COLUMBIA BASIN TRUST

CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2016

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RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

The independent external auditors, KPMG, Chartered Professional Accountants, have been appointed by the Trust's Board of Directors, to express an opinion as to whether the consolidated financial statements present fairly, in all material respects, the Trust's financial position, results of operations, changes in net assets and cash flows in conformity with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia. The Auditor's report follows and outlines the scope of their examination and their opinion on the consolidated financial statements.

The Board of Directors, through the Finance and Audit Committee, is responsible for ensuring that management fulfills its responsibility for financial reporting and internal controls. The Finance and Audit Committee, comprised of directors who are not employees, meets regularly with the external auditors and management to satisfy itself that each group has properly discharged its responsibility to review the financial statements before recommending approval by the Board of Directors. The external auditors have full and open access to the Finance and Audit Committee, with and without the presence of management.

Neil Muth
President & CEO

Christine Lloyd, CPA, CGA
Director, Finance & Operations

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INDEPENDENT AUDITORS' REPORT

To the Directors of Columbia Basin Trust, and
To the Minister of Energy and Mines:

We have audited the accompanying consolidated financial statements of Columbia Basin Trust, which comprise the consolidated statement of financial position as at March 31, 2016, the consolidated statements of operations and accumulated surplus, changes in net debt, cash flows and remeasurement gains and losses for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia, and 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

KPMG

Opinion

In our opinion, the consolidated financial statements of Columbia Basin Trust as at March 31, 2016 and for the year then ended are prepared, in all material respects, in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 2(a) to the consolidated financial statements which describe the basis of accounting and the significant differences between such basis of accounting and Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants

May 27, 2016

Burnaby, Canada

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

AS AT MARCH 31	2016	2015 (Recast - Note 3)
FINANCIAL ASSETS		
Cash	$ 2,369	$ 4,268
Accrued interest and other accounts receivable (Note 4)	2,142	1,056
Short-term investments (Note 5)	35,999	36,379
Market securities (Note 6)	51,685	52,588
Private placements - commercial loans (Note 7)	39,570	33,020
Private placements - commercial investment (Note 8)	2,375	2,375
Private placements - real estate investments (Note 9)	6,101	6,364
Investment in Waneta Expansion Limited Partnership (Note 10)	109,284	107,915
Investment in power projects (Notes 3 and 11)	203,707	196,901
	453,232	440,866
LIABILITIES		
Accounts payable and accrued liabilities	2,064	934
Long-term debt (Note 12)	925	1,000
Delivery of Benefits initiatives liabilities (Note 13)	31,456	27,028
	34,445	28,962
Net Financial Assets	418,787	411,904
NON-FINANCIAL ASSETS		
Prepaid expenses	156	182
Tangible capital assets (Note 14)	7,837	6,788
	7,993	6,970
ACCUMULATED SURPLUS	$ 426,780	$ 418,874
Accumulated Surplus is comprised of:		
Accumulated Surplus	$ 423,644	$ 412,737
Accumulated Remeasurement Gain	3,136	6,137
	$ 426,780	$ 418,874

COMMITMENTS (Note 18) **and SUBSEQUENT EVENTS** (Note 24)

Approved on behalf of the Board of Directors:

Rick Jensen
Chair

Amed Naqvi
Chair, Finance and Audit Committee

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

COLUMBIA BASIN TRUST
CONSOLIDATED STATEMENT OF OPERATIONS
(in thousands)

FOR THE YEAR ENDING MARCH 31	Budget (Note 23)	2016	2015 (Recast - Note 3)
REVENUES			
Power projects (Notes 3 and 11)	$ 23,584	$ 34,954	$ 22,258
Waneta Expansion (Note 10)	4,149	5,693	-
Market securities	1,200	2,099	2,558
Private placements - commercial loans	1,780	1,722	1,528
Private placements - real estate investments (Note 9)	1,228	1,262	1,069
Other revenues (Note 16)	-	992	152
Short-term investments	1,000	745	946
Broadband operations	500	449	405
Grant revenues (Note 15)	-	412	-
Recoveries (Note 19)	347	368	364
	33,788	48,696	29,280
EXPENSES (Note 17)			
Broadband initiatives	3,500	5,096	1,563
Community initiatives	9,597	19,088	8,753
Economic initiatives	2,586	1,972	5,322
Investment initiatives	606	712	585
Other initiatives	8,215	1,886	2,100
Social initiatives	2,376	1,861	3,106
Water and Environment initiatives	3,938	5,942	4,416
Youth initiatives	1,332	1,232	1,642
	32,150	37,789	27,487
Private placements - impairment loss (Note 8)	-	-	(625)
ANNUAL SURPLUS	$ 1,638	$ 10,907	$ 1,168

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

COLUMBIA BASIN TRUST
CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES
(in thousands)

FOR THE YEAR ENDING MARCH 31		2016		2015 (Recast - Note 3)
Accumulated remeasurement gains, beginning of year (Note 3)	$	6,137	$	3,077
Unrealized gains/(losses) on market securities		(2,126)		4,392
Realized gains reclassified to the Statement of Operations		(875)		(1,332)
Net remeasurement gains/(losses) for the year		(3,001)		3,060
ACCUMULATED REMEASUREMENT GAINS, end of year (Note 6)	$	3,136	$	6,137

CONSOLIDATED STATEMENT OF CHANGE IN ACCUMULATED SURPLUS
(in thousands)

FOR THE YEAR ENDING MARCH 31		2016		2015 (Recast - Note 3)
Accumulated surplus, beginning of year (Note 3)	$	412,737	$	411,569
Annual surplus		10,907		1,168
ACCUMULATED SURPLUS, end of year	$	423,644	$	412,737

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

COLUMBIA BASIN TRUST
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
(in thousands)

