

FINANCIAL STATEMENTS OF

BC INFRASTRUCTURE BENEFITS INC.

YEAR ENDED MARCH 31, 2026

**BCIB****Building
Opportunity
Here****Respectful
Onsite
Initiative**

May 12, 2026

Statement of Management's Responsibility

Year ended March 31, 2026

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. The voting members of the Board of Directors are composed entirely of persons who are neither management nor employees of the Corporation. The Board of Directors 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 Board of Directors 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 to the Board; their report follows.

Yours truly,

Irene Kerr

Mario Piscitelli

Irene Kerr

Chief Executive Officer

Mario Piscitelli

Chief Financial Officer



INDEPENDENT AUDITOR'S 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, 2026;
- the statement of operations for the year then ended;
- the statement of changes in net debt 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, 2026, 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.

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 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 12, 2026

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BC Infrastructure Benefits Inc.
Statement of Financial Position
As at March 31, 2026
(In \$'000's)

	Notes	March 31, 2026	March 31, 2025
Financial assets			
Cash		\$ 25,407	\$ 11,555
Accounts receivable	3	15,231	18,385
Due from government and government organizations	4	97	11,748
		<u>40,735</u>	<u>41,688</u>
Liabilities			
Debt	5	22,146	24,041
Accounts payable and accrued liabilities	6	12,770	13,044
Due to government and government organizations	7	7,244	6,703
		<u>42,160</u>	<u>43,788</u>
Net debt		<u>(1,425)</u>	<u>(2,100)</u>
Non-financial assets			
Tangible capital assets	8	1,027	1,600
Prepaid expenses	9	398	500
		<u>1,425</u>	<u>2,100</u>
Accumulated surplus		\$ -	\$ -

Approved on behalf of the Board of Directors on May 12, 2026

Cynthia Morton

Cynthia Morton, Chair

Wayne Peppard

Wayne Peppard, 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, 2026
(In \$000's)

	Notes	Budget	March 31, 2026	March 31, 2025
Revenues				
Contracted Services		\$ 279,970	325,910	\$ 254,116
Service Fee	12	23,126	17,890	18,225
Interest		-	554	415
Other Revenue		-	142	153
		<u>303,096</u>	<u>344,496</u>	<u>272,909</u>
Expenses				
Project Skilled Workforce	10	279,970	325,910	254,116
People Services	10	4,956	3,010	3,521
Operations	10	5,394	4,474	4,330
Finance and Corporate Services	10	12,776	11,102	10,942
		<u>303,096</u>	<u>344,496</u>	<u>272,909</u>
Annual operating surplus		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Accumulated surplus (deficit) at beginning of year		-	-	-
Accumulated surplus (deficit) at end of year		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

BC Infrastructure Benefits Inc.
Statement of Changes in Net Debt
For the year ended March 31, 2026
(In \$000's)

	<u>Budget</u>	<u>March 31, 2026</u>	<u>March 31, 2025</u>
Surplus	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Effect of change in tangible capital assets:			
Acquisition of tangible capital assets	(1,000)	(78)	(389)
Loss on disposal of tangible capital assets		-	4
Amortization of tangible capital assets	<u>800</u>	<u>651</u>	<u>747</u>
	(200)	573	362
Effect of change in prepaid expenses			
Acquisition of prepaid expenses	(100)	(969)	(1,651)
Use of prepaid expenses	<u>100</u>	<u>1,071</u>	<u>1,430</u>
	-	102	(221)
(Increase)/Decrease in Net debt	\$ <u>(200)</u>	\$ <u>675</u>	\$ <u>141</u>
Net debt at beginning of year	<u>(2,400)</u>	<u>(2,100)</u>	<u>(2,241)</u>
Net debt at end of year	\$ <u>(2,600)</u>	\$ <u>(1,425)</u>	\$ <u>(2,100)</u>

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, 2026
(In \$000's)

	March 31, 2026	March 31, 2025
Operating transactions		
Surplus	\$ -	\$ -
Items not affecting cash:		
Amortization of tangible capital assets	651	747
Loss on disposal of tangible capital assets	-	4
Amortization of discount on debt	706	922
Amortization of foreign exchange gain	(115)	(108)
Discount on debt	(666)	(909)
Unamortized foreign exchange gain on debt	106	117
Changes in operating working capital:		
Decrease/(Increase) in accounts receivable	3,154	(5,126)
Decrease/(Increase) in due from government and government organizations	11,651	(6,409)
Decrease/(Increase) in prepaid expenses	102	(221)
(Decrease)/Increase in accounts payable and accrued liabilities	(274)	4,854
Increase in due to government and government organizations	541	2,038
Cash provided by/ (applied to) operating transactions	<u>15,856</u>	<u>(4,091)</u>
Capital transactions		
Cash used in acquisition of tangible capital assets	(78)	(389)
Cash applied to capital transactions	<u>(78)</u>	<u>(389)</u>
Financing transactions		
Debt issues	100,681	91,322
Debt repayment	(102,607)	(82,442)
Cash (applied to)/provided by financing transactions	<u>(1,926)</u>	<u>8,880</u>
Increase in cash	13,852	4,400
Cash at beginning of year	11,555	7,155
Cash at end of year	<u>\$ 25,407</u>	<u>\$ 11,555</u>
Supplemental disclosure of cash flow information:		
Interest paid	750	899

