. As the Trust's market securities portfolio is affected by global market conditions, the maximum exposure to price risk at the reporting date was:

		2022		2021
Market securities	\$	82,358	\$	76,650

29. BUDGETED FIGURES

Budgeted figures have been provided for comparison purposes and have been derived from the Trust's annual budget approved by the Board of Directors in January 2021.

30. CONTINGENT LIABILITIES

The Trust has been named as the defendant in a Notice of Claim in which damages have been sought. These matters may give rise to future liabilities. The outcome of these actions is not determinable as at March 31, 2022, and accordingly, no provision has been made in these consolidated financial statements for any liability that may result.

31. COVID-19

While societal impacts of the COVID-19 pandemic were significant in 2021/22, the Trust's revenues were minimally impacted and the Trust maintained business operations while meeting current public health requirements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2022

(Tabular amounts in thousands)

Schedule A: Tangible capital assets additional financial information

Corporate	Land	Building	Tenant Improve- ments	Auto- mobiles	Office Furniture and Equipment	Hardware and Software	Total
March 31, 2022							
Cost							
Opening balance	\$ 205	\$ 3,494	\$ 703	\$ -	\$ 471	\$ 1,917	\$ 6,790
Additions	-	-	21	135	28	141	325
	205	3,494	724	135	499	2,058	7,115
Accumulated amortization							
Opening balance	-	(2,251)	(646)	-	(411)	(1,684)	(4,992)
Amortization	-	(116)	(29)	(28)	(21)	(158)	(352)
	-	(2,367)	(675)	(28)	(432)	(1,842)	(5,344)
	\$ 205	\$ 1,127	\$ 49	\$ 107	\$ 67	\$ 216	\$ 1,771

Delivery of Benefits	Land	Building	Broadband Hardware*	Fibre Optics	Total
March 31, 2022					
Cost					
Opening balance	\$ 290	\$ 2,243	\$ 4,578	\$ 5,422	\$ 12,533
Additions	-	715	1,728	6,746	9,189
	290	2,958	6,306	12,168	21,722
Accumulated amortization					
Opening balance	-	(269)	(3,001)	(1,046)	(4,316)
Amortization	-	(60)	(658)	(487)	(1,205)
	-	(329)	(3,659)	(1,533)	(5,521)
	\$ 290	\$ 2,629	\$ 2,647	\$ 10,635	\$ 16,201

Investments	Land	Building	Total
March 31, 2022			
Cost			
Opening balance	\$ 1,604	\$ 7,730	\$ 9,334
Additions	1,800	5,211	7,011
	3,404	12,941	16,345
Accumulated amortization			
Opening balance	-	(984)	(984)
Amortization	-	(417)	(417)
	-	(1,401)	(1,401)
	\$ 3,404	\$ 11,540	\$ 14,944

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2022

(Tabular amounts in thousands)

Schedule A: Tangible capital assets additional financial information (continued)

Corporate	Land	Building	Tenant Improve- ments	Office Furniture and Equipment	Hardware and Software	Total
March 31, 2021						
Cost						
Opening balance	\$ 205	\$ 3,494	\$ 713	\$ 567	\$ 2,220	\$ 7,199
Additions	-	-	-	49	176	225
Disposals	-	-	(10)	(145)	(479)	(634)
	205	3,494	703	471	1,917	6,790
Accumulated amortization						
Opening balance	-	(2,135)	(623)	(533)	(1,931)	(5,222)
Amortization	-	(116)	(23)	(24)	(235)	(398)
Disposals	-	-	-	146	482	628
	-	(2,251)	(646)	(411)	(1,684)	(4,992)
	\$ 205	\$ 1,243	\$ 57	\$ 60	\$ 233	\$ 1,798

Delivery of Benefits	Land	Building	Broadband Hardware*	Fibre Optics	Total
March 31, 2021					
Cost					
Opening balance	\$ 290	\$ 1,825	\$ 4,452	\$ 4,572	\$ 11,139
Additions	-	418	126	854	1,398
Disposals	-	-	-	(4)	(4)
	290	2,243	4,578	5,422	12,533
Accumulated amortization					
Opening balance	-	(212)	(2,481)	(830)	(3,523)
Amortization	-	(57)	(520)	(216)	(793)
	-	(269)	(3,001)	(1,046)	(4,316)
	\$ 290	\$ 1,974	\$ 1,577	\$ 4,376	\$ 8,217

Investments	Land	Building	Total
March 31, 2021			
Cost			
Opening balance	\$ 1,379	\$ 5,335	\$ 6,714
Additions	225	2,395	2,620
	1,604	7,730	9,334
Accumulated amortization			
Opening balance	-	(716)	(716)
Amortization	-	(268)	(268)
	-	(984)	(984)
	\$ 1,604	\$ 6,746	\$ 8,350

*Includes \$68,000 (fiscal 2021 - \$5,000) for unamortized development costs for projects expected to commence in a subsequent year.