

Management's Responsibility for Financial Reporting

Management is responsible for the integrity and fair presentation of the financial statements and other financial information included in this annual service plan report. Management has prepared the consolidated financial statements in accordance with Canadian public sector accounting standards (PSAS).

We oversaw the design of internal controls to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with PSAS. We also directed the evaluation of the effectiveness of these internal controls and we are not aware of any material weakness in these controls.

We believe that the consolidated financial statements and other financial information in this annual service plan report fairly present in all material respects the financial condition, results of operations and cash flows of the British Columbia Securities Commission (BCSC) as of the dates and for the periods presented. The preparation of financial statements necessarily involves the use of estimates, which have been made using careful judgment. It is possible that circumstances will cause actual results to differ. We do not believe it is likely that any differences will be material.

The Board is responsible for ensuring that management fulfills its financial reporting and control responsibilities, and has appointed an independent Audit & Risk Committee to oversee the financial reporting process. The Audit & Risk Committee meets regularly throughout the year with management, the internal auditors and the external auditors to review the consolidated financial statements, adequacy of internal controls relating to financial reporting, and internal and external audit functions. The external auditor has full and open access to the Audit & Risk Committee, with and without the presence of management.

BDO Canada LLP (BDO), the BCSC's independent auditor, has examined the consolidated financial statements and its report follows.



Brenda M. Leong
Chair and Chief Executive Officer



Peter J. Brady
Executive Director



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Independent Auditor's Report

To the Commissioners of the British Columbia Securities Commission

And to the Minister of Finance, British Columbia

Opinion

We have audited the consolidated financial statements of the British Columbia Securities Commission (the "Entity") which comprise the Consolidated Statement of Financial Position as at March 31, 2023, and the Consolidated Statements of Operations and Change in Accumulated Surplus, Remeasurement Gains and Losses, Change in Net Financial Assets and Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at March 31, 2023, and its consolidated results of operations, remeasurement gains and losses, change in net financial assets, and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

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

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



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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity 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 Entity to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Entity audit. We remain solely responsible for our audit opinion.

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.

BDO Canada LLP

Chartered Professional Accountants

Vancouver, British Columbia
May 26, 2023



**BC Securities
Commission**
Invest Right


**Consolidated Financial Statements
For the Year Ended March 31, 2023**

Consolidated Statement of Financial Position

As at March 31, 2023

	Notes	March 31, 2023	March 31, 2022
Financial assets			
Cash	4	\$ 16,483,061	\$ 10,789,944
Restricted cash - 161(1)(g) payments		2,810,678	1,215,162
Investments	5	80,966,527	90,607,419
Amounts receivable	6	3,035,579	3,001,148
		103,295,845	105,613,673
Liabilities			
Accounts payable and accrued liabilities	7	8,907,378	6,540,637
Accrued salaries and benefits		442,780	205,303
Employee leave liability	8	1,478,846	1,525,824
161(1)(g) liabilities		2,810,678	1,215,162
Asset retirement obligation - leasehold improvements	9	928,350	-
		14,568,032	9,486,926
Net financial assets		88,727,813	96,126,747
Tangible capital assets			
	10	33,699,400	21,008,409
Prepaid expenses			
	11	1,365,375	1,479,885
		35,064,775	22,488,294
Accumulated Surplus		123,792,588	118,615,041
Accumulated Surplus is comprised of:			
Unrestricted operating surplus	12	77,667,679	72,240,946
Restricted operating surplus	12	50,773,317	49,889,384
		128,440,996	122,130,330
Accumulated remeasurement losses		(4,648,408)	(3,515,289)
		\$ 123,792,588	\$ 118,615,041

Commitments and contingencies (Note 19)

