

# Columbia Basin Trust

## 2019/20 Annual Service Plan Report



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## Board Chair's Accountability Statement



The *Columbia Basin Trust 2019/20 Annual Service Plan Report* compares the corporation's actual results to the expected results identified in the *2019/20 – 2021/22 Service Plan* created in February 2019. The Board is accountable for those results as reported.

A handwritten signature in black ink that reads "Jocelyn Carver". The signature is written in a cursive, flowing style.

Jocelyn Carver  
Board Chair  
May 22, 2020

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## Letter from the Board Chair & CEO

Columbia Basin Trust (the Trust) exists to support the efforts of the people of the Columbia Basin (Basin) to create a legacy of social, economic and environmental well-being. The Trust accomplishes this work through over 70 active programs and initiatives. These and other activities carried out in 2019/20 aligned with Government's priorities of making life more affordable, delivering the services people count on and helping to support a strong, sustainable economy.

The [Columbia Basin Management Plan](#) (CBMP) sets out 13 strategic priorities for 2016 to 2020 and guides how the Trust supports Basin communities. The Trust continued to make progress on these priorities in 2019/20, including launching five new programs and initiatives. The Trust also began a process to engage with Basin residents on the renewal of the CBMP strategic priorities; however, due to the COVID-19 pandemic, the public engagement process was postponed.

Our financial support comes from our investments—primarily in hydroelectric power generation—and in 2019/20, our revenues totaled over \$85 million. The strong financial position of the Trust allowed us to expense \$69 million in funding benefits, as well as commit \$16 million to new business loans and real estate and \$12 million in Delivery of Benefits capital investments that positively impacted the communities and residents of the Basin.

In April 2019, the Trust and its power asset partner Columbia Power Corporation (Columbia Power) completed the purchase of Waneta Expansion Generating Station from Fortis Inc., returning to the original 50/50 ownership structure. With Waneta Expansion now wholly owned by the Trust and Columbia Power, all our power assets will benefit the Province and residents of the Basin for many years to come.

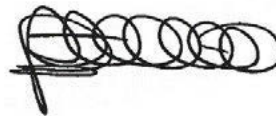
The Trust met regularly with the Minister of Children and Family Development, and held biweekly meetings with senior staff of the Ministry of Energy, Mines and Petroleum Resources (who support the Minister of Children and Family Development in their governance responsibilities for the Trust) over the past year to discuss progress on the objectives identified in the 2019/20 [Mandate Letter](#).

Jocelyn Carver



Board Chair Columbia Basin Trust  
May 22, 2020

Johnny Strilaeff



President & CEO Columbia Basin Trust  
May 22, 2020

## Purpose of the Annual Service Plan Report

The Annual Service Plan Report is designed to meet the requirements of the [Budget Transparency and Accountability Act](#) (BTAA), which sets out the legislative framework for planning, reporting and accountability for Government organizations. Under the BTAA, the Crown Corporation's Board is required to report on the actual results of the Crown's performance related to the forecasted targets documented in the previous year's Service Plan.

## Purpose of the Organization

The [Columbia Basin Trust Act](#) and the [Financial Agreement](#) formally established Columbia Basin Trust in 1995. The legislation outlines the Trust's dual accountability to both the residents of the Columbia Basin and to the Province, its shareholder. A [Memorandum of Understanding](#) further clarifies the dual accountability and relationship with the Province. Within the provincial government, the Minister of Children and Family Development is responsible for the Trust.

The Trust has two core functions:

1. Invest capital and manage the assets of the Trust (Investments).
2. Use the income earned from the Trust's investments to deliver benefits to the Basin (Delivery of Benefits).

These are supported by Corporate Operations, which includes administration, communications, finance and accounting, human resources, information technology, planning and evaluation, procurement and records management.

The Trust supports the efforts of the people who live in the Columbia Basin, working with them to deliver social, economic and environmental benefits to the [Trust region](#). We do this by:

- investing in Basin power projects, businesses and real estate (to generate a financial return);
- investing in projects that have broader community impact and where financial return is secondary;
- engaging with residents to understand priorities;
- facilitating, convening and providing access to information to deepen our collective understanding of issues;
- partnering with organizations that have complementary objectives and expertise in particular issues or sectors to work toward attaining common goals;
- developing initiatives and programs that address specific needs linked to our strategic objectives, delivered by the Trust or partners; and
- providing grants to a wide range of community projects, as well as to the social, economic, environment, youth, and arts and culture sectors, administered by the Trust or by partners.

The Trust has eight wholly owned holding companies that hold our interests in investments (see Appendix B) and two operating subsidiaries. Columbia Basin Broadband Corporation (CBBC) works with Basin communities and rural areas to improve high-speed connectivity through a region-wide fibre optic cable network. Columbia Basin Development Corporation (CBDC) leads and supports efforts to advance economic growth, job creation, innovation and entrepreneurial opportunities in the Basin.

## Strategic Direction

The strategic direction set by Government in 2019/20 and expanded upon in the Board Chair’s [Mandate Letter](#) from the Minister Responsible in 2019 shaped the 2019/20 Columbia Basin Trust [Service Plan](#) and results reported in this annual report.

Columbia Basin Trust is aligned with the Government’s key priorities:

Government Priorities	Columbia Basin Trust aligns with these priorities by:
Making life more affordable	<ul style="list-style-type: none"> <li>Benefits that serve to strengthen the social, economic and environmental well-being of the Basin and its residents and communities (Objective 2.1).</li> </ul>
Delivering the services people count on	<ul style="list-style-type: none"> <li>Benefits that serve to strengthen the social, economic and environmental well-being of the Basin and its residents and communities (Objective 2.1).</li> </ul>
A strong, sustainable economy	<ul style="list-style-type: none"> <li>A predictable, sustainable and appreciating income stream to fund Delivery of Benefits obligations and corporate operating expenses (Objective 1.1).</li> </ul>

Decisions related to the Trust’s Investments and Delivery of Benefits activities are made within the context of its legislation and Board-approved [Statement of Investment Policies and Procedures](#).

The Trust sets its priorities in consultation with the residents of the region. The resulting CBMP provides a high-level road map to focus the Trust’s work in the Basin. Greater direction is captured in specific strategic frameworks and plans.

## Operating Environment

The majority (83 per cent) of the Trust’s revenues in 2019/20 came from Power Projects to support its Delivery of Benefits and Corporate Operations. In April 2019, the Trust and Columbia Power finalized the purchase of Fortis Inc.’s 51 per cent interest in the Waneta Expansion hydroelectric generating facility for \$991 million with the Trust’s portion being \$654 million. The purchase ensures local ownership of all the Power Projects and helps to secure increased revenues for the future.

Along with ongoing work in initiative areas, and the delivery of nearly 70 active programs and initiatives, the Trust continued to evolve its programming and support to address its 13 strategic priorities identified in the CBMP, including affordable housing, agriculture, arts, culture and heritage, broadband, community priorities, early childhood and childhood development, economic development, environment, Indigenous relationships, land acquisition, non-profit support, recreation and physical activity, and renewable and alternative energy.

The Trust also began a process to engage with Basin residents on the renewal of the CBMP strategic priorities with outreach to key stakeholders throughout the fall of 2019 and online engagement with Basin residents from February through March in 2020. Due to the COVID-19 pandemic, the entire public engagement process was postponed along with the 40 planned community open houses that were set to begin in March.

In January 2020, the Shared Services initiative between Columbia Power and the Trust was concluded with the Trust hiring Columbia Power’s 13 remaining staff to deliver operations services under contract to Columbia Power. Columbia Power will remain the appointed Manager of the four power assets.

## Report on Performance: Goals, Objectives, Measures and Targets

### Goal 1: Sound investments for the benefit of Basin Residents

#### Objective 1.1: A predictable, sustainable and appreciating income stream to fund Delivery of Benefits obligations and corporate operating expenses.

#### Key Highlights

- Power Projects exceeded the 10 per cent target due in large part to continued efficient and reliable operations of our facilities with minimal unplanned outages and operating costs coming under budget.
- Within Private Placements, the Trust approved 11 new investment opportunities referred by banks, partners and existing clients into direct investments valued at \$9.2 million.
- While there were realized gains in Market Securities, the portfolio came under target reflecting the impact of COVID-19 on the broad equity and fixed income markets.

Performance Measures	2018/19 Actuals	2019/20 Target	2019/20 Actuals	2020/21 Target	2021/22 Target
1.1a Return on Power Projects (calculated as a cash-based return on investment) <sup>1</sup>	12.1%	10%	12.32%	10%	10%
1.1b Return on Private Placements (calculated as a cash-based return on investment) <sup>1</sup>	5.2%	6%	4.31%	6%	6%
1.1c Return on Market Securities <sup>2</sup>	6.8%	6%	(3.06)%	6%	6%

<sup>1</sup> Data Source: Returns are calculated based on audited year-end financial statements, which are approved by both external auditors and the Board of the Trust.

<sup>2</sup> Data Source: Returns are calculated by BC Investment Management Corporation in accordance with Global Investment Performance Standards.

### Discussion of Results

For Power Projects, the structure of investments—as defined by agreements between the Province, Columbia Power and the Trust—is challenging to reconcile against those commonly observed in the private market. It is difficult to compare the performance of Power Projects against other hydroelectric facilities as they operate under long-term power sales agreements which may not reflect current market pricing.

The Trust’s targeted returns on Power Projects are based on historical performance and forecasted returns over the next five years, which are functions of contracted power sale prices, anticipated plant availability and forecasted expenses. Returns for Power Projects are calculated using a cash-based return on investment methodology.



In April 2019, the Trust increased its ownership in the Waneta Expansion Generating Station from 16.5 per cent to 50 per cent. The increase in ownership was financed at the asset level. The completion of the purchase resulted in partial year revenues and therefore is not reflected in the annual calculation.

In 2019/20, Power Projects did exceed the 10 per cent target due in large part to continued efficient and reliable operations of our facilities with minimal unplanned outages and operating costs coming under budget. We continue to focus on investment in maintenance and reliability activities which provide a level of comfort that this will remain the case well into the future.

For Private Placements, the Trust is limited to investing in a relatively small geographic region. Except for a few larger credit unions (too small a sample size to establish performance benchmarks), there are no reasonable market comparisons from which the Trust can benchmark a performance measure. This performance measure was developed by evaluating historical performance as well as market conditions anticipated in the next five years. The Trust continues to follow a cash-based return on investment methodology.

In 2019/20, returns on Private Placements were below the target of six per cent, reflecting a loss incurred in the commercial loans portfolio, increasing maintenance expenses and additional capital investments in real estate properties. Investments in Basin-based businesses continue to grow at a steady pace, with demand for Trust support robust and diversified throughout the region. The Trust continues to look to expand its real estate investments, which it anticipates will have a positive impact on future performance of this portfolio.

To determine the Market Securities target, forecasted returns of similarly constructed securities portfolios are considered, as well as historical returns observed in the general marketplace. BC Investment Management Corporation provided information in support of this objective.

Forecasting financial market returns (particularly in the short-term) is challenging, and it is possible the realized returns in a fiscal year will be materially higher or lower than the six per cent forecast. Notwithstanding this inherent challenge in predicting returns, the Trust continues to believe that the six per cent long-term objective is appropriate.