FOR THE YEAR ENDING MARCH 31	Budget (Note 23)	2016	2015 (Recast - Note 3)
ANNUAL SURPLUS	$ 1,638	$ 10,907	$ 1,168
Acquisition of prepaid expenses	-	(156)	(182)
Use of prepaid expenses	-	182	61
Acquisition of tangible capital assets	-	(1,872)	(1,671)
Disposal of tangible capital assets	-	77	-
Amortization of tangible capital assets	395	746	644
	395	(1,023)	(1,148)
Effect of remeasurement gain	-	(3,001)	3,060
Change in Net Financial Assets	2,033	6,883	3,080
NET FINANCIAL ASSETS, beginning of year	411,904	411,904	408,824
NET FINANCIAL ASSETS, end of year	$ 413,937	$ 418,787	$ 411,904

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

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

FOR THE YEAR ENDING MARCH 31	2016	2015 (Recast - Note 3)
CASH FLOWS FROM/APPLIED TO OPERATING ACTIVITIES		
Cash received from private placements - commercial loans	$ 1,635	$ 1,370
Cash received from broadband operations	2,288	195
Cash received from short-term investments	1,619	971
Cash received from market securities	2,099	2,558
Cash received from loan receivable	-	28
Cash received from tenants	416	453
Cash paid for operating expenses	(7,568)	(5,613)
Cash paid for Delivery of Benefits obligations	(25,465)	(15,675)
	(24,976)	(15,713)
CASH FLOWS FROM/APPLIED TO INVESTING ACTIVITIES		
Investment in Waneta Expansion Limited Partnership	(1,370)	(9,273)
Purchase of short-term investments and market securities	(187,890)	(197,027)
Redemption of short-term investments and market securities	186,172	185,807
Issuance of commercial loans	(15,611)	(20,566)
Repayment of commercial loans	9,015	11,708
Dividends received from real estate investments	1,525	1,372
Dividends received from Waneta Expansion	5,693	-
Dividends received from power projects investments	28,148	25,215
	25,682	(2,764)
CASH FLOWS APPLIED TO CAPITAL TRANSACTIONS		
Purchase of tangible capital assets, net of disposals	(1,795)	(1,671)
CASH FLOWS FROM/APPLIED TO FINANCING ACTIVITIES		
Repayment of loan to Columbia Power Corporation	-	20,000
Repayment of debt	(110)	(63)
Advances to Brilliant Power Corporation	(700)	-
	(810)	19,937
DECREASE IN CASH	(1,899)	(211)
CASH, beginning of year	4,268	4,479
CASH, end of year	$ 2,369	$ 4,268

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

1. NATURE OF COLUMBIA BASIN TRUST

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of accounting

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

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

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

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

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

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

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

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

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

(ii) externally restricted contributions be recognized as revenue in the period in which the stipulations are met.

(Tabular amounts in thousands)

As a result, revenue recognized in the consolidated statement of operations and certain related deferred capital contributions would be recorded differently under Canadian Public Sector Accounting Standards. The application of Section 23.1 and Regulations did not impact comparative figures as no contributions had been received for the purpose of acquiring or developing a depreciable tangible capital asset prior to April 1, 2015. The impact of Section 23.1 and Regulations were applied to contributions received in fiscal year 2016.

(b) Basis of presentation

These consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity, which is comprised of all organizations controlled or jointly controlled by the Trust. Government business partnerships (GBP) are accounted for using the modified equity method. Other government organizations (OGO) and government partnerships (GP) are accounted for using the proportionate consolidation method. All intercompany balances and transactions have been eliminated for OGO's and GP's.

Under the modified equity method, only the Trust's percentage investment in the GBP, and the net income and other changes in equity are recorded. No adjustment is made for accounting policies that are different from those of the Trust.

The trust consolidates its wholly owned and controlled subsidiary Columbia Basin Broadband Corporation.

The Trust's government business partnerships with interest in power projects consist of the following entities:

- Arrow Lakes Power Corporation (ALPC) – 50% interest
- Brilliant Power Corporation (BPC) – 50% interest
- Brilliant Expansion Power Corporation (BEPC) – 50% interest
- Waneta Expansion Power Corporation (WEPC) – 42% interest

The Trust's government business partnerships with interest in real estate consist of the following entities:

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

(c) Tangible capital assets and amortization

Tangible capital assets are recorded at cost, which includes amounts directly related to the acquisition, construction, design, development, improvement or betterment of the assets. Costs include overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the construction of the asset. The cost, less residual value of the tangible capital assets, excluding land, is amortized on a straight-line basis over the expected useful lives as follows:

	Years
Buildings	25 - 30
Leasehold improvements	5 - 8
Office furniture and equipment	5
Hardware and software	3 - 7
Broadband hardware	3 - 15
Fibre optics	25

Tangible capital assets are written down to their residual value when conditions indicate they no longer contribute to the Trust's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The write-downs are accounted for as expenses in the statement of operations. Transfers of capital assets from related parties are recorded at carrying value.

(d) Revenue recognition

Revenues are recognized in the period in which the transaction or event occurs that gives rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

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

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

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

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

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose. Revenue related to fees or services received in advance of the fee being earned or the service being performed is deferred and recognized when the fee is earned or service performed.

(e) Expenses

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

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

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

(f) Taxes

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

(g) Foreign currency translation

Foreign currency transactions are translated at the exchange rates prevailing at the dates of transactions. Monetary assets and liabilities included in the fair value measurement category denominated in foreign currencies, are translated into Canadian dollars at the exchange rate prevailing at the financial statement date. Unrealized foreign exchange gains and losses are recognized in the statement of remeasurement gains and losses. In the period of settlement, realized foreign exchange gains and losses are recognized in the statement of operations, and the cumulative amount of remeasurement gains and losses is reversed in the statement of remeasurement gains and losses.

(h) Financial instruments

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

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Market-based inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3: Inputs for the asset or liability that are not based on observable market data; assumptions are based on the best internal and external information available and are most suitable and appropriate based on the type of financial instrument being valued in order to establish what the transaction price would have been on the measurement date in an arm's length transaction.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations.

For financial instruments measured using amortized cost, amortized cost is defined as the amount at which a financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus cumulative amortization using the effective interest method and minus any impairment losses. The effective interest rate method is used to determine interest revenue or expense.

