



Transportation
Investment Corporation

Statement of Financial Information

Transportation Investment Corporation

Year Ended March 31, 2018

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Financial Information Act Return

Year Ended March 31, 2018

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A. AUDITED FINANCIAL STATEMENTS

At March 31, 2018



May 23, 2018

Statement of Management Responsibility
Year ended March 31, 2018

The financial statements of Transportation Investment Corporation have been prepared by management in accordance with Canadian Public Sector Accounting Standards as modified by Treasury Board and include certain estimates that reflect management's best judgments.

Management is responsible for the preparation of the financial statements and has established a system of internal control to provide reasonable assurance that assets are safeguarded, transactions are properly authorized, and financial records provide reliable information for the preparation of financial statements.

The Corporation's Board of Directors is responsible for the review and approval of the financial statements and meets with management and the external auditor to discuss the results of the audit examination and financial reporting matters. The external auditor has full access to the Board with and without the presence of management.

The Auditor General of British Columbia has performed an independent audit of the financial statements. The Auditor's report outlines the scope of his examination and expresses an opinion on the financial statements of the Transportation Investment Corporation.

Yours truly,

Irene Kerr
Chief Executive Officer

Mario Piscitelli
Executive Director, Finance and CFO



INDEPENDENT AUDITOR'S REPORT

*To the Board of Directors of the Transportation Investment Corporation, and
To the Minister of Transportation and Infrastructure, Province of British Columbia*

I have audited the accompanying financial statements of the *Transportation Investment Corporation* (“the entity”), which comprise the statement of financial position as at March 31, 2018, March 31, 2017 and April 1, 2016 and the statements of operations, remeasurement gains and losses, change in net assets (debt) and cash flow for the years then ended March 31, 2018 and March 31, 2017, 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 Canadian Public Sector Accounting Standards, 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

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

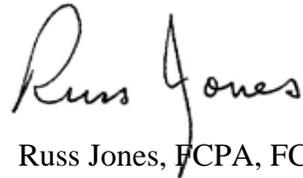
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or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

In my view, the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Transportation Investment Corporation as at March 31, 2018, March 31, 2017 and April 1, 2016, and the results of its operations, changes in its net assets (debt), remeasurement gains and losses, and its cash flows for the years then ended March 31, 2018 and March 31, 2017 in accordance with Canadian Public Sector Accounting Standards.

Victoria, British Columbia
May 25, 2018



Russ Jones, FCPA, FCA
Deputy Auditor General



Transportation Investment Corporation

Statement of Financial Position

For the year ended March 31, 2018

(in \$000's)

	Notes	31-Mar-18	31-Mar-17 <i>(Restated - Note 2)</i>	1-Apr-16 <i>(Restated - Note 2)</i>
Financial assets				
Cash		\$ 41,375	\$ 9,788	\$ 12,471
Accounts receivable	4	11,881	38,523	35,904
Due from government/other government organizations	5	2,217	-	117
Restricted assets	6	1,500	1,500	1,500
		<u>56,973</u>	<u>49,811</u>	<u>49,992</u>
Liabilities				
Debt	7	-	3,599,705	3,577,605
Accounts payable & accrued liabilities	8	12,595	18,154	7,023
Due to government/other government organizations	9	12,101	55,170	44,319
Deferred revenue	10	-	3,006	2,582
		<u>24,696</u>	<u>3,676,035</u>	<u>3,631,529</u>
Net financial assets (debt)		<u>32,277</u>	<u>(3,626,224)</u>	<u>(3,581,537)</u>
Non-financial assets				
Tangible capital assets	11	2,962,204	3,022,793	3,043,847
Prepaid expenses	12	133,540	129,067	122,971
		<u>3,095,744</u>	<u>3,151,860</u>	<u>3,166,818</u>
Accumulated surplus (deficit)		<u>\$3,128,021</u>	<u>\$ (474,364)</u>	<u>\$ (414,719)</u>
Accumulated surplus (deficit) is comprised of:				
Accumulated operating surplus/(deficit)		3,128,023	(325,192)	(242,132)
Accumulated remeasurement gains/(losses)		(2)	(149,172)	(172,587)
		<u>\$3,128,021</u>	<u>\$ (474,364)</u>	<u>\$ (414,719)</u>
Contractual obligations	16			
Contingent assets	20			
Contingent liabilities	21			

Approved on behalf of the Board of Directors on May 23rd, 2018



Don Fairbairn, Chair



Irene Kerr, Director

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

Transportation Investment Corporation

Statement of Operations

For the year ended March 31, 2018

(In \$000's)

	Note	Budget	31-Mar-18	31-Mar-17
		<i>(Note 18)</i>		<i>(Restated - Note 2)</i>
Revenues				
Government transfers	14	\$ 47,000	\$ 9,043	\$ -
Operating	13	65,000	67,983	150,728
Other		-	753	583
		<u>112,000</u>	<u>77,779</u>	<u>151,311</u>
Expenses				
Tolling operations	17	22,000	14,801	18,874
Highway and bridge operations		129,000	118,414	206,866
Finance and management services		13,000	11,907	6,530
		<u>164,000</u>	<u>145,122</u>	<u>232,270</u>
Annual operating surplus (deficit) before other items		(52,000)	(67,343)	(80,959)
Other items				
Gain on debt extinguishment	14	3,699,000	3,700,690	-
Loss on hedging instruments	2	-	(149,172)	-
Write-offs of tangible capital assets	11	(52,000)	(30,960)	-
Annual surplus (deficit) after other items		<u>\$3,595,000</u>	<u>\$ 3,453,215</u>	<u>\$ (80,959)</u>
Accumulated surplus/(deficit) at beginning of year				
Related party equity adjustment	2	(325,192)	(325,192)	(242,132)
		-	-	(2,101)
Accumulated surplus/(deficit) at end of year		<u>\$3,269,808</u>	<u>\$ 3,128,023</u>	<u>\$ (325,192)</u>

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

Transportation Investment Corporation

Statement of Remeasurement Gains and Losses

For the year ended March 31, 2018

(In \$000's)

	31-Mar-18	31-Mar-17
Accumulated remeasurement gains (losses) beginning of year	\$ (149,172)	\$ (172,587)
Unrealized gains (losses) attributable to:		
Foreign exchange	(2)	-
Amounts reclassified to the Statement of Operations:		
Realized (gains) losses on hedging instruments	149,172	23,415
Accumulated remeasurement gains (losses) end of year	<u>\$ (2)</u>	<u>\$ (149,172)</u>

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

Transportation Investment Corporation
Statement of Change in Net Assets (Debt)
For the year ended March 31, 2018
(In \$000's)

	Budget	31-Mar-18	31-Mar-17
	(Note 18)		
Annual surplus (deficit)	<u>\$3,595,000</u>	<u>\$3,453,215</u>	<u>\$ (80,959)</u>
Effect of change in tangible capital assets:			
(Acquisition)/disposal of tangible capital assets	(56,000)	(26,936)	(30,722)
Amortization of tangible capital assets	50,300	56,687	51,883
(Gain)/loss on sale of tangible capital assets	-	(8)	-
Write-downs on tangible capital assets	52,000	30,960	-
Capitalized interest	-	(114)	(107)
	<u>46,300</u>	<u>60,589</u>	<u>21,054</u>
Effect of change in prepaid expense			
Acquisition of prepaid expense	(7,000)	(11,093)	(9,443)
Use of prepaid expense	1,700	6,620	3,347
	<u>(5,300)</u>	<u>(4,473)</u>	<u>(6,096)</u>
Effects of related party equity adjustment	-	-	(2,101)
Effects of remeasurement (gains)/losses for the year	-	149,170	23,415
	<u>-</u>	<u>149,170</u>	<u>23,415</u>
(Increase) decrease in net assets (debt)	<u>\$3,636,000</u>	<u>\$3,658,501</u>	<u>\$ (44,687)</u>
Net assets (debt) at beginning of year	<u>(3,626,224)</u>	<u>(3,626,224)</u>	<u>(3,581,537)</u>
Net assets (debt) at end of year	<u>\$ 9,776</u>	<u>\$ 32,277</u>	<u>\$ (3,626,224)</u>