## **Goal 2: Effective delivery of benefits for Basin residents**

### **Objective 2.1: Benefits that serve to strengthen the social, economic and environmental well-being of the Basin and its residents and communities.**

#### **Key Highlights**

- Five new programs and initiatives launched.
- \$69 million expensed for grants and initiatives and \$12 million in capital investments which include low interest loans and purchase of capital assets.
- 2,157 projects supported.

Performance Measures	2018/19 Actuals	2019/20 Target	2019/20 Actuals	2020/21 Target	2021/22 Target
2.1a Per cent of Basin residents perceiving the Trust's impact as positive	87%	n/a	n/a	80%	n/a
2.1b Per cent of partners perceiving Trust's impact as positive	93%	n/a	n/a	90%	n/a

Data Source: The Trust first measured resident and partner perceptions in 2010 and has since conducted the surveys every two years. The Trust engaged Ipsos to conduct the most recent surveys in fall 2018. The results for these measures represent the percentage of those surveyed who are familiar with the Trust and agree that the Trust is making a positive difference in their community. Assessment of the targets takes place internally every two years.

## Discussion of Results

### 2.1a – 2.1b:

As the Trust is accountable to Basin residents, and as the organization ultimately supports efforts of residents and the well-being of the region, the Trust measures whether Basin residents feel the organization is making a positive difference and how these perceptions change over time. The Trust also measures similar perceptions of our partners who deliver many of our programs and initiatives to residents. The Basin resident and partner survey is conducted every two years and was not conducted in 2019/20.

Performance Measures	2018/19 Actuals	2019/20 Target	2019/20 Actuals	2020/21 Target	2021/22 Target
2.1c <b>Affordable Housing</b> <sup>1</sup> # of new affordable housing units funded # of affordable housing units being improved	306 549	30 25	34 66	30 25	30 25
2.1d <b>Built Heritage</b> <sup>2</sup> # of assets preserved % of at-risk assets preserved	16 75	12 50	17 71	12 50	12 50
2.1e <b>Broadband</b> <sup>3</sup> # rural households served # km of fibre backbone in place	12,000 975	13,300 1,025	12,000 975	14,600 1,150	16,000 1,150
2.1f <b>Business</b> value of new business loans (\$M)	3.8	6.0	9.2	6.0	6.0
2.1g <b>Child Care</b> # of new child care spaces funded <sup>4</sup> # of early childhood educators supported for training <sup>5</sup>	126 55	75 n/a	198 n/a	75 n/a	75 n/a
2.1h <b>Ecosystem Health</b> Area of aquatic habitat improved (m <sup>2</sup> ) Area of terrestrial habitat improved (ha)	16,800,000 33,375	10,000 10,000	1,184,370 22,964	10,000 10,000	10,000 10,000

Data Source: Results are internally monitored on an ongoing basis for efforts undertaken relative to each performance measure. The targets are assessed annually.

<sup>1</sup>The Affordable Housing program concluded in 2019/20 and these performance measures were not carried forward into the 2020/21 Service Plan.

<sup>2</sup>The Built Heritage program concluded in 2019/20 and these performance measures were not carried forward into the 2020/21 Service Plan.

<sup>3</sup>The Broadband performance measure is cumulative year over year.

<sup>4</sup>The Child Care Capital program concluded in 2019/20 and these performance measures were not carried forward into the 2020/21 Service Plan.

<sup>5</sup>The Early Childhood Educator Training Support program concluded in 2018/19 and was not carried forward into the 2019/20 Service Plan.

## Discussion of Results

### 2.1c – 2.1h:

These measures align with the key areas of the Trust’s mandate – social, economic and environmental well-being – as well as current CBMP strategic priorities. These measures are shorter-term (i.e. three to five years) and match the time periods of significant allocation of resources.

Targets for these shorter-term performance measures are reviewed annually to ensure they reflect the Trust’s strategic approach and projected progress and take into consideration community needs and capacity. Factors such as changes in provincial or federal funding programs or a change in community demand could also influence the target. Multi-year programs including Affordable Housing, Built Heritage and Child Care concluded in 2019/20.

While future targets for Affordable Housing were reduced in the 2019/20 Service Plan to reflect that significant commitments had already been made by the Trust to address community needs, greater than anticipated community demand and strong partnerships saw actuals exceed their targets for the reporting period.

The number of Heritage Assets (2.1d) preserved was above the target due to increased project readiness at the community level.

In 2019/20, the Trust’s Broadband work was focused on permitting and approval for two large backbone expansion projects in the Slocan Valley and East Kootenay while managing their existing backbone network. During this time, the Trust did not take on or directly facilitate any significant last mile (i.e. household connections) broadband projects. As a result there were no additional kilometers of fibre or new households added this year and actuals for both measures remained unchanged from the 2018/19 reporting year.

The value of new Business Loans (2.1f) exceeded its 2019/20 target with \$9.2 million provided to Basin businesses, a reflection of increased demand for capital financing.

The number of new child care spaces created (2.1g) exceeded our 2019/20 target as the Trust and its Child Care Advisor worked alongside providers to help create the best applications possible that also attracted funding from the Province.

The areas of Terrestrial and Aquatic Habitat (2.1h) improved in 2019/20 were both significantly higher than their targets due to the Trust being able to support several major projects during this period through several programs including the Ecosystem Enhancement Program and Environment Grants.

**Goal 3: Robust corporate operations**

**Objective 3.1: Corporate operations that support and enable the cost-effective management of Investments and Delivery of Benefit activities to the region.**

<b>Performance Measure</b>	<b>2018/19 Actuals</b>	<b>2019/20 Target</b>	<b>2019/20 Actuals</b>	<b>2020/21 Target</b>	<b>2021/22 Target</b>
3.1a Ratio of Regional Reinvestment <sup>1</sup>	87%	80-90%	75%	80-90%	80-90%

<sup>1</sup>Ratio of Regional Reinvestment measures the percentage of annual revenue that is committed to the Trust’s two core functions – Delivery of Benefits and the Investment Program.

**Discussion of Results**

In 2019/20, the Ratio of Regional Reinvestment came in slightly below target due to the implementation of the new accounting treatment for when Delivery of Benefits grants are expensed. This performance measure only accounts for new commitments made to projects and initiatives within the year. As a significant portion of expenses this year were for commitments made to projects or initiatives from a previous year, the ratio came in below target.

## **Financial Report**

### **Discussion of Results**

The Financial Report provides an overview of the financial performance of the Trust for the fiscal year ended March 31, 2020. The details of these results are contained in the audited financial statements. Financial results are presented in accordance with public sector accounting standards.

### **Highlights**

In 2019/20 the Trust recorded total revenues of \$85 million, with revenues from Market Securities and Short-Term Investments exceeding budgeted expectations.

Due to the change in accounting treatment in April 2019 to when Delivery of Benefits activities are expensed, the Trust experienced a significant surplus in 2018/19 of \$21.8 million, followed by an expected \$10.2 million deficit in 2019/20. The Trust expensed and recorded over \$69 million in grants this year, with \$38 million resulting from commitments made in previous years and \$31 million in new commitments.

In addition to grant funding, the Trust also invested \$12.2 million in capital projects in the region, which included new capital additions related to broadband infrastructure and new economic development loans.

Trust administration expenses came in \$700,000 under budget at \$7.7 million.

## Financial Summary

	2018/19 Actuals	2019/20 Budget	2019/20 Actuals	2019/20 Variance
<b>Total Revenue (\$000)</b>				
Power Projects	\$57,701	\$73,418	\$71,297	\$(2,121)
Private Placements: Commercial Loans	1,864	1,940	1,796	(144)
Private Placements: Real Estate	1,199	1,381	1,171	(210)
Market Securities	4,157	1,000	5,053	4,053
Short-Term Investments	1,425	1,000	1,959	959
Broadband Operations	3471	932	1,124	192
Other	955	1,079	1,309	230
Power Project Recoveries	1,126	1,549	1,736	187
<b>Total Revenue</b>	<b>\$71,898</b>	<b>\$82,299</b>	<b>\$85,445</b>	<b>\$3,146</b>
<b>Total Expenses (\$000)</b>				
<b>Delivery of Benefits</b>				
Broadband Initiatives <sup>1</sup>	\$2,579	\$2,556	\$2,495	\$61
Community Initiatives	26,752	27,107	46,222	(19,115)
Economic Initiatives <sup>2</sup>	2,592	3,825	3,591	234
Other Initiatives	915	1,525	1,603	(78)
Social Initiatives	3,386	3,980	5,057	(1,077)
Water and Environment Initiatives	3,808	5,810	7,676	(1,866)
Youth Initiatives	1,683	1,780	1,986	(206)
Programs Under Development	-	4,417	-	4,417
<b>Total Delivery of Benefits</b>	<b>\$41,715</b>	<b>\$51,000</b>	<b>\$68,630</b>	<b>\$(17,630)</b>
Power Project Administration Expenses	1,126	1,548	1,736	(188)
Trust Administration Expenses	6,870	8,440	7,743	697
Trust Investment Expenses	393	749	413	336
Financing Costs	-	16,595	16,595	-
Private Placements Loss	-	-	500	(500)
<b>Total Expenses</b>	<b>\$50,104</b>	<b>\$78,332</b>	<b>\$95,617</b>	<b>\$(17,285)</b>
<b>Annual Surplus / (Deficit)</b>	<b>21,794</b>	<b>3,967</b>	<b>(10,172)</b>	<b>(14,139)</b>
<b>Delivery of Benefits Capital Investments</b>	<b>1,928</b>	<b>3,726</b>	<b>12,239</b>	<b>8,513</b>
<b>Total Debt</b>	<b>4,182</b>	<b>6,177</b>	<b>4,637</b>	<b>1,540</b>
<b>Accumulated Surplus</b>	<b>\$528,460</b>	<b>\$660,635</b>	<b>\$510,895</b>	<b>\$149,740</b>

<sup>1</sup> Broadband Initiatives includes direct CBBC expenses, as well as other broadband initiatives delivered through CBBC.

See Appendix B for separate financial information for this subsidiary.

<sup>2</sup> Economic Initiatives includes direct CBDC expenses, as well as other development initiatives delivered through CBDC.

See Appendix B for separate financial information for this subsidiary.

## Administration Expenses

(\$000)	2018/19 Actuals	2019/20 Budget	2019/20 Actuals	2019/20 Variance
Staff Remuneration and Development	\$4,725	\$ 5,945	\$5,640	\$305
Office and General	541	710	581	129
Amortization	416	491	445	46
Professional Fees	370	415	226	189
Corporate Travel and Meetings	224	263	287	(24)
Communications	207	245	218	27
Board and Committee	173	192	172	20
Information Technology	214	179	174	5
<b>Total Administration Expenses</b>	<b>\$6,870</b>	<b>\$8,440</b>	<b>\$7,743</b>	<b>\$697</b>

## Variance and Trend Analysis

Revenues from Power Projects were \$2.1 million below budget. While our four hydroelectric facilities met or exceeded performance expectations in 2019/20, a revision to the accounting treatment that was included for 2019/20 budgeting purposes for the newly purchased Waneta Expansion, decreased forecasted revenues.

In 2019/20, while the overall market value of Market Securities came under its six per cent target, the Trust recorded over \$5 million in realized gains from trading within the portfolio.

