BCIB
British Columbia Infrastructure Benefits

FINANCIAL STATEMENTS OF

BC INFRASTRUCTURE BENEFITS INC

YEAR ENDED MARCH 31, 2021

BCIB
British Columbia Infrastructure Benefits

May 13, 2021

Statement of Management's Responsibility
Year ended March 31, 2021

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Corporation's Board of Directors carry out their responsibility for review of the financial statements principally through the Audit, Finance and Risk Committee. The voting members of the Audit, Finance and Risk Committee are composed entirely of persons who are neither management nor employees of the Corporation. The Audit, Finance and Risk Committee meets with management and staff and the external auditors to discuss the results of the audit examination and financial reporting matters. The auditors have full access to the Audit, Finance and Risk Committee with, and without, the presence of management and staff.

Smythe LLP, an independent firm of chartered professional accountants, is appointed by the Board of Directors to audit the financial statements and report directly to them; their report follows.

Yours truly,

Irene Kerr
Chief Executive Officer

Mario Piscitelli
Chief Financial Officer

Smythe CPA

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF BC INFRASTRUCTURE BENEFITS INC.

Opinion

We have audited the financial statements of BC Infrastructure Benefits Inc. (the "Corporation"), which comprise:

- the statement of financial position as at March 31, 2021;
- the statement of operations for the year then ended;
- the statement of changes in net assets for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2021, and its results of operations and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards (PSAS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the Corporation for the year ended March 31, 2020 were audited by another auditor who expressed an unmodified opinion on those financial statements on May 19, 2020.

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

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation'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 Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
May 13, 2021

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BC Infrastructure Benefits Inc.
Statement of Financial Position
As at March 31, 2021
(in $000's)

	Notes	31-Mar-21	31-Mar-20
Financial assets			
Cash and cash equivalents		$ 6,403	$ 3,793
Accounts receivable	3	686	6
Due from government & other government organizations	4	9,530	7,972
		16,619	11,771
Liabilities			
Debt	5	16,000	11,073
Accounts payable & accrued liabilities	6	2,031	942
Due to government & other government organizations	7	342	251
Deferred capital contributions	9	56	77
		18,429	12,343
Net financial assets (debt)		(1,810)	(572)
Non-financial assets			
Tangible capital assets	10	1,634	397
Prepaid expenses	11	176	175
		1,810	572
Accumulated surplus (deficit)		$ -	$ -

Approved on behalf of the Board of Directors on May 13, 2021

David Miller, Chair

Michael Bonshor, Director

The accompanying notes form an integral part of these financial statements.

BC Infrastructure Benefits Inc.
Statement of Operations
For the year ended March 31, 2021
(in $000's)

	Note	Budget	31-Mar-21	31-Mar-20
Revenues		(Note 13)		
Contracted services		$ 72,923	$ 7,361	$ 788
Service fees		11,325	9,985	7,987
Interest revenue		80	32	65
Other revenue		20	33	172
		84,348	17,411	9,012
Expenses	12			
Project workforce		72,923	7,361	788
Outreach and engagement		1,004	929	927
Operations		4,072	3,432	2,100
Finance and corporate services		6,349	5,689	5,197
		84,348	17,411	9,012
Annual operating surplus (deficit)		$ -	$ -	$ -
Accumulated surplus (deficit) at beginning of year		-	-	-
Accumulated surplus (deficit) at end of year		$ -	$ -	$ -

The accompanying notes form an integral part of these financial statements.

BC Infrastructure Benefits Inc.
Statement of Changes in Net Assets (Debt)
For the year ended March 31, 2021
(In $000's)

	Budget (Note 13)	31-Mar-21	31-Mar-20
Surplus (deficit)	$ -	$ -	$ -
Effect of change in tangible capital assets:			
(Acquisition)/disposal of tangible capital assets	(2,400)	(1,416)	(354)
Amortization of tangible capital assets	540	179	54
	(1,860)	(1,237)	(300)
Effect of change in prepaid expense			
Acquisition of prepaid expense	(1,100)	(1,019)	(817)
Use of prepaid expense	1,050	1,018	658
	(50)	(1)	(159)
Increase in net debt	$ (1,910)	$ (1,238)	$ (459)
Net debt at beginning of year	(287)	(572)	(113)
Net debt at end of year	$ (2,197)	$ (1,810)	$ (572)

The accompanying notes form an integral part of these financial statements.