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

1. NATURE OF OPERATIONS

BC Infrastructure Benefits Inc., (“BCIB” or “the Corporation”) is a provincial Crown corporation incorporated under B.C.’s Business Corporations Act on July 16, 2018, and directly accountable to the Minister of Infrastructure. As a provincial Crown agency, BCIB is subject to legislative regulations in government reporting Acts which include the Budget Transparency and Accountability Act and the Financial Administration Act.

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 subsection 149(1)(d) of 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 Canadian Public Sector Accounting Standards (“PSAS”).

b) *Revenue Recognition*

BCIB revenues include contracted services revenue, service fees, interest revenue, and other revenues. Contracted services revenue represents the aggregate payroll costs billed mainly to the Contractors for the provision of skilled employees working on CBA projects. Service fees revenue represents revenue from the project Owners pursuant to the Employee Supply Agreements (“ESA”). Interest revenue is the interest earned from bank deposits. Other revenues mainly consist of Respectful Onsite Initiatives (“ROI”) training services provided to external entities and other miscellaneous revenue.

PS 3400 establishes standards for the accounting for revenue arising from exchange transactions. BCIB performs work and incurs costs ahead of the construction start on projects and during the construction phase to achieve the objectives of the CBA and to satisfy its obligation to project Owners. As BCIB performs work, it recognizes contracted services revenue from contractors and service fees revenue from project owners to offset its costs.

Interest and other revenue are recognized when earned.

c) *Expense Recognition*

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) *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 course 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.

Smaller value tangible capital assets which are identical, similar or related are grouped together as an asset pool and accounted for as a single asset for amortization purposes. Assets that meet these criteria and that are 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.

Amortization begins when the asset is brought into productive use. The cost of the tangible capital asset is amortized over its estimated useful life. Work-in-progress tangible capital assets are not amortized until the assets are completed and put into use.

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 and software	Straight Line	3 to 10
Vehicles	Straight Line	10

At the end of each reporting period, BCIB reviews the value of its tangible capital assets that are in active service for impairment based on their service potential. Assets are written down when conditions indicate that they no longer contribute to BCIB's ability to provide services and the reduction in future economic benefits is expected to be permanent.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) *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.

f) *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 trustee plan. Defined contribution plan accounting is applied as sufficient information is not available to apply defined benefit accounting. Contributions are expensed as they become payable (Note 13).

g) *Financial Instruments*

Financial instruments include primary instruments such as cash, accounts receivable, amounts due from or to government and government organizations, accounts payable and accrued liabilities and debt.

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

	Category	Measurement
Cash	Fair value	Fair value
Accounts receivable	Other financial assets	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Debt	Other financial liabilities	Amortized cost
Debt – Derivative	Other financial liabilities	Fair value
Due to/from government and government organizations	Other financial liabilities/assets	Amortized cost

h) *Measurement Uncertainty*

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Items requiring the use of significant estimates include provisions for certain accrued liabilities and debt derivatives, and assessment of useful lives of tangible capital assets.

Estimates are based on the best information available at the time of preparation of the financial statements based on historical experience and other factors and are reviewed annually to reflect new information as it becomes available. Actual results could differ from these estimates.

3. ACCOUNTS RECEIVABLE

(in \$000's)	March 31, 2026	March 31, 2025
Trade accounts receivable	\$ 15,224	\$ 18,378
Other receivables	7	7
	<u>\$ 15,231</u>	<u>\$ 18,385</u>

4. DUE FROM GOVERNMENT AND GOVERNMENT ORGANIZATIONS

(in \$000's)	March 31, 2026	March 31, 2025
BC Institute of Technology ("BCIT")	\$ 97	\$ -
BC Transportation Financing Authority ("BCTFA")	-	11,260
Vancouver Island Health Authority ("VIHA")	-	466
Fraser Health Authority ("FHA")	-	13
Vancouver Community College ("VCC")	-	9
	<u>\$ 97</u>	<u>\$ 11,748</u>

Receivables represent the net of management service fees for the provision of workforce services and other project related services.