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


Brenda M. Leong
Chair and Chief Executive Officer



Jim Kershaw
Independent Commissioner

Consolidated Statement of Operations and Change in Accumulated Surplus

For the Year Ended March 31, 2023

	Notes	March 31, 2023 Budget (Note 20)	March 31, 2023 Actual	March 31, 2022 Actual
Revenues				
Regulatory and other fees				
		\$ 37,700,000	\$ 37,179,260	\$ 42,482,530
		18,400,000	20,132,639	31,678,070
		5,300,000	5,180,300	5,194,695
		560,000	809,091	611,144
National systems user fees	13	6,160,000	7,032,137	7,103,994
Enforcement sanctions	14	800,000	1,856,853	1,721,938
Investment income	15	1,700,000	2,800,377	3,131,746
Realized loss on investments	15	–	(362,201)	(480,990)
		70,620,000	74,628,456	91,443,127
Expenses				
Local operations	16	63,860,000	61,350,977	59,753,511
Partnership operations	13 & 16	6,760,000	6,966,813	5,941,142
		70,620,000	68,317,790	65,694,653
Annual surplus		\$ –	6,310,666	25,748,474
Accumulated operating surplus, beginning of year			122,130,330	96,381,856
Accumulated operating surplus, end of year			\$ 128,440,996	\$ 122,130,330

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

Consolidated Statement of Remeasurement Gains and Losses

For the Year Ended March 31, 2023

	Notes	March 31, 2023	March 31, 2022
Accumulated remeasurement losses, beginning of year		\$ (3,515,289)	\$ (612,383)
Unrealized losses on investments	15	(1,495,320)	(3,383,896)
Realized losses on investments, reclassified to operations	15	362,201	480,990
Accumulated remeasurement losses, end of year		\$ (4,648,408)	\$ (3,515,289)

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

Consolidated Statement of Change in Net Financial Assets

For the Year Ended March 31, 2023

	March 31, 2023 Budget (Note 20)	March 31, 2023 Actual	March 31, 2022 Actual
Surplus, for the year	\$ –	\$ 6,310,666	\$ 25,748,474
Additions to tangible capital assets	(11,456,000)	(14,560,914)	(7,426,645)
Depreciation of tangible capital assets	2,785,000	1,846,131	2,357,139
Loss on disposal of tangible capital assets		23,792	–
	\$ (8,671,000)	(12,690,991)	(5,069,506)
Acquisition of prepaid expenses		(4,268,430)	(4,201,704)
Use of prepaid expenses		4,382,940	3,982,004
		114,510	(219,700)
Effect of net remeasurement losses for the year		(1,133,119)	(2,902,906)
(Decrease) increase in net financial assets, for the year		(7,398,934)	17,556,362
Net financial assets, beginning of year		96,126,747	78,570,385
Net financial assets, end of year		\$ 88,727,813	\$ 96,126,747

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

Consolidated Statement of Cash Flows

For the Year Ended March 31, 2023

	March 31, 2023	March 31, 2022
Operating transactions		
Cash received from:		
Fees	\$ 70,264,069	\$ 74,492,354
Enforcement sanctions	1,849,953	1,654,926
Interest	1,161,526	689,265
	73,275,548	76,836,545
Cash paid to and on behalf of employees	(42,779,918)	(41,215,279)
Cash paid to suppliers and others	(20,926,021)	(19,472,624)
	(63,705,939)	(60,687,903)
Cash provided by operating transactions	9,569,609	16,148,642
Capital transactions		
Cash used to acquire tangible capital assets	(13,660,914)	(7,426,645)
Investing transactions		
Proceeds from disposals of investments	20,524,508	55,901,346
Purchase of investments	(10,740,086)	(65,419,621)
	9,784,422	(9,518,275)
Increase (decrease) in cash	5,693,117	(796,278)
Cash, beginning of year	10,789,944	11,586,222
Cash, end of year	\$ 16,483,061	\$ 10,789,944

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

Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2023

1. Nature of operations

The British Columbia Securities Commission (BCSC) is a Crown corporation created by the Province of British Columbia on April 1, 1995. We are responsible for the administration of the *Securities Act*. As a Crown corporation, the BCSC is exempt from income taxes. We pay PST (7%) and GST (5%) on taxable purchases but recover the GST.