For portfolio investments measured at cost, the cost method records the initial investment at cost and earnings from such investments are recognized only to the extent received or receivable. When an investment is written down to recognize an impairment loss, the new carrying value is deemed to be the new cost basis for subsequent accounting purposes.

Interest and dividends attributable to financial instruments are reported in the statement of operations.

Financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations and any related fair value changes previously recorded in the statement of remeasurement gains and losses are reversed to the extent of the impairment. Impairment losses are not reversed for a subsequent increase in value.

Transaction costs are a component of cost for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

The Trust has designated its financial instruments as follows:

i. Cash

Cash includes cash in the bank and is measured at fair value. The Trust presents its Statement of Cash Flows using the direct method.

ii. Short-term investments

Short-term investments are accounted for as portfolio investments. Investments quoted in an active market are reported at fair value and other investments are recorded at cost or amortized cost. These investments are highly liquid and held for the purpose of meeting short-term cash commitments. Investments reported at fair value recognize any changes in fair value in the statement of remeasurement gains and losses.

iii. Market securities

Equity and debt investments quoted in an active market are reported at fair value. The Trust invests in long-term investments through pooled fund products managed by the British Columbia Investment Management Corporation, a corporation established under the *Public Sector Pension Plans Act.* The Trust has a diversified securities portfolio that includes short-term deposits, bonds and equities. Market securities are accounted for as portfolio investments and are reported at fair value with changes in fair value recognized in the statement of remeasurement gains and losses.

iv. Investment in Waneta Expansion Limited Partnership

The Trust accounts for its investment in Waneta Expansion Limited Partnership (WELP) as a portfolio investment and it is measured on a cost basis.

v. Private placements and loans receivable

Investments in commercial loans or loans receivable are recorded at amortized cost less any amount for impairments. Impairment losses are recorded to reflect loans receivable at the lower of amortized cost and the net recoverable value, when collectability and risk of loss exists. Impairments are recognized in the statement of operations. Interest is accrued on loans receivable to the extent it is deemed collectable. Commercial investments that have an equity interest are accounted for as portfolio investments and are measured at cost, less any amounts written off to reflect a permanent decline in value.

vi. Debt and other financial assets and financial liabilities

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

(i) Employee future benefits

The Trust and its employees make contributions to the Public Sector Pension Plan, which is a multi-employer defined benefit pension plan. Multi-employer defined benefit pension plans are accounted for as defined contribution plans. As a result, the Trust's contributions are expensed as paid. Non-vesting sick leave benefits accrue to the Trust's employees with no obligation to pay sick leave benefits until the employee is injured or ill. The liability related to these benefits was actuarially determined based on length of service, best estimate of retirement ages and expected future salary and wage increases. The liability is accrued based on projected benefits pro-rated as employees render services necessary to earn the future benefits. The Trust estimated and determined its obligation for short-term disability benefits to be immaterial to recognize.

(j) Measurement uncertainty

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the consolidated financial statements and the reported amounts of the revenues and expenses during the period. Significant estimates include assumptions used for recording specific impairments and general loan loss provisions on commercial loans and for identifying any impairment for the Trust's investment in WELP or its commercial investment.

Estimates are based on the best information available at the time of preparation of the consolidated financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these consolidated financial statements. Actual results could differ from these estimates.

(k) Contaminated sites

A liability for contaminated sites is recognized when a site is not in productive use and the following criteria are met:

- i) an environmental standard exists;
- ii) contamination exceeds the environmental standard;
- iii) the Trust is directly responsible or accepts responsibility;
- iv) it is expected that future economic benefits will be given up; and
- v) a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

3. COMPARATIVE FIGURES

Certain prior year figures have been reclassified to conform with the current year's presentation and immaterial recast adjustments to prior period figures were recognized as described below.

The comparative figures have been recast to correct for an overstatement of investment in power projects and an understatement of amortization expense in fiscal year 2015 in the amount of $256,000 relating to Arrow Lakes Power Corporation.

The comparative figures have also been recast to correct for unrealized gains previously recorded in Accumulated Surplus in the amount of $546,000, reclassified to Accumulated Remeasurement Gains as at April 1, 2014 and March 31, 2015.

(Tabular amounts in thousands)

The comparative financial statements have been recast to reflect the changes as follows:

2015		As previously reported		Adjustment		As recast
Power projects revenues	$	22,514	$	(256)	$	22,258
Investment in power projects	$	197,157	$	(256)	$	196,901

The net result on accumulated surplus was as follows:

2015		As previously reported		Adjustment		As recast
Accumulated surplus, opening balance	$	412,115	$	(546)	$	411,569
Annual surplus		1,424		(256)		1,168
Accumulated remeasurement gains		5,591		546		6,137
Accumulated surplus, ending balance	$	419,130	$	(256)	$	418,874

There was no impact on the aggregate accumulated surplus at April 1, 2014.

4. ACCRUED INTEREST AND OTHER ACCOUNTS RECEIVABLE

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

5. SHORT-TERM INVESTMENTS

Short-term investments consist of a portfolio of short-term deposits held at financial institutions and with the British Columbia Investment Management Corporation and are allocated as follows:

	Fair value hierarchy level		**2016**		**2015**
Term securities: measured at amortized cost	-	$	35,999	$	36,379

6. MARKET SECURITIES

The Trust has a diversified securities portfolio that includes short-term deposits, bond and equity funds, which is managed by the British Columbia Investment Management Corporation.

The Trust's investment in market securities measured at fair value is as follows:

	Fair value hierarchy level		**2016**		**2015**
					(Recast - Note 3)
Market value	1	$	51,685	$	52,588
Cost			48,549		46,451
Accumulated remeasurement gains		$	3,136	$	6,137

During fiscal year 2016, the Trust recognized realized gains on market securities of $875,000 (2015 - $1.3 million).

