

BCNET  
Financial Statements  
For the year ended March 31, 2025

**BCNET**  
Financial Statements  
For the year ended March 31, 2025

---

CONTENTS

<b>Management's Responsibility for Financial Reporting .....</b>	<b>2</b>
<b>Independent Auditor's Report.....</b>	<b>3</b>
<b>Statement of Financial Position.....</b>	<b>5</b>
<b>Statement of Operations .....</b>	<b>6</b>
<b>Statement of Net Debt .....</b>	<b>7</b>
<b>Statement of Changes in Accumulated Surplus .....</b>	<b>8</b>
<b>Statement of Cash Flows .....</b>	<b>9</b>
<b>Notes to Financial Statements .....</b>	<b>10</b>

---

## Management's Responsibility for Financial Reporting

---

The financial statements and the information contained in the annual report are the responsibility of the management of BCNET. The financial statements have been prepared in accordance with the accounting requirements of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

The financial statements include, where appropriate, estimates based on the best judgment of management. Financial and operating data elsewhere in the annual report is consistent with that contained in the accompanying financial statements.

As part of its responsibilities, BCNET maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate, and that BCNET's assets are appropriately accounted for and adequately safeguarded.

The Board of BCNET carries out its responsibilities with regard to the financial statements mainly through its Finance and Audit Committee (the "Committee"). The Committee reviews the annual financial statements and other information contained in the annual report and recommends them to the Board for approval. The Committee meets periodically with management and external auditors. Following these meetings, the Committee meets privately with the auditors to ensure free and open discussion of any subject the Committee or the auditors wish to pursue. The Committee also recommends the engagement or re-appointment of the external auditors, reviews the audit approach and approves the fees of the external auditors for audit and non-audit services.

The financial statements, audited by BDO Canada LLP, have been approved by the Board, on the recommendation of the Finance and Audit Committee.

Signed by:

  
Matt Milovick (Jun 30, 2025 14:41 PDT)

Board Chair



Chief Financial and Administrative Officer

---

## Independent Auditor's Report

---

To the Members of BCNET

### Opinion

We have audited the financial statements of BCNET (the "Corporation") which comprise the statement of financial position as at March 31, 2025, and the statements of operations, net debt, changes in accumulated surplus and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Corporation as at and for the year ended March 31, 2025 are prepared, in all material respects, in accordance with the accounting requirements of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia (the "Act").

### 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 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.

### Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared in order for the Corporation to meet the reporting requirements of the Act referred to above. Note 1(b) to the Financial Statements discloses the impact of these differences between such basis of accounting and Canadian public sector accounting standards. Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation of the financial statements in accordance with the Act, 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.



## Auditor's 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 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 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 BCNET'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 BCNET'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 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 BCNET 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.

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

July 3, 2025

BCNET  
Statement of Financial Position

	As at March 31 2025	As at March 31 2024
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	\$ 4,474,967	\$ 2,590,606
Accounts receivable	508,783	343,217
	<u>4,983,750</u>	<u>2,933,823</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	1,304,955	1,605,026
Deferred capital contributions (Note 3)	5,662,677	5,826,550
Deferred operating grants (Note 4)	3,292,922	1,922,535
Deferred revenues (Note 5)	1,205,891	806,676
	<u>11,466,445</u>	<u>10,160,787</u>
<b>NET DEBT</b>	(6,482,695)	(7,226,964)
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses	3,061,250	3,230,527
Tangible capital assets (Note 2)	8,147,104	8,680,581
	<u>11,208,354</u>	<u>11,911,108</u>
Accumulated surplus (Note 6)	<u>\$ 4,725,659</u>	<u>\$ 4,684,144</u>

Approved by:



CEO & President



Peter Smailes (Jun 27, 2025 10:22 PDT)