2. Significant accounting policies

We have prepared these consolidated financial statements in accordance with Canadian Public Sector Accounting Standards (PSAS). Significant accounting policies followed in the preparation of these financial statements are:

a) Interest in national systems partnership (Partnership)

The CSA is an umbrella organization of Canada's ten provincial and three territorial securities regulators, whose objective is to improve, coordinate and harmonize regulation of the Canadian capital markets. BCSC, Alberta Securities Commission, Ontario Securities Commission, and Autorité des marchés financiers (collectively, the Principal Administrators or PAs) have agreed to oversee CSA's shared information systems, on behalf of the CSA. Each of the PAs has one vote on shared system matters.

We collect approximately 80 percent of our local fee revenue through the national systems. The Partnership contracted CGI Information Systems and Management Consultants Inc. (CGI) to provide IT services to January 12, 2024. CGI maintains a comprehensive business continuity plan for the national systems.

The Partnership charges user fees to recover systems development and operating costs. The Partnership has agreed to use its accumulated surpluses only for the benefit of systems users.

The national systems arrangement is a government partnership under PSAS. Accordingly, these financial statements include 25 percent of the assets, liabilities, net assets, revenues and expenses of the Partnership.

b) Financial instruments

Our financial instruments include cash, restricted cash, investments, amounts receivable, accounts payable and accrued liabilities, accrued salaries and benefits and 161(1)(g) liabilities.

We account for all of our financial instruments on a fair value basis, as follows:

- We record cash, restricted cash, and investments at fair value (fair value measurement hierarchy level one – quoted market prices), with the exception of our investment in Principal Credit Fund. We consider the fair value of our investments to be market value because they are highly liquid.

Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2023

- Our investment in Principal Credit Fund is recorded at fair value (fair value measurement hierarchy level three – unobservable inputs). Some of the inputs may not be observable in the market, and are derived from market prices or rates, or estimated based on assumptions.
- We record other financial instruments at cost, which approximates fair value, due to their short-term nature.

We recognize realized gains and losses in annual operating surplus/deficit. We record unrealized gains and losses separately in the statement of remeasurement gains and losses. We reinvest any investment earnings relating to investments in the portfolio and adjust the carrying value of the units we own accordingly.

c) 161(1)(g) payments

The BCSC can order respondents to pay it money obtained as a result of contravening the *Securities Act*. If the BCSC receives money under such an order, we receive and consider applications for payment to eligible claimants from the money collected. We disburse funds to eligible claimants after adjudicating all claims, and retain any funds not disbursed after adjudicating all claims.

d) Tangible capital assets

We record tangible capital assets at cost. We depreciate them using the straight-line method over their useful lives.

We estimate the useful lives of our tangible capital assets to be as follows:

- Local information technology – three to ten years
- Local leasehold improvements – the remaining lease term to November 30, 2031
- Local furniture and equipment – ten years
- Partnership information technology – three to ten years

e) Asset retirement obligation

We have recognized the BCSC's obligation to return its leased premises to its original state upon end of lease term, November 30, 2031. We implemented this policy April 1, 2022 by recording the liability and a corresponding increase in tangible capital assets at an amount equal to the present value of the estimated future obligation at that date. Estimated costs have been discounted to the present value using a discount rate of 3.15% per annum. The increase in tangible capital assets is being amortized in accordance with the accounting policies outlined in note 2d. The asset retirement obligation is adjusted yearly for accretion expense up to its ending value at the date the obligation is to be settled.

Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2023

f) Revenue recognition

We recognize revenue for prospectus, registration, and other statutory filing fees when filings are made and collectability is assured.

We recognize National Systems user fees when filings are made and collectability is assured.

We recognize enforcement sanctions revenue when we determine sanctions are collectible.

g) Expenses

We recognize expenses on an accrual basis. We expense the cost of goods consumed and services received during the year.

h) Employee future benefits

We participate in the Public Service Pension Plan, a multi-employer defined benefit pension plan. We account for the plan as a defined contribution plan as we have insufficient information to apply defined benefit plan accounting. Pension costs included in our financial statements are comprised of the cost of employer contributions related to the current service of employees during the year.

i) Measurement uncertainty

PSAS require management to make estimates and assumptions for certain amounts disclosed in the financial statements.

