

**BCNET**  
**Financial Statements**  
For the year ended March 31, 2017

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	<b>Contents</b>
<b>Management's Responsibility for Financial Reporting</b>	<b>2</b>
<b>Independent Auditor's Report</b>	<b>3</b>
<b>Financial Statements</b>	
Statement of Financial Position	4
Statement of Operations	5
Statement of Net Debt	6
Statement of Changes in Accumulated Surplus	7
Statement of Cash Flows	8
Notes to Financial Statements	9 - 19

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## Management's Responsibility for Financial Reporting

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

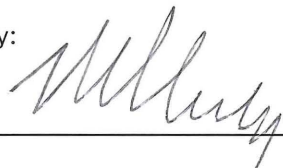
The financial statements include, where appropriate, estimates based on the best judgment of management. Financial and operating data elsewhere in the annual report is consistent with that contained in the accompanying financial statement.

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

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

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

Signed by:



Board Chair



Chief Financial Officer

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## Independent Auditor's Report

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To the Members of BCNET

We have audited the accompanying financial statements of BCNET (the "Corporation"), which comprise the statement of financial position as at March 31, 2017 and the statements of operations, changes in net debt, assets, changes in accumulated surplus and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the 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 Corporation'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 financial statements.

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

### Opinion

In our opinion, the financial statements as at March 31, 2017 and for the year then ended are prepared, in all material respects, in accordance with the accounting requirements of section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

### Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist BCNET to meet the requirements of their members. As a result, the financial statements may not be suitable for another purpose.

*BDO Canada LLP*

Chartered Professional Accountants


Vancouver, British Columbia  
June 22, 2017

**BCNET**  
**Statement of Financial Position**

	March 31 2017	March 31 2016
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	\$ 2,412,699	\$ 3,225,823
Accounts receivable	605,890	520,096
	3,018,589	3,745,919
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	795,901	561,982
Deferred capital contributions (Note 5)	3,951,592	3,808,797
Deferred operating grants (Note 6)	769,175	1,480,074
Deferred revenues (Note 7)	983,051	1,347,969
Debt (Note 4)	237,084	347,944
	6,736,803	7,546,766
<b>NET DEBT</b>	(3,718,214)	(3,800,847)
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses	800,032	514,038
Tangible capital assets (Note 3)	6,559,315	6,838,144
	7,359,347	7,352,182
<b>Accumulated surplus (deficit)</b>	\$ 3,641,133	\$ 3,551,335
Related party transactions (Note 10)		
Commitments (Note 11)		

Approved by:

  
 \_\_\_\_\_ CEO & President

  
 \_\_\_\_\_ Audit & Risk Management Committee Chair

Statement of Operations  
For the year ended March 31

	Budget	2017	2016
<b>Revenues</b>			
Network fees	3,446,702	3,766,429	3,621,438
Network transit	1,051,000	1,202,219	1,035,932
Operating grants	585,469	1,285,899	718,807
Amortization of deferred capital contributions	381,986	307,204	461,634
Shared services	841,080	861,546	608,051
Conference revenue	230,000	302,562	236,311
Other income	77,344	37,923	52,230
	<u>\$ 6,613,581</u>	<u>\$ 7,763,782</u>	<u>\$ 6,734,403</u>
<b>Software pass through services</b>			
Revenues	5,783,951	6,651,279	5,413,627
Expenses	(5,783,951)	(6,651,279)	(5,413,640)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (13)</u>
<b>Expenses</b>			
	(Note 13)		
Network operations	4,644,792	4,824,602	4,633,739
Network transit	669,965	649,869	903,229
Shared services	1,060,240	1,682,955	887,663
Conference	273,534	516,558	344,916
	<u>\$ 6,648,530</u>	<u>\$ 7,673,984</u>	<u>\$ 6,769,547</u>
<b>Annual surplus (deficit)</b>	<u>\$ (34,949)</u>	<u>\$ 89,798</u>	<u>\$ (35,157)</u>