(Tabular amounts in thousands)

7. PRIVATE PLACEMENTS – COMMERCIAL LOANS

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

Commercial loans are as follows:

	2016	2015
Commercial loans bearing interest from 3.55% to 7.5%	$ 39,849	$ 33,253
Less: general impairment loss	(279)	(233)
	$ 39,570	$ 33,020

8. PRIVATE PLACEMENTS – COMMERCIAL INVESTMENT

This commercial equity investment is accounted for as a portfolio investment and measured at cost. In fiscal 2015, an impairment in the value of this investment occurred and a write down of $625,000 was recorded in the statement of operations. The new carrying value is deemed to be the new cost basis for this investment.

Commercial investment is as follows:

	2016	2015
Commercial investment	$ 2,375	$ 3,000
Less: specific impairment loss	-	(625)
	$ 2,375	$ 2,375

9. PRIVATE PLACEMENTS – REAL ESTATE INVESTMENTS

The Trust's real estate investments are comprised of 50% ownership interests in real estate investments throughout the Basin consisting of eight seniors housing facilities (see listing of joint ventures in Note 2). These investments are accounted for as investments in GBP's using the modified equity basis of accounting.

Condensed supplementary financial information for private placements – real estate investments is as follows:

(a) Financial position (at 50%):

	Current Assets	Non-Current Assets	Total Assets	Current Liabilities	Non-Current Liabilities	Total Liabilities	Net Assets
March 31, 2016							
Castle Wood Village	$ 233	$ 3,963	$ 4,196	$ 150	$ 3,501	$ 3,651	$ 545
Columbia Village	82	5,320	5,402	199	4,740	4,939	463
Crest View Village	18	4,392	4,410	189	3,725	3,914	496
Garden View Village	59	3,268	3,327	122	2,598	2,720	607
Joseph Creek Village	121	9,408	9,529	360	7,500	7,860	1,669
Lake View Village	160	5,574	5,734	193	4,368	4,561	1,173
Mountain Side Village	73	2,925	2,998	102	2,318	2,420	578
Rocky Mountain Village	124	2,999	3,123	135	2,418	2,553	570
	$ 870	$ 37,849	$ 38,719	$ 1,450	$ 31,168	$ 32,618	$ 6,101

(Tabular amounts in thousands)

	Current Assets	Non-Current Assets	Total Assets	Current Liabilities	Non-Current Liabilities	Total Liabilities	Net Assets
March 31, 2015							
Castle Wood Village	$ 223	$ 4,156	$ 4,379	$ 145	$ 3,640	$ 3,785	$ 594
Columbia Village	67	5,543	5,610	193	4,914	5,107	503
Crest View Village	44	4,603	4,647	229	3,896	4,125	522
Garden View Village	41	3,413	3,454	118	2,709	2,827	627
Joseph Creek Village	464	9,458	9,922	347	7,834	8,181	1,741
Lake View Village	53	5,775	5,828	137	4,486	4,623	1,205
Mountain Side Village	64	3,051	3,115	103	2,413	2,516	599
Rocky Mountain Village	112	3,139	3,251	130	2,548	2,678	573
	$ 1,068	$ 39,138	$ 40,206	$ 1,402	$ 32,440	$ 33,842	$ 6,364

(b) Investment in private placements – real estate (at 50%):

	Castle Wood Village	Columbia Village	Crest View Village	Garden View Village	Joseph Creek Village	Lake View Village	Mountain Side Village	Rocky Mountain Village	Total
March 31, 2016									
Opening balance	$ 594	$ 503	$ 522	$ 627	$ 1,741	$ 1,205	$ 599	$ 573	$ 6,364
Dividends paid	(241)	(143)	(183)	(113)	(421)	(176)	(115)	(133)	(1,525)
Surplus	192	103	157	93	349	144	94	130	1,262
	$ 545	$ 463	$ 496	$ 607	$ 1,669	$ 1,173	$ 578	$ 570	$ 6,101
March 31, 2015									
Opening balance	$ 564	$ 548	$ 568	$ 645	$ 1,850	$ 1,277	$ 620	$ 595	$ 6,667
Dividends paid	(140)	(143)	(174)	(110)	(404)	(162)	(108)	(131)	(1,372)
Surplus	170	98	128	92	295	90	87	109	1,069
	$ 594	$ 503	$ 522	$ 627	$ 1,741	$ 1,205	$ 599	$ 573	$ 6,364

(c) Results of operations (at 50%):

	Revenue	Finance Charges	Operations	Amortization	Total Expense	Surplus
March 31, 2016						
Castle Wood Village	$ 525	$ 138	$ 1	$ 194	$ 333	$ 192
Columbia Village	528	197	-	228	425	103
Crest View Village	559	187	5	210	402	157
Garden View Village	362	123	1	145	269	93
Joseph Creek Village	1,094	318	2	425	745	349
Lake View Village	545	192	1	208	401	144
Mountain Side Village	310	90	1	125	216	94
Rocky Mountain Village	374	103	-	141	244	130
	$ 4,297	$ 1,348	$ 11	$ 1,676	$ 3,035	$ 1,262

(Tabular amounts in thousands)

	Revenue	Finance Charges	Operations	Amortization	Total Expense	Surplus
March 31, 2015						
Castle Wood Village	$ 525	$ 152	$ 6	$ 197	$ 355	$ 170
Columbia Village	528	203	-	227	430	98
Crest View Village	559	205	19	207	431	128
Garden View Village	362	125	1	144	270	92
Joseph Creek Village	1,095	322	70	408	800	295
Lake View Village	545	240	1	214	455	90
Mountain Side Village	310	96	2	125	223	87
Rocky Mountain Village	374	111	14	140	265	109
	$ 4,298	$ 1,454	$ 113	$ 1,662	$ 3,229	$ 1,069

(d) Non-current assets:

The Trust's investment in real estate, comprised of seniors housing facilities, is as follows (at 50%):

	Land	Building and Equipment	2016	2015
Operating facilities	$ 2,728	$ 49,150	$ 51,878	$ 51,497
Less: accumulated amortization	-	(14,029)	(14,029)	(12,359)
	$ 2,728	$ 35,121	$ 37,849	$ 39,138

(e) Current and non-current liabilities:

i. Long-term debt

Long-term debt consists of mortgage loans that are included in current and non-current liabilities of the real estate entities. The purpose of the mortgage loans was to provide financing for the acquisition of land and the construction of seniors housing facilities. These loans have interest rates varying between 3.26% and 5.57% and will mature on different dates between April 2016 and September 2022. The loans are repayable in equal monthly payments of principal and interest, were originally amortized over 25 years and are secured by first charges, both fixed and floating, over the assets of the seniors housing facilities to which they relate.

ii. Indemnities by joint venturers

The joint venturers of the eight real estate investments gave separate indemnities for 50% of the mortgage proceeds totaling $32.2 million.