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

Transportation Investment Corporation

Statement of Cash Flow

For the year ended March 31, 2018

(In \$000's)

	31-Mar-18	31-Mar-17
		<i>(Restated - Note 2)</i>
Operating transactions		
Annual surplus (deficit)	\$3,453,215	\$ (80,959)
Items not affecting cash:		
(Gain)/loss on sale of tangible capital asset	(8)	-
Amortization expense	56,687	51,883
Amortization of debt premium, discount and issue costs	142,209	4,121
(Gain)/loss on debt extinguishment	(3,700,690)	-
Bad debt expense	5,073	(805)
Write off of assets	30,960	-
Changes in operating working capital:		
Decrease (increase) in trade and other receivables	21,558	(1,814)
Decrease (increase) in due from government and government organizations	(2,217)	117
Decrease (increase) in prepaids and deposits	(5,016)	(6,096)
Increase (decrease) in accounts payable and accrued liabilities	(5,559)	11,131
Increase (decrease) in due to government and government organizations	(43,069)	10,851
Increase (decrease) in deferred revenue	(3,006)	424
Cash provided by (applied to) operating transactions	<u>(49,863)</u>	<u>(11,147)</u>
Capital transactions		
Proceeds on sale of tangible capital assets	17	-
Cash used to acquire tangible capital assets	(26,401)	(30,722)
Cash provided by (applied to) capital transactions	<u>(26,384)</u>	<u>(30,722)</u>
Financing transactions		
Debt issues	738,021	2,289,800
Debt repayment	(630,187)	(2,250,614)
Cash provided by (applied to) financing transactions	<u>107,834</u>	<u>39,186</u>
(Decrease) / Increase in cash	31,587	(2,683)
Cash at beginning of year	11,288	13,971
Cash at end of year	<u>\$ 42,875</u>	<u>\$ 11,288</u>
Cash consists of:		
Cash in bank	41,375	9,788
Restricted cash	1,500	1,500
	<u>\$ 42,875</u>	<u>\$ 11,288</u>
Supplemental disclosure of cash flow information:		
Interest Paid	96,909	137,825

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

Transportation Investment Corporation

Notes to the Financial Statements

For the year ended March 31, 2018

1. NATURE OF OPERATIONS

The Transportation Investment Corporation (“TI Corp” or “the Corporation”) is a Crown Corporation wholly owned by the Province of British Columbia.

TI Corp was established on June 25, 2008, under the *Transportation Investment Act (SBC 2002)*. TI Corp’s mandate was to invest in infrastructure and recover costs through tolling. The Corporation may also engage in or conduct business authorized by the Lieutenant Governor in Council.

TI Corp’s first infrastructure project was the Port Mann/Highway 1 Improvement (“PMH1”) Project. TI Corp undertook the Project’s design, building and operations, as well as tolling maintenance and rehabilitation. TI Corp operates under a Concession Agreement (“CA”), which outlines the terms and conditions of the Project. The CA was signed by authorized representatives of TI Corp, the BC Transportation Financing Authority (“BCTFA”) and the BC Ministry of Transportation and Infrastructure (“Ministry”) on March 10, 2010 and was amended on August 24, 2017.

TI Corp’s second infrastructure project was the George Massey Tunnel Replacement Project (“GMTRP”). TI Corp’s responsibilities for this project included procurement and construction of the GMTRP, the decommissioning of the existing George Massey Tunnel and the operations of the new bridge.

On August 26, 2017, the Premier of British Columbia announced that tolls are no longer to be applied on the Port Mann Bridge effective September 1, 2017. Tolls incurred up to midnight on August 31, 2017 were still required to be paid by customers. On the same day that tolls are no longer applied, TI Corp’s outstanding debt was extinguished by the Province.

On September 6, 2017, the Minister of Transportation announced that construction and all other work related to the GMTRP would be halted and that the Ministry of Transportation would commission an independent technical review to determine the best solution to the safety and congestion issues of the George Massey Tunnel. The report is expected to be released in spring 2018.

TI Corp has been classified as a Government Business Enterprise (“GBE”). As a GBE, TI Corp has been required to apply International Financial Reporting Standards (“IFRS”). On September 1, 2017, when tolls were removed, TI Corp became a taxpayer-supported Crown corporation which changed its classification and consequently changed its reporting framework as outlined in Note 2 below.

TI Corp is exempt from income taxes under the *Income Tax Act*.

2. ADOPTION OF NEW FINANCIAL REPORTING FRAMEWORK

TI Corp must adopt Public Sector Accounting Standards (“PSAS”) as modified by applicable regulations per the requirements in Section 23.1 (1) of the *Budget Transparency and Accountability Act*.

Effective April 1, 2017, the Corporation adopted the Public Sector Accounting Standards (PSAS) as modified by Treasury Board Regulation 198/2011 – Restricted Contributions Regulation. These are the Corporation’s first financial statements prepared in accordance with this framework and the transition provisions of Section 2125 – *First-time adoption by government organizations* (“PS 2125”) have been applied. The Corporation has prepared

Transportation Investment Corporation

Notes to the Financial Statements

For the year ended March 31, 2018

2. ADOPTION OF NEW FINANCIAL REPORTING FRAMEWORK (CONTINUED)

and presented an opening Statement of Financial Position as at the date of transition (April 1, 2016) under the new standards.

In accordance with the requirements of Section PS 2125, the accounting policies set in Note 3 have been consistently applied (except for the new standards on financial instruments disclosed below) to all years presented. Adjustments resulting from the adoption of the new standards have been applied retrospectively. Exemptions have been excluded and mandatory exceptions available under PS 2125 have been applied.

As at April 1, 2017, the Corporation adopted Public Sector Accounting Handbook Section PS 2601 “Foreign Currency Translation”, PS 3450 “Financial Instruments”, and the amendments to PS 1201 “Financial Statement Presentation” as a result of issuance of PS 2601 and PS 3450. The transitional provisions for PS 2601 and PS 3450 states that when a government organization applies these sections in the same year it adopts Public Sector Accounting Standards for the first time, that these sections cannot be applied retroactively. Comparative amounts are presented in accordance with the accounting policies applied by the government organization immediately preceding the adoption of PSAS. Consequently, unrealized gains and losses reported in the opening Statement of Financial Position will continue to be reported in the opening accumulated deficit balance. The amendments to PS 1201 applies in the period in which PS 2601 and PS 3450 are adopted.

The amendments to PS 1201 resulted in the Corporation disclosing a Statement of Remeasurement Gains and Losses and a requirement to separately disclose capital activities on the Statement of Cash Flows. PS 3450 provides guidance for recognition, measurement and disclosure of financial instruments.

In accordance with the transitional provision in PSAS, the Corporation has adopted the changes, subject to certain exemptions and mandatory exceptions available under these standards. The following exemption and exception were used at the date of transition to the new framework:

Mandatory exception

The estimates made by the Corporation under IFRS were not revised for the application of the new standards except where necessary to reflect any difference in accounting policy or where there was objective evidence that those estimates were in error. As a result the Corporation has not used hindsight to revise the estimates.

Optional exemption

The Corporation has elected to not reassess write-downs of tangible capital assets that were incurred prior to the date of transition to PSAS. The assessment of conditions for the write-down of tangible capital assets has been applied on a prospective basis from the date of transition.