Finance & Audit Committee Chair

BCNET  
Statement of Operations  
For the year ended March 31

	Budget (Note 7)	2025	2024
<b>Revenues</b>			
Operating revenue (Note 9)	13,545,898	13,765,085	13,639,761
Operating grants (Note 4)	1,408,960	2,256,069	1,966,547
Capital grants (Note 3)	1,982,552	1,322,873	863,881
Pass through services	9,710,645	10,399,971	9,638,794
	\$ 26,648,055	\$ 27,743,998	\$ 26,108,983
<b>Expenses (Note 8)</b>			
Cybersecurity & Identity Management	1,248,239	1,195,539	1,720,083
General & Administration	2,893,263	3,569,238	2,715,652
Network Services	7,195,158	6,673,084	6,530,882
Professional Development & Training	232,664	105,522	215,664
Procurement	801,176	862,478	666,937
Shared Services & Technology	14,277,555	15,296,622	14,203,442
	\$ 26,648,055	\$ 27,702,483	\$ 26,052,660
<b>Annual Surplus</b>	\$ -	\$ 41,515	\$ 56,323

BCNET  
Statement of Net Debt  
For the year ended March 31

	Budget (Note 7)	2025	2024
Annual Surplus	\$ -	\$ 41,515	\$ 56,323
Acquisition of tangible capital assets (Note 2)	(540,000)	(1,838,773)	(2,011,059)
Amortization of tangible capital assets (Note 2)	2,391,335	2,372,250	2,017,498
	<u>1,851,335</u>	<u>533,477</u>	<u>6,439</u>
Acquisition of prepaid expenses	-	(1,559,129)	(4,153,680)
Use of prepaid expenses	-	1,728,406	1,458,172
	<u>-</u>	<u>169,277</u>	<u>(2,695,508)</u>
Changes in net debt for the year	1,851,335	744,269	(2,632,746)
Net debt, beginning of year	(7,226,964)	(7,226,964)	(4,594,218)
Net debt, end of year	<u>\$ (5,375,629)</u>	<u>\$ (6,482,695)</u>	<u>\$ (7,226,964)</u>

---

BCNET  
Statement of Changes in Accumulated Surplus  
For the year ended March 31

---

	Capital Reserve (Note 6)	Operating Reserve (Note 6)	Unrestricted	Total
Balance, April 1, 2024	\$ 2,684,144	\$ 2,000,000	\$ -	\$ 4,684,144
Annual Surplus	(1,049,377)	-	1,007,862	41,515
Transfer to Capital Reserve	1,007,862	-	(1,007,862)	-
Balance March 31, 2025	<u>\$ 2,642,629</u>	<u>\$ 2,000,000</u>	<u>\$ -</u>	<u>\$ 4,725,659</u>

BCNET  
Statement of Cash Flows  
For the year ended March 31

	2025	2024
Cash flows from operating activities		
Annual Surplus	\$ 41,515	\$ 56,323
Items not involving cash:		
Amortization of tangible capital assets (Note 2)	2,372,250	2,017,498
Amortization of deferred capital contributions (Note 3)	(1,322,873)	(863,881)
Change in non-cash operating working capital:		
Accounts receivable	(165,566)	(49,578)
Prepaid expense	169,277	(2,695,508)
Accounts payable and accrued liabilities	(300,071)	582,601
Deferred operating grants	1,370,387	857,109
Deferred revenue	399,215	(197,093)
	2,564,134	(292,529)
Cash flows for capital activities		
Acquisition of tangible capital assets	(1,838,773)	(2,011,059)
	(1,838,773)	(2,011,059)
Cash flows from financing activities		
Capital contributions received	1,159,000	202,369
	1,159,000	202,369
Increase in cash and cash equivalents	1,884,361	(2,101,219)
Cash and cash equivalents, beginning of year	2,590,606	4,691,825
Cash and cash equivalents, end of year	\$ 4,474,967	\$ 2,590,606
Cash and cash equivalents consist of:		
Cash in bank	812,803	1,062,572
Cash equivalents	3,662,164	1,528,034
	\$ 4,474,967	\$ 2,590,606

1. Nature of Operations and Summary of Significant Accounting Policies

a) Nature and Purpose of the Corporation

BCNET's ("the Corporation") mission is to deliver exceptional value to our members by leveraging our advanced network, fostering collaboration, and building on our expertise.