(f) Contingencies:

In June 2010, the BC Housing Management Commission (BC Housing) provided a government grant to allow for subsidized suites at the Lake View Village, a seniors housing facility located in Nelson, BC. Under this agreement, Lake View Village received a forgivable loan in the amount of $855,000 (the Trust's share is 50%), which was applied directly to the existing mortgage on the property. Under the terms and conditions of the agreement, if the loan is defaulted within the first 10 years, $855,000 is repayable to BC Housing. Thereafter, the forgivable loan amount is reduced by 1/15th per year. As at March 31, 2016, the balance of the forgivable loan was $855,000 (the Trust's share is 50%).

10. INVESTMENT IN WANETA EXPANSION LIMITED PARTNERSHIP

The Waneta Expansion Limited Partnership (WELP) is a partnership between the Trust, through a wholly owned subsidiary of the Trust, CBT Waneta Expansion Power Corp. (16.5% interest), CPC Waneta Holdings Ltd. (32.5% interest), and Fortis Inc. (51% interest). WELP was formed to own and develop the Waneta Expansion Project which is a $900-million hydroelectric development located downstream from the Waneta Dam in Trail, BC. Construction of this 335-megawatt facility commenced October 1, 2010, and was substantially completed on April 2, 2015. The Trust invested a total of $1.4 million in fiscal 2016 in the Waneta Expansion Project (fiscal 2015 -$9.3 million), to bring the Trust's total investment to $109.3 million (fiscal 2015 - $107.9 million).

The Trust received dividends in the amount of $5.7 million in fiscal 2016 from its investment in the Waneta Expansion Limited Partnership.

11. INVESTMENT IN POWER PROJECTS

The Trust's investment in power projects comprises ownership interests in four entities that are jointly controlled with Columbia Power Corporation, a party related through common control by the Province. These investments are accounted for as GBP's.

(a) Arrow Lakes Power Corporation

The Trust's wholly owned subsidiary, CBT Arrow Lakes Power Development Corp., has a 50% ownership interest in Arrow Lakes Power Corporation (ALPC). The purpose of ALPC is to operate the 754-megawatt Arrow Lakes Generating Station adjacent to Hugh Keenleyside Dam at Castlegar, BC, and a 48-kilometre transmission line from the power plant to BC Hydro's Selkirk substation.

(b) Brilliant Power Corporation

The Trust's wholly owned subsidiary, CBT Power Corp., has a 50% ownership interest in Brilliant Power Corporation (BPC). The purpose of BPC is to operate the Brilliant Power Facility and Brilliant Terminal Station. The Brilliant Power Facility comprises Brilliant Dam and Generating Station, located on the Kootenay River three kilometres upstream from the confluence with the Columbia River. The Brilliant Terminal Station is a 230-kilovolt switchyard that interconnects Arrow Lakes Generating Station, Brilliant Expansion and Brilliant Dam and Generating Station to the integrated BC transmission system.

(c) Brilliant Expansion Power Corporation

The Trust's wholly owned subsidiary, CBT Brilliant Expansion Power Corp., has a 50% interest in Brilliant Expansion Power Corporation (BEPC). The purpose of BEPC is to operate Brilliant Expansion, a 120-megawatt power generation development adjacent to Brilliant Dam at Castlegar, BC.

(d) Waneta Expansion Power Corporation

The Trust's wholly owned subsidiary, CBT Energy Inc., has a 42% interest in Waneta Expansion Power Corporation (WEPC). WEPC previously held legal title of assets related to the Waneta Expansion Project. In October 2010, all deferred development costs and expansion rights related to the Waneta Expansion Project were sold to the Waneta Expansion Limited Partnership in exchange for a $72-million non-interest bearing Promissory Note.

(Tabular amounts in thousands)

Condensed supplementary financial information for investment in these four power projects is as follows:

(e) Financial position:

	Current Assets	Property, Plant & Equipment	Lease Receivable	Other Non-Current Assets	Total Assets	Current Liabilities	Non-Current Liabilities	Total Liabilities	Net Assets
March 31, 2016									
ALPC - 50%	$ 14,331	$ 112,710	$ -	$ -	$ 127,041	$ 6,962	$ 172,168	$ 179,130	$ (52,089)
BPC - 50%	7,091	-	157,339	5,378	169,808	7,080	51,421	58,501	111,307
BEPC - 50%	4,768	107,725	-	770	113,263	468	-	468	112,795
WEPC - 42%	-	-	-	31,694	31,694	-	-	-	31,694
	$ 26,190	$ 220,435	$ 157,339	$ 37,842	$ 441,806	$ 14,510	$ 223,589	$ 238,099	$ 203,707
March 31, 2015									
(Recast - Note 3)									
ALPC - 50%	$ 10,765	$ 115,267	$ -	$ 5,464	$ 131,496	$ 5,134	$ 173,774	$ 178,908	$ (47,412)
BPC - 50%	7,273	-	155,530	5,363	168,166	6,233	54,937	61,170	106,996
BEPC - 50%	4,792	110,075	-	903	115,770	815	-	815	114,955
WEPC - 42%	-	-	-	22,362	22,362	-	-	-	22,362
	$ 22,830	$ 225,342	$ 155,530	$ 34,092	$ 437,794	$ 12,182	$ 228,711	$ 240,893	$ 196,901