Related Party Equity Adjustment

In fiscal 2017, due to a financial instrument transaction, a \$2.1 million equity adjustment was made with a related party under common control. There was no similar transaction in fiscal 2018.

Conversion to Public Sector Accounting Standards

The impacts on the adoption of the transitional provisions and the new standard are as follows:

Under IFRS, unrealized changes in the fair value of financial instruments (e.g., cash) were recognized directly into the Statement of Operations; whereas, the new standard recognizes unrealized changes in fair value in the

Transportation Investment Corporation

Notes to the Financial Statements

For the year ended March 31, 2018

2. ADOPTION OF NEW FINANCIAL REPORTING FRAMEWORK (CONTINUED)

Statement of Remeasurement Gains and Losses. Due to the transitional provision, the Statement of Remeasurement Gains and Losses is only applied prospectively for changes in fair value starting on April 1, 2017. Hedge accounting under IFRS, was applied to derivatives that were designated as cash flow hedges. In a cash flow hedge relationship, the portion of gains or losses on the hedging item that is determined to be effective is recognized in Other Comprehensive Loss, while the ineffective portion is recorded in the Statement of Operations. The amounts recognized in Other Comprehensive Loss are reclassified to the Statement of Operations when the hedged item affects net loss; i.e., in the same manner as the repayments on the long-term debt was made. Due to the transitional provision which prevents retroactive application, this policy continued to apply to the Corporation until March 31, 2017. As Other Comprehensive Loss does not exist under the new standards, for fiscal 2017, the balance of Other Comprehensive Loss and any reclassifications made to the Statement of Operations were recorded in the Statement of Remeasurement Gains and Losses.

On April 1, 2017, the Corporation's old policies related to hedge accounting no longer applied to the Statement of Remeasurement Gains and Losses. As such the beginning balance in the Statement of Remeasurement Gains and Losses was fully reclassified into the Statement of Operations. This is because the Corporation completed all of its hedging relationships by fiscal 2014 and any hedge losses, under PSAS, would have been realized prior to April 1, 2017.

Applying IFRS, the Corporation issued financial statements for year end March 31, 2017. The adoption of the new standards resulted in adjustments to previously reported liabilities, net assets and excess of revenues over expenses. An explanation of how the transition from IFRS to the new standards has affected the Corporation's financial position, operations and changes in net assets is set out in the notes and tables below.

a) Statement of Financial Position

IFRS Presentation	PSAS Presentation	Balance as previously reported at March 31, 2017	PSAS Adjustment (i)	Reclassification (ii)	Balance as adjusted at March 31, 2017
Prepays and deposits	Prepaid expenses	662	128,405	-	129,067
Property, plant and equipment, net	Tangible capital assets	3,021,194	-	1,599	3,022,793
Intangible assets, net	Prepaid expenses	128,405	(128,405)	-	-
Investment property, net	Tangible capital assets	1,599	-	(1,599)	-
Provision	Due to government/other government orgs	9,500	-	(9,500)	-
Payables and accrued liabilities	Accounts payable & accrued liabilities	63,824	-	(45,670)	18,154
Payables and accrued liabilities	Due to government/other government orgs	-	-	55,170	55,170
Share capital and contributed surplus	Accumulated surplus (deficit)	150,000	-	(150,000)	-
Deficit	Accumulated surplus (deficit)	(475,192)	-	150,000	(325,192)

(i) Unlike IFRS, there is no specific intangible asset standard under PSAS. Intangible assets consist of land rights prepaid to the BC Transportation Financing Authority and are related to the PMH1 and GMTRP. These land rights meet the definition of a prepaid expense under PSAS and has been reclassified.

(ii) To conform to PSAS financial statement presentation, assets, liabilities and accumulated surplus (deficit) were reclassified as shown.

Transportation Investment Corporation

Notes to the Financial Statements

For the year ended March 31, 2018

2. ADOPTION OF NEW FINANCIAL REPORTING FRAMEWORK (CONTINUED)

a) Statement of Financial Position (continued)

IFRS Presentation	PSAS Presentation	Balance as previously reported at April 1, 2016	PSAS Adjustment (i)	Reclassification (ii)	Balance as adjusted at April 1, 2016
Trade and other receivables	Due from government/other government orgs	-	-	117	117
Trade and other receivables	Accounts receivable	36,021	-	(117)	35,904
Prepays and deposits	Prepaid expenses	279	122,692	-	122,971
Property, plant and equipment, net	Tangible capital assets	3,042,246	-	1,601	3,043,847
Intangible assets, net	Prepaid expenses	122,692	(122,692)	-	-
Investment property, net	Tangible capital assets	1,601	-	(1,601)	-
Payables and accrued liabilities	Accounts payable & accrued liabilities	51,342	-	(44,319)	7,023
Payables and accrued liabilities	Due to government/other government orgs	-	-	44,319	44,319
Share capital and contributed surplus	Accumulated surplus (deficit)	150,000	-	(150,000)	-
Deficit	Accumulated surplus (deficit)	(392,132)	-	150,000	(242,132)

(i) Unlike IFRS, there is no specific intangible asset standard under PSAS. Intangible assets which consists of land rights prepaid to the BC Transportation Financing Authority and are related to the PMH1 and GMTRP. These land rights meet the definition of a prepaid expense under PSAS and has been reclassified.

(ii) To conform to PSAS financial statement presentation, assets, liabilities and accumulated surplus (deficit) were reclassified as shown.

b) Statement of Operations

IFRS Presentation	PSAS Presentation	Balance as previously reported at March 31, 2017	PSAS Adjustment	Reclassification (i)	Balance as adjusted at March 31, 2017
Tolling Operations	Tolling operations	14,286	-	4,588	18,874
Highway Operations	Highway and bridge operations	19,059	-	187,807	206,866
Finance & Management Services	Finance and management services	5,926	-	604	6,530
Borrowing costs	(Reallocated to major functions)	139,495	-	(139,495)	-
Depreciation and amortization	(Reallocated to major functions)	53,504	-	(53,504)	-

(i) To conform to PSAS financial statement presentation, expenses were reclassified as shown.

Transportation Investment Corporation

Notes to the Financial Statements

For the year ended March 31, 2018

2. ADOPTION OF NEW FINANCIAL REPORTING FRAMEWORK (CONTINUED)

c) Statement of Cash Flows

IFRS Presentation	PSAS Presentation	Balance as previously reported at March 31, 2017	PSAS Adjustment (i)	Reclassification (ii)	Balance as adjusted at March 31, 2017
Depreciation and amortization	Amortization expense	53,504	(1,621)	-	51,883
Borrowing Costs	Amortization of debt premium, discount and issue costs	139,495	-	(135,374)	4,121
Decrease (increase) in trade and other receivables	Decrease (increase) in due from government and government organizations	-	-	117	117
Decrease (increase) in trade and other receivables	Decrease (increase) in trade and other receivables	(2,502)	-	688	(1,814)
Decrease (increase) in trade and other receivables	Bad debt expense	-	-	(805)	(805)
Increase (Decrease) in payables and accrued liabilities	Decrease (increase) in due to government and government organizations	-	-	10,851	10,851
Increase (Decrease) in payables and accrued liabilities	Increase (Decrease) in accounts payable and accrued liabilities	947	-	10,184	11,131
Increase (Decrease) in provision	Increase (Decrease) in accounts payable and accrued liabilities	9,500	-	(9,500)	-
Net proceeds from (Net repayment of) short-term debt	Allocated between Debt issues and Debt repayment	(304,422)	-	304,422	-
Proceeds from long-term debt	Debt issues	695,485	-	1,594,315	2,289,800
Repayment of long-term debt	Debt repayment	(351,877)	-	(1,898,737)	(2,250,614)
Interest paid on short-term debt	Increase (Decrease) in accounts payable and accrued liabilities	(4,196)	-	4,196	-
Interest paid on long-term debt	Increase (Decrease) in accounts payable and accrued liabilities	(130,007)	-	130,007	-
Intangible assets additions	Decrease (increase) in prepaids and deposits	(7,334)	7,334	-	-
Decrease (increase) in prepaids and deposits	Decrease (increase) in prepaids and deposits	(383)	(5,713)	-	(6,096)
Property, plant and equipment additions	Cash used to acquire tangible capital assets	(30,829)	-	107	(30,722)
Interest capitalized during construction	Cash used to acquire tangible capital assets	107	-	(107)	-
Changes in investing working capital	Cash used to acquire tangible capital assets	10,364	-	(10,364)	-

(i) The adjustments related to amortization and intangible assets are related to land rights. Under IFRS, land rights were recognized as intangible assets and under PSAS, they are recognized as a prepaid expense.