The Corporation is incorporated under the Canada Not-for-profit Corporations Act.

The Corporation is a tax-exempt body under Section 149 of the Income Tax Act.

b) Basis of Accounting

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

The Budget Transparency and Accountability Act requires that the financial statements be prepared in accordance with the set of standards and guidelines that are comprised of generally accepted accounting principles for senior governments in Canada, being Canadian Public Sector Accounting Standards ("PSAS"), except for modifications put forward by Treasury Board.

Regulation 198/2011 requires that restricted contributions received or receivable for acquiring or developing a depreciable tangible capital asset or contributions in the form of a depreciable tangible capital assets are to be deferred and recognized in revenue at the same rate that amortization of the related tangible capital asset is recorded.

The basis of accounting that the Corporation has adopted is different from PSAS with respect to the timing of revenue recognition for government transfers. If the Corporation had recorded government transfers under PSAS rather than the accounting policy described above and in note 1(f), capital contributions recognized as revenue and the annual surplus for the year ended March 31, 2025 would have decreased by \$894,497 (March 31, 2024 - decreased by \$1,137,176).

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Consequentially, as at March 31, 2025, deferred capital contributions used to purchase tangible capital assets would have decreased and the accumulated surplus would have increased by \$4,392,989 (March 31, 2024 - \$4,426,550). Under PSAS, the total cash flows from operating, financing, and capital transactions for the years ended March 31, 2025 and 2024 would have been the same as reported in these financial statements.

c) Cash and Cash Equivalents

Cash and cash equivalents are comprised of the amounts held in the Corporation's bank accounts, balances held in the Province's Central Deposit Program (CDP), guaranteed investment certificates with original terms to maturity of less than 90 days, and mutual funds that are readily convertible to cash.

d) Tangible Capital Assets

Tangible capital assets are recorded at cost. Amortization is provided annually on a straight-line basis. Tangible capital assets not yet in service are not amortized. Estimated useful lives are as follows:

Fibre	10 - 20 years
Leasehold Improvements	Over the term of the lease
Facilities, office equipment, and computer hardware	3 – 10 years

The Corporation reviews its tangible capital assets for impairment. An impairment loss is recognized for tangible capital assets whenever events or changes in circumstances indicate a tangible capital asset no longer contributes to the Corporation's ability to provide services. The impairment loss is calculated based on the estimated remaining future service potential, as the difference between the carrying amount and the residual value. The amount of the write-down is recognized as an impairment loss on the Statement of Operations.

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

e) Leased Assets

Leases entered into that transfer substantially all the benefits and risks associated with ownership are recorded as the acquisition of a tangible capital asset. The asset is amortized in a manner consistent with tangible capital assets owned by the Corporation. All other leases are accounted for as operating leases, and the lease payments are expensed as incurred.

f) Revenue Recognition

Externally restricted contributions are recorded as deferred revenue and then recognized as revenue when the restrictions specified by the contributors are satisfied.

- Contributions for specific purposes other than for the acquisition of tangible capital assets are recorded as deferred revenue and recognized as revenue in the year in which the related expenses are incurred.
- Contributions restricted for capital purposes by external restrictions or the Restricted Contribution Regulation 198/2011 described in note 1(b) are recorded as deferred capital contributions and amortized on a straight-line basis over the useful life of the asset. Amortization commences once the asset is put into use.

Revenue from transactions with performance obligations, such as the provision of services including Network Services, Shared Technology Solutions, Core Services, the Conference and Cybersecurity Services, are recognized as performance obligations are satisfied by providing the promised goods or services to the payor, overtime.