In our financial statements, we have estimated the:

- portion of amounts receivable that we will collect
- useful lives of tangible capital assets
- value of the employee leave liability
- value of asset retirement obligation

Estimates reflect the best information available when we prepared these consolidated financial statements. Actual results may differ from these estimates. We will record any adjustments to these estimates in the period that additional information becomes available.

j) Foreign currency translation

Our investment in Principal Credit Fund is denominated in the United States dollar and is translated into Canadian dollars at the prevailing exchange rate on the year-end date.

Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2023

k) Change in Accounting Policy in the prior year

The BCSC adopted Public Sector Accounting Standard PS 3400 Revenue on a prospective basis effective April 1, 2021. As a result, the BCSC no longer defers registration revenue. The BCSC recognized registration revenue of \$11,929,379 on April 1, 2021 which was the amount reported as deferred registration revenue as at March 31, 2021.

3. Financial instruments

Cash and restricted cash are demand deposits held at federally regulated financial institutions.

We invest funds in investment pools managed by the British Columbia Investment Management Corporation (BCI). Refer to Note 5 for the description of these BCI pooled investment funds.

Our investments in the BCI pooled investment funds expose us to financial risks associated with the funds and the underlying securities held in the investment funds, including credit risk, market risk, and liquidity risk. Credit risk relates to the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract. Market risk is the risk of loss from unfavorable changes in fair value or future cash flows of a financial instrument. Market risk is comprised of currency risk, interest rate risk, and price risk. Liquidity risk is the risk that the BCSC will encounter difficulty in meeting obligations associated with its financial liabilities.

In management's opinion, our investments do not expose the BCSC to significant credit risk because our investment policy is to target having 85% of our investments in liquid, high quality money market instruments, government securities, and investment-grade corporate debt and equity securities. However, we target having 10% of our investments in corporate bonds (Corporate Bond Fund) and 5% in private debt (Principal Credit Fund) which expose us to credit risk. In addition to these low target levels, credit risk exposure is mitigated through diversification within the Corporate Bond Fund and Principal Credit Fund.

Our investments in money market and pooled funds are highly liquid and therefore, liquidity risk is low for our investments with the exception of our investment in private debt. Because our investment policy sets a 5% target for private debt, in management's opinion, we have low exposure to liquidity risk.

Currency risk is the risk that the value of financial instruments denominated in currencies other than the Canadian dollar will fluctuate due to changes in foreign exchange rates. We invest in Canadian dollar denominated investment pools with the exception of our investment in the Principal Credit Fund, which is denominated in the United States dollar. We are exposed to some currency risk through our investments in the US Dollar Money Market Fund, the Corporate Bond Fund, the Indexed Global Equity Fund, and the Indexed Emerging Markets Equity Fund. BCI manages the currency risk for these pools through hedging within the funds. Because our

Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2023

investment policy sets a 5% target for private debt, in management's view we have low exposure to currency risk with respect to our investment in the Principal Credit Fund.

Our investments expose us to interest rate risk associated with the underlying interest-bearing securities held in the investment funds. Interest rate risk relates to the possibility that the fair value of fixed rate investments will change due to future fluctuations in market interest rates. In general, bond values are sensitive to changes in the level of interest rates, with longer-term interest-bearing securities being more sensitive to interest rate changes than shorter-term interest-bearing securities. Based on the March 31, 2023 composition of our investment portfolio, an immediate 1 percent increase in interest rates across the entire yield curve, with all other variables held constant, would result in a decrease in market value of approximately \$1.7 million. In addition, future investment income earned on variable rate cash deposits and investments would increase after an interest rate increase. BCI manages interest rate risk by monitoring portfolio duration and yields. The current investment duration of the Canadian Money Market Fund, US Money Market Fund and the Principal Credit Fund is less than a year. The current investment duration of the Corporate Bond Fund is 5.5 years and of the Government Bond Fund is 7.8 years.

In our opinion, amounts receivable, accounts payable and accrued liabilities, and accrued salaries and benefits do not expose us to significant financial risk because of their short-term nature.