(ii) To conform to PSAS financial statement presentation, cash flows were reclassified as shown.

Transportation Investment Corporation

Notes to the Financial Statements

For the year ended March 31, 2018

3. 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 TI Corp to prepare financial statements in accordance with Public Sector Accounting Standards except with regards to accounting for government transfers as set out in Note 3(b).

In November 2011, Treasury Board provided a directive through Restricted Contributions Regulation 198/2011. This provided direction for the reporting of restricted contributions whether they are received or receivable by TI Corp before or after this regulation was in effect.

b) *Revenue Recognition*

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis.

Revenues related to tolls are for the use of the Port Mann Bridge, and its associated account processing and maintenance fees. The recognition of tolling revenue in the Statement of Operations occurs when all of the following conditions have been satisfied:

- i) the item has an appropriate basis of measurement, and a reasonable estimate can be made of the amount involved; and
- ii) for an item that involves obtaining or giving up future economic benefits, it is expected that such benefits will be obtained or given up.

Accordingly, tolling revenue is recognized for each vehicle crossing over the Port Mann Bridge provided it satisfies the above recognition requirements. The timing of recognition is determined when reliable customer information is made available.

Treasury Board Regulation 198/2011, requires non-capital government transfers be deferred and recognized into revenue in the fiscal year in which the restriction on the contribution is met. The Treasury Board Regulation 198/2011 differs from Public Sector Accounting Standards in that it requires government transfers be deferred, regardless of whether they contain stipulations that meets the definition of a liability.

Contributions received, where the eligibility criteria have been met, are recognized into revenue immediately. This is the case, except with government transfers subject to restrictions from legislation or contractual stipulations. In these cases, revenue is recognized as follows:

- non-capital contributions are recorded as deferred revenue and recognized as revenue in the year that related expenses are incurred; and
- capital contributions for tangible capital asset acquisitions are recorded as deferred capital revenue and recognized into revenue in the same basis as the amortization of the related asset.

Transportation Investment Corporation

Notes to the Financial Statements

For the year ended March 31, 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) *Expenses*

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year are expensed.

d) *Impairment of Receivables*

At the end of each reporting period, the Corporation uses objective evidence, such as an aging analysis, to determine the best estimate of any impairment associated with receivables. Impairment losses on receivables are recorded in the Statement of Operations and adjusted in subsequent periods if the amount of the impairment changes.

e) *Tangible Capital Assets*

Tangible capital assets are recorded at cost less accumulated amortization, provided that the overall capitalized project cost is greater or equal to \$10,000.

For assets that are made available for use, amortization charges commence when the asset can operate in the manner intended by management using methods and rates determined to amortize the cost of the tangible capital assets over their estimated useful lives. The methods and rates are reviewed, and adjusted if necessary, on an annual basis, with the effects of any changes in estimates being accounted for on a prospective basis. Effective September 1st, 2017, due to the cessation of tolling, TI Corp changed its amortization method from the units of production method to the straight line method for assets related to Highway and Bridge Infrastructure.

The amortization method and useful lives for each asset class are as follows:

Asset	Amortization Method	Useful Lives (in years)
Highway Infrastructure	Units of Production ⁽ⁱ⁾ /Straight Line	10 to 77
Bridge Infrastructure	Units of Production ⁽ⁱ⁾ /Straight Line	25 to 77
Tolling and Traffic Systems	Straight Line	8 to 40
Office and Leasehold Assets	Straight Line	3 to 10
Investment Property	Straight Line ⁽ⁱⁱ⁾	50

(i) The units of production amortization method is based on the number of vehicles that cross the bridge during the fiscal year, relative to the forecasted traffic over the life of the asset.

(ii) Amortization does not include any land.

An item of a tangible capital asset is written-down when it can no longer contribute to the Corporation's ability to provide goods and services, or when the value of the future economic benefits associated with the asset is less than its net book value. Any gains or losses arising from the write-down is calculated as the difference between the net disposal proceeds and the carrying value of the item and is included in the Statement of Operations in the year it is incurred.

Borrowing costs that are directly attributable to the acquisition or construction of tangible capital assets, such as interest expense, are added to the cost of those assets, until the assets are made available for use.

Intangible assets, and items inherited by right of the Crown, such as Crown lands, forests, water and mineral resources, are not recognized as assets in the financial statements.

Transportation Investment Corporation

Notes to the Financial Statements

For the year ended March 31, 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) *Prepaid Expenses*

Prepaid expenses are mainly comprised of land rights, which are recorded at cost. Prepaids are expensed as the economic benefits are being used, which is on a straight-line basis over the life of the agreement. In the case of the land rights, they are expensed evenly to the end date of the CA, March 14, 2090.

g) *Pension Benefits*

Pension benefits for employees of the Corporation are provided through the BC Public Service Pension Plan, which is a multi-employer jointly trustee plan. The plan is a defined benefit plan. As the assets and liabilities of the plan are not readily available to the employer, the plan uses defined contribution accounting requirements and expenses contributions to the plan as they are incurred.

h) *Financial Instruments*

Cash is measured at fair value. Any unrealized gains and losses from changes in fair value are recognized in the Statement of Remeasurement Gains and Losses. All other financial assets and financial liabilities are measured at cost or amortized cost, less the amount of valuation allowance. Debt recorded at amortized cost is amortized using the effective interest rate method, over the life of the specific debt instrument. Any interest attributable to financial instruments is reported in the Statement of Operations.

In accordance with PS 3450, as the Corporation applied PS 3450 in the same year of adoption of the Public Sector Accounting Standards, PS 3450 does not permit retroactive application. Comparative amounts for financial instruments are thus presented under IFRS.

The following significant accounting policies used for the comparative year, under IFRS, were as follows:

In fiscal 2017, the Corporation had classified each of its financial instruments in the following categories.

	Category	Measurement
Cash and cash equivalents, restricted cash	Fair value	Fair value
Trade and other receivables	Loans and receivables	Amortized cost
Payables, accrued liabilities and deferred revenues	Other financial liability	Amortized cost
Short-term and long-term indebtedness	Other financial liability	Amortized cost

The category of the financial instrument determines its subsequent accounting treatment. Items in the fair value category are measured at fair value and its changes are recognized in the Statement of Operations. Items in the loans and receivables category are measured at amortized cost, using the effective interest method, net of any impairment. Other financial liabilities are measured at amortized cost, using the effective interest method.