Revenue from transactions with no performance obligations, including interest revenue are recognized when the Corporation has the authority to claim or retain an inflow of economic resources, and results from a past transaction or event that gives rise to an asset.

"Pass through services" are software services purchased by the Corporation on behalf of members, and directly rebilled to the members.

BCNET  
Notes to Financial Statements  
March 31, 2025

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

g) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Significant estimates include the useful life of tangible capital assets.

h) Financial Instruments

Financial instruments are limited to fixed income instruments and are recorded at fair value when acquired or issued.

2. Tangible Capital Assets

Cost	2024	Additions	Disposal	2025
Leasehold improvements	\$ 736,013	29,665	-	\$ 765,678
Office equipment	523,212	70,053	-	593,265
Computer hardware	16,104,221	1,594,550	-	17,698,771
Fibre	14,000,508	144,505	-	14,145,013
Fibre Option	177,370	-	-	177,370
<b>Total</b>	<b>\$ 31,541,324</b>	<b>1,838,773</b>	<b>-</b>	<b>\$ 33,380,097</b>

Accumulated Amortization	2024	Amortization Expense	Disposal	2025
Leasehold improvements	\$ 431,420	50,596	-	\$ 482,016
Office equipment	458,498	47,545	-	506,043
Computer hardware	10,331,688	1,794,774	-	12,126,462
Fibre	11,639,137	479,335	-	12,118,472
Fibre Option	-	-	-	-
<b>Total</b>	<b>\$ 22,860,743</b>	<b>2,372,250</b>	<b>-</b>	<b>\$ 25,232,993</b>

BCNET  
Notes to Financial Statements  
March 31, 2025

2. Tangible Capital Assets (continued)

Net Book Value	2024	2025
Leasehold improvements	\$ 304,593	\$ 283,662
Office equipment	64,714	87,220
Computer hardware	5,772,533	5,572,310
Fibre	2,361,371	2,026,542
Fibre Option	177,370	177,370
<b>Total</b>	<b>\$ 8,680,581</b>	<b>\$ 8,147,104</b>

"Fibre" refers to certain fibre circuits connecting member organizations that have been purchased or acquired through Indefeasible Right of Use (IRU) and capital lease agreements.

The Corporation has entered into fibre agreements for periods of between ten and twenty years for the use of IRU Fibres to service its members. The Corporation is amortizing these costs over the term of the agreements.

In 2014, the Corporation transferred fibre valued at \$2.5 million to a third party in exchange for an IRU to access a portion of the fibre transferred; and a fibre option to access an additional 350 strand kilometres of fibre and the commitment to connect specified members to the additional fibre. The transaction was measured at the fair value of the fibre transferred which approximates the fair value of the assets received. The remaining option cost will be transferred to the fibre account and amortized once the fibre circuits are identified and in use.

3. Deferred Capital Contributions

	2024	Received	Amortized to Revenue	2025
Federal	\$ 1,287,630	\$ -	\$ (317,633)	\$ 969,997
Provincial	4,323,571	1,159,000	(971,442)	4,511,129
Other	215,349	-	(33,798)	181,551
<b>Total</b>	<b>\$ 5,826,550</b>	<b>\$ 1,159,000</b>	<b>\$ (1,322,873)</b>	<b>\$ 5,662,677</b>

The deferred capital contributions are restricted for the development and support of the Optical Regional Advanced Network.

BCNET  
Notes to Financial Statements  
March 31, 2025

4. Deferred Operating Grants

	2024	Received	Amortized to Revenue	2025
Federal	\$ 28,566	\$ 331,845	\$ (341,571)	\$ 18,840
Provincial	1,893,969	2,769,611	(1,389,498)	3,274,082
Other	-	525,000	(525,000)	-
Total	<u>\$ 1,922,535</u>	<u>\$ 3,626,456</u>	<u>\$ (2,256,069)</u>	<u>\$ 3,292,922</u>

The deferred provincial operating grants are restricted for the implementation of initiatives from the Ministry of Post-Secondary Education and Future Skills and for the expansion of the BCNET network.