The application of the new accounting treatment for determining when the recognition criteria for Delivery of Benefits expenses are met increased budgeted expenses in 2019/20. The application of this new treatment was not known until after the budgeting process was complete in 2019. Adjustments to increase Delivery of Benefits budgets were approved by the Board in June 2019.

Trust administration expenses came in \$697,000 under budget, with a large amount of that reduction related to reduced staff remuneration due to staff leaves and delayed hiring.

## Risks and Uncertainties

Approximately 83 per cent of Trust revenues came from Power Projects. This year was the first full year of execution on the jointly owned partners' Strategic Asset Management Plan to support asset performance, reliability and profitability, while managing the risks inherent in owning and operating hydroelectric facilities. With a focus on its most senior power asset, Columbia Power implemented a Reliability Centred Maintenance program at Arrow Lakes Generating Station that optimizes operations and maintenance costs to achieve an increased rate of availability to generate, two important performance measures for our plants.

If the facilities experience operational challenges and revenues are reduced, the Trust’s ability to deliver benefits or make new investments may be impacted.

Financial markets are volatile, and returns may vary significantly when measured over the short term. A one per cent change in return would have an approximate impact of \$600,000 on revenue given the current level of investment.

Fluctuating interest rates have a direct effect on the income from business loans. Changes in the economic environment influence the performance of business loans. A one per cent change in return would have an approximate impact of \$350,000 on revenue given the current level of investment. New investments continue to be made and are priced to reflect current market rates. The portfolio continues to grow with a diverse mix of opportunities.

Fluctuating interest rates have a direct impact on returns from short-term investments. A one per cent change in interest rates would have an approximate impact of \$500,000 on revenue, given the current level of investment. Short term investments are generally under one year in maturity, and the portfolio is managed to optimize maturities to reduce interest rate risk.

### Capital Expenditures

Major Capital Projects (over \$50 million)	Year of Completion	Project Cost to March 31, 2020 (\$m)	Cost to Complete (\$m)	Total Cost (\$m)
Purchase of 51% interest in the Waneta Expansion Project	2019	\$654	\$654	\$654
The Trust and Columbia Power’s purchase of the Waneta Expansion asset totals \$991 million, of which the Trust’s portion is \$654 million (or 33.5%).				



# **Audited Financial Statements**

**COLUMBIA BASIN TRUST**

**CONSOLIDATED FINANCIAL STATEMENTS**

**AS AT MARCH 31, 2020**

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## **RESPONSIBILITY FOR FINANCIAL REPORTING**

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

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

The Auditor General of British Columbia has been appointed by the Trust's Board of Directors to express an opinion as to whether the consolidated financial statements present fairly, in all material respects, the Trust's financial position, results of operations, changes in net assets and cash flows in conformity with the financial reporting provisions of public sector accounting standards. The Auditor's report follows and outlines the scope of their examination and their opinion on the consolidated financial statements.

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



Johnny Strilaeff  
President & CEO



Christine Lloyd, CPA, CGA  
Executive Director, Finance & Operations



## **INDEPENDENT AUDITOR'S REPORT**

*To the Board of Directors of Columbia Basin Trust, and  
To the Minister of Children and Family Development, Province of British Columbia*

### ***Opinion***

I have audited the accompanying consolidated financial statements of Columbia Basin Trust (“the Trust”), which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statements of operations, remeasurement gains and losses, change in accumulated operating surplus, change in net financial assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Trust as at March 31, 2020, and the results of its operations, remeasurement gains and losses, change in accumulated operating surplus, change in net financial assets, and its cash flows for the year then ended in accordance with Public Sector Accounting Standards (PSAS).

### ***Basis for Opinion***

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of my report. I am independent of the Trust in accordance with the ethical requirements that are relevant to my audit of the consolidated financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### ***Other Accompanying Information***

Management is responsible for the other information accompanying the financial statements. The other information comprises the information included in the 2019/20 Annual Service Plan Report but does not include the consolidated financial statements and my auditor's report thereon.

My opinion on the consolidated financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated financial statements, my responsibility is to read the other information that I have obtained prior to the date of my auditor's report and, in doing so, consider whether the other information is materially inconsistent with the consolidated

financial statements or my knowledge obtained during the audit or otherwise appears to be materially misstated.

Prior to the date of my auditor's report I obtained the draft 2019/20 Annual Service Plan Report. If, based on the work I have performed on this other information, I conclude that there is a material misstatement therein, I am required to report that fact in this auditor's report. I have nothing to report in this regard.

***Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements.***

Those charged with governance are responsible for the oversight of the financial reporting process. Management is responsible for the preparation and fair presentation of the consolidated 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting when the Trust will continue its operations for the foreseeable future.

***Auditor's Responsibilities for the Audit of Financial Statements***

My objectives are to obtain reasonable assurance about whether the Trust's consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

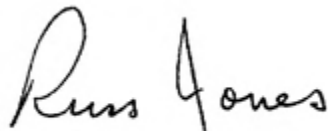
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit and I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and communicated with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



Russ Jones, FCPA, FCA, ICD.D  
Auditor General (Acting)

Victoria, British Columbia, Canada  
May 31, 2020



OFFICE OF THE  
**Auditor General**  
of British Columbia

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

**AS AT MARCH 31** **2020** **2019**

**FINANCIAL ASSETS**

Cash	\$ 11,673	\$ 10,054
Accrued interest and other accounts receivable (Note 4)	2,738	2,487
Short-term investments (Note 5)	48,592	61,808
Market securities (Note 6)	62,061	64,400
Loans receivable (Note 7)	12,715	2,230
Private placements - commercial loans (Note 8)	34,163	32,881
Private placements - commercial investment (Note 9)	2,375	2,375
Private placements - real estate investments (Note 10)	8,698	8,863
Investment in Waneta Expansion Limited Partnership (Note 11)	-	112,997
Investment in power projects (Note 12)	981,179	224,958
	1,164,194	523,053

**LIABILITIES**

Accounts payable and accrued liabilities	1,238	1,399
Long-term debt (Note 13)	4,637	4,182
Deferred contributions (Note 14)	3,720	1,473
Delivery of Benefits initiatives liabilities (Note 15)	8,350	4,578
Due to Waneta Expansion Power Corporation (Note 16)	651,249	-
	669,194	11,632

Net Financial Assets 495,000 511,421

**NON-FINANCIAL ASSETS**

Prepaid expenses	303	240
Development costs	-	997
Tangible capital assets (Note 17)		
Tangible capital assets - Corporate	1,978	2,277
Tangible capital assets - Delivery of Benefits	7,616	7,370
Tangible capital assets - Investments	5,998	6,155
Total tangible capital assets	15,592	15,802
	15,895	17,039

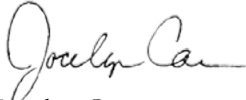
**ACCUMULATED SURPLUS** \$ 510,895 \$ 528,460


Accumulated Surplus is comprised of:

Accumulated Operating Surplus	\$ 511,866	\$ 522,038
Accumulated Remeasurement Gains (Losses)	(971)	6,422
	\$ 510,895	\$ 528,460

**COMMITMENTS** (Note 24)

Approved on behalf of the Board of Directors:

  
 Jocelyn Carver  
 Chair

  
 Bill van Yzerloo  
 Chair, Finance and Audit Committee

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

**COLUMBIA BASIN TRUST**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
*(in thousands)*

<b>FOR THE YEAR ENDED MARCH 31</b>	<b>Budget</b> <b>(Note 28)</b>	<b>2020</b>	<b>2019</b>
<b>REVENUES</b>			
Power projects (Note 12)	\$ 65,897	\$ 68,370	\$ 45,491
Market securities	1,500	5,053	4,157
Waneta expansion (Note 11)	1,300	2,927	12,210
Short-term investments	1,050	1,959	1,425
Private placements - commercial loans	1,940	1,796	1,864
Power project recoveries (Note 18)	1,549	1,736	1,126
Private placements - real estate investments (Note 10)	1,381	1,171	1,199
Broadband operations	1,357	935	852
Other revenues (Note 19)	774	867	595
Rental revenues - commercial investments (Note 20)	200	442	360
Grant revenues (Note 21)	-	189	2,619
	<u>76,948</u>	<u>85,445</u>	<u>71,898</u>
<b>EXPENSES (Note 22)</b>			
Community initiatives	36,126	48,842	28,917
Water and environment initiatives	8,681	8,387	4,340
Social initiatives	5,864	5,669	3,898
Economic initiatives	5,117	4,514	3,444
Other initiatives	4,096	3,314	2,800
Broadband initiatives	2,500	2,495	2,579
Youth initiatives	2,904	2,291	1,893
Power project administration (Note 18)	1,549	1,736	1,126
Investment initiatives	1,687	1,274	1,107
Financing costs (Note 16)	18,369	16,595	-
	<u>86,893</u>	<u>95,117</u>	<u>50,104</u>
Private placements loss (Note 8)	-	500	-
<b>ANNUAL OPERATING SURPLUS (DEFICIT)</b>	<u>\$ (9,945)</u>	<u>\$ (10,172)</u>	<u>\$ 21,794</u>

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

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

<b>FOR THE YEAR ENDED MARCH 31</b>	<b>2020</b>	<b>2019</b>
Accumulated remeasurement gains, beginning of year	\$ 6,422	\$ 6,457
Unrealized gains (losses) on market securities	(4,025)	2,526
Less realized gains reclassified to the Statement of Operations	(3,368)	(2,561)
Net remeasurement losses for the year	(7,393)	(35)
<b>ACCUMULATED REMEASUREMENT GAINS (LOSSES), end of year</b> <b>(Note 6)</b>	<b>\$ (971)</b>	<b>\$ 6,422</b>

**CONSOLIDATED STATEMENT OF CHANGE IN ACCUMULATED OPERATING SURPLUS**  
*(in thousands)*

<b>FOR THE YEAR ENDED MARCH 31</b>	<b>2020</b>	<b>2019</b>
Accumulated operating surplus, beginning of year	\$ 522,038	\$ 500,244
Annual operating surplus (deficit)	(10,172)	21,794
<b>ACCUMULATED OPERATING SURPLUS, end of year</b>	<b>\$ 511,866</b>	<b>\$ 522,038</b>

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



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

<b>FOR THE YEAR ENDED MARCH 31</b>	<b>Budget</b>	<b>2020</b>	<b>2019</b>
	<b>(Note 28)</b>		
<b>ANNUAL SURPLUS (DEFICIT)</b>	\$ (9,945)	\$ (10,172)	\$ 21,794
Acquisition of prepaid expenses	-	(303)	(240)
Use of prepaid expenses	-	240	296
Acquisition of development costs	-	-	(997)
Use of development costs	-	997	-
Acquisition of tangible capital assets	-	(1,195)	(3,852)
Disposal of tangible capital assets	-	3	19
Amortization of tangible capital assets	491	1,402	1,281
	491	1,144	(3,493)
Effect of remeasurement losses	-	(7,393)	(35)
Change in Net Financial Assets	(9,454)	(16,421)	18,266
NET FINANCIAL ASSETS, beginning of year	511,421	511,421	493,155
<b>NET FINANCIAL ASSETS, end of year</b>	<b>\$ 501,967</b>	<b>\$ 495,000</b>	<b>\$ 511,421</b>