Fair value is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. As fair values are dependent on a range of inputs used in making the measurements, a fair value hierarchy has been developed to disclose the basis of measurement used. TI Corp has used the following fair value hierarchy to classify financial instruments recorded

Transportation Investment Corporation

Notes to the Financial Statements

For the year ended March 31, 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) *Financial Instruments (continued)*

at fair value on the Corporation's Statement of Financial Position:

Level 1 – quoted prices (unadjusted) in active markets for identical assets and liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices), or indirectly (derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

i) *Measurement Uncertainty*

The preparation of financial statements requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities, and 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 tangible capital asset useful life; method and rates for amortization; tangible capital asset impairment; provisions for certain accrued liabilities; and allowances on tolling receivables.

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, exhibit some variances to actual results.

j) *Foreign exchange*

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the spot exchange rates in effect at the date of the financial position; non-monetary items are translated at historical exchange rates in effect on the dates of the transactions. Unrealized exchange gains and losses are included in the Statement of Remeasurement Gains or Losses. Realized exchange gains and losses are included in the Statement of Operations.

4. ACCOUNTS RECEIVABLE

Receivables (\$000's)	March 31, 2018	March 31, 2017	April 1, 2016
Tolling related receivables	\$ 18,098	\$ 40,996	\$ 39,603
Allowance for doubtful accounts	(8,665)	(3,592)	(4,397)
Net tolling accounts receivable	9,433	37,404	35,206
Other receivables	2,448	1,119	698
	<u>\$ 11,881</u>	<u>\$ 38,523</u>	<u>\$ 35,904</u>

Transportation Investment Corporation

Notes to the Financial Statements

For the year ended March 31, 2018

4. ACCOUNTS RECEIVABLE (CONTINUED)

Allowance for Doubtful Accounts (\$000's)

Beginning balance	\$	3,592	\$	4,397	\$	3,829
Additions/(reductions)		5,073		(805)		568
	\$	8,665	\$	3,592	\$	4,397

5. DUE FROM GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

(\$000's)	March 31, 2018	March 31, 2017	April 1, 2016
BC Ministry of Transportation and Infrastructure	\$ 2,217	\$ -	\$ 115
BC Transportation Financing Authority	-	-	2
	\$ 2,217	\$ -	\$ 117

6. RESTRICTED ASSETS

Restricted cash of \$1.5 million is held as collateral for a standby letter of credit issued by the Canadian Imperial Bank of Commerce (CIBC) in favor of the Receiver General for Canada on behalf of Fisheries and Oceans Canada (the beneficiary), to ensure TI Corp's compliance with their authorization for work or undertakings affecting fish habitat. TI Corp receives interest on this amount at a variable interest rate.

The standby letter of credit is renewed annually until the letter of credit is rescinded or reduced as instructed by the beneficiary. If required, the standby letter of credit will also be automatically reduced by the amount of each drawing paid by CIBC to the beneficiary.

7. DEBT

Historically, TI Corp funded its construction and operations with a blend of long-term and short-term debt. Short term debt consisted of commercial paper assumed by TI Corp that typically matures within 365 days and long-term debt comprised of a series of bonds due to the Province of British Columbia. All outstanding debt was fully extinguished on September 1, 2017 by the Province of British Columbia.

(\$000's)	March 31, 2018	March 31, 2017	April 1, 2016
Long-Term Debt	\$ -	\$ 3,211,751	\$ 2,885,229
Short-Term Debt	-	387,954	692,376
	\$ -	\$ 3,599,705	\$ 3,577,605

Transportation Investment Corporation

Notes to the Financial Statements

For the year ended March 31, 2018

7. DEBT (CONTINUED)

The Corporation had no outstanding long-term bond series (\$000's) on March 31, 2018:

Face Value	Effective Rate	March 31, 2018		March 31, 2017		April 1, 2016	
		Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost
\$ 500,000	2.40%	\$ -	\$ -	\$ 537,803	\$ 522,264	\$ 554,688	\$ 530,003
400,000	2.92%	-	-	421,186	395,451	429,736	394,735
350,000	2.54%	-	-	347,239	343,213	-	-
235,600	4.70%	-	-	314,818	263,952	327,658	265,952
222,000	4.70%	-	-	289,489	242,532	300,227	243,744
591,833	4.17%	-	-	771,752	677,934	800,378	683,212
150,000	5.06%	-	-	183,715	149,094	190,003	149,052
78,188	5.06%	-	-	104,401	77,476	103,749	77,459
100,000	4.76%	-	-	137,769	102,706	133,143	102,768
96,000	5.34%	-	-	132,258	91,056	127,817	90,952
295,000	3.28%	-	-	399,494	346,073	363,859	347,352
<u>\$ 3,018,621</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,639,924</u>	<u>\$ 3,211,751</u>	<u>\$ 3,331,258</u>	<u>\$ 2,885,229</u>

Fair values were provided by the BC Ministry of Finance as TI Corp's fiscal agent. The fair values were determined using active market comparisons using relative yield curves provided by third party vendors. The fair value of the long-term debt was greater than the amortized cost due to declining interest rates. There was no long-term debt issued during the current year (2017 – \$350 million).

8. ACCOUNTS PAYABLE & ACCRUED LIABILITIES

Payables (\$000's)	March 31, 2018	March 31, 2017	April 1, 2016
Accounts payable	\$ 7,879	\$ 8,654	\$ 7,023
Other accrued liabilities	4,716	9,500	-
	<u>\$ 12,595</u>	<u>\$ 18,154</u>	<u>\$ 7,023</u>

At times, there may be legal obligations associated with project construction or operations. An estimated claim is accrued when a reasonable estimate can be made and it is probable that a settlement can be reached. Any pending litigation where payment is not likely or the amount cannot be measured reliably is discussed in Note 21. All other accounts payables are in the normal course of operations and are measured at the exchange amount.

Transportation Investment Corporation

Notes to the Financial Statements

For the year ended March 31, 2018

9. DUE TO GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

(\$000's)	March 31, 2018	March 31, 2017	April 1, 2016
BC Ministry of Transportation and Infrastructure	\$ 1,929	\$ 7,595	\$ 2,633
BC Ministry of Finance	-	40,263	39,091
BC Transportation Financing Authority	10,172	7,312	2,595
	<u>\$ 12,101</u>	<u>\$ 55,170</u>	<u>\$ 44,319</u>

Amounts that are due to the Province of British Columbia consist mainly of capital projects payments and amounts due to the BC Transportation Financing Authority for land right payments. These values are negotiated between the respective entities, approximate market values, and are recorded at the exchange amount.

10. DEFERRED REVENUE

Unearned revenue represents funds received from customers in advance. At the cessation of tolling, customers with a credit balance of \$2 or greater and for whom we have up-to-date contact information were provided with a refund. The balance has been reclassified to Accounts Payable (Note 8) and refunds continue to be made to customers where possible.

Unearned Tolling Revenue (\$000's)	March 31, 2018	March 31, 2017
Beginning balance	\$ 3,006	\$ 2,582
Additions	567	426
Deductions / Refunds	(2,912)	(2)
Transfer to liabilities	(661)	-
	<u>\$ -</u>	<u>\$ 3,006</u>

Transportation Investment Corporation

Notes to the Financial Statements

For the year ended March 31, 2018

11. TANGIBLE CAPITAL ASSETS

The costs and accumulated amortization amounts for the Corporation's tangible capital assets at March 31, 2018 are as follows (\$000's):

Cost	Highway Infrastructure	Bridge Infrastructure	Tolling and Traffic Systems	Office and Leasehold Assets	Investment Property	Assets Under Construction	Total
Beginning balance	\$ 1,950,528	\$ 1,103,509	\$ 109,472	\$ 2,996	\$ 1,610	\$ 37,183	\$ 3,205,298
Additions	-	-	176	997	-	25,342	26,515
Reclassifications	27,522	-	-	-	543	(27,522)	543
Write-off	-	-	(18,512)	(892)	-	(19,593)	(38,997)
Total	1,978,050	1,103,509	91,136	3,101	2,153	15,410	3,193,359
Accumulated							
Amortization							
Beginning balance	114,837	35,379	30,647	1,631	11	-	182,505
Amortization	34,113	13,034	9,314	224	2	-	56,687
Write-off	-	-	(8,008)	(29)	-	-	(8,037)
Total	148,950	48,413	31,953	1,826	13	-	231,155
Net book value	\$ 1,829,100	\$ 1,055,096	\$ 59,183	\$ 1,275	\$ 2,140	\$ 15,410	\$ 2,962,204

Asset classes are further broken down into asset components, and amortization is applied accordingly. Reclassifications primarily consist of the completion of PMH1 off-corridor projects and are represented as a transfer from Assets Under Construction. Asset write-offs consist of GMTRP and tolling related assets. The write-offs are related to the cessation of tolling and the cancellation of procurement for the GMTRP.