5. Deferred Revenues

	2024	Received	Amortized to Revenue	2025
Service contracts	\$ 354,905	\$ 9,532,743	\$ (9,383,343)	\$ 504,305
Conferences & member services	429,376	634,457	(443,601)	620,232
Software customization	22,395	284,074	(225,115)	81,354
Total	<u>\$ 806,676</u>	<u>\$ 10,451,274</u>	<u>\$ (10,052,059)</u>	<u>\$ 1,205,891</u>

6. Accumulated Surplus

- a) The BCNET Board has approved the creation of an Operating Reserve and a Capital Reserve. The target minimum Operating Reserve is to equal approximately two months of operating costs, estimated at \$2,000,000. The balance of any annual surpluses in excess of the \$2,000,000 will be allocated to the Capital Reserve.
- b) The Corporation's Capital Reserve includes amounts invested in tangible capital assets plus any additional funds available for future investments. The Corporation's tangible capital assets are funded either through grants received from CANARIE, the Ministry of Post-Secondary Education and Future Skills or internally from surpluses generated by the Corporation. The unamortized balance of those assets that are funded internally reflects the funds committed and their future amortization expense. The balance in the capital reserve is increased by the annual surplus and offset by the net unfunded investment in capital assets during the year.

BCNET  
Notes to Financial Statements  
March 31, 2025

6. Accumulated Surplus (continued)

	2025	2024
Tangible capital assets	\$ 8,147,104	\$ 8,680,581
Amounts financed by:		
Unamortized deferred capital grants	(4,392,989)	(4,426,550)
Invested in Tangible Capital Assets	\$ 3,754,115	\$ 4,254,031
Less: Expected future recoveries from members	(2,000,000)	(2,000,000)
Transfer to capital reserve	888,514	430,113
Balance in Capital Reserve	\$ 2,642,629	\$ 2,684,144

7. Budget

The budget for the fiscal year ended March 31, 2025 was approved by the BCNET Board of Directors at a meeting on December 4, 2023.

8. Expenses by Object

	Budget	2025	2024
Cost of services	\$ 7,914,423	\$ 8,013,593	\$ 8,010,115
Staffing	5,742,073	6,041,731	5,515,652
Operating	1,016,469	1,125,707	1,034,344
Amortization	2,391,335	2,372,250	2,017,498
Pass through services	9,580,755	10,149,202	9,475,051
Total	\$ 26,645,055	\$ 27,702,483	\$ 26,052,660

9. Operating Revenue

	Budget	2025	2024
Network Services (Non-PSI, Transit & Other)	\$ 4,724,851	\$ 4,420,502	\$ 4,959,754
Shared Technology Solutions	4,187,314	4,736,240	4,424,623
Core Services	2,497,897	2,631,336	2,490,000
Interest and Other	1,017,353	937,256	685,794
Conference	487,789	444,173	654,233
Cybersecurity Services	630,694	595,578	425,357
Total	\$ 13,545,898	\$ 13,765,085	\$ 13,639,761

## 10. Related Party Transactions

During the year, the Corporation entered into the following transactions with its members:

	<u>2025</u>	<u>2024</u>
Revenue from members	\$ 24,163,555	\$ 22,211,026
Purchases from members	401,605	459,694

As at March 31, the Corporation had balances due to and from members as follows:

	<u>2025</u>	<u>2024</u>
Receivable from members	\$ 323,324	\$ 286,709
Payable to members	397,819	237,991

These transactions are in the normal course of operations and are measured at the exchange value established and agreed to by the related parties.

Transactions with the Provincial Government via operating or capital grant are disclosed in Notes 3 and 4.

## 11. Commitments

The Corporation has commitments for fibre contracts, software licensing and rent that extend to January 2038.