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

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

<b>FOR THE YEAR ENDED MARCH 31</b>	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS FROM (APPLIED TO) OPERATING ACTIVITIES</b>		
Cash received from private placements - commercial loans	\$ 1,644	\$ 1,729
Cash received from other loans	188	57
Cash received from broadband operations	3,430	3,104
Cash received from short-term investments	2,003	1,416
Cash received from market securities	5,053	4,157
Cash received from tenants	676	551
Cash paid for operating expenses	(7,109)	(5,580)
Cash paid for Delivery of Benefits initiatives	(64,858)	(37,964)
Cash received from Delivery of Benefits	554	103
	<u>(58,419)</u>	<u>(32,427)</u>
<b>CASH FLOWS FROM (APPLIED TO) INVESTING ACTIVITIES</b>		
Investment in Waneta Expansion Limited Partnership	-	(4,674)
Investment in WEPC	(670,417)	-
Purchase of short-term investments and market securities	(48,901)	(148,246)
Redemption of short-term investments and market securities	57,064	138,932
Issuance of commercial loans	(9,172)	(3,805)
Repayment of commercial loans	7,378	7,148
Issuance of other loans	(11,206)	(1,820)
Repayment of other loans	577	225
Real estate investments	(171)	(3,290)
Dividends received from real estate investments	1,508	1,508
Dividends received from Waneta Expansion	2,927	12,210
Dividends received from power projects investments	96,559	39,250
	<u>(573,854)</u>	<u>37,438</u>
<b>CASH FLOWS APPLIED TO CAPITAL TRANSACTIONS</b>		
Purchase of tangible capital assets	(1,195)	(3,852)
Disposal of tangible capital assets	3	19
	<u>(1,192)</u>	<u>(3,833)</u>
<b>CASH FLOWS FROM (APPLIED TO) FINANCING ACTIVITIES</b>		
Issuance of Waneta debt	651,249	-
Repayment of debt	(36)	(35)
Interest paid on debt	(16,620)	(27)
Advances from Community Foundations	491	310
Repayment of Community Foundations	-	(50)
	<u>635,084</u>	<u>198</u>
<b>INCREASE IN CASH</b>	1,619	1,376
<b>CASH, beginning of year</b>	10,054	8,678
<b>CASH, end of year</b>	<u>\$ 11,673</u>	<u>\$ 10,054</u>

Interest collected during the year was \$3.8 million (fiscal 2019 - \$3.2 million).

Interest paid during the year was \$16.8 million (fiscal 2019 - \$167,000).

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2020

(Tabular amounts in thousands)

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### 1. NATURE OF COLUMBIA BASIN TRUST

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

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### (a) Basis of accounting

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

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

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

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

- i. Contributions for the purpose of acquiring or developing a depreciable tangible capital asset or contributions in the form of a depreciable tangible capital asset are recorded and referred to as deferred capital contributions and recognized in revenue at the same rate that amortization of the related tangible capital asset is recorded. The reduction of deferred capital contributions and recognition of revenue are accounted for over the fiscal periods during which the tangible capital asset is used to provide services.
- ii. Contributions restricted for specific purposes other than those for the acquisition or development of a depreciable tangible capital asset are recorded as deferred contributions and recognized in revenue in the year in which the stipulation or restriction on the contributions have been met.

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

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

- i. Government transfers that do not contain a stipulation that creates a liability be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with public sector accounting standard PS3410; and
- ii. Externally restricted contributions be recognized as revenue in the period in which the stipulations are met.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2020

(Tabular amounts in thousands)

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (b) Basis of consolidation

##### i. Consolidated entities

These consolidated financial statements reflect the assets, liabilities, revenues, and expenses of organizations which are wholly owned and controlled by the Trust. Controlled organizations are consolidated except for government business partnerships and government business enterprises which are accounted for by the modified equity method. Intercompany transactions, balances, and activities have been eliminated on consolidation.

The following entities are wholly owned and controlled by the Trust and are fully consolidated:

- CBT Commercial Finance Corp.
- CBT Arrow Lakes Power Development Corp.
- CBT Brilliant Expansion Power Corp.
- CBT Energy Inc. (*dissolved March 19, 2020*)
- CBT Power Corp.
- CBT Property Corp.
- CBT Waneta Expansion Power Corp.
- CBT Real Estate Investment Corp.
- Columbia Basin Broadband Corporation
- Columbia Basin Development Corporation

##### ii. Investment in Government business partnerships

Government business partnerships (GBP) are accounted for using the modified equity method. Under the modified equity method, only the Trust's percentage investment in the GBP, and the net income and other changes in equity are recorded. No adjustments are made for accounting policies that are different from those of the Trust and intercompany transactions and balances are not eliminated.

The following entities are GBPs of the Trust and are consolidated using the modified equity method:

##### Power projects:

- Arrow Lakes Power Corporation (ALPC) – 50% interest
- Brilliant Power Corporation (BPC) – 50% interest
- Brilliant Expansion Power Corporation (BEPC) – 50% interest
- 0680286 BC Ltd. (formerly WEPC) – 42% interest (*dissolved March 24, 2020*)
- Waneta Expansion Power Corporation (WEPC) – 50% interest

##### Real estate:

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2020

(Tabular amounts in thousands)

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### 2. (b) Basis of consolidation (continued)

#### iii. Investment in Government business enterprises

Government business enterprises (GBE) are accounted for using the modified equity method. Under the modified equity method, only the Trust's percentage investment in the GBE, and the net income and other changes in equity are recorded. No adjustments are made for accounting policies that are different from those of the Trust and inter-entity transactions and balances are not eliminated.

Red Mountain Hostel (86% interest) is a GBE of the Trust and is consolidated in these financial statements using the modified equity method.

### (c) Tangible capital assets and amortization

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

	<u>Years</u>
Buildings	25 - 35
Leasehold improvements	Term of the lease
Office furniture and equipment	5
Hardware and software	3 - 7
Broadband hardware	3 - 15
Fibre optics	25
Development costs	20

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

### (d) Revenue recognition

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

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2020

(Tabular amounts in thousands)

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### 2. (d) Revenue recognition (continued)

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

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

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

### (e) Expenses

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

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

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

### (f) Taxes

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

### (g) Financial instruments

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

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

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Market-based inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3: Inputs for the asset or liability that are not based on observable market data; assumptions are based on the best internal and external information available and are most suitable and appropriate based on the type of financial instrument being valued in order to establish what the transaction price would have been on the measurement date in an arm's length transaction.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2020

(Tabular amounts in thousands)

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### 2. (g) Financial instruments (continued)

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

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

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

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

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

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

The Trust has designated its financial instruments as follows:

i. Cash

Cash includes cash on hand and demand deposits. The Trust presents its Statement of Cash Flows using the direct method.

ii. Short-term investments

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

iii. Market securities

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2020

(Tabular amounts in thousands)

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### 2. (g) Financial instruments (continued)

#### iv. Private placements and loans receivable

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

#### v. Investment in Waneta Expansion Limited Partnership

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

#### vi. Debt and other financial assets and financial liabilities

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

### (h) Measurement uncertainty

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

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

### 3. COMPARATIVE FIGURES

Certain prior year figures have been reclassified to conform with the current year's presentation.

### 4. ACCRUED INTEREST AND OTHER ACCOUNTS RECEIVABLE

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

### 5. SHORT-TERM INVESTMENTS

Short-term investments consist of a portfolio of guaranteed investment certificates (GICs) held at financial institutions.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2020

(Tabular amounts in thousands)

### 6. MARKET SECURITIES

The Trust has a diversified securities portfolio that includes short-term deposits, bond and equity pooled funds, which are managed by the British Columbia Investment Management Corporation. The Trust's investment in market securities measured at fair value is as follows:

	Fair value hierarchy level	2020	2019
Market value	1	\$ 62,061	\$ 64,400
Cost		63,032	57,978
Accumulated remeasurement gains		\$ (971)	\$ 6,422

During fiscal year 2020, the Trust recognized realized gains on market securities of \$3.4 million (2019 - \$2.6 million).

### 7. LOANS RECEIVABLE

The Trust provides funding through the Impact Investment Program to businesses challenged with obtaining financing from other sources. These loans are generally secured by assets and personal guarantees and currently have terms extending no further than 18 years.

The Trust provided the Trail airport with a non-interest bearing \$1 million loan in fiscal 2019 over a term of 20 years. At March 31, 2020, the outstanding balance was \$900,000 (discounted to present value \$608,000).

The Trust provided the Ktunaxa Nation Council with a non-interest bearing \$8.5 million loan in fiscal 2020 to be fully repaid by July 31, 2020. At March 31, 2020, the outstanding balance was \$8.5 million (discounted to present value \$8.4 million). The Trust also provided a loan under the Economic Development Program bearing interest of 5.45% over a term of seven years. At March 31, 2020, the outstanding balance was \$1.5 million.

Loans receivable are as follows:

	2020	2019
Impact investment funds bearing interest from 3.45% to 7.95%	\$ 2,371	\$ 1,717
Trail airport non-interest bearing	608	630
Ktunaxa Nation Council non-interest bearing	8,406	-
Economic Development loan bearing interest at 5.45%	1,500	-
	12,885	2,347
Less: general impairment loss	(170)	(92)
Less: specific impairment loss	-	(25)
	\$ 12,715	\$ 2,230

### 8. PRIVATE PLACEMENTS – COMMERCIAL LOANS

The Trust provides commercial loans that are generally secured by real estate and currently have terms extending no further than 24 years.

Commercial loans are as follows:

	2020	2019
Commercial loans bearing interest from 3.45% to 7.5%	\$ 34,907	\$ 33,113
Less: general impairment loss	(244)	(232)
Less: specific impairment loss	(500)	-
	\$ 34,163	\$ 32,881

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**Year Ended March 31, 2020**

*(Tabular amounts in thousands)*

**9. PRIVATE PLACEMENTS – COMMERCIAL INVESTMENT**

This commercial equity investment in a private company is accounted for as a portfolio investment and measured at cost, net of impairment.

**10. PRIVATE PLACEMENTS – REAL ESTATE INVESTMENTS**

The Trust's real estate investments are comprised of the following:

- 50% ownership interest in nine seniors housing facilities throughout the Basin including Kootenay Street Village currently under development in Cranbrook, BC. Phase one of Kootenay Street Village, consisting of 36 units, was completed and operational in December 2019. The remaining 82 units under phase two and three are scheduled for completion by August 2020.
- 86% ownership interest in Red Mountain Hostel located in Rossland, BC.

These investments are accounted for as investments in GBPs and GBEs using the modified equity method. See Note 2 (b).