BC Infrastructure Benefits Inc.
Statement of Cash Flows
For the year ended March 31, 2021
(In $000's)

	31-Mar-21	31-Mar-20
Operating transactions		
Surplus (deficit)	$ -	$ -
Items not affecting cash:		
Amortization of tangible capital assets	179	54
Loss on disposal of tangible capital assets	35	-
Amortization of discount on debt	41	118
Amortization of foreign exchange gains	(9)	-
Discount on debt	(17)	(144)
Unamortized foreign exchange gains on debt	10	-
Decrease in deferred capital contribution	(21)	(20)
Decrease in deferred operating contributions	-	(16)
Changes in operating working capital:		
Increase in accounts receivable	(680)	(6)
Increase in due from government and government organizations	(1,558)	(3,634)
Increase in prepaids and deposits	(1)	(159)
Increase in accounts payable and accrued liabilities	1,089	873
Increase (decrease) in due to government and government organizations	91	(4,017)
Cash applied to operating transactions	(841)	(6,951)
Capital transaction		
Cash used in acquisition of tangible capital assets	(1,451)	(354)
Cash applied to capital transaction	(1,451)	(354)
Financing transactions		
Debt issues	49,000	23,199
Debt repayment	(44,098)	(12,100)
Cash provided by financing transactions	4,902	11,099
Increase in cash	2,610	3,793
Cash at beginning of year	3,793	-
Cash at end of year	$ 6,403	$ 3,793
Supplemental disclosure of cash flow information:		
Interest Paid	73	85

The accompanying notes form an integral part of these financial statements.

1. NATURE OF OPERATIONS

British Columbia Infrastructure Benefits Inc., ("BCIB" or "the corporation") is a provincial Crown corporation incorporated under B.C.'s Business Corporations Act and directly accountable to the Minister of Finance.

BCIB was established to implement, measure and report on the objectives of the Community Benefits Agreement ("CBA"), a collective agreement between BCIB and the Allied Infrastructure and Related Construction Council ("AIRCC") to grow the skilled trades workforce by creating career opportunities for underrepresented workers, locals and apprentices on select public infrastructure projects.

BCIB is exempt from income taxes under the *Income Tax Act* (Canada).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these financial statements are as follows:

a) *Basis of Accounting*

These financial statements have been prepared by management in accordance with Section 23.1 of the *Budget Transparency and Accountability Act of the Province of British Columbia*. This act requires BCIB to prepare financial statements in accordance with Public Sector Accounting Standards, except with regards to accounting for government transfers as set out below.

In November 2011, Treasury Board provided a directive through *Restricted Contributions Regulation 198/2011*. This provided direction for the reporting of restricted contributions whether they are received or receivable by BCIB before or after this regulation was in effect.

b) *Change in Accounting Policy*

During fiscal 2021, BCIB changed its policy for smaller value tangible capital assets which are identical, similar or related. These assets are now grouped together as an asset pool and accounted for as a single asset for amortization purposes. Eligible assets acquired during a fiscal quarter are pooled together and half the amortization is taken in the quarter of acquisition. Standalone higher value tangible capital assets are not pooled and are amortized starting in the month following acquisition. This change in the accounting policy and the impact on the financial statements is immaterial.

c) *Revenue Recognition*

BCIB has chosen to early adopt Public Sector Accounting Standard *PS 3400 Revenue* for Fiscal 2021. PS 3400 establishes standards for the accounting for revenue arising from exchange transactions. BCIB does work and incurs costs ahead of the construction start on projects and during construction to achieve the objectives of the CBA and to satisfy its obligation to project Owners. As BCIB does this work, it recognizes revenue from project Owners to offset its costs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Restricted Revenue

Under Restricted Contributions Regulation 198/2011, government transfers are reported as revenue depending on the nature of the restrictions on the use of the funds by the contributors as follow:

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

- When all eligibility criteria have been met and authorization has been received, contributions for operating expenditures are recorded as revenue in the year related expenses are incurred except for prepaid expenses, where contributions are recorded as deferred operating contributions and recognized over the term of prepayment.

e) Expense Recognition

Costs incurred by BCIB are expensed as incurred. Expenses are recorded on an accrual basis.

f) Tangible Capital Assets

Tangible capital assets are non-financial assets having a physical substance that:

- are held for use in the production or supply of goods and services, for rental to others, for administrative purposes or for the development, construction, or maintenance or repair of other tangible capital assets;
- have useful economic lives extending beyond an accounting period;
- are to be used on a continuing basis; and
- are not for sale in the ordinary cost of operations.