**BCNET**  
**Statement of Net Debt**  
**For the year ended March 31**

	Budget	2017	2016
<b>Annual surplus (deficit)</b>	<b>\$ (34,949)</b>	<b>\$ 89,798</b>	<b>\$ (35,157)</b>
Acquisition of tangible capital assets	(1,482,100)	(840,808)	(562,310)
Amortization of tangible capital assets	1,129,958	1,119,225	1,202,730
Loss on disposal of tangible capital assets	-	412	-
	(352,142)	278,829	640,420
Acquisition net of use of prepaid expenses	-	(285,994)	3,410,913
Changes in net debt for the year	(387,091)	82,633	4,016,176
Net debt, beginning of year	(3,800,847)	(3,800,847)	(7,817,023)
<b>Net debt, end of year</b>	<b>\$ (4,187,938)</b>	<b>\$ (3,718,214)</b>	<b>\$ (3,800,847)</b>

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

	Invested in tangible capital assets (Note 9)	Internally restricted (Note 8)	Unrestricted	Total
<b>Balance, April 1, 2016</b>	\$ 2,681,402	\$ 1,151,464	\$ (281,531)	\$ 3,551,335
Excess (deficiency) of revenue over expenses	(812,021)	-	901,819	89,798
Acquisitions of tangible capital assets (net of grants)	390,397	-	(390,397)	-
Debt Repayment	110,860	-	(110,860)	
<b>Balance, March 31, 2017</b>	<b>\$ 2,370,638</b>	<b>\$ 1,151,464</b>	<b>\$ 119,031</b>	<b>\$ 3,641,133</b>

	Invested in tangible capital assets	Internally Restricted	Unrestricted	Total
<b>Balance, April 1, 2015</b>	\$ 2,778,512	\$ 1,156,464	\$ (348,485)	\$ 3,586,491
Excess (deficiency) of revenue over expenses	(741,096)	(5,000)	710,940	(35,156)
Acquisitions of capital assets (net of grants)	537,951	-	(537,951)	-
Debt repayment	106,035	-	(106,035)	
<b>Balance, March 31, 2016</b>	<b>\$ 2,681,402</b>	<b>\$ 1,151,464</b>	<b>\$ (281,531)</b>	<b>\$ 3,551,335</b>



Statement of Cash Flows  
For the year ended March 31

	2017	2016
<b>Cash flows from operating activities</b>		
Annual surplus (deficit)	89,798	(35,156)
Items not involving cash:		
Amortization of tangible capital assets	1,119,225	1,202,730
Amortization of deferred capital contributions	(307,204)	(461,634)
Loss on disposal of tangible capital assets	412	-
Change in non-cash operating working capital:		
Accounts receivable	(85,795)	3,039,343
Prepaid expenses	(285,994)	3,410,913
Accounts payable and accrued liabilities	233,919	(4,681,602)
Deferred operating grants	(710,899)	1,026,193
Deferred revenue	(364,918)	(2,800,299)
	(311,456)	700,488
<b>Cash flows from financing activities</b>		
Capital contributions received	450,000	-
Debt repayments	(110,860)	(106,035)
	339,140	(106,035)
<b>Cash flows for capital activities</b>		
Purchase of fibre	(450,000)	(58,449)
Purchase of tangible capital assets	(390,808)	(503,861)
	(840,808)	(562,310)
Increase (decrease) in cash and cash equivalents	(813,124)	32,144
Cash and cash equivalents, beginning of year	3,225,823	3,193,679
Cash and cash equivalents, end of year	\$ 2,412,699	\$ 3,225,823
<b>Cash and cash equivalents consists of:</b>		
Cash in Bank	\$ 1,195,574	\$ 2,563,030
Cash equivalents	1,217,125	662,793
	\$ 2,412,699	\$ 3,225,823

## 1. Nature of Operations and Summary of Significant Accounting Policies

### (a) Nature and Purpose of the Organization

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

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

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

### (b) Basis of Accounting

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

The Budget Transparency and Accountability Act requires that the financial statements be prepared in accordance with the set of standards and guidelines that are comprised of generally accepted accounting principles for senior governments in Canada, or if the Treasury Board makes a regulation, the set of standards and guidelines that are comprised of 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 198/2011 requires that restricted contributions received or receivable for acquiring or developing a depreciable tangible capital asset or contributions in the form of a depreciable tangible capital assets are to be deferred and recognized in revenue at the same rate that amortization of the related tangible capital asset is recorded.