4. Cash

	March 31, 2023	March 31, 2022
Local demand deposits	\$ 11,195,480	\$ 7,919,066
Partnership demand deposits	5,287,581	2,870,878
	\$ 16,483,061	\$ 10,789,944

Local cash and the Partnership's cash are on deposit with federally regulated financial institutions and earn interest ranging from prime minus 1.9% to prime minus 1.7%.

Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2023

5. Investments

	March 31, 2023		March 31, 2022	
	Market Value	Cost	Market Value	Cost
BCI pooled funds				
Canadian Money Market Fund	\$ 8,522,489	\$ 8,508,457	\$ 10,193,032	\$ 10,207,713
Corporate Bond Fund	5,929,512	6,750,601	6,923,683	7,367,005
Government Bond Fund	17,623,996	19,155,158	15,411,674	16,327,860
Indexed Emerging Market Equity Fund	8,739,658	10,373,456	6,709,966	7,884,932
Indexed Global Equity Fund	14,760,777	15,542,710	16,708,955	17,620,622
Principal Credit Fund	2,693,421	2,591,733	1,850,432	1,898,265
US Dollar Money Market Fund	116,552	112,698	445,132	451,766
	\$ 58,386,405	\$ 63,034,813	\$ 58,242,874	\$ 61,758,163
Partnership investments				
Notice account	\$ 2,324,122	\$ 2,324,122	\$ 7,173,071	\$ 7,173,071
Term deposit	–	–	5,250,000	5,250,000
Guaranteed Investment Certificate	20,256,000	20,256,000	19,941,474	19,941,474
	\$ 22,580,122	\$ 22,580,122	\$ 32,364,545	\$ 32,364,545
	\$ 80,966,527	\$ 85,614,935	\$ 90,607,419	\$ 94,122,708

During the year we invested in the following BCI pooled investment funds:

- Canadian Money Market Fund - Invests in Canadian government and Canadian dollar denominated corporate debt securities, including commercial paper, having a maximum term to maturity of 15 months.
- US Dollar Money Market Fund – Invests in short term (up to 45 days) corporate and government debt securities, including commercial paper. Investments may be in US dollar denominated paper issued by Canadian corporations or governments. The Pool may also hold United States Treasury bills (T-bills).
- Government Bond Fund – Invests in bonds issued or guaranteed by the Canadian government and its Provinces with terms to maturity of up to 30 years.
- Corporate Bond Fund – Invests in corporate investment grade and high yield securities issued in the United States and Canada.
- Principal Credit Fund – Invests in publicly traded or privately negotiated transactions involving private, and on occasion, public companies.
- Indexed Global Equity Fund – Invests in equity markets from across the globe by holding companies, sectors and country allocations roughly in proportion to their weighting in the Morgan Stanley Capital International (MSCI) World ex-Canada Net Index.
- Indexed Emerging Markets Equity Fund – Invests in emerging markets equity by holding companies, sectors, and country allocations roughly in proportion to their weighting in the Morgan Stanley Capital International (MSCI) Emerging Markets Net Index.

Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2023

Refer to note 15 for information about investment income earned on the investments.

The Partnership's investments are held in a notice account and guaranteed investment certificates at interest rates ranging from 1.65% to 5.29%.

6. Amounts receivable

	March 31, 2023	March 31, 2022
National systems user fees	\$ 1,707,564	\$ 1,795,327
Enforcement sanctions	396,150	389,250
National project recoveries	344,225	118,057
SEDAR and other filings	306,977	367,908
GST refunds	170,452	195,778
Employee advances and other	68,211	93,678
Late insider report filing fees	42,000	41,150
	\$ 3,035,579	\$ 3,001,148

7. Accounts payable and accrued liabilities

	March 31, 2023	March 31, 2022
Local trade accounts payable	\$ 3,303,022	\$ 3,477,125
Partnership trade accounts payable	5,251,962	2,786,141
Other	352,394	277,371
	\$ 8,907,378	\$ 6,540,637

8. Employee leave liability

Employee leave liability is what we owe to our employees for their earned but unused vacation time.