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development, installation, and betterment of the asset.

Amortization begins when the asset is brought into productive use. The cost of the tangible capital assets is amortized over its estimated useful life. Methods and rates are reviewed annually and adjusted if necessary. If there are changes to the methods and rates, these are accounted for prospectively.

The amortization method and useful lives for each asset class are as follows:

Asset	Amortization Method	Useful Lives (in years)
Furniture and fixtures	Straight Line	3 to 5
Leasehold improvements	Straight Line	Term of the lease
Computer assets	Straight Line	3 to 10
Vehicles	Straight Line	10

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Work-in-progress tangible capital assets are not amortized until the assets are completed and put into use.

g) *Prepaid Expenses*

Prepaid expenses are recorded at cost. Prepaids are expensed on a straight-line basis over the life of the agreement as economic benefits are used.

h) *Pension Benefits*

Pension benefits for employees of the Corporation are provided through the BC Public Service Pension Plan, which is a defined benefit, multi-employer jointly trusteed plan. As the plan assets and liabilities are not readily available to the employer, BCIB recognizes plan contributions incurred.

i) Financial Instruments

Financial Instruments include primary instruments such as cash, amounts due from or to government and other government organizations, accounts payable and accrued liabilities and short-term debt.

The Corporation had classified each of its financial instruments in the following categories:

	Category	**Measurement**
Cash and cash equivalents	Fair value	Fair value
Trade and other receivables	Other financial assets	Amortized cost
Accounts payable & accrued liabilities	Other financial liability	Amortized cost
Short-term debt	Other financial liability	Amortized cost

j) Measurement Uncertainty

The preparation of financial statements requires management to make estimates and assumptions that impact the amount reported for assets and liabilities at the date of the financial statements, as well as the amounts reported for revenues and expenses during the reporting period. Items requiring the use of significant estimates include provisions for certain accrued liabilities.

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will by definition exhibit some variances to actual results.

3. ACCOUNTS RECEIVABLE

($000's)	**March 31, 2021**	**March 31, 2020**
Trade accounts receivable	$ 686	$ -
Other receivables	-	6
	$ 686	$ 6

4. DUE FROM GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

($000's)	March 31, 2021	March 31, 2020
BC Transportation Financing Authority	$ 8,972	$ 7,943
Island Health	525	-
Canada Revenue Agency	32	26
Transportation Investment Corporation	1	3
	$ 9,530	$ 7,972

Receivables from BC Transportation Financing Authority ("BCTFA") represents management service fees charged for the provision of workforce services. Receivables from Island Health represents services provided to Island Health. Receivables from Canada Revenue Agency ("CRA") are from GST paid by BCIB. Receivables from Transportation Investment Corporation ("TI Corp") represents fees charged for professional staff services.

5. DEBT

BCIB funds part of its operations with short-term debt. Debt typically matures within 3 to 6 months. The Minister of Finance authorized BCIB to acquire up to $100 million of short-term debt. At March 31, 2021, the Corporation had foreign currency short-term debt totaling $16 million, equivalent to US$12.65 million (2020 CAD debt – $11.07 million) with an annual interest rate of 0.08%. At the time of borrowing, the debt was set up as a foreign exchange swap, therefore the final foreign currency translation gains/losses are fixed at the swap rate. At year end, the swap rate is the rate used to translate the US denominated debt into Canadian dollars. The debt maturity date is June 7, 2021 and any foreign currency translation gains/losses are amortized over the borrowing period until the debt matures.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

($000's)	March 31, 2021	March 31, 2020
Accrued liabilities	$ 1,688	$ 923
Accounts payable	343	19
	$ 2,031	$ 942

Accounts payable are in the normal course of operations and measured at the exchange amount. At times, the Corporation may be exposed to certain legal obligations. An estimated claim is accrued when a reasonable estimate can be made, and it is probable that a settlement can be reached. During the fiscal year, there were no legal obligations outstanding.