The accounting policy requirements under Regulation 198/2011 are significantly different from the requirements of Canadian Public Sector Accounting Standards ("PSAS") which requires government transfers, which 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. As a result, revenue recognized in the Statement of Operations and certain related deferred capital contributions would be recorded differently under Canadian Public Sector Accounting Standards.

### (c) Cash and Cash Equivalents

Cash and cash equivalents are comprised of the amounts held in the Corporation's bank accounts, guaranteed investment certificates, and mutual funds that are readily convertible to cash.

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

(d) Tangible Capital Assets

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

Fibre	10 - 15 years
Leasehold Improvements	2 - 15 years
Other assets	2 - 10 years

The Corporation reviews its tangible capital assets for impairment. An impairment loss is recognized for tangible capital assets whenever events or changes in circumstances indicate a tangible capital asset no longer contributes to the Corporation's ability to provide services. The impairment loss is calculated as the difference between the carrying amount and the residual value. The amount of the writedown is recognized as an impairment loss in net income.

(e) Leased Assets

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

(f) Revenue Recognition

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

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

Revenue from the provision of shared services, network, transit, procurement and installations, is recorded as the services are performed.

Conference revenue is recognized when the conference is executed

"Network transit" is the internet traffic purchased by BCNET from internet providers for use by its clients.

"Network fees" are the dedicated circuits space rented between BCNET clients and the transit exchanges over which network services are delivered.

"Software pass through services" are software services purchased by BCNET on behalf of members, and directly rebilled to the members.

**1. Nature of Operations and Summary of Significant Accounting Policies (continued):****(g) Use of Estimates**

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

**(h) Financial Instruments**

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market are reported at fair value, with any unrealized gains and losses reported in operations. All other financial instruments are recorded at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and capitalized to the financial instrument for those measured at amortized cost.

**2. Conversion of Accounting Standards**

Commencing with the 2017 fiscal year, BCNET has adopted the accounting requirements of the Budget Transparency and Accountability Act (see Note 1(b)). There was no impact from the transition on the accumulated surplus of the corporation; therefore the balances at April 1, 2015 have not been separately disclosed. The comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.

## 3. Tangible Capital Assets

Cost	2016	Additions	Disposals	2017
Leasehold	\$ 221,382	\$ 81,757	\$ -	\$ 303,139
Furniture & equipment	280,741	26,830	-	307,571
Computer hardware	5,335,186	282,221	9,183	5,608,224
Fibre	12,437,464	450,000	-	12,887,464
Fibre Option	608,477	-	-	608,477
<b>Total</b>	<b>\$ 18,883,250</b>	<b>\$ 840,808</b>	<b>\$ 9,183</b>	<b>\$ 19,714,875</b>

Accumulated Amortization	2016	Amortization	Disposals	2017
Leasehold	18,379	55,637	-	74,016
Furniture & equipment	252,033	17,859	-	269,892
Computer hardware	3,882,689	578,716	8,771	4,452,634
Fibre	7,892,005	467,013	-	8,359,018
Fibre Option	-	-	-	-
<b>Total</b>	<b>\$ 12,045,106</b>	<b>\$ 1,119,225</b>	<b>\$ 8,771</b>	<b>\$ 13,155,560</b>

Net Book Value	2016	2017
Leasehold	203,003	229,123
Furniture & equipment	28,708	37,679
Computer hardware	1,452,497	1,155,590
Fibre	4,545,459	4,528,447
Fibre Option	608,477	608,477
<b>Total</b>	<b>\$ 6,838,144</b>	<b>\$ 6,559,315</b>

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

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

In 2014, the Corporation transferred fibre valued at \$2.5 million to a third party in exchange for an IRU to access a portion the fibre transferred; and a fibre option to access an additional 350 strand kilometres of fibre and the commitment to connect specified members to the additional fibre.