The costs and accumulated amortization amounts for the Corporation's property, plant and equipment at March 31, 2017 are as follows (\$000's):

Cost	Highway Infrastructure	Bridge Infrastructure	Tolling and Traffic Systems	Office and Leasehold Assets	Investment Property	Assets Under Construction	Total
Beginning balance	\$ 1,941,028	\$ 1,103,509	\$ 109,472	\$ 2,378	\$ 1,610	\$ 16,472	\$ 3,174,469
Additions	9,500	-	-	618	-	20,711	30,829
Total	1,950,528	1,103,509	109,472	2,996	1,610	37,183	3,205,298
Accumulated							
Amortization							
Beginning balance	84,139	24,997	20,094	1,383	9	-	130,622
Amortization	30,698	10,382	10,553	248	2	-	51,883
Total	114,837	35,379	30,647	1,631	11	-	182,505
Net book value	\$ 1,835,691	\$ 1,068,130	\$ 78,825	\$ 1,365	\$ 1,599	\$ 37,183	\$ 3,022,793

Transportation Investment Corporation

Notes to the Financial Statements

For the year ended March 31, 2018

12. PREPAID EXPENSES

Prepays and Deposits (\$000's)	March 31, 2018	March 31, 2017	April 1, 2016
Land Rights	\$ 132,890	\$ 128,405	\$ 122,692
Other Prepays	620	662	249
Security Deposits	30	-	30
	<u>\$ 133,540</u>	<u>\$ 129,067</u>	<u>\$ 122,971</u>

13. OPERATING REVENUE

(\$000's)	March 31, 2018	March 31, 2017
Tolling revenue	\$ 58,103	\$ 134,119
License plate processing fees	5,028	10,060
Tolling related fees	4,852	6,549
	<u>\$ 67,983</u>	<u>\$ 150,728</u>

Tolling related fees include such fees as refuse-to-issue ("RTI"), non-sufficient funds ("NSF") and interest on overdue accounts.

14. RELATED PARTY TRANSACTIONS

TI Corp is related through common ownership to all Province of British Columbia ministries, agencies, Crown Corporations and all public sector organizations that are included in the Provincial Government Reporting Entity ("GRE"). Transactions with related parties are in the normal course of operations and are made on terms equivalent to those that prevail in arm's length transactions.

On September 1, 2017, the Province extinguished TI Corp's debt by forgiving, releasing and discharging TI Corp from all of its debt obligations owed to the Province. TI Corp recognized a gain on debt extinguishment in the amount of \$3.7 billion. The gain was calculated based on the debt owed to the Province offset by the unamortized debt premium and debt discount.

During fiscal 2018, TI Corp recovered \$9.0 million in operating expenditures from the BC Ministry of Transportation and Infrastructure for work related to the operations and maintenance of the PMH1.

Transportation Investment Corporation

Notes to the Financial Statements
For the year ended March 31, 2018

15. EMPLOYEE BENEFIT PLAN

In Fiscal 2010, both TI Corp and its employees commenced contributions 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 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 as at the reporting period date to the plan for past service based on the contribution funding schedule of the Plan. At March 31, 2018, the Corporation has approximately 36 employees contributing to the Plan which has approximately 122,620 total active and retired plan 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 in March 2017 and a report has yet to be released. The next valuation will be performed as of March 31, 2020, with the report published in Fiscal 2021. The actuary does not attribute portions of any unfunded liability to individual employers.

In Fiscal 2018, the employees of the TI Corp contributed \$280,240 (2017 – \$260,651) and the Corporation paid \$329,996 (2017 – \$304,889) in employer contributions to the Plan.

16. CONTRACTUAL OBLIGATIONS

Contractual Obligations (\$000's)	Operational		Capital
	Operating Leases	Commitments	Commitments
Fiscal 2019	\$ 550	\$ 9,530	\$ -
Fiscal 2020	550	1,022	-
Fiscal 2021	550	405	-
Fiscal 2022	550	320	-
Beyond	550	-	-
Total	<u>\$ 2,750</u>	<u>\$ 11,277</u>	<u>\$ -</u>

Contractual obligations have been substantially reduced due to that cessation of tolling and the cancellation of the George Massey Tunnel Replacement Project procurement. TI Corp has no contractual capital commitments and the key contractual operational commitments are all related to Port Mann/Highway 1 operations and maintenance. TI Corp operating leases include rental of office space and equipment, the office space lease commenced in fiscal 2013 for a term of 10 years.

Transportation Investment Corporation

Notes to the Financial Statements

For the year ended March 31, 2018

17. EXPENSES BY OBJECT

The following summarizes expenses by object:

(\$000's)	Actual	
	March 31, 2018	March 31, 2017
Amortization of capital assets	\$ 56,687	\$ 51,883
Borrowing costs	49,873	139,494
Highway maintenance	12,304	18,467
Administrative costs	6,919	2,270
Salaries, wages and benefits	4,744	4,204
Tolling operator payments	4,211	6,244
Professional services	3,194	3,240
Information systems	2,939	1,495
Use of land rights	1,718	1,621
Bank and credit card fees	1,315	2,348
Facility rental and maintenance	1,218	1,004
	<u>\$ 145,122</u>	<u>\$ 232,270</u>

18. BUDGETED FIGURES

The fiscal 2018 budgets are reflected in the Statements of Operations and the Statement of Change in Net Assets (Debt). Budget data presented in these financial statements is based upon the fiscal 2018 budget within the 2017/18 to 2019/20 Service Plan, updated with government announcements that were incorporated in the Governments Budget 2017 September Update. As a result of the transition to PSAS, certain items that were included in the Service Plan required adjustment to align with the change in reporting.

19. RISK MANAGEMENT

TI Corp is exposed to certain risks through its financial instruments.

Credit Risk

Credit risk is the risk to TI Corp that a counterparty to a financial instrument will cause a financial loss by failing to discharge an obligation. In accordance with the Corporation's accounting policies, revenue is recognized when it is probable that economic benefits will flow to the organization. The main criteria include the ability to measure and apply the correct fees and to be able to successfully retrieve the customer's correct billing information. Credit risk arises with respect to the ability to bill customers and the rate of collection from these customers. An aging profile of customer accounts has been established and is monitored regularly with ongoing review of collection strategies.

Transportation Investment Corporation

Notes to the Financial Statements

For the year ended March 31, 2018

19. RISK MANAGEMENT (CONTINUED)

The current balances are as follows:

Tolling Related Receivables Aging Table (\$'000s)	March 31, 2018	March 31, 2017
Non-Past Due		
Unbilled	\$ -	\$ 6,963
Current	-	10,500
Past Due		
1-30 Days	-	2,600
31-60 Days	-	2,091
61-90 Days	-	1,900
Over 90 Days	18,098	16,577
	<u>\$ 18,098</u>	<u>\$ 40,631</u>

TI Corp will continue to collect outstanding toll debt. The collection strategy is based on the amount outstanding, geographic location of the customer and the validity of the customer's current address.