7. DUE TO GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

($000's)	March 31, 2021	March 31, 2020
Canada Revenue Agency	$ 234	$ 107
BC Public Service Agency	64	115
Province of British Columbia	44	-
Transportation Investment Corporation	-	29
	$ 342	$ 251

7. DUE TO GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS (CONTINUED)

The amounts payable to CRA are related to GST received and payroll taxes. The amounts payable to BC Public Service Agency are primarily related to payroll services and employee benefits. The amounts payable to Province of British Columbia relate to employer health tax.

8. DEFERRED OPERATING CONTRIBUTIONS

($000's)	March 31, 2021	March 31, 2020
Deferred operating contributions, beginning of year	$ -	$ 16
Amount recognized as revenue in the year	-	(16)
Deferred operating contributions, end of year	$ -	$ -

Deferred operating contributions represent funding from BC Ministry of Transportation and Infrastructure ("TRAN") to cover the prepaid cost of a computer software license. Deferred operating contributions are recognized as revenue over the term of the license, matching the recognition of the related prepaid expense.

9. DEFERRED CAPITAL CONTRUBITIONS

($000's)	March 31, 2021	March 31, 2020
Deferred capital contributions, beginning of year	$ 77	$ 97
Amount recognized as revenue in the year	(21)	(20)
Deferred capital contributions, end of year	$ 56	$ 77

Deferred capital contributions represent funding from TRAN, recognized as government transfer revenue over the expected useful life of the related tangible capital assets.

10. TANGIBLE CAPITAL ASSETS

Tangible capital assets are recorded at cost. The costs and accumulated amortization for BCIB's tangible capital assets at March 31, 2021 are as follows ($000's):

Cost	Furniture & Fixtures	Leasehold Improvements	Computer Assets	Vehicle	Work-In-Progress	Total
Balance at March 31, 2020	$ 113	$ 98	$ 134	$ -	$ 106	$ 451
Additions	12	-	797	31	611	1,451
Disposals	-	-	(37)	-	-	(37)
Transfers	-	-	520	-	(520)	-
Balance at March 31, 2021	125	98	1,414	31	197	1,865
Accumulated Amortization						
Balance at March 31, 2020	15	15	24	-	-	54
Amortization	25	19	133	2	-	179
Disposals	-	-	(2)	-	-	(2)
Balance at March 31, 2021	40	34	155	2	-	231
Net book value at March 31, 2021	$ 85	$ 64	$ 1,259	$ 29	$ 197	$ 1,634

The costs and accumulated amortization for BCIB's tangible capital assets at March 31, 2020 are as follows ($000's):

Cost	Furniture & Fixtures	Leasehold Improvements	Computer Assets	Work-In-Progress	Total
Balance at March 31, 2019	$ 2	$ 72	$ 23	$ -	$ 97
Additions	111	26	111	106	354
Balance at March 31, 2020	113	98	134	106	451
Accumulated Amortization					
Balance at March 31, 2019	-	-	-	-	-
Amortization	15	15	24	-	54
Balance at March 31, 2020	15	15	24	-	54
Net book value at March 31, 2020	$ 98	$ 83	$ 110	$ 106	$ 397

Work-in-progress consists of development costs related to computer software and equipment.

11. PREPAID EXPENSE

($000's)	March 31, 2021	March 31, 2020
Computer software license	$ 95	$ 129
Office lease	66	46
Insurance	15	-
	$ 176	$ 175

12. EXPENSE BY OBJECT

($000's)	March 31, 2021	March 31, 2020
Amortization	$ 179	$ 54
Financing	37	122
Information technology	544	273
Lease	687	473
Office & other	358	306
Payroll system	543	1,549
Professional services	1,676	1,561
Salaries & benefits	13,210	4,535
Training & offsite costs	99	12
Travel	78	127
	$ 17,411	$ 9,012

13. BUDGETED FIGURES

The Fiscal 2021 budget is reflected in the Statement of Operations and the Statement of Changes in Net Assets (Debt). Budget data presented in these financial statements is based upon the Fiscal 2021 budget approved by the Board on December 11, 2019.

14. RELATED PARTY TRANSACTIONS

BCIB is related through common ownership to all Province of British Columbia ministries, agencies, crown corporations and all public sector organizations included in the Provincial Government Reporting Entity ("GRE"). Transactions with related parties are in the normal course of operations and are made on terms equivalent to those that prevail in arm's length transactions.