(f) Investment in power projects:

	ALPC 50%	BPC 50%	BEPC 50%	WEPC 42%	Total
March 31, 2016					
Opening balance	$ (47,412)	$ 106,996	$ 114,955	$ 22,362	$ 196,901
Dividends paid	(8,237)	(6,790)	(13,121)	-	(28,148)
Surplus	3,560	11,101	10,961	9,332	34,954
	$ (52,089)	$ 111,307	$ 112,795	$ 31,694	$ 203,707
March 31, 2015					
(Recast - Note 3)					
Opening balance	$ (41,900)	$ 101,846	$ 118,744	$ 21,168	$ 199,858
Dividends paid	(5,465)	(5,600)	(14,150)	-	(25,215)
Surplus	(47)	10,750	10,361	1,194	22,258
	$ (47,412)	$ 106,996	$ 114,955	$ 22,362	$ 196,901

(g) ALPC negative equity:

In fiscal 2012, ALPC issued $350 million in Series B bonds, due in April 2041. The proceeds of the Series B bond issue were used to pay for the $45.6 million owing on ALPC's Series A bonds, and the net proceeds of $285.6 million were distributed by dividend to the shareholders. The dividend to the shareholders created a deficit in ALPC of $56.1 million. ALPC ended fiscal 2012 with a deficit of $60.3 million after incurring net losses of $4.2 million that year. Total cumulative dividends of $50.1 million and cumulative net surpluses of $6.7 million since fiscal 2012 have increased the deficit in ALPC to $104.2 million at the end of fiscal 2016.

Given that ALPC's negative equity position has been caused by the payment of dividends rather than by net losses, the Trust continues to record its investment in ALPC as a long term financial asset that is recorded on a modified equity basis on the consolidated statement of financial position. The Trust's future share of ALPC's net income will reduce the negative equity balance and the Trust's future share of any additional dividends will increase the negative equity balance. Contracts entered into for the delivery of electricity over the next 30 years are expected to generate sufficient revenue and cash flow to fund on-going operations for the foreseeable future.

(Tabular amounts in thousands)

(h) Results of operations:

	Revenue	Finance Charges	Operations	Amortization	Total Expense	Surplus/ (Deficit)
March 31, 2016						
ALPC - 50%	$ 21,572	$ 9,717	$ 5,619	$ 2,676	$ 18,012	$ 3,560
BPC - 50%	22,025	4,509	6,383	33	10,925	11,100
BEPC - 50%	18,051	10	4,575	2,504	7,089	10,962
WEPC - 42%	9,332	-	-	-	-	9,332
	$ 70,980	$ 14,236	$ 16,577	$ 5,213	$ 36,026	$ 34,954
March 31, 2015						
(Recast - Note 3)						
ALPC - 50%	$ 19,420	$ 9,709	$ 5,878	$ 3,880	$ 19,467	$ (47)
BPC - 50%	21,712	4,751	6,177	34	10,962	10,750
BEPC - 50%	17,669	10	4,794	2,504	7,308	10,361
WEPC - 42%	1,194	-	-	-	-	1,194
	$ 59,995	$ 14,470	$ 16,849	$ 6,418	$ 37,737	$ 22,258

(i) Other non-current assets - WEPC

Other non-current assets for WEPC consist of the following assets:

Promissory Note

WEPC has a non-interest bearing $72 million Promissory Note Receivable from WELP and is due on the fifth anniversary of the commercial operation date of the Waneta Expansion Project. The commercial operation date occurred in 2015, thereby making the Promissory Note's repayment date in 2020, 10 years from the date of issuance. The Promissory Note was discounted using an effective interest rate of 5.5% to reflect a present value at March 31, 2011, of $43 million (the Trust's portion was $18 million). Interest accretes until the Promissory Note is recognized at its face value in 2020. As at March 31, 2016, the Trust's portion of the Promissory Note was $23.6 million (fiscal 2015 - $22.4).

Other Receivables

WEPC has an agreement with WELP that specifies if the aggregate amount of the design-build costs of the Waneta Expansion Project are less than $635.1 million, WELP will pay to WEPC the lesser of a) the amount by which the design-build cost are less than $635.1 million or b) $20 million. At March 31, 2016, management estimated that the expected value of the design-build costs will be $603.5 million and has therefore recorded a $20 million receivable as other income (discounted at 2% to present value of $19.2 million.) Interest will accrete until the receivable is recognized on April 1, 2018. As at March 31, 2016, the Trust's portion of this other income and receivable was $8.1 million.

(Tabular amounts in thousands)

(j) Non-current liabilities:

i. Long-term debt

BPC has long-term debt that consists of the following:

- Series "A" bonds bearing interest at 8.93%; and
- Series "B" bonds bearing interest at 6.86%; and
- Series "C" bonds bearing interest at 5.67%.

The bonds are redeemable in whole or in part at any time before May 31, 2026, at a price equal to the greater of the principal amount then outstanding, or a price calculated to provide a yield to maturity based on the current yield of a matching-duration Government of Canada bond plus 0.30%, 0.31% and 0.23% respectively. The bonds are secured on a limited recourse basis by charges against Brilliant Dam assets and revenues.

ALPC has long-term debt that consists of Series “B” bonds with a coupon rate of 5.52% and is due April 5, 2041. The Series “B” bonds are secured on a limited recourse basis by charges against Arrow Lakes Generating Facility and Transmission assets, related material contracts, licenses, permits, approvals, authorizations and insurance coverage.

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

	2016	2015
ALPC bonds	$ 175,000	$ 175,000
BPC bonds	55,786	59,156
	230,786	234,156
Less: financing costs	(1,903)	(2,075)
Less: current portion of long-term debt	(5,294)	(3,370)
	$ 223,589	$ 228,711

(k) Contingencies

The Trust’s operating and development power project activities are affected by federal, provincial and local government laws and regulations. Under its agreements with its Bondholders, BPC and ALPC have agreed to comply or cause compliance in all material respects with such laws and regulations, as well as to maintain all material franchises. Under current regulations, the venturers are required to meet performance standards to minimize or mitigate the negative impacts of their proposed projects. The impact, if any, of future legislative or regulatory requirements on specific projects and their related deferred costs cannot currently be estimated.