A customer balance is considered past due if the invoice has not been paid within 30 days of issue.

Trade and other receivables do not present a significant credit risk because of the enforced payment mechanism through the insurance renewal process and/or the license renewal process.

Additionally, given that cash is held at major banking institutions with strong credit worthiness, credit risk is further reduced.

Liquidity Risk

Liquidity risk is the risk that TI Corp will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. TI Corp manages liquidity risk by having cash flows regularly reviewed and updated to account for any significant impact on liquidity.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes currency risk, interest rate risk and other price risk.

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 currency exchange rates. TI Corp maintains one bank account in US dollar denomination and at March 31, 2018, the balance was \$574,103 (2017 – \$507,920). TI Corp does not maintain any foreign currency debt.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows will fluctuate because of changes in market interest rates. TI Corp's exposure to interest rate risk is minimal as it carries no debt.

Transportation Investment Corporation

Notes to the Financial Statements

For the year ended March 31, 2018

19. RISK MANAGEMENT (CONTINUED)

Other Price Risk

Other price risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices other than those arising from currency or interest rate risks. Due to the nature of TI Corp's financial instruments, the Corporation is not exposed to other price risks.

20. CONTINGENT ASSETS

Township of Langley

The Corporation developed a Park & Ride Station known as the 202 Street Park & Ride Project. To develop the Project, TI Corp entered into an agreement with the Township of Langley ("Township"), which specifies that for a 15-year term, the Township is responsible to collect Specified Charges from any developer who develops Benefiting Parcels. Further, the Township is required to remit the specified charges collected from Benefiting Parcels to the Corporation at the beginning of the next calendar year and each calendar year thereafter. Because there are set conditions required to collect the Specified Charges, the total amount to be received is considered conditional and unknown and, therefore, meets the definition of a contingent asset. As of March 31, 2018, the Corporation has received \$nil (2017 - \$nil).

21. CONTINGENT LIABILITIES

Litigation

In the ordinary course of business, TI Corp can become a defendant or party to pending or threatened legal actions and proceedings. It is difficult to determine the ultimate outcome of such matters; however, based on all current available information, management believes that liabilities, if any, arising from any pending litigation will not have a material adverse effect on the financial position or results of operations of the Corporation.

22. SUBSEQUENT EVENTS

On February 9, 2018, the Ministry of Transportation and Infrastructure completed the 2018/19 – 2020/21 Service Plan in accordance with the *Budget Transparency and Accountability Act*. Under the Service Plan, TI Corp will become a subsidiary of the BC Transportation Financing Authority ("BCTFA") effective April 1, 2018. Also, on this date, the share in the Transportation Investment Corporation is transferred from the Minister of Transportation and Infrastructure to, and is vested in, the BC Transportation Financing Authority.

Transportation Investment Corporation

B. Schedule of Debts

As at March 31, 2018

Short-Term Debt - All short-term debt was fully extinguished on September 1, 2017 :

Commercial Paper	Principal as at March 31st, 2017	Principal as at March 31st, 2018	Maturity Date	Effective Rate
Province of British Columbia	\$ 27,020,079	\$ -	5-Apr-17	0.36%
Province of British Columbia	\$ 16,988,440	\$ -	10-Apr-17	0.45%
Province of British Columbia	\$ 18,000,000	\$ -	19-Apr-17	0.51%
Province of British Columbia	\$ 9,978,293	\$ -	21-Apr-17	0.18%
Province of British Columbia	\$ 42,903,981	\$ -	5-May-17	0.39%
Province of British Columbia	\$ 48,979,705	\$ -	12-May-17	0.50%
Province of British Columbia	\$ 28,000,000	\$ -	23-May-17	0.52%
Province of British Columbia	\$ 33,000,000	\$ -	5-Jun-17	0.56%
Province of British Columbia	\$ 49,107,839	\$ -	16-Jun-17	0.55%
Province of British Columbia	\$ 44,975,975	\$ -	12-Jul-17	0.56%
Province of British Columbia	\$ 19,000,000	\$ -	23-Aug-17	0.55%
Province of British Columbia	\$ 50,000,000	\$ -	12-Oct-17	0.57%
Total Short Term Debt	\$ 387,954,312	\$ -		

Long-Term debt - The Corporation had no outstanding long-term bond series on March 31, 2018:

Debt Series	Amortized Cost FY2017	Amortized Cost FY2018	Maturity Date	Effective Rate
BCCD-23	\$ 522,263,788	\$ -	18-Dec-19	2.40%
BCCD-28	\$ 395,451,177	\$ -	18-Dec-22	2.92%
BCCD-36	\$ 343,212,778	\$ -	18-Jun-26	2.54%
BCCD-W	\$ 263,951,613	\$ -	19-Nov-27	4.70%
BCCD-X	\$ 242,531,524	\$ -	18-Jun-29	4.70%
BCCD-X	\$ 677,934,078	\$ -	18-Jun-29	4.17%
BCCD-19	\$ 149,094,452	\$ -	18-Jun-31	5.06%
BCCP-148	\$ 77,476,322	\$ -	9-Jun-39	5.06%
BCCD-22	\$ 102,705,706	\$ -	18-Jun-40	4.76%
BCCD-22	\$ 91,056,390	\$ -	18-Jun-40	5.34%
BCCD-25	\$ 346,073,539	\$ -	18-Jun-42	3.28%
Total Long-Term Debt	\$ 3,211,751,367	\$ -		

Transportation Investment Corporation

C. Schedule of Guarantee and Indemnity Agreements

For the year ended March 31, 2018

Transportation Investment Corporation has given indemnities under the following:

Indemnitee

1995 Holdings Ltd.
784233 B.C. Ltd.
ADP Canada Co.
Allstream Inc.
Amex Bank
BC Hydro and Power Authority
BC Transportation Financing Authority
Blatant Media Corporation.
Board of Directors under the Directors Indemnity Protection Program
Canadian Imperial Bank of Commerce
Canadian National Railway Company
Canadian Pacific Railway Company
Certified Folder Display Service Canada, Inc.
City of Burnaby
City of Coquitlam
City of Surrey
DSquared
Emovis Technologies BC (Formally Sanef ITS Technologies BC, Inc.)
Gerry Fleming
Greater Vancouver Sewerage and Drainage District
Her Majesty the Queen in Right of the Province of British Columbia
Her Majesty the Queen in Right of the Province of Ontario
Hyde Project Management Services Ltd.
Insurance Corporation of British Columbia
Kelly Services
Kiewit/Flatiron General Partnership
Kim J Lang
Mahrokh Arefi
Mainroad Infrastructure Maintenance Limited Partnership
Metro Vancouver
Michael D. W. Hoche
Mile 0 Consulting
Moneris Solutions Corporation
Moneris Solutions Corporation and the Bank of Montreal
Moneris Solutions Corporation and the Royal Bank of Canada
NameMedia, Inc.
PricewaterhouseCoopers LLP

Transportation Investment Corporation

C. Schedule of Gurantee and Indemnity Agreements

For the year ended Mach 31, 2018

Indemnitee

Reliant Web Hosting
RMA Properties (Riverside) Ltd.
Salesforce.com
Super Save Shredding Services
TA Properties (Canada) Ltd.
Telus Communications Inc.
TeraGo Networks Inc.
TimberWest Forest Company
Township of Langley
Trans-Canada Flow Tolling Inc.
Vancouver Fraser Port Authority
Woobox