The annual payments due for the next five years and thereafter are as follows:

2026	\$ 3,119,135
2027	1,802,247
2028	783,559
2029	372,860
2030	163,690
Thereafter	222,210
Total	<u>\$ 6,463,701</u>

## 12. Contractual Rights

The Corporation has entered into contracts to provide services and to connect certain member institutions to the BCNET network (Note 10). In return, the Corporation has received commitments to receive the following revenues from those institutions:

2026	\$	2,169,665
2027		1,657,843
2028		1,200,473
2029		428,214
2030		245,968
Thereafter		1,146,389
Total	\$	<u>6,848,552</u>

## 13. Pension Plan

The Corporation and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2024, the plan has about 273,000 active members and approximately 133,000 retired members.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2021, indicated a \$3,761 million funding surplus for basic pension benefits on a going concern basis.

The next valuation will be as at December 31, 2024.

The Corporation paid \$373,834 (2024 - \$338,681) for employer contributions while employees contributed \$345,726 (2024 - \$313,216) to the plan in fiscal 2025.

13. Pension Plan (continued)

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

14. Financial Instrument Risk

Credit risk

Credit risk is the risk that the Corporation will incur a loss due to the failure by its debtors to meet their contractual obligations. Financial instruments that potentially subject the Corporation to significant concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. The Corporation limits its exposure to credit risk by placing its cash and cash equivalents with high quality investments. The Corporation's exposure to credit risk with respect to its accounts receivable is low as most receivables are from government sources and member organizations that are primarily government funded.

Foreign exchange risk

Foreign exchange 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 Corporation is exposed to foreign exchange risk through its transactions with U.S. entities. The Corporation limits its exposure to foreign exchange risk by entering into forward derivative contracts on all significant purchases made in U.S. dollars and arranging to rebill most costs to members at equivalent exchange rates. As at March 31, 2025 and 2024, the Corporation did not hold any forward derivative contracts.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation's risk is limited to the investments held in accordance with its investment Policy. All instruments have a maturity date of less than 90 days.

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its obligations as they fall due. The Corporation budgets for adequate levels of working capital to ensure all its obligations can be met when they fall due, and a sufficient operating reserve to manage any unexpected fluctuations.

## 15. Segmented Information

### Cybersecurity & Identity Management

The Corporation supports its members to continuously improve the protection of information. Services include but are not limited to support service for federated identity services, and security vulnerability scanning and SIEM-as-a-Service.

### Network

The BCNET Advanced Network provides the Corporation's members with private, dedicated, ultra-high-speed, fibre optic infrastructure and third party managed leased circuit at speeds of up to 100 gigabits per second. The Advanced Network extends over 10,000 Kilometers and directly connects 151 locations at colleges, institutes, research universities, federal and provincial laboratory and research institutions in British Columbia. A hosted virtual router service helps reduce equipment, operating, and facility costs.

### Professional Development & Training (PD&T)

The Corporation's professional development and training service portfolio helps to support our members to train their staff. The Corporation investigates member requirements and negotiate competitive pricing with third party organizations. The Corporation partners with prominent information Technology companies and Training Providers in the delivery of training.

### Procurement

The Corporation provides a range of joint procurement agreements and services that offer best overall value, savings and efficiencies to its members following legislative and trade treaty requirements.

### Shared Systems & Technology

The Corporation facilitates the development of collaborative and innovative technology solutions to support the delivery of education and research. The solutions offered to members include: AppsAnywhere, DATA-SAFE, Desire2Learn, Digital Signage, EduCloud Backup, EduCloud Server, Kaltura, LinkedIn Learning, MapleSoft, Moodle, IBM SPSS, PebblePad, TeamDynamix, TurnItIn and Video Conferencing. Additionally, the portfolio provides strategic consulting, expert services, and vendor management services in support of institutional Enterprise Resource Planning (ERP) systems.

## 16. Comparative figures

Certain comparative figures have been reclassified to conform to current year presentation.