12. LONG-TERM DEBT

The Trust has a term loan which is secured by a collateral mortgage over real estate. The net debt shown on the consolidated statement of financial position is measured at amortized cost and is comprised of the following:

	2016	2015
Demand loan, interest rate 3.27% per annum, maturing November 2016	$ 926	$ 1,002
Deferred finance costs	(1)	(2)
	$ 925	$ 1,000

(Tabular amounts in thousands)

13. DELIVERY OF BENEFITS

Delivery of Benefits refers to activities that the Trust undertakes in the region as it seeks to support the efforts of the people of the Basin to create a legacy of social, economic and environmental well-being in the Basin.

		2016		**2015**
Liabilities, beginning of year	$	27,028	$	22,725
Funds authorized during the year		31,080		20,877
Funds recovered/rescinded		(1,187)		(899)
Funds paid during the year		(25,465)		(15,675)
Liabilities, end of year	$	31,456	$	27,028

Delivery of Benefits obligations are payable to various organizations in the fiscal years ending March 31 as follows:

2017	$	18,585
2018		7,149
2019		5,722
	$	31,456

14. TANGIBLE CAPITAL ASSETS

The Trust's tangible capital assets are as follows:

		Cost		**Accumulated Amortization**		**2016**		**2015**
Land	$	816	$	-	$	816	$	690
Building		4,809		1,804		3,005		2,815
Leasehold improvements		513		489		24		47
Office furniture and equipment		500		442		58		54
Hardware and software		1,593		1,072		521		509
Broadband hardware		2,360		702		1,658		1,183
Fibre optics		1,991		236		1,755		1,490
	$	12,582	$	4,745	$	7,837	$	6,788

Refer to Schedule A for supplementary financial information.

15. GRANT REVENUES

Columbia Basin Broadband Corporation, a wholly owned subsidiary of the Trust, and various Internet Service Providers have entered into a Contribution Agreement with the Government of Canada for the *Connecting Canadians Program*. The *Connecting Canadians Program* aims to extend and/or enhance broadband networks for rural and remote Canadian communities and provide access to high quality broadband services for households to participate in the digital economy.

16. OTHER REVENUES

The Trust received rental revenue of $124,000 (fiscal 2015 - $124,000) from three commercial properties located in Cranbrook, BC. The Trust also received a one-time payment of $868,000 from Columbia Power Corporation to equalize the benefits of eliminating Teck Resources Ltd. residual interest in the Waneta Expansion Project.

(Tabular amounts in thousands)

17. EXPENSES

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

The following table lists the community benefits expensed, funding benefits that were recovered or rescinded, and the allocation of the Trust's administration services and costs to each major initiative area for fiscal 2016.

CBT	Community Benefits	Benefits Recovered/ Rescinded	Administration Allocation	Total Expenses
Broadband initiatives	$ 42	$ -	$ -	$ 42
Community initiatives	18,378	(684)	1,394	19,088
Economic initiatives	1,609	(262)	625	1,972
Investment initiatives	-	-	712	712
Other initiatives	444	(28)	1,470	1,886
Social initiatives	1,330	(2)	533	1,861
Water and Environment initiatives	5,139	(198)	1,001	5,942
Youth initiatives	733	(13)	512	1,232
	27,675	(1,187)	6,247	32,735
CBBC				
Broadband initiatives	3,405	-	-	3,405
Broadband administration	1,649	-	-	1,649
	5,054	-	-	5,054
	$ 32,729	$ (1,187)	$ 6,247	$ 37,789

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

	CBT	CBBC	Total
March 31, 2016			
Amortization	$ 389	$ 357	$ 746
Board and committee expenses	132	3	135
Communications	172	4	176
Corporate travel and meetings	192	29	221
Delivery of Benefits initiatives	26,488	3,405	29,893
Information technology	193	130	323
Network costs	-	427	427
Office and general	667	9	676
Professional fees	260	200	460
Staff remuneration and development	4,242	490	4,732
	$ 32,735	$ 5,054	$ 37,789

(Tabular amounts in thousands)

	CBT	CBBC	Total
March 31, 2015			
Amortization	$ 427	$ 217	$ 644
Board and committee expenses	174	5	179
Communications	164	11	175
Corporate travel and meetings	239	17	256
Delivery of Benefits initiatives	19,818	160	19,978
Information technology	119	56	175
Network costs	-	509	509
Office and general	576	7	583
Professional fees	430	173	603
Staff remuneration and development	3,978	407	4,385
	$ 25,925	$ 1,562	$ 27,487

18. COMMITMENTS

(a) The Trust Office

The Trust has entered into operating lease agreements for two office spaces with terms expiring August 31, 2017 and March 31, 2020. Annual lease commitments are as follows:

2017	$ 90
2018	58
2019	36
2020	36
	$ 220

19. RECOVERIES

The Trust charges Columbia Power Corporation for information technology support services and management services relating to jointly owned power project entities. Columbia Power Corporation also rents a portion of the Columbia Basin building owned by the Trust. These items are classified as recoveries on the statement of operations.

	2016	2015
Information technology systems	$ 150	$ 150
Management/contract services	59	59
Rental expense	159	155
	$ 368	$ 364

20. RELATED PARTY TRANSACTIONS

The Trust is indirectly related through common ownership to all Province of BC ministries, agencies, Crown corporations and public sector organizations that are included in the provincial government reporting entity. All related party transactions are considered to be conducted at arm's length and are consequently recorded at their exchange amounts.