Transportation Investment Corporation

D. Schedule of Remuneration and Expenses

For the year ended March 31, 2018

1. Elected Officials, employees appointed by Cabinet and members of the Board of Directors

Name	Position	Remuneration	Expenses
Fairbairn, Donald	Chair	\$ 19,875	\$ 1,004
Doyle, Daniel	Past Chair	5,000	2,602
Hansen, Colin	Director	3,125	-
Neufeld, Clifford	Director and Member	2,875	1,031
Stewart, Anne	Director	3,125	-
Woodruff, Janet	Director and Member	2,333	
Board of Directors Total, Part (A)		\$ 36,333	\$ 4,637

2. Others Employees (excluding those listed in Part 1 above)

Employees exceeding \$75,000

Name	Remuneration	Expenses	
Anderson Andrew	\$ 110,000	\$ 3,443	
Carter Michael	115,000	3,494	
Croin Laura	110,000	1,183	
Duan Chengwei	90,000	349	
Fyfe Martin	94,000	578	
Jamani Alykhan	77,915	-	
Johnson Greg	110,000	962	
Kerr Irene	201,960	7,664	
Knezevic Kristine	81,800	821	
Koon Athena	92,000	1,257	
Law Connie	117,000	2,949	
Lim Clement	98,000	2,271	
Logan Max	139,714	216	
Olan Dennis	87,731	-	
Ortiz Alan	83,226	-	
Piscitelli Mario	140,000	3,459	
Plavsic Sveto	140,000	395	
Plenert Robyn	79,600	1,115	
Russell Matthew	115,000	3,353	
Safonov Victor	80,573	-	
Silva Ricardo	79,235	-	
Van Veen Stephanie	78,750	1,968	
Weng David (Yongxin)	80,675	-	
Wharram Greg	95,000	1,468	
Consolidated total of employees not exceeding \$75,000	1,189,077	6,004	
Other Employees Total, Part (B)		\$ 3,686,256	\$ 42,950

Transportation Investment Corporation

D. Schedule of Remuneration and Expenses

For the year ended March 31, 2018

3. Reconciliation

Total Remuneration - Board of Directors, Part (A)	\$	36,333
Total Remuneration - Other Employees, Part (B)		<u>3,686,256</u>
Subtotal	\$	3,722,589
Reconciling Items:		
Less: Capitalized Remuneration		(54,925)
Less: Board of Directors Remuneration		(36,333)
Add: Payments related to payroll benefits		782,221
Add: Change in accrued liabilities		<u>330,024</u>
Salaries Included in Operations	\$	<u>4,743,576</u>

Transportation Investment Corporation

E. Schedule of Severance Agreements

For the year ended March 31, 2018

There is no severance agreement under which payment commenced between Transportation Investment Corporation and its non-unionized employees during fiscal year 2017/18.

Transportation Investment Corporation

F. Schedule of Payments to Suppliers of Goods and Services

For the year ended March 31, 2018

1. Suppliers' Amounts over \$25,000

Accountemps	\$ 43,885
ACS Infrastructure Canada	2,000,000
Altitude Recruiting Inc.	42,000
Amazon Web Services	192,312
American Bridge	517,236
Annex Consulting Group	375,330
Atkins North America Inc.	41,748
B&B Heavy Civil Construction Ltd.	3,874,929
BC Hydro	52,693
BC Public Service Agency	141,909
BC Transportation Financing Authority	5,199,835
BD Hall Constructors Corp	8,012,361
Benefits Financial Management Office	37,143
BMO MasterCard	139,824
CallaStrategies	36,619
Canadian National Railway Company	532,917
Carahsoft Technology Corporation	288,745
CDW Canada Inc.	93,993
Charter Telecom Inc	115,297
Cornerstone Adjusters Inc.	63,541
Cossette Communication Inc.	146,906
Data Ticket, Inc.	30,736
Debt Management Branch	83,656
DELOITTE INC.	383,977
DM Fourchalk Property Consultants Inc.	122,667
Emovis	103,210
Emovis Technologies BC, Inc.	1,061,256
Encore Business Solutions	26,998
Ernst & Young LLP	132,864
Eurovia British Columbia Inc	1,809,909
Farris, Vaughan, Wills & Murphy LLP	195,508
Fasken Martineau DuMoulin LLP	36,174
Ferm Consulting Inc.	163,222
First Nations Fisheries Society	134,707
Fluor Canada Inc	598,094
Globe Facilities Services Ltd	69,175
HNTB Corporation	46,653
Hooper Access and Privacy Consulting Ltd.	182,786

Transportation Investment Corporation

F. Schedule of Payments to Suppliers of Goods and Services

For the year ended March 31, 2018

Katzie Development Corporation	33,363
KPMG LLP	204,432
Mainroad Infrastructure Maintenance LP	10,991,594
McElhanney Engineering Services Ltd.	100,555
Metro Vancouver	54,373
Microsoft Canada Inc	27,300
Mile 0 Consulting Ltd.	125,134
Mindfield Consulting Corp	41,265
Ministry of Transportation and Infrastructure	18,097,143
Morrison Hershfield Ltd.	82,502
MuleSoft Inc	98,414
North Arm Machine Ltd	36,901
Nucleus Networks Inc.	154,511
Office of the Auditor General	89,250
OpenRoad Communications	201,285
Pacific One Contracting Inc	326,183
Partnerships British Columbia	393,330
PayByPhone Technologies Inc.	44,800
PricewaterhouseCoopers LLP	719,069
Queen's Printer	76,649
R.F. Binnie and Associates Ltd	62,376
Revenue Services of British Columbia	49,275
RFIDCANADA	113,400
Seyem Qwantlen Development Ltd - LP	43,070
SNS-Lavalin Constructors (Pacific) Inc	838,358
Source Office Furniture & Systems Ltd	77,818
Swim Recruiting	46,620
TELUS Services Inc. (Internet)	409,423
The Brick Warehouse LP	2,500,000
TPD Work Force and HR Solutions	41,641
Trans-Canada Flow Tolling Inc.	6,453,477
Triton Environmental Consultants LTD.	46,782
West Pacific Consulting Group	32,340
Willis Canada Inc.	196,760
WorkSafeBC	45,567
Xerox Canada Ltd.	38,269
Young Strategies Ltd.	42,278
Zayo Canada	62,801
Suppliers' Amounts Over \$25,000 - Total	<u>\$ 70,129,124</u>

Transportation Investment Corporation

F. Schedule of Payments to Suppliers of Goods and Services

For the year ended March 31, 2018

2. Suppliers' Amounts under \$25,000

Suppliers' Amounts Under \$25,000 - Consolidated Total	<u>\$ 808,002</u>
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3. Reconciliation

Vendor Analysis

Suppliers' Amount Over \$25,000	\$ 70,129,124
Suppliers' Amount Under \$25,000	808,002
Total Suppliers' Amounts	<u>\$ 70,937,126</u>
Add Salaries & Benefits	4,743,576
Less Payable Amounts included in Benefit	(603,890)
Add Borrowing Costs	49,872,594
Add Non Cash Items	63,478,607
Less Capital payments	(33,260,662)
Add Accounts Payable, Accruals, & Timing Differences	<u>(10,045,351)</u>
Payments included in Operations:	<u>\$ 145,122,000</u>



Transportation Investment Corporation

G. Statement of Financial Information Approval

The undersigned represents the Board of Directors of Transportation Investment Corporation and approves all the statements and schedules included in this Statement of Financial Information, produced under the *Financial Information Act*.

A handwritten signature in blue ink, appearing to read "Don Fairbairn", written over a horizontal line.

Don Fairbairn
Chair, Board of Directors

September 25, 2018