The transaction was measured at the fair value of the fibre transferred which approximates the fair value of the assets received. The remaining option cost will be transferred to the fibre account and amortized once the fibre circuits are identified and in use.

## 4. Debt

	<u>2017</u>	<u>2016</u>
Loan advanced from University of Victoria repayable in semi-annual installments of \$62,642 including interest of 4.5% per annum, maturing March 31, 2019 with an option to pay down early without penalty	<u>\$ 237,084</u>	<u>\$ 347,944</u>

The aggregate amount of principal payments required on the above indebtedness is as follows:

2018	\$ 115,905
2019	121,179
	<u>\$ 237,084</u>

## 5. Deferred Capital Contributions

	2016	Received	Amortized to Revenue	2017
Federal	\$ 2,459,785	\$ 225,000	\$ (231,400)	\$ 2,453,385
Provincial	1,349,012	-	(70,180)	1,278,832
Municipal	-	225,000	(5,625)	219,375
	<u>\$ 3,808,797</u>	<u>\$ 450,000</u>	<u>\$ (307,205)</u>	<u>\$ 3,951,592</u>

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

## 6. Deferred Operating Grants

	2016	Received	Amortized to Revenue	2017
Federal	\$ 149,624	20,000	(64,407)	\$ 105,217
Provincial	1,200,000	30,000	(647,092)	582,908
Municipal	130,450	525,000	(574,400)	81,050
<b>Total</b>	<b>\$ 1,480,074</b>	<b>575,000</b>	<b>(1,285,899)</b>	<b>\$ 769,175</b>

The deferred provincial operating grants are restricted for the implementation of a two year procurement services pilot initiative.

## 7. Deferred Revenue

	2016	Received	Spent	2017
CANARIE	\$ 36,350	\$ -	\$ (36,350)	\$ -
Service contracts	653,705	5,069,746	(5,308,529)	414,922
Conferences and member services	622,654	232,778	(299,954)	555,478
Software customization	35,250	163,000	(185,599)	12,651
<b>Total</b>	<b>\$ 1,347,959</b>	<b>\$5,465,524</b>	<b>\$(5,830,432)</b>	<b>\$ 983,051</b>

These funds are restricted for specific purposes and will be recorded as income as expenses are incurred or as the services are provided.

## 8. Internally Restricted Net Assets

On March 31, 2007, an allocation of \$1,000,000 was made by the Board for risk contingencies and future network enhancements. In 2015, the Board approved the transfer of an additional \$200,000 into the fund. To date, \$250,121 (2016 - \$250,121) of the internally restricted funds have been used on approved expenditures, of which, \$201,585 (2016 - \$201,585) has subsequently been recovered.

## 9. Invested in Tangible Capital Assets

The Corporation's investment in tangible capital assets is funded either through grants received from CANARIE, the Ministry of Advanced Education, debt or internally from surpluses generated by the Corporation. The unamortized balance of those assets that are funded internally is segregated to reflect the funds committed and their future amortization expense.

Investment in capital assets not funded by grants are calculated as follows

	2017	2016
Capital Assets	\$ 6,559,315	\$ 6,838,144
Amounts financed by:		
Unamortized deferred capital contributions	(3,951,592)	(3,808,797)
Debt	(237,084)	(347,944)
	<b>\$ 2,370,638</b>	<b>\$ 2,681,403</b>

Annual surplus (deficit)

	2017	2016
Amortization of deferred capital contributions	\$ 307,204	\$ 461,634
Less: amortization of tangible capital assets	(1,119,225)	(1,202,730)
	<b>\$ (812,021)</b>	<b>\$ (741,096)</b>