9. Asset retirement obligation – leasehold improvements

	March 31, 2023	March 31, 2022
Opening balance	\$ –	\$ –
Additions (see note 2e)	900,000	–
Accretion expense	28,350	–
Closing balance	\$ 928,350	\$ –

Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2023

10. Tangible capital assets

	March 31, 2023					Total
	Local Information Technology	Local Leasehold Improvements	Local Furniture & Equipment	Partnership Information Technology		
Cost						
Opening balance	\$ 14,951,085	\$ 5,911,949	\$ 2,718,473	\$ 16,486,074	\$ 40,067,581	
Additions	2,410,028	–	–	11,250,886	13,660,914	
Increase due to asset retirement obligation	–	900,000	–	–	900,000	
Disposals	(1,105,288)	(190,713)	(21,389)	–	(1,317,390)	
Closing balance	\$ 16,255,825	\$ 6,621,236	\$ 2,697,084	\$ 27,736,960	\$ 53,311,105	
Accumulated depreciation						
Opening balance	\$ 9,647,484	\$ 5,734,788	\$ 2,547,201	\$ 1,129,699	\$ 19,059,172	
Depreciation	1,374,371	111,194	63,598	296,968	1,846,131	
Disposals	(1,094,858)	(182,324)	(16,416)	–	(1,293,598)	
Closing balance	\$ 9,926,997	\$ 5,663,658	\$ 2,594,383	\$ 1,426,667	\$ 19,611,705	
Net book value	\$ 6,328,828	\$ 957,578	\$ 102,701	\$ 26,310,293	\$ 33,699,400	

	March 31, 2022					Total
	Local Information Technology	Local Leasehold Improvements	Local Furniture & Equipment	Partnership Information Technology		
Cost						
Opening balance	\$ 14,345,200	\$ 5,911,949	\$ 2,718,473	\$ 10,564,811	\$ 33,540,433	
Additions	1,505,382	–	–	5,921,263	7,426,645	
Disposals	(899,497)	–	–	–	(899,497)	
Closing balance	\$ 14,951,085	\$ 5,911,949	\$ 2,718,473	\$ 16,486,074	\$ 40,067,581	
Accumulated depreciation						
Opening balance	\$ 8,545,556	\$ 5,716,547	\$ 2,477,981	\$ 861,446	\$ 17,601,530	
Depreciation	2,001,425	18,241	69,220	268,253	2,357,139	
Disposals	(899,497)	–	–	–	(899,497)	
Closing balance	\$ 9,647,484	\$ 5,734,788	\$ 2,547,201	\$ 1,129,699	\$ 19,059,172	
Net book value	\$ 5,303,601	\$ 177,161	\$ 171,272	\$ 15,356,375	\$ 21,008,409	

Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2023

11. Prepaid expenses

	March 31, 2023	March 31, 2022
Local IT and information service contracts	\$ 874,115	\$ 931,185
Partnership IT and information service contracts	491,260	548,700
	\$ 1,365,375	\$ 1,479,885

12. Accumulated operating surplus

	March 31, 2023			
	General	Reserve (a)	Partnership (b)	Total
Opening balance	\$ 72,240,946	\$ -	\$ 49,889,384	\$ 122,130,330
Annual Surplus	3,569,880	1,856,853	883,933	6,310,666
Investment income allocation	(16,231)	16,231	-	-
Education expenses paid from reserve	1,873,084	(1,873,084)	-	-
Closing balance	\$ 77,667,679	\$ -	\$ 50,773,317	\$ 128,440,996

	March 31, 2022			
	General	Reserve (a)	Partnership (b)	Total
Opening balance	\$ 46,642,489	\$ 1,637,265	\$ 48,102,102	\$ 96,381,856
Annual Surplus	22,239,254	1,721,938	1,787,282	25,748,474
Investment income allocation	(9,607)	9,607	-	-
Education expenses paid from reserve	3,368,810	(3,368,810)	-	-
Closing balance	\$ 72,240,946	\$ -	\$ 49,889,384	\$ 122,130,330

a) Reserve (internally-restricted)

The following administrative penalties and other financial orders can be made following a determination there was a contravention under the *Securities Act* or a conviction for an offence under the *Securities Act*:

- administrative penalties after a commission hearing
- administrative monetary penalties imposed by notice
- disgorgement orders
- orders against family members or third parties who received undervalued property from a person who contravened the *Securities Act* or committed an offence
- orders to forfeit property

We also negotiate settlement amounts.

Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2023

We designate revenue from settlements, unclaimed amounts of disgorgement orders and from the other orders to a Reserve, which we spend in accordance with s.15(3) of the *Securities Act* on educating securities market participants and members of the public about investing, financial matters or the operation or regulation of securities markets, benefitting third parties the commission considers appropriate, enforcing (including collecting on) these orders, and processing claims to proceeds from disgorgement orders.

b) Partnership (restricted)

The partners have agreed to use Partnership surplus only for the benefit of systems users.

13. Partnership – summarized annual financial information

	March 31, 2023		March 31, 2022	
	Partnership	25% share	Partnership	25% share
Financial Position				
Financial assets	\$ 118,301,072	29,575,268	\$ 148,122,995	\$ 37,030,749
Liabilities	22,414,014	5,603,504	12,185,761	3,046,440
Net Financial assets	\$ 95,887,058	\$ 23,971,764	\$ 135,937,234	\$ 33,984,309
Non-financial assets	107,206,213	26,801,553	63,620,301	15,905,075
Accumulated surplus	\$ 203,093,271	\$ 50,773,317	\$ 199,557,535	\$ 49,889,384
Operations				
Revenues:				
National systems user fees	\$ 28,128,547	\$ 7,032,137	\$ 28,415,974	\$ 7,103,994
Investment income and other	3,274,437	818,609	2,497,719	624,430
Expenses	27,867,252	6,966,813	23,764,567	5,941,142
Surplus	\$ 3,535,732	\$ 883,933	\$ 7,149,126	\$ 1,787,282

14. Enforcement sanctions

Enforcement sanctions revenue includes administrative penalties, settlements, and unclaimed 161(1)(g) payments, if any. Revenues depend on the timing of enforcement actions completed during the year and on our ability to collect assessed amounts.

We assessed enforcement sanctions of \$5.5 million (fiscal 2022 – \$3.0 million) during the year, of which we did not recognize \$2.7 million (fiscal 2022 – \$1.2 million) as revenue because we have not determined that the sanctions are collectible.

Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2023

15. Investment income, realized gains (losses) on investments, and unrealized gains (losses) on investments

	For the Year Ended March 31, 2023				
	Investment Income	Realized Gains (Losses)	Total Income	Unrealized Gains (Losses)	Annualized Return
Cash, term deposits and GIC	\$ 1,095,821	\$ -	\$ 1,095,821	\$ -	2.8%
Restricted cash - 161(1)(g) payments	65,705	-	65,705	-	3.5%
Canadian Money Market Fund	227,774	8,462	236,236	37,175	3.3%
Corporate Bond Fund	315,255	(131,659)	183,596	(509,426)	(5.4%)
Government Bond Fund	473,870	(46,572)	427,298	(661,548)	(1.4%)
Indexed Emerging Market Equity	238,524	-	238,524	(458,832)	(2.7%)
Indexed Global Equity Fund	384,374	(212,286)	172,088	(82,552)	0.6%
Principal Credit Fund	(2,167)	2,703	536	152,224	5.9%
US Money Market Fund	1,221	17,151	18,372	27,639	22.0%
	\$ 2,800,377	\$ (362,201)	\$ 2,438,176	\$ (1,495,320)	1.0%