The amounts payable to and receivable from BCTFA, VIHA and VCC are reported on a net basis. For fiscal 2026, the amounts payable to BCTFA, VIHA and VCC are greater than the amount receivable and are included in Due to Government and Government Organizations (Note 7).

5. DEBT

The Minister of Finance is the fiscal agent of BCIB. All debt is acquired through the provincial government's fiscal agency loan program and is either held or guaranteed by the Province of British Columbia. BCIB funds part of its operations with short-term debt. Debt typically matures within 3 months. BCIB is authorized to acquire up to \$100 million of short-term debt. As of March 31, 2026, BCIB had one short-term debt totalling \$22.1 million (2024/2025 - \$24.0 million, consisting of two short-term debts), with a weighted average interest rate of 2.13% (2024/2025 – 3.25%). The debt will mature on May 12, 2026.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

(in \$000's)	March 31, 2026	March 31, 2025
Accrued liabilities	\$ 9,450	\$ 9,267
Accounts payable	3,320	3,777
	<u>\$ 12,770</u>	<u>\$ 13,044</u>

Accounts payable are in the normal course of operations and measured at the exchange amount.

7. DUE TO GOVERNMENT AND GOVERNMENT ORGANIZATIONS

(in \$000's)	March 31, 2026	March 31, 2025
BCTFA	\$ 2,761	\$ -
VIHA	1,934	-
Canada Revenue Agency ("CRA")	1,211	5,371
Province of British Columbia	1,156	1,180
BC Public Service Agency ("PSA")	136	126
VCC	31	-
WorkSafe BC ("WCB")	15	26
	<u>\$ 7,244</u>	<u>\$ 6,703</u>

The amounts payable to CRA are for net Goods and Services Tax and payroll-related taxes. The amount payable to the Province of British Columbia is in relation to employer health tax. PSA payments are primarily related to payroll services and employee benefits. Payments to WCB are for insurance premiums. The amounts payable to BCTFA, VIHA and VCC are related to service fees adjustments.

The amounts payable to and receivable from BCTFA, VIHA and VCC are reported on a net basis. For fiscal 2026, the amounts payable to BCTFA, VIHA and VCC are greater than the amounts receivable (note 4).

8. TANGIBLE CAPITAL ASSETS

Tangible capital assets are recorded at cost net of accumulated amortization. The costs and accumulated amortization for BCIB's tangible capital assets on March 31, 2026 are as follows (in \$000's):

	Furniture & Fixtures	Leasehold Improvements	Computer Assets	Vehicle	Work-In- Progress	Total
Cost						
Balance at March 31, 2025	\$ 121	\$ -	\$ 3,327	\$ 76	\$ -	\$ 3,524
Additions	-	-	78	-	-	78
Disposals	(42)	-	(1,293)	-	-	(1,335)
Balance at March 31, 2026	79	-	2,112	76	-	2,267
Accumulated Amortization						
Balance at March 31, 2025	\$ 60	\$ -	\$ 1,833	\$ 31	\$ -	\$ 1,924
Disposals	(42)	-	(1,293)	-	-	(1,335)
Amortization	30	-	613	8	-	651
Balance at March 31, 2026	48	-	1,153	39	-	1,240
Net book value at March 31, 2026	\$ 31	\$ -	\$ 959	\$ 37	\$ -	\$ 1,027

The costs and accumulated amortization for BCIB's tangible capital assets on March 31, 2025 are as follows (in \$000's):

	Furniture & Fixtures	Leasehold Improvements	Computer Assets	Vehicle	Work-In- Progress	Total
Cost						
Balance at March 31, 2024	\$ 210	\$ 248	\$ 3,064	\$ 76	\$ 170	\$ 3,768
Additions	7	4	24	-	354	389
Disposals	(125)	(252)	(256)	-	-	(633)
Transfers	29	-	495	-	(524)	-
Balance at March 31, 2025	121	-	3,327	76	-	3,524
Accumulated Amortization						
Balance at March 31, 2024	\$ 148	\$ 184	\$ 1,451	\$ 23	\$ -	\$ 1,806
	(121)	(251)	(257)	-	-	(629)
Amortization	33	67	639	8	-	747
Balance at March 31, 2025	60	-	1,833	31	-	1,924
Net book value at March 31, 2025	\$ 61	\$ -	\$ 1,494	\$ 45	\$ -	\$ 1,600

9. PREPAID EXPENSES

(in \$000's)	March 31, 2026	March 31, 2025
Computer software license	\$ 253	\$ 325
Office lease	78	75
Other	50	58
Insurance	17	42
	<u>\$ 398</u>	<u>\$ 500</u>

10. BREAKDOWN OF TOTAL EXPENSES

(in \$000's)	Note	March 31, 2026	March 31, 2025
Wages and benefits	13	\$ 337,888	\$ 266,163
Administration, IT and other		3,637	3,787
Contractors		1,539	1,381
Facilities		910	877
Professional services		522	701
		<u>\$ 344,496</u>	<u>\$ 272,909</u>

The presentation of breakdown of total expenses for fiscal 2025/2026 aligns with BCIB's fiscal 2025/2026 Service Plan.