Net change in investment in tangible capital assets

	2017	2016
Tangible capital asset additions	\$ 840,397	\$ 537,951
Deferred capital contributions received	(450,000)	-
	<b>\$ 390,397</b>	<b>\$ 537,951</b>



## 10. Related Party Transactions

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

	2017	2016
Revenue	\$ 12,481,473	\$ 9,274,412
Fees paid to members	\$ 1,996,781	\$ 1,524,270

On April 1, 2009 the Corporation received a term loan from a member. In the current year term loan principal and interest payments totaling \$125,284 (2016 - \$125,284) were made to a member (Note 4).

As at March 31, 2017, the Corporation had balances due to and from members as follows:

	2017	2016
Receivable from members	\$ 446,085	\$ 177,200
Payable to members	\$ 171,249	\$ 166,066

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

## 11. Commitments

The Corporation has commitments for fibre contracts, software licensing and rent that extend to June 2026.

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

2018	1,049,501
2019	802,335
2020	371,385
2021	274,665
Thereafter	1,219,059
	<u>\$ 3,716,945</u>

**12. Pension Plan**

The employer and its employees contribute to the Municipal Pension Plan (a jointly trusteed pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2015, the plan has about 189,000 active members and approximately 85,000 retired members. Active members include approximately 37,000 contributors from local governments.

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

The most recent valuation for the Municipal Pension Plan as at December 31, 2015, indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis.

BCNET paid \$108,659 (2016 - \$49,821) for employer contributions while employees contributed \$87,455 (2016 - \$40,069) to the plan in fiscal 2017.

The next valuation will be as at December 31, 2018, with results available in 2019.

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

**13. Expenses by Object**

	Budget	2017	2016
Cost of services	\$2,423,367	\$3,131,110	\$2,566,205
Staffing	2,489,558	2,774,529	2,464,423
Amortization	1,129,958	1,119,225	1,202,730
Other	605,647	649,120	536,189
	<u>\$6,648,530</u>	<u>\$7,673,984</u>	<u>\$6,769,547</u>

#### 14. Financial Instrument Risk

##### Credit risk

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

##### Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Corporation is exposed to foreign exchange risk through its transactions with U.S. entities. The Corporation limits its exposure to foreign exchange risk by entering into forward derivative contracts on all significant purchases made in U.S. dollars and arranging to rebill most costs to members at equivalent exchange rates.

##### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rates and terms of cash and cash equivalents and debt are as disclosed in Note 4.

##### Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its obligations as they fall due. The Corporation maintains adequate levels of working capital to ensure all its obligations can be met when they fall due.

#### 15. Segmented Information

BCNET provides a variety of services to its members. Distinguishable functional segments have been separately disclosed in the segmented information. The segments and the services they provide are as follows:

##### **Network operations**

The BCNET Advanced Network provides BCNET members with a private, dedicated, ultra-high-speed, fibre optic infrastructure at speeds of up to 100 gigabits per second. The Advanced Network extends over 8,850 kilometers and directly connects 106 colleges, institutes, research universities, federal and provincial labs and research institution sites in British Columbia. The Advanced Network service provides research and higher education institutions with complete access to provincial, national and international advanced research networks. Our Transit Exchange service offers network peering to help reduce network costs and improve internet performance. A cloud-based virtual router service helps reduce equipment, operating, and facility costs.

##### **Network transit**

BCNET Internet Transit Service offers multi-homed, highly reliable and cost-effective commercial internet service. BCNET buys internet service in bulk from commercial vendors by aggregating transit usage of participants to acquire economies of scale and significant savings for its members.

15. Segmented Information (continued):

**Shared Services**

BCNET facilitates the development of collaborative and innovative technology solutions to support the delivery of education and research. The services we purchase and deliver to our members include: Data-Safe, EduCloud, Kaltura, Moodle, Digital Signage, Desire2Learn and Video Conferencing.

**Conference**

The BCNET Conference is a large higher education IT conference in Canada with over 700 delegates.