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

**(a) Financial position:**

	<b>Current Assets</b>	<b>Non-Current Assets</b>	<b>Total Assets</b>	<b>Current Liabilities</b>	<b>Non-Current Liabilities</b>	<b>Total Liabilities</b>	<b>Net Assets</b>
<b>March 31, 2020</b>							
Castle Wood Village - 50%	\$ 386	\$ 3,206	\$ 3,592	\$ 205	\$ 2,884	\$ 3,089	\$ 503
Columbia Village - 50%	125	4,439	4,564	243	3,939	4,182	382
Crest View Village - 50%	264	3,579	3,843	266	3,018	3,284	559
Garden View Village - 50%	84	2,688	2,772	168	2,095	2,263	509
Joseph Creek Village - 50%	129	7,755	7,884	502	6,029	6,531	1,353
Lake View Village - 50%	201	4,742	4,943	221	3,513	3,734	1,209
Mountain Side Village - 50%	73	2,440	2,513	117	1,900	2,017	496
Red Mountain Hostel - 86%	100	2,484	2,584	157	1,840	1,997	587
Rocky Mountain Village - 50%	167	3,613	3,780	46	1,438	1,484	2,296
	1,529	34,946	36,475	1,925	26,656	28,581	7,894
<i>Projects under development:</i>							
Kootenay Street Village 50%*	437	9,409	9,846	328	8,714	9,042	804
	\$ 1,966	\$ 44,355	\$ 46,321	\$ 2,253	\$ 35,370	\$ 37,623	\$ 8,698

\*36 of 118 units completed and operational in December 2019 with remaining 82 units to be completed by August 2020.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2020

(Tabular amounts in thousands)

### 10. PRIVATE PLACEMENTS - REAL ESTATE INVESTMENTS (continued)

	Current Assets	Non- Current Assets	Total Assets	Current Liabilities	Non- Current Liabilities	Total Liabilities	Net Assets
<b>March 31, 2019</b>							
Castle Wood Village - 50%	\$ 345	\$ 3,406	\$ 3,751	\$ 188	\$ 3,053	\$ 3,241	\$ 510
Columbia Village - 50%	116	4,665	4,781	224	4,151	4,375	406
Crest View Village - 50%	248	3,791	4,039	242	3,260	3,502	537
Garden View Village - 50%	73	2,833	2,906	137	2,229	2,366	540
Joseph Creek Village - 50%	125	8,132	8,257	398	6,420	6,818	1,439
Lake View Village - 50%	195	4,949	5,144	210	3,736	3,946	1,198
Mountain Side Village - 50%	69	2,567	2,636	114	2,012	2,126	510
Red Mountain Hostel - 87%	160	3,718	3,878	97	1,471	1,568	2,310
Rocky Mountain Village - 50%	123	2,627	2,750	181	1,993	2,174	576
	1,454	36,688	38,142	1,791	28,325	30,116	8,026
<i>Projects under development:</i>							
Kootenay Street Village - 50%	158	2,485	2,643	206	1,600	1,806	837
	1,612	39,173	40,785	1,997	29,925	31,922	8,863

#### (b) Results of operations:

	Revenue	Finance Charges	Operations	Amortization	Total Expense	Surplus
<b>March 31, 2020</b>						
Castle Wood Village - 50%	\$ 525	\$ 110	\$ 34	\$ 200	\$ 344	\$ 181
Columbia Village - 50%	528	158	25	226	409	119
Crest View Village - 50%	559	110	23	214	347	212
Garden View Village - 50%	363	102	27	146	275	88
Joseph Creek Village - 50%	1,094	264	66	428	758	336
Kootenay Street Village - 50%*	15	22	-	26	48	(33)
Lake View Village - 50%	546	117	15	208	340	206
Mountain Side Village - 50%	311	78	5	126	209	102
Red Mountain Hostel - 86%	91	62	63	151	276	(185)
Rocky Mountain Village - 50%	374	82	4	143	229	145
	\$ 4,406	\$ 1,105	\$ 262	\$ 1,868	\$ 3,235	\$ 1,171

\*36 of 118 units completed and operational in December 2019 with remaining 82 units to be completed by August 2020.

#### March 31, 2019

Castle Wood Village - 50%	\$ 525	\$ 122	\$ 78	\$ 202	\$ 402	\$ 123
Columbia Village - 50%	528	165	7	226	398	130
Crest View Village - 50%	559	117	27	214	358	201
Garden View Village - 50%	363	108	11	146	265	98
Joseph Creek Village - 50%	1,094	277	33	431	741	353
Lake View Village - 50%	546	123	13	208	344	202
Mountain Side Village - 50%	311	83	5	127	215	96
Red Mountain Hostel - 87%	21	15	-	149	164	(143)
Rocky Mountain Village 50%	374	87	6	142	235	139
	\$ 4,321	\$ 1,097	\$ 180	\$ 1,845	\$ 3,122	\$ 1,199

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2020

(Tabular amounts in thousands)

### 10. PRIVATE PLACEMENTS - REAL ESTATE INVESTMENTS (continued)

#### (c) Investment in private placements – real estate:

	Castle Wood Village	Columbia Village	Crest View Village	Garden View Village	Joseph Creek Village	Kootenay Street Village	Lake View Village	Mountain Side Village	Red Mountain Hostel	Rocky Mountain Village	Total
	50%	50%	50%	50%	50%	50%	50%	50%	86%	50%	
<b>March 31, 2020</b>											
Opening balance \$	510	406	537	540	1,439	837	1,198	510	2,310	576	8,863
Dividends paid	(188)	(143)	(191)	(119)	(422)	-	(196)	(115)	-	(134)	(1,508)
Contributions	-	-	-	-	-	-	-	-	172	-	172
Surplus	181	119	212	88	336	(33)	206	102	(185)	145	1,171
	\$ 503	\$ 382	\$ 558	\$ 509	\$ 1,353	\$ 804	\$ 1,208	\$ 497	\$ 2,297	\$ 587	\$ 8,698
<b>March 31, 2019</b>											
Opening balance \$	575	419	527	561	1,508	-	1,192	529	-	571	5,882
Dividends paid	(188)	(143)	(191)	(119)	(422)	-	(196)	(115)	-	(134)	(1,508)
Contributions	-	-	-	-	-	837	-	-	2,453	-	3,290
Surplus	123	130	201	98	353	-	202	96	(143)	139	1,199
	\$ 510	\$ 406	\$ 537	\$ 540	\$ 1,439	\$ 837	\$ 1,198	\$ 510	\$ 2,310	\$ 576	\$ 8,863

#### (d) Non-current assets:

The Trust's investment in real estate is as follows:

	Land	Building and Equipment	2020	2019
Operating facilities	\$ 3,039	\$ 52,985	\$ 56,024	\$ 55,929
Projects under development	-	-	9,409	2,485
Less: accumulated amortization	-	(21,078)	(21,078)	(19,241)
	\$ 3,039	\$ 31,907	\$ 44,355	\$ 39,173

#### (e) Current and non-current liabilities:

##### i. Long-term debt

Long-term debt consisting of mortgage loans are included in current and non-current liabilities of the real estate entities. The purpose of the mortgage loans was to provide financing for the acquisition of land and the construction of seniors housing facilities. These loans have interest rates varying between 3.26% and 4.44% and will mature on different dates between April 2021 and March 2024. The loans are repayable in equal monthly payments of principal and interest, were originally amortized over 25 years and are secured by first charges, both fixed and floating, over the assets of the seniors housing facilities to which they relate.

##### ii. Indemnities by joint venturers

The joint venturers of Trusts' real estate investments gave separate indemnities for mortgage proceeds totaling \$42.2 million (fiscal 2019 - \$29.6 million).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2020

*(Tabular amounts in thousands)*

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### 10. PRIVATE PLACEMENTS - REAL ESTATE INVESTMENTS (continued)

#### (f) Contingencies:

In June 2010, the BC Housing Management Commission (BC Housing) provided Lake View Village, a seniors housing facility located in Nelson, BC, with a government grant to allow for subsidized suites. Under this agreement, Lake View Village received a forgivable loan in the amount of \$855,000 (the Trust's share is 50%), which was applied directly to the existing mortgage on the property. Under the terms and conditions of the agreement, if the loan is defaulted within the first 10 years, \$855,000 is repayable to BC Housing. Thereafter, the forgivable loan amount is reduced by 1/15th per year. As at March 31, 2020, the balance of the forgivable loan was \$855,000 (the Trust's share is 50%).

### 11. INVESTMENT IN WANETA EXPANSION LIMITED PARTNERSHIP

The Trust previously held a 16.5% interest in the Waneta Expansion Limited Partnership (WELP). The purchase of Fortis' 51% interest in WELP in April 2019 by the Trust and Columbia Power has changed this ownership interest. New ownership interest is now included under Investment in Power Projects. See Note 12(e).

### 12. INVESTMENT IN POWER PROJECTS

The Trust's investment in power projects comprises ownership interests in four entities that are jointly controlled with Columbia Power, a party related through common control by the Province. These investments are accounted for as GBPs using the modified equity method. See listing of joint ventures in Note 2 (b).

#### (a) Arrow Lakes Power Corporation

The Trust's wholly owned subsidiary, CBT Arrow Lakes Power Development Corp., has a 50% ownership interest in Arrow Lakes Power Corporation (ALPC). The purpose of ALPC is to operate the 185-megawatt Arrow Lakes Generating Station adjacent to Hugh Keenleyside Dam at Castlegar, BC, and a 48-kilometre transmission line from the power plant to BC Hydro's Selkirk substation and sell power generated from this facility.

#### (b) Brilliant Power Corporation

The Trust's wholly owned subsidiary, CBT Power Corp., has a 50% ownership interest in Brilliant Power Corporation (BPC). The purpose of BPC is to act as lessor of the Brilliant Dam and Generating Station (Brilliant Power Facility) and Brilliant Terminal Station assets. The Brilliant Power Facility and Brilliant Terminal Station are currently leased to FortisBC Inc., a regulated utility operating in British Columbia, according to the terms of finance leases. The Brilliant Power Facility is located on the Kootenay River, three kilometers upstream of the confluence with the Columbia River.

#### (c) Brilliant Expansion Power Corporation

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2020

(Tabular amounts in thousands)

### 12. INVESTMENT IN POWER PROJECTS (continued)

#### (d) 0680286 BC Ltd. (formerly Waneta Expansion Power Corporation)

The Trust's wholly owned subsidiary, CBT Energy Inc., had a 42% interest in 0680286 BC Ltd. (formerly named Waneta Expansion Power Corporation). 0680286 BC Ltd. held a receivable balance related to the Waneta Expansion Project. The \$72 million non-interest bearing promissory note was received on April 17, 2019 as part of the purchase of the Waneta Expansion. 0680286 BC Ltd. was dissolved March 24, 2020.

#### (e) Waneta Expansion Power Corporation

The Trust's wholly owned subsidiary, CBT Waneta Expansion Power Corp., has a 50% interest in Waneta Expansion Power Corporation (WEPC). The purpose of WEPC is to operate the 335-megawatt power generation facility adjacent to the Waneta Dam near Trail, BC, and a 10 kilometre transmission line from the power plant to British Columbia Hydro and Power Authority's Selkirk substation, and to sell the entitlement and capacity energy from this facility.

The Waneta Dam was previously owned by the Waneta Expansion Limited Partnership (WELP), of which Fortis held a 51% interest, Columbia Power a 32.5% interest, and the Trust a 16.5% interest. On April 17, 2020, the Waneta Expansion Power Corporation purchased Fortis' 51% interest in WELP. The Trust purchased additional shares (33.5%) in WEPC for the purchase price of \$651 million to have equal ownership between the Trust and Columbia Power. The structure of this additional purchase of shares requires the Trust to be responsible for 66% of the long-term debt required for the purchase from Fortis. See Note 16.