(Tabular amounts in thousands)

The Trust's portion of related party transactions in power projects and Joseph Creek Village are as follows:

(a) Due from and sales to related parties:

	2016		2015	
	Due from related party	Sales to related party	Due from related party	Sales to related party
Columbia Power Corporation	$ 93	$ 666	$ 139	$ 662
Province of BC	1,540	110	1,902	62
BC Hydro	2,286	35,286	1,580	32,727
BEPC	434	713	86	740
Joseph Creek Village	-	-	-	53
	$ 4,353	$ 36,775	$ 3,707	$ 34,244

(b) Due to and purchases from related parties:

	2016		2015	
	Due to related party	Purchases from related party	Due to related party	Purchases from related party
Columbia Power Corporation	$ 602	$ 1,986	$ 183	$ 1,792
Province of BC	48	6,573	51	6,799
BC Hydro	55	804	-	563
BPC	84	713	86	740
Powerex	-	45	-	45
	$ 789	$ 10,121	$ 320	$ 9,939

21. PUBLIC SERVICE PENSION PLAN

The Trust and its employees contribute to the Public Service Pension Plan (PSPP) in accordance with the *Public Sector Pension Plans Act*. The British Columbia Pension Corporation administers the plan, including payment of pension benefits to employees to whom the Act applies. The PSPP is a multi-employer defined benefit pension plan. Under joint trusteeship, the risks and rewards associated with the PSPP's unfunded liability or surplus is shared between the employers and the plan members and will be reflected in future contributions.

The most recent actuarial valuation as at March 31, 2014 indicated that the PSPP is fully funded and is sufficient to pay the current and future lifetime pensions of all members. Contributions to the PSPP by the Trust in fiscal 2016 were $320,000 (fiscal 2015 - $273,000), which represents .05% of the total plan contributions. No provision, other than the Trust's required employer pension contributions, has been made in the accounts of the Trust for this liability. The Trust expects to pay $352,000 for employer contributions in fiscal 2017. The next valuation date for the PSPP is scheduled for March 31, 2017 with results expected in 2018.

22. RISK MANAGEMENT

(a) Credit risk

Credit risk refers to the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Trust extends credit within its commercial loans and investments. To mitigate the Trust's exposure to credit risk, an assessment of the credit worthiness of a borrower is carried out prior to the placement of a commercial loan or investment. The Trust's exposure to credit risk is as indicated by the carrying value of its commercial loans and investments. The maximum exposure to credit risk at March 31 was:

(Tabular amounts in thousands)

		2016		**2015**
Accrued interest and other assets	$	2,142	$	1,056
Commercial loans	$	39,570	$	33,020
Commercial investment	$	2,375	$	2,375

(b) Liquidity risk

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

The maximum exposure to liquidity risk at March 31 was:

		2016		**2015**
Accounts payable and accrued liabilities	$	2,064	$	934
Long-term debt	$	925	$	1,000
Delivery of Benefits liabilities	$	31,456	$	27,028

(c) Market risk

Market risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk.

i. Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Trust realizes all significant revenues and expenses in Canadian dollars and is therefore not significantly exposed to currency fluctuations.

ii. Interest rate risk

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Trust is not exposed to significant interest rate risk for current liabilities due to the short-term nature of its current liabilities. The Trust's short-term investments and commercial loans are subject to variable interest rates. Sensitivity analyses: A change of 100 basis points in the interest rates in short-term investments would increase or decrease revenues by $360,000. A change of 100 basis points in the market rates of commercial loans would increase or decrease revenues by $398,000.

iii. Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial statement or its issuer, or factors affecting all similar financial instruments traded in the market.

As the Trust's market securities portfolio is affected by global market conditions, the maximum exposure to price risk at the reporting date was:

		2016		2015
Market securities	$	51,685	$	52,588

23. BUDGETED FIGURES

Budgeted figures have been provided for comparison purposes and have been derived from the Trust's annual budget approved by the Board of Directors in November 2014.

24. SUBSEQUENT EVENTS

On April 1, 2016, the full principal amount, plus accrued interest of a commercial loan in the Private Placements portfolio was repaid in the amount of $3.4 million.

(Tabular amounts in thousands)

Schedule A: Tangible capital assets supplementary financial information

	Land	Building	Leasehold Improve-ments	Office Furniture and Equipment	Hardware and Software	Broadband Hardware	Fibre Optics	Total
March 31, 2016								
Cost								
Opening balance	$ 690	$ 4,457	$ 513	$ 474	$ 1,498	$ 1,608	$ 1,646	$ 10,886
Additions	193	352	-	26	196	760	345	1,872
Disposals	(67)	-	-	-	(101)	(8)	-	(176)
	816	4,809	513	500	1,593	2,360	1,991	12,582
Accumulated amortization								
Opening balance	-	(1,642)	(466)	(420)	(989)	(425)	(156)	(4,098)
Additions	-	(162)	(23)	(22)	(182)	(277)	(80)	(746)
Disposals	-	-	-	-	99	-	-	99
	-	(1,804)	(489)	(442)	(1,072)	(702)	(236)	(4,745)
	$ 816	$ 3,005	$ 24	$ 58	$ 521	$ 1,658	$ 1,755	$ 7,837

	Land	Building	Leasehold Improve-ments	Office Furniture and Equipment	Hardware and Software	Broadband Hardware	Fibre Optics	Total
March 31, 2015								
Cost								
Opening balance	$ 690	$ 4,445	$ 735	$ 569	$ 1,420	$ 606	$ 1,280	$ 9,745
Additions	-	12	-	29	262	1,002	366	1,671
Disposals	-	-	(222)	(124)	(184)	-	-	(530)
	690	4,457	513	474	1,498	1,608	1,646	10,886
Accumulated amortization								
Opening balance	-	(1,493)	(666)	(527)	(935)	(271)	(92)	(3,984)
Additions	-	(149)	(22)	(17)	(238)	(154)	(64)	(644)
Disposals	-	-	222	124	184	-	-	530
	-	(1,642)	(466)	(420)	(989)	(425)	(156)	(4,098)
	$ 690	$ 2,815	$ 47	$ 54	$ 509	$ 1,183	$ 1,490	$ 6,788