	For the Year Ended March 31, 2022				
	Investment Income	Realized Gains (Losses)	Total Income	Unrealized Gains (Losses)	Annualized Return
Cash, term deposits and GIC	\$ 685,378	\$ -	\$ 685,378	\$ -	1.5%
Restricted cash - 161(1)(g) payments	3,887	-	3,887	-	0.7%
Canadian Money Market Fund	9,277	(36,148)	(26,871)	(617)	(0.4%)
Canadian Universe Bond Fund	-	(562,171)	(562,171)	-	(5.9%)
Corporate Bond Fund	309,572	57,433	367,005	(385,889)	(0.5%)
Government Bond Fund	227,860	-	227,860	(916,186)	(7.7%)
Indexed Emerging Market Equity	285,332	-	285,332	(1,174,966)	(21.3%)
Indexed Global Equity Fund	1,600,090	70,932	1,671,022	(840,735)	10.4%
Principal Credit Fund	-	-	-	(47,833)	(10.3%)
US Money Market Fund	10,350	(11,036)	(686)	(17,670)	(49.5%)
	\$ 3,131,746	\$ (480,990)	\$ 2,650,756	\$ (3,383,896)	(0.5%)

Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2023

16. Expenses

	Year ended March 31		
	Budget 2023	2023	2022
Local operations			
Salaries and benefits	\$ 44,340,000	\$ 41,617,706	\$ 39,611,710
Professional services	4,800,000	5,686,621	6,495,542
Occupancy	3,877,000	3,826,274	3,775,241
Information management	4,229,600	3,731,835	3,064,996
Education	2,575,000	3,486,624	3,550,633
Depreciation	2,360,000	1,549,163	2,088,886
Administration	428,400	627,489	535,526
Staff training	500,000	341,938	286,837
Telecommunications	250,000	188,218	169,865
Travel	300,000	156,761	26,349
External communication	200,000	138,348	147,926
Total local operations	63,860,000	61,350,977	59,753,511
Partnership operations			
Professional services	4,777,000	5,114,858	3,961,064
Salaries and benefits	1,558,000	1,369,212	1,544,354
Depreciation	425,000	296,968	268,253
Information management and administration	–	185,775	167,471
Total Partnership operations	6,760,000	6,966,813	5,941,142
	\$ 70,620,000	\$ 68,317,790	\$ 65,694,653

17. Related party transactions

We are related through common control to all B.C. provincial government ministries, agencies, and Crown corporations. We conducted all transactions with these entities as though we were unrelated parties.

18. Post-retirement employee benefits

We, and our employees, contribute to the Public Service Pension Plan, a multi-employer plan. The plan is contributory, and its basic benefits are defined. The plan has approximately 68,000 active members, 53,000 retired members, and 22,000 inactive members. A board of trustees, representing plan members and employers, is responsible for overseeing the management of the plan, including investment of assets and administration of benefits.

Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2023

An actuarial valuation of the plan performed every three years assesses the plan's financial position. The latest valuation, as at March 31, 2020, indicated a \$2,667 million (March 31, 2017 – \$1,074 million, restated) surplus for basic pension benefits. In addition to basic benefits, the plan also provides supplementary benefits, including inflation indexing. These supplementary benefits are paid only to the extent that they have been funded, which is currently done on a "pay-as-you-go" basis.

The plan trustees monitor the impact of the financial environment on plan health. Plan surpluses and deficits are not attributable to individual employers, but affect future contribution levels. We charged \$3.4 million (fiscal 2022 – \$3.1 million) to expense for employer contributions during the period.

19. Commitments and contingencies

Our contractual obligations relating to lease agreements for local office space and equipment are as follows:

Fiscal years	2024 - 2025	2026 - 2027	2028 - 2029	2030 - 2031	2032	Total
	\$ 7,387,000	\$ 7,379,000	\$ 7,687,000	\$ 8,005,000	\$ 2,731,000	\$ 33,189,000

The Partnership has contracted with CGI to host and operate the national systems until January 12, 2024. The Partnership has certain rights to terminate the agreement, with and without cause, as set out in the agreement.

The Partnership has contracted with CGI and Foster Moore International Limited to redevelop several shared filing systems over the next several years. The Partnership has also contracted with First Derivatives Canada Inc. to design and operate a shared investment market analysis system over the next several years.

The Partnership has certain rights to terminate the agreements, with and without cause, as set out in the agreements.

The BCSC has committed to pay 25 percent of any claim or expenses related to operation and redevelopment of the shared filing systems that exceed the Partnership's surplus funds.

20. Budgeted figures

Budgeted figures are approved by the Board and presented for comparison purposes.