The following applies to the tables contained in this section:

- WEPC was incorporated on April 17, 2019
- 0680286 BC Ltd. (formerly WEPC) was dissolved March 24, 2020 with nil balances

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

#### (f) Financial position:

	Current Assets	Property, Plant & Equipment	Lease Receivable	Non- Current Assets	Total Assets	Current Liabilities	Non- Current Liabilities	Total Liabilities	Net Assets
<b>March 31, 2020</b>									
ALPC - 50%	\$ 13,046	\$ 104,534	\$ -	\$ -	\$ 117,580	\$ 9,436	\$ 157,287	\$ 166,723	\$ (49,143)
BPC - 50%	11,983	-	163,694	6,383	182,060	7,983	34,279	42,262	139,798
BEPC - 50%	4,883	101,570	-	813	107,266	997	-	997	106,269
WEPC* - 50%	26,915	952,524	-	492,576	1,472,015	5,055	491,830	496,885	975,130
	\$ 56,827	\$ 1,158,628	\$ 163,694	\$ 499,772	\$ 1,878,921	\$ 23,471	\$ 683,396	\$ 706,867	\$ 1,172,054
Adjustment - WEPC **									(190,875)
									\$ 981,179

\*WEPC assets and liabilities contain amounts due from the owners and due to the Province for a long-term debt arrangement to fund the acquisition of Fortis 51% ownership in WELP. Each owner purchased additional shares to restore the ownership to the originally mandated 50/50 partnership between the Trust and Columbia Power (Trust purchased 33.5%). The Trust's share of the long-term debt is \$646,129. See Note 16.

\*\*In applying the modified equity basis of accounting to its interest in WEPC, the Trust makes annual adjustments for related party transactions where the underlying investment remains within the reporting entity. The Trust's original investment in WELP of 16.5% is accounted for on a cost basis, with the additional 33.5% investment accounted for at fair value at acquisition. The entire amount of the investment is recorded at fair value within WEPC. The fair value increment on the original investment, adjusted for annual amortization of related assets, is eliminated on consolidation. WEPC adjustment also includes development costs incurred by the Trust for the purchase of Fortis Inc's 51% interest in the Waneta Expansion Limited Partnership.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2020

(Tabular amounts in thousands)

### 12. (f) Financial position (continued)

	Current Assets	Property, Plant & Equipment	Lease Receivable	Non- Current Assets	Total Assets	Current Liabilities	Non- Current Liabilities	Total Liabilities	Net Assets
<b>March 31, 2019</b>									
ALPC - 50%	\$ 16,337	\$ 106,111	\$ -	\$ -	\$ 122,448	\$ 9,232	\$ 161,335	\$ 170,567	\$ (48,119)
BPC - 50%	11,403	-	161,464	6,381	179,248	7,013	39,379	46,392	132,856
BEPC - 50%	6,665	103,668	-	797	111,130	1,149	-	1,149	109,981
0680286 BC Ltd 42%	30,240	-	-	-	30,240	-	-	-	30,240
	\$ 64,645	\$ 209,779	\$ 161,464	\$ 7,178	\$ 443,066	\$ 17,394	\$ 200,714	\$ 218,108	\$ 224,958

### (g) Investment in power projects:

	ALPC 50%	BPC 50%	BEPC 50%	0680286 BC Ltd 42%	WEPC 50%	Total
<b>March 31, 2020</b>						
Opening balance	\$ (48,119)	\$ 132,856	\$ 109,981	\$ 30,240	\$ -	\$ 224,958
Waneta acquisition	-	-	-	-	780,695	780,695
Dividends paid	(18,650)	(6,445)	(13,340)	(30,240)	(21,275)	(89,950)
Surplus	17,626	13,387	9,628	-	24,835	65,476
	\$ (49,143)	\$ 139,798	\$ 106,269	\$ -	\$ 784,255	\$ 981,179
<b>March 31, 2019</b>						
Opening balance	\$ (49,123)	\$ 124,878	\$ 107,835	\$ 35,127	\$ -	\$ 218,717
Dividends paid	(16,000)	(4,800)	(10,050)	(8,400)	-	(39,250)
Surplus	17,004	12,778	12,196	3,513	-	45,491
	\$ (48,119)	\$ 132,856	\$ 109,981	\$ 30,240	\$ -	\$ 224,958

### (h) ALPC negative equity:

In fiscal 2012, ALPC issued \$350 million in Series B bonds, due in April 2041. The proceeds of the Series B bond issue were used to pay for the \$45.6 million owing on ALPC's Series A bonds, and the net proceeds of \$285.6 million were distributed by dividend to the shareholders. The dividend to the shareholders created a deficit in ALPC of \$56.1 million. ALPC ended fiscal 2012 with a deficit of \$60.3 million after incurring net losses of \$4.2 million that year. Total cumulative dividends of \$177.7 million and cumulative net surpluses of \$139.7 million since fiscal 2012 have increased the deficit in ALPC to \$98.3 million at the end of fiscal 2020.

As ALPC's negative equity position has been caused by the payment of dividends rather than by operating losses, the Trust continues to record its investment in ALPC as a long term financial asset that is recorded on a modified equity basis on the consolidated statement of financial position. The Trust's future share of ALPC's net income will reduce the negative equity balance and the Trust's future share of any additional dividends will increase the negative equity balance. Contracts entered into for the delivery of electricity over the next 25 years are expected to generate sufficient revenue and cash flow to fund on-going operations for the foreseeable future.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2020

(Tabular amounts in thousands)

### 12. INVESTMENT IN POWER PROJECTS (continued)

#### (i) Results of operations:

	Revenue	Finance Charges	Operations	Amortization	Total Expense	Surplus
<b>March 31, 2020</b>						
ALPC - 50%	\$ 34,979	\$ 9,050	\$ 5,586	\$ 2,717	\$ 17,353	\$ 17,626
BPC - 50%	23,014	3,291	6,303	33	9,627	13,387
BEPC - 50%	16,520	8	4,615	2,269	6,892	9,628
WEPC - 50%	58,299	13,028	6,156	14,280	33,464	24,835
	\$ 132,812	\$ 25,377	\$ 22,660	\$ 19,299	\$ 67,336	\$ 65,476
Adjustment - WEPC *						2,894
						\$ 68,370

\* Includes \$98,688 for amortization of development costs, offset by amortization of \$3 million for the difference in the value of the investment related to capital assets. Note 12(f).

	Revenue	Finance Charges	Operations	Amortization	Total Expense	Surplus
<b>March 31, 2019</b>						
ALPC - 50%	\$ 34,507	\$ 9,281	\$ 5,530	\$ 2,692	\$ 17,503	\$ 17,004
BPC - 50%	22,604	3,630	6,163	33	9,826	12,778
BEPC - 50%	18,790	8	4,543	2,043	6,594	12,196
0680286 BC Ltd - 42%	3,513	-	-	-	-	3,513
	\$ 79,414	\$ 12,919	\$ 16,236	\$ 4,768	\$ 33,923	\$ 45,491

#### (j) Non-current liabilities:

##### Long-term debt

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

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

WEPC has long-term debt that consists of Series "A" and "B" bonds maturing June 30, 2053 requiring semi-annual coupon payments and annual payments to a sinking fund for debt retirement.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2020

(Tabular amounts in thousands)

### 12. (j) Non-current liabilities (continued)

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

	Coupon Rate	Effective Rate	2020	2019
ALPC - Series B	5.52%	5.59%	\$ 161,373	\$ 165,205
BPC - Series A	8.93%	9.06%	22,398	24,835
BPC - Series B	6.86%	7.00%	6,146	6,871
BPC - Series C	5.67%	6.39%	10,627	11,908
WEPC - Series A	2.95%	2.62%	266,900	-
WEPC - Series B	2.95%	2.76%	224,930	-
			692,374	208,819
Current portion of bonds			(8,978)	(8,105)
			\$ 683,396	\$ 200,714

Bond amounts stated above are inclusive of financing costs of \$4.4 million (fiscal 2019 - \$1.4 million).

### (k) Contingencies

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

### 13. LONG-TERM DEBT

The Trust has a term loan secured by a collateral mortgage over real estate. The Trust also accepts investment funds from various Community Foundations for investment purposes which are classified as loans.

The debt shown on the consolidated statement of financial position is measured at amortized cost and is comprised of the following:

	2020	2019
Mortgage, interest rate 3.27% per annum, maturing November 1, 2022	\$ 788	\$ 824
Demand loan, interest rate 5.00% per annum, no specific repayment terms	3,849	3,358
	\$ 4,637	\$ 4,182

The total interest expense reported on the consolidated statement of operations is as follows:

	2020	2019
Mortgage, interest rate 3.27 % per annum, maturing November 1, 2022	\$ 26	\$ 27
Demand loan, interest rate 5.00% per annum, no specific repayment terms	186	167
	\$ 212	\$ 194

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**Year Ended March 31, 2020**

*(Tabular amounts in thousands)*

**13. LONG-TERM DEBT (continued)**

Long-term debt repayment is as follows:

2021	\$	37
2022		39
2023		40
2024		41
2025 and thereafter		4,480
	\$	4,637

**14. DEFERRED CONTRIBUTIONS**

Deferred contributions and other revenue represent funding that has been received and relates to broadband projects scheduled to be completed in a subsequent year. Deferred contributions and other revenue are recognized in revenue in the year of project completion.

Deferred capital contributions represent the unamortized amount of grants received from various entities for the purchase of broadband tangible capital assets. Deferred capital contributions are recognized in revenue at the same rate that amortization of the tangible capital asset is recorded. Deferred contributions at March 31 are as follows:

	Deferred Capital Contributions		Deferred Revenue		Total
<b>March 31, 2020</b>					
Opening balance	\$ 1,404	\$	69	\$	\$ 1,473
Contributions received during the year	2,437		34		2,471
Transfers to revenue during the year	(155)		(69)		(224)
	\$ 3,686	\$	34	\$	\$ 3,720
<b>March 31, 2019</b>					
Opening balance	\$ 1,181	\$	1,144	\$	\$ 2,325
Contributions received during the year	343		-		343
Transfers to revenue during the year	(120)		(1,075)		(1,195)
	\$ 1,404	\$	69	\$	\$ 1,473

Deferred contributions will be recognized in revenue as follows:

	Deferred Capital Contributions		Deferred Revenue		Total
2021	\$ 154	\$	-	\$	\$ 154
2022	153		34		187
2023	106		-		106
Thereafter	3,273		-		3,273
	\$ 3,686	\$	34	\$	\$ 3,720

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2020

(Tabular amounts in thousands)

### 15. DELIVERY OF BENEFITS INITIATIVES

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

	2020	2019
Liabilities, beginning of year	\$ 4,578	\$ 827
Funds authorized during the year	69,036	42,959
Funds recovered/rescinded	(406)	(1,244)
Funds paid during the year	(64,858)	(37,964)
Liabilities, end of year	\$ 8,350	\$ 4,578

### 16. DUE TO WANETA EXPANSION POWER CORPORATION

Waneta Expansion Power Corporation (WEPC) is jointly owned by the Trust's wholly owned subsidiary, CBT Waneta Expansion Power Corporation, and Columbia Power. WEPC is the owner of the Waneta Expansion and related transmission assets (see Note 12(e)). In April 2019 the Trust purchased additional shares in WEPC (33.5%) to have equal ownership between the Trust and Columbia Power. The structure of this additional purchase of shares requires the Trust to make payments to WEPC in an amount approximately equal to 66% of the long-term debt held at WEPC. The Trust has recorded an amount Due to WEPC, this liability matches the terms of the fiscal agency loan provided to WEPC. The details of that loan include the interest portion netted off of power project revenues, and the principal portion of the payments netted off of dividend payments made by WEPC to CBT Waneta. The amount of the interest portion of the payments is \$9.1 million semi-annually, with the principal portion of the payments equal to those required to ensure sinking fund contributions of WEPC will fully retire CBT Waneta's debt obligations no later than 2050 (see Note 12(j)).