BCIB, TRAN and BCTFA executed the Employee Supply Agreement on May 23, 2019. BCIB receives management services fees for the provision of workforce services to select major infrastructure projects. For fiscal 2021, BCIB recognized management services fees $9.49 million (2020 - $7.99 million).

BCIB and Vancouver Island Health Authority (Island Health) entered into an agreement in fiscal 2021 for project-related assistance and services amounting to $0.5 million (2020 - $0).

BCIB charges fees to TI Corp for professional staff services.

15. EMPLOYEE BENEFIT PLAN

BCIB and its employees contribute to the Public Service Pension Plan (the "Plan"), a jointly trusteed pension plan. The Public Service Pension Board of Trustees, representing plan members and employers, have oversight responsibilities for the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer jointly trusteed pension plan that shares risk between various entities.

The Corporation does not account for its participation in the multi-employer plan as a defined benefit pension plan because the Corporation does not have access to information about the plan that would enable the Corporation to record its share of the obligations of the plan, plan assets and costs of the plan. In addition, the plan exposes the participating entities to actuarial risks associated with the current and former employees of other entities, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual entities that participate in the plan. Accordingly, the participation in the plan is accounted for using defined contribution accounting requirements. The Corporation accrues expenses for contributions that are contractually due to the plan as at the reporting period date that have not yet been paid. As of March 31, 2021, the Corporation has approximately 56 employees contributing to the plan, which has approximately 133,000 total active and retired members.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The latest actuarial valuation was conducted in March 2020 and indicated a Basic Account actuarial funding valuation surplus of $2.7 billion. The next valuation will occur in 2023. The actuary does not attribute portions of any unfunded liability to individual employers. In Fiscal 2021, the employees of BCIB contributed $359,302 (2020 – $172,515) to the Plan and the Corporation paid $423,848 (2020 – $203,505) in employer contributions to the Plan.

16. CONTRACTUAL OBLIGATIONS

($000's)	**Operating Lease**
Fiscal 2022	$ 839
Fiscal 2023	839
Fiscal 2024	885
Fiscal 2025	885
	$ 3,448

The majority of BCIB's operating leases includes rental of office space that commenced in April 2019 for a term of 6 years. The additional rent included in the lease amount is based on a rate determined for 2020 and is subject to change based on actual expenses calculated by the Landlord.

17. RISK MANAGEMENT

Credit Risk

Credit risk results when a BCIB counterparty fails to discharge an obligation of a financial instrument.

The maximum exposure of BCIB to credit risk at March 31, 2021 is as follows:

($000's)	March 31, 2021	March 31, 2020
Accounts receivable	$ 686	$ 6
Due from government	9,530	7,972
	$ 10,216	$ 7,978

The risk is mitigated because the majority of BCIB's counterparts are Contractors that are bound by terms of payment and default clauses reassures BCIB will be paid.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows will fluctuate because of market interest rate changes. BCIB's exposure to interest rate risk is minimal because it carries a small amount of short-term debt. A one percentage short-term interest rate change could result in approximately a $172,800 cost differential.

Foreign Exchange Risk

Foreign exchange risk occurs when the fair value or future cash flows of a financial instrument are negatively impacted by a fluctuating foreign exchange rate. BCIB has mitigated foreign exchange risk by locking in an exchange swap rate that fixes the final foreign currency gains/losses.

Liquidity Risk

Liquidity risk occurs if BCIB is unable to meet its financial obligations as they fall due. BCIB's liquidity risk is mitigated through a short-term financing agreement with the Ministry of Finance that enables the corporation to borrow up to $100,000,000 on a short- term basis. BCIB regularly monitors its cash flows and if necessary can borrow as needed to satisfy its financial obligations.

COVID-19 Risk

The World Health Organization assessed the COVID-19 outbreak as a pandemic in March 2020. Management has considered the consequences of COVID-19 and its impact on BCIB operations and determined that they do not have any material impact on BCIB's financial results in fiscal 2021, nor has it cast any doubt on the corporation's ability to continue as a going concern. However, the duration of COVID-19 restrictions is still unknown, it is not possible to estimate the potential impact on the Corporation's financial results and its condition in future periods.