11. BUDGETED FIGURES

The fiscal 2025/2026 budget is reflected in the Statement of Operations and the Statement of Changes in Net Debt. Budget data presented in these financial statements is based upon the fiscal 2025/2026 budget approved by the Board on January 22, 2025.

12. 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 recorded at the exchange amount, made on terms equivalent to those that prevail in arm's length transactions.

Employee Supply Agreements and Letter Agreements have been signed with various project Owners. BCIB receives management service fees for the provision of workforce services and other project services to select major infrastructure projects.

12. RELATED PARTY TRANSACTIONS (CONTINUED)

For fiscal 2025/2026, BCIB recognized net management service fees for a total of \$17.9 million (2024/2025 - \$18.2 million) as follows:

(in \$000's)	March 31, 2026	March 31, 2025
BCTFA	\$ 12,551	\$ 13,799
VIHA	4,959	4,379
VCC	184	47
BCIT	196	-
Total service fees	17,890	18,225
FHA	77	120
	\$ 17,967	\$ 18,345

BCIB billed BCTFA in fiscal 2025/2026 \$24.8 million (2024/2025 - \$16.9 million) for additional owner costs. The amount billed to FHA relates to ROI training and is included in other revenue.

13. EMPLOYEE BENEFIT PLAN

BCIB and its employees contribute to the Public Service Pension Plan (the "Plan"), a jointly trustee 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 trustee 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 date that have not yet been paid. As of March 31, 2026, the Corporation has approximately 94 employees contributing to the plan, which has approximately 137,000 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 as at March 31, 2023 and indicated a Basic Account actuarial funding valuation surplus of \$4.5 billion. The next valuation as at March 31, 2026 is expected to be available at the end of 2026 or early 2027. The actuary does not attribute portions of any unfunded liability to individual employers. In fiscal 2025/2026, the employees of BCIB contributed \$ 730,192 (2024/2025 - \$741,241) to the Plan and the Corporation paid \$ 861,364 (2024/2025 - \$874,398) in employer contributions to the Plan. Pension plan contributions are recognized in wages and benefits expense (Note 10).

14. CONTRACTUAL OBLIGATIONS

(in \$000's)		Operating Lease
Fiscal 2027	\$	843
Fiscal 2028		951
Fiscal 2029		966
Fiscal 2030		980
	\$	<u>3,740</u>

BCIB's operating leases are mainly for rental of office space. The rent included in the lease amount is based on the lease agreement that is effective until the end of fiscal 2030.

15. CONTINGENT LIABILITIES

As part of BCIB's ongoing operations, from time to time, the Corporation may receive claims for labour-related matters. As at the end of fiscal 2025/2026, BCIB had several outstanding claims. Currently, it is not possible to estimate the potential impact and outcome of these claims.

16. 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 is as follows:

(in \$000's)	March 31, 2026	March 31, 2025
Cash	\$ 25,407	\$ 11,555
Accounts receivable	15,231	18,385
Due from government and government organizations	97	11,748
	<u>\$ 40,735</u>	<u>\$ 41,688</u>

BCIB's exposure to credit risk is related to amounts owing from other provincial agencies, the federal government, and the value of accounts receivable in its normal course of business from Contractors. The risk is mitigated as the Contractors are bound by terms of payment and default clauses in project agreements which increases the likelihood BCIB will be paid. BCIB is exposed to credit risk with respect to its cash. BCIB has mitigated this risk by holding its cash with a major financial institution.

17. RISK MANAGEMENT (CONTINUED)

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows will fluctuate due to market interest rate changes. BCIB's exposure to interest rate risk is minimized because of the short-term nature of the debt and its ability to borrow through the Ministry of Finance. A one percentage short-term interest rate change could result in approximately a \$0.22 million 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 mitigates foreign exchange risk by locking in an exchange swap rate that fixes the final foreign currency gains/losses. There were no exchange swaps at March 31, 2026.

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 million on a short-term basis. BCIB regularly monitors its cash flow and if necessary, BCIB can borrow as needed to satisfy its financial obligations.