Due to Waneta Expansion Power Corporation is composed on the identical terms to the corresponding long-term debt held at WEPC which consists of the following debt issuances:

	2020
<b>WEPC BONDS: SERIES A</b>	
Long-term debt (coupon rate 2.95%, effective rate 2.623%, maturing 2050)	\$ 328,431
Current portion long-term debt	2,734
Premium on long-term debt	24,237
Deferred financing costs	(2,036)
	353,366
<b>WEPC BONDS: SERIES B</b>	
Long-term debt (coupon rate 2.95%, effective rate 2.763%, maturing 2050)	286,629
Current portion long-term debt	2,386
Premium on long-term debt	10,928
Deferred financing costs	(2,060)
	297,883
Total gross long-term debt	655,345
Less deferred financing costs	(4,096)
	\$ 651,249

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2020

(Tabular amounts in thousands)

### 16. DUE TO WANETA EXPANSION POWER CORPORATION (continued)

Original debt issuance:	Premium	Interest and fees	Net proceeds	Coupon rate	Effective rate	2020 Carrying amount
WEPC - Series A	\$ 24,757	\$ 4,840	\$ 353,869	2.95%	2.597%	\$ 353,366
WEPC - Series B	11,133	5,366	298,929	2.95%	2.763%	297,883
	\$ 35,890	\$ 10,206	\$ 652,798			\$ 651,249

Total interest expense for the year is as follows:

	2020
Series A	\$ 9,186
Series B	7,409
	\$ 16,595

Long-term debt repayment in the form of sinking fund payments is as follows:

2021	\$ 6,140
2022	6,260
2023	6,517
2024	7,095
2025 and thereafter	392,859
	\$ 418,871

### 17. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	2020	2019
<b>Corporate</b>				
Land	\$ 205	\$ -	\$ 205	\$ 205
Building	3,495	2,135	1,360	1,475
Leasehold improvements	713	623	90	116
Office furniture and equipment	567	533	34	47
Hardware and software	2,220	1,931	289	434
	\$ 7,200	\$ 5,222	\$ 1,978	\$ 2,277

#### Delivery of Benefits

##### *Economic initiatives*

Land	\$ 188	\$ -	\$ 188	\$ 188
Building	1,481	198	1,283	1,335
	1,669	198	1,471	1,523

##### *Broadband initiatives*

Broadband hardware	4,452	2,481	1,971	1,964
Fibre optics	4,572	830	3,742	3,481
	9,024	3,311	5,713	5,445

##### *Grain Elevators*

Land	102	-	102	102
Building	344	14	330	300
	446	14	432	402
	\$ 11,139	\$ 3,523	\$ 7,616	\$ 7,370

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2020

(Tabular amounts in thousands)

### 17. TANGIBLE CAPITAL ASSETS (continued)

Investments	Cost	Accumulated Amortization	2020	2019
Investments				
Land	\$ 1,379	\$ -	\$ 1,379	\$ 1,379
Building	5,335	716	4,619	4,776
	\$ 6,714	\$ 716	\$ 5,998	\$ 6,155
<b>Total tangible capital assets</b>	<b>\$ 25,053</b>	<b>\$ 9,461</b>	<b>\$ 15,592</b>	<b>\$ 15,802</b>

Refer to Schedule A for additional financial information.

### 18. POWER PROJECT RECOVERIES AND ADMINISTRATION

The Trust and Columbia Power implemented a Shared Services Agreement (Agreement) effective September 1, 2017, wherein the Trust provides support in the areas of human resources, accounting, payroll, records management, information technology, and other support functions to Columbia Power. This Agreement was expanded in January 2020 to deliver operations services for the jointly owned power assets under contract to Columbia Power. Columbia Power will remain the appointed Manager of the four power assets, and under a new Management Services Agreement, the Trust will act as the Agent for Columbia Power moving forward. Staff under both of these agreements are employed directly by the Trust and direct costs associated to these employees are billed back to Columbia Power.

### 19. OTHER REVENUES

Other revenues for the Trust consist of the following:

#### Interest revenue

The Trust receives interest revenue from the Impact Investment Program which provides capital to businesses challenged with obtaining financing from other sources.

#### Recoveries

The Trust recovers costs from Columbia Power, a related party, for information technology support and for rent for a portion of the Columbia Basin building.

#### Rental revenue

The Trust receives rental revenue from commercial properties located in Creston and Trail, BC.

#### Other revenue

Other revenues include external funding and fees collected for various delivery of benefits events and projects.

	2020	2019
Interest revenue	\$ 221	\$ 95
Recoveries	179	384
Rental revenue	32	21
Other revenue	435	95
	\$ 867	\$ 595

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2020

(Tabular amounts in thousands)

### 20. RENTAL REVENUES - COMMERCIAL INVESTMENTS

The Trust records revenues for various commercial properties located throughout the Basin.

### 21. GRANT REVENUES

CBBC, a wholly owned subsidiary of the Trust, and various Internet Service Providers entered into a Contribution Agreement with the Government of Canada for the *Connecting Canadians Program*. The *Connecting Canadians Program* extends and/or enhances broadband networks for rural and remote Canadian communities and provides access to high quality broadband services for households to participate in the digital economy. This program was substantially complete by March 31, 2019.

CBBC also entered into Contribution Agreements with the Northern Development Initiative Trust for the *Connecting BC Program*. The *Connecting BC Program* extends and/or enhances high-capacity broadband infrastructure in rural and remote communities to provide access to quality broadband services. This program is expected to be completed by March 31, 2022.

### 22. EXPENSES

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

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

March 31, 2020	Community Benefits	Benefits Recovered/ Rescinded	Administration Allocation	Total Expenses
<b>Trust</b>				
Community initiatives	\$ 46,331	\$ (109)	\$ 2,620	\$ 48,842
Water and Environment initiatives	7,725	(49)	711	8,387
Social initiatives	5,138	(81)	612	5,669
Economic initiatives	768	-	923	1,691
Other initiatives	1,603	-	1,711	3,314
Youth initiatives	2,008	(22)	305	2,291
Power project administration	-	-	1,736	1,736
Investment initiatives	-	-	1,274	1,274
	63,573	(261)	9,892	73,204
<b>CBBC</b>				
Broadband administration	2,495	-	-	2,495
	2,495	-	-	2,495
<b>CBDC</b>				
Economic initiatives	2,815	(145)	-	2,670
Economic administration	153	-	-	153
	2,968	(145)	-	2,823
	\$ 69,036	\$ (406)	\$ 9,892	\$ 78,522

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**Year Ended March 31, 2020**

*(Tabular amounts in thousands)*

**22. EXPENSES (continued)**

<b>March 31, 2019</b>	<b>Community Benefits</b>	<b>Benefits Recovered/ Rescinded</b>	<b>Administration Allocation</b>	<b>Total Expenses</b>
<b>Trust</b>				
Community initiatives	\$ 27,021	\$ (269)	\$ 2,165	\$ 28,917
Water and Environment initiatives	3,907	(99)	532	4,340
Social initiatives	3,697	(311)	512	3,898
Economic initiatives	1,417	(478)	852	1,791
Other initiatives	938	(23)	1,885	2,800
Youth initiatives	1,684	(1)	210	1,893
Power project administration	-	-	1,126	1,126
Investment initiatives	-	-	1,107	1,107
	38,664	(1,181)	8,389	45,872
<b>CBBC</b>				
Broadband administration	2,579	-	-	2,579
	2,579	-	-	2,579
<b>CBDC</b>				
Economic initiatives	1,575	(63)	-	1,512
Economic administration	141	-	-	141
	1,716	(63)	-	1,653
	\$ 42,959	\$ (1,244)	\$ 8,389	\$ 50,104

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

<b>March 31, 2020</b>	<b>Trust</b>	<b>CBBC</b>	<b>CBDC</b>	<b>Total</b>
Amortization*	\$ 445	\$ 725	\$ -	\$ 1,170
Board and committee expenses	172	10	10	192
Commercial investment expenses*	413	-	38	451
Communications	218	1	-	219
Corporate travel and meetings	287	21	-	308
Delivery of Benefits initiatives	63,312	-	2,670	65,982
Information technology	174	276	-	450
Network costs	-	860	-	860
Office and general	581	42	105	728
Power project administration	1,736	-	-	1,736
Professional fees	226	76	-	302
Staff remuneration and development	5,640	484	-	6,124
	\$ 73,204	\$ 2,495	\$ 2,823	\$ 78,522

\*Amortization of \$232,000 included in Commercial investment expenses

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2020

(Tabular amounts in thousands)

### 22. EXPENSES (continued)

	Trust	CBBC	CBDC	Total
<b>March 31, 2019</b>				
Amortization*	\$ 416	\$ 630	\$ -	1,046
Board and committee expenses	173	5	9	187
Commercial investment expenses*	393	-	113	506
Communications	207	1	-	208
Corporate travel and meetings	224	23	-	247
Delivery of Benefits initiatives	37,483	-	1,450	38,933
Information technology	214	177	-	391
Network costs	-	1,104	-	1,104
Office and general	541	22	62	625
Power project administration	1,126	-	-	1,126
Professional fees	370	104	19	493
Staff remuneration and development	4,725	513	-	5,238
	\$ 45,872	\$ 2,579	\$ 1,653	\$ 50,104

\*Amortization of \$234,000 included in Commercial investment expenses

### 23. CONTRACTUAL RIGHTS

Contractual rights are rights to economic resources arising from contracts or agreements that will result in revenues and assets in the future. The Trust's contractual rights arise because of contracts entered into for real estate leases and power project sales agreements. The following table summarizes the contractual rights of the Trust's future assets:

	2021	2022	2023	2024	2025
Future real estate rental revenue	\$ 4,892	\$ 4,749	\$ 4,546	\$ 4,512	\$ 4,315
Future power project revenue	121,568	122,671	123,827	109,083	110,029
	\$ 126,460	\$ 127,420	\$ 128,373	\$ 113,595	\$ 114,344

### 24. COMMITMENTS

The Trust has entered into various agreements for delivery of benefits initiatives. Delivery of benefits initiatives commitments are as follows:

2021	\$ 13,673
2022	5,527
2023	1,087
2024	197
2025	60
	\$ 20,544

### 25. RELATED PARTY TRANSACTIONS

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2020

(Tabular amounts in thousands)

### 26. PUBLIC SERVICE PENSION PLAN

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

The most recent actuarial valuation as at March 31, 2017 indicated that the PSPP is fully funded and is sufficient to pay the current and future lifetime pensions of all members. Contributions to the PSPP by the Trust in fiscal 2020 were \$533,832 (fiscal 2019 - \$467,000). No provision, other than the Trust's required employer pension contributions, has been made in the accounts of the Trust for this liability. The next valuation date for the PSPP is scheduled for December 31, 2020 with results expected in 2021.

### 27. RISK MANAGEMENT

#### (a) Credit risk

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

The maximum exposure to credit risk at March 31 was:

	2020	2019
Accrued interest and other assets	\$ 2,738	\$ 2,487
Loan receivable	\$ 12,715	\$ 2,230
Commercial loans	\$ 34,163	\$ 32,881
Commercial investment	\$ 2,375	\$ 2,375

#### (b) Liquidity risk

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

The maximum exposure to liquidity risk at March 31 was:

	2020	2019
Accounts payable and accrued liabilities	\$ 1,238	\$ 1,399
Long-term debt	\$ 4,637	\$ 4,182
Deferred contributions	\$ 3,720	\$ 1,473
Delivery of Benefits liabilities	\$ 8,350	\$ 4,578

#### (c) Market risk

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2020

(Tabular amounts in thousands)

### 27 (c) Market risk (continued)

#### i. Currency risk

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

#### ii. Interest rate risk

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Trust is not exposed to significant interest rate risk for current liabilities due to the short-term nature of its current liabilities. The Trust's short-term investments and commercial loans are subject to variable interest rates. Sensitivity analyses: A change of 100 basis points in the interest rates in short-term investments would increase or decrease revenues by \$486,000. A change of 100 basis points in the market rates of commercial loans would increase or decrease revenues by \$349,000.

#### iii. Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial statement or its issuer, or factors affecting all similar financial instruments traded in the market. As the Trust's market securities portfolio is affected by global market conditions, the maximum exposure to price risk at the reporting date was:

	2020	2019
Market securities	\$ 62,061	\$ 64,400

### 28. BUDGETED FIGURES

The budget figures provided are for an amended budget that included adjustments required for the change in accounting treatment for Delivery of Benefits as well as updated revenues to include the purchase of Waneta Expansion.

### 29. CONTINGENT LIABILITIES

The Trust has been named as the defendant in a Notice of Claim in which damages have been sought. These matters may give rise to future liabilities. The outcome of these actions is not determinable as at March 31, 2020, and accordingly, no provision has been made in these consolidated financial statements for any liability that may result.

### 30. SUBSEQUENT EVENTS

While societal impacts of the COVID-19 pandemic are significant, the Trust's revenues are expected to change by a relatively small amount as a result of the percentage of income derived from long term power sales agreements at each of the jointly owned hydroelectric power projects. The Trust can maintain business operations while meeting current public health requirements. Further, the Trust has adapted programming through both its Delivery of Benefits and Investment functions to address the needs of Columbia Basin communities, partners, and grant recipients in their efforts to address and adapt to the impacts of the COVID-19 pandemic.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Year Ended March 31, 2020

(Tabular amounts in thousands)

**Schedule A: Tangible capital assets additional financial information**

<b>Corporate</b>	<b>Land</b>	<b>Building</b>	<b>Leasehold Improve- ments</b>	<b>Office Furniture and Equipment</b>	<b>Hardware and Software</b>	<b>Total</b>
<b>March 31, 2020</b>						
<b>Cost</b>						
Opening balance	\$ 205	\$ 3,495	\$ 710	\$ 562	\$ 2,090	\$ 7,062
Additions	-	-	3	5	130	138
	205	3,495	713	567	2,220	7,200
<b>Accumulated amortization</b>						
Opening balance	-	(2,020)	(594)	(515)	(1,656)	(4,785)
Amortization	-	(115)	(29)	(18)	(275)	(437)
	-	(2,135)	(623)	(533)	(1,931)	(5,222)
	\$ 205	\$ 1,360	\$ 90	\$ 34	\$ 289	\$ 1,978

<b>Delivery of Benefits</b>	<b>Land</b>	<b>Building</b>	<b>Broadband Hardware</b>	<b>Fibre Optics</b>	<b>Total</b>
<b>March 31, 2020</b>					
<b>Cost</b>					
Opening balance	\$ 290	\$ 1,788	\$ 3,931	\$ 4,127	\$ 10,136
Additions	-	37	551	445	1,033
Disposals	-	-	(30)	-	(30)
	290	1,825	4,452	4,572	11,139
<b>Accumulated amortization</b>					
Opening balance	-	(153)	(1,967)	(646)	(2,766)
Amortization	-	(59)	(543)	(184)	(786)
Disposals	-	-	29	-	29
	-	(212)	(2,481)	(830)	(3,523)
	\$ 290	\$ 1,613	\$ 1,971	\$ 3,742	\$ 7,616

<b>Investments</b>	<b>Land</b>	<b>Building</b>	<b>Total</b>
<b>March 31, 2020</b>			
<b>Cost</b>			
Opening balance	\$ 1,379	\$ 5,311	\$ 6,690
Additions	-	24	24
	1,379	5,335	6,714
<b>Accumulated amortization</b>			
Opening balance	-	(534)	(534)
Amortization	-	(182)	(182)
	-	(716)	(716)
	\$ 1,379	\$ 4,619	\$ 5,998

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Year Ended March 31, 2020

(Tabular amounts in thousands)

**Schedule A: Tangible capital assets additional financial information (continued)**

<b>Corporate</b>	<b>Land</b>	<b>Building</b>	<b>Leasehold Improve- ments</b>	<b>Office Furniture and Equipment</b>	<b>Hardware and Software</b>	<b>Total</b>
<b>March 31, 2019</b>						
<b>Cost</b>						
Opening balance	\$ 205	\$ 3,495	\$ 710	\$ 541	\$ 1,872	\$ 6,823
Additions	-	-	-	21	272	293
Disposals	-	-	-	-	(54)	(54)
	205	3,495	710	562	2,090	7,062
<b>Accumulated amortization</b>						
Opening balance	-	(1,904)	(566)	(491)	(1,468)	(4,429)
Amortization	-	(116)	(28)	(24)	(242)	(410)
Disposals	-	-	-	-	54	54
	-	(2,020)	(594)	(515)	(1,656)	(4,785)
	\$ 205	\$ 1,475	\$ 116	\$ 47	\$ 434	\$ 2,277

<b>Delivery of Benefits</b>	<b>Land</b>	<b>Building</b>	<b>Broadband Hardware</b>	<b>Fibre Optics</b>	<b>Total</b>
<b>March 31, 2019</b>					
<b>Cost</b>					
Opening balance	\$ 188	\$ 1,459	\$ 3,659	\$ 3,744	\$ 9,050
Additions	102	329	290	387	1,108
Disposals	-	-	(18)	(4)	(22)
	290	1,788	3,931	4,127	10,136
<b>Accumulated amortization</b>					
Opening balance	-	(95)	(1,505)	(481)	(2,081)
Amortization	-	(58)	(465)	(166)	(689)
Disposals	-	-	3	1	4
	-	(153)	(1,967)	(646)	(2,766)
	\$ 290	\$ 1,635	\$ 1,964	\$ 3,481	\$ 7,370

<b>Investments</b>	<b>Land</b>	<b>Building</b>	<b>Total</b>
<b>March 31, 2019</b>			
<b>Cost</b>			
Opening balance	\$ 926	\$ 3,313	\$ 4,239
Additions	453	1,998	2,451
	1,379	5,311	6,690
<b>Accumulated amortization</b>			
Opening balance	-	(352)	(352)
Amortization	-	(182)	(182)
	-	(534)	(534)
	\$ 1,379	\$ 4,777	\$ 6,155

## **Appendix A: Additional Information**

### **Corporate Governance**

Learn more about our:

- Governance: [ourtrust.org/governance](https://ourtrust.org/governance)
- Board of Directors: [ourtrust.org/board](https://ourtrust.org/board)
- Executive: [ourtrust.org/executive](https://ourtrust.org/executive)

### **Organizational Overview**

Learn more at [ourtrust.org/about](https://ourtrust.org/about)

### **Contact Information**

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[ourtrust.org](https://ourtrust.org)

## Appendix B: Subsidiaries and Operating Segments

### Operating Companies

#### Columbia Basin Broadband Corporation

CBBC is a wholly owned subsidiary of the Trust formed in 2011. CBBC is working with Basin communities and rural areas to improve connectivity through a region-wide fibre optic cable network which will contribute to economic and social development in the Basin.

The activities of CBBC are considered a delivered benefit to Basin residents; therefore, any losses incurred by CBBC are addressed through the Delivery of Benefits budget. The forecasts shown for CBBC are based on several assumptions, particularly the timing of various technical and community-based projects related to connectivity. Forecasts of revenues, expenses and capital expenditures will vary depending on how these projects evolve.

CBBC audited financial statements for 2019/20 can be viewed online at [ourtrust.org/cbbcfinancials](http://ourtrust.org/cbbcfinancials).

The CBBC Board comprises the following members, whose terms expire January 2021:

- Ron Miles, Chair
- Wendy Booth
- Greg Deck
- Andrew Kyle
- Rick Leggett
- Ron Oszust
- Owen Torgerson

#### CBBC Financial Summary

(\$000)	2018/19 Actual	2019/20 Budget	2019/20 Actual
<b>Total Revenues</b>	\$3,505	\$1,037	\$1,166
<b>Total Expenses</b>	\$2,579	\$2,556	\$2,493
<b>Net Income</b>	<b>\$926</b>	<b>\$(1,519)</b>	<b>\$(1,327)</b>

#### Columbia Basin Development Corp.

CBDC is a wholly owned subsidiary of the Trust formed in 2016. The Trust Board approved a financial commitment of \$20 million to CBDC to lead and support efforts to advance economic growth, job creation, innovation and entrepreneurial opportunity for a prosperous and sustainable Basin economy.

The activities of CBDC are considered a delivered benefit to Basin residents; therefore, any losses incurred by CBDC will be addressed through the Delivery of Benefits budget.

The CBDC Board comprises the following members, whose terms expire January 2021:

- Don McCormick, Chair
- Kevin Andruschuk
- Larry Binks
- Jocelyn Carver
- Alan Mason
- Murray McConnachie
- Heidi Romich

### CBDC Financial Summary

(\$000)	2018/19 Actual	2019/20 Budget	2019/20 Actual
<b>Total Revenues</b>	\$1,423 <sup>1</sup>	\$500	\$344
<b>Total Expenses</b>	\$1,656	\$3,825	\$2,829
<b>Net Income</b>	<b>\$(1,514)</b>	<b>\$(3,325)</b>	<b>\$(2,485)</b>

<sup>1</sup> 2018/19 revenues have been restated to remove Grant Revenues that CBDC receives from the Trust.

### Holding Companies

For commercial and legal reasons, the Trust has eight subsidiaries that hold its interests in investments.

- CBT Commercial Finance Corp. holds Trust interests in business loans and investments.
- CBT Real Estate Investment Corp. holds Trust interests in real estate.
- CBT Property Corp. holds Trust interests in corporate real estate.
- CBT Arrow Lakes Power Development Corp. holds Trust interests in the Arrow Lakes Generating Station joint venture with Columbia Power.
- CBT Brilliant Expansion Power Corp. holds Trust interests in the Brilliant Expansion joint venture with Columbia Power.
- CBT Power Corp. holds Trust interests in the Brilliant Dam joint venture with Columbia Power.
- CBT Waneta Expansion Power Corp. holds Trust interests in the limited partnership and in the general partnership formed to complete the Waneta Expansion Project.
- Columbia Basin Housing Society is a wholly controlled entity of CBT Property Corp.