

Audited Financial Statements of

Transportation Investment Corporation

Year Ended March 31, 2020

Transportation Investment Corporation

Statement of Management Responsibility

For the year ended March 31, 2020

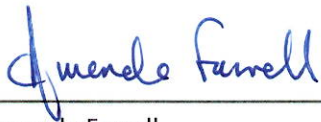
The financial statements of Transportation Investment Corporation have been prepared by management in accordance with Canadian Public Sector Accounting Standards and include certain estimates that reflect management's best judgments.

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

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

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

Yours truly,



Amanda Farrell
Chief Executive Officer



Dave Stewart
Chief Financial Officer



INDEPENDENT AUDITOR'S REPORT

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

Opinion

I have audited the accompanying financial statements of the *Transportation Investment Corporation* (“the entity”), which comprise the statement of financial position as at March 31, 2020, and the statements of operations, remeasurement gains and losses, changes in net assets (debt) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the entity as at March 31, 2020, and the results of its operations, change in its net assets (debt), remeasurement gains and losses and its cash flows for the year then ended in accordance with Canadian 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 Financial Statements section of my report. I am independent of the entity in accordance with the ethical requirements that are relevant to my audit of the entity's 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.

Responsibilities of Management and Those Charged with Governance for the 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the entity'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 entity will continue its operations for the foreseeable future.

Auditor's Responsibilities for the Audit of Financial Statements

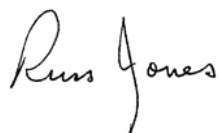
My objectives are to obtain reasonable assurance about whether the entity's financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee 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 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 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 entity'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 entity'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 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 entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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
Acting Auditor General

Victoria, British Columbia, Canada
May 22, 2020

Transportation Investment Corporation

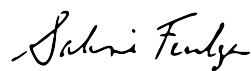
Statement of Financial Position

For the year ended March 31, 2020

(in \$000's)

	Notes	31-Mar-20	31-Mar-19
Financial assets			
Cash		\$ 4,708	\$ 23,800
Accounts receivable	4	-	68
Due from government/other government organizations	5	1,626	7,682
Restricted assets	6	-	1,500
		6,334	33,050
Liabilities			
Accounts payable & accrued liabilities	7	698	6,787
Due to government/other government organizations	8	642	1,163
		1,340	7,950
Net financial assets (debt)		4,994	25,100
Non-financial assets			
Tangible capital assets	9	-	2,896,216
Prepaid expenses	10	23	117,681
		23	3,013,897
Accumulated surplus (deficit)		\$ 5,017	\$ 3,038,997
Accumulated surplus (deficit) is comprised of:			
Accumulated operating surplus/(deficit)		5,017	3,038,997
Accumulated rereasurement gains/(losses)		-	-
		\$ 5,017	\$ 3,038,997
Contingent assets	18		
Contingent liabilities	19		

Approved on behalf of the Board of Directors on May 22nd, 2020



Sabine Feulgen, Chair



Lori Wanamaker, Director

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

Transportation Investment Corporation

Statement of Operations

For the year ended March 31, 2020

(In \$000's)

	Note	Budget	31-Mar-20	31-Mar-19
Revenues		(Note 16)		
Provincial grants	12	\$ 16,000	\$ 10,269	\$ 12,045
Other	13	90	922	4,485
		<u>16,090</u>	<u>11,191</u>	<u>16,530</u>
Expenses	14			
Highway and bridge operations		79,000	35,498	71,285
General administration		1,000	6,612	13,430
		<u>80,000</u>	<u>42,110</u>	<u>84,715</u>
Annual operating surplus (deficit) before other items		(63,910)	(30,919)	(68,185)
Other items				
Restructuring	3	-	(3,003,061)	-
Write-offs of tangible capital assets		-	-	(7,003)
Write-offs of prepaid land rights		-	-	(13,838)
Annual surplus (deficit) after other items		\$ (63,910)	\$ (3,033,980)	\$ (89,026)
Accumulated surplus/(deficit) at beginning of period		3,038,997	3,038,997	3,128,023
Accumulated surplus/(deficit) at end of period		\$ 2,975,087	\$ 5,017	\$ 3,038,997

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

Transportation Investment Corporation

Statement of Remeasurement Gains and Losses

For the year ended March 31, 2020

(In \$000's)

	31-Mar-20	31-Mar-19
Accumulated remeasurement gains (losses) beginning of period	\$ -	\$ (2)
Unrealized gains (losses) attributable to:		
Foreign exchange	-	-
Amounts reclassified to the Statement of Operations:		
Realized (gains) losses on hedging instruments	-	-
Realized (gains) losses on foreign exchange	-	2
Accumulated remeasurement gains (losses) end of period	\$ -	\$ -

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

Transportation Investment Corporation

Statement of Change in Net Assets (Debt)

For the year ended March 31, 2020

(In \$000's)

	Budget	31-Mar-20	31-Mar-19
	<i>(Note 16)</i>		
Annual surplus (deficit) after other items	\$ (63,910)	\$ (3,033,980)	\$ (89,026)
Effect of change in tangible capital assets:			
(Acquisition)/disposal of tangible capital assets	-	(7)	(330)
Amortization of tangible capital assets	61,000	29,423	59,317
(Gain)/loss on sale of tangible capital assets	-	-	(2)
Restructuring	-	2,866,800	-
Write-offs of tangible capital assets	-	-	7,003
	<u>61,000</u>	<u>2,896,216</u>	<u>65,988</u>
Effect of change in prepaid expense			
Acquisition of prepaid expense	-	(120)	(1,226)
Use of prepaid expense	2,000	1,173	3,247
Restructuring	-	116,605	-
Write-offs of prepaid land rights	-	-	13,838
	<u>2,000</u>	<u>117,658</u>	<u>15,859</u>
Effects of remeasurement (gains)/losses for the period	-	-	2
Increase (decrease) in net assets (debt)	\$ (910)	\$ (20,106)	\$ (7,177)
Net assets (debt) at beginning of period	<u>25,100</u>	<u>25,100</u>	<u>32,277</u>
Net assets (debt) at end of period	<u>\$ 24,190</u>	<u>\$ 4,994</u>	<u>\$ 25,100</u>

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

Transportation Investment Corporation

Statement of Cash Flow

For the year ended March 31, 2020

(In \$000's)

	31-Mar-20	31-Mar-19
Operating transactions		
Surplus (deficit)	\$ (3,033,980)	\$ (89,026)
Items not affecting cash:		
(Gain)/loss on sale of tangible capital asset	-	(2)
Amortization expense	29,423	59,317
Restructuring	2,979,772	-
Bad debt expense	-	3,540
Write off of assets	-	20,841
Changes in operating working capital:		
Decrease (increase) in trade and other receivables	68	8,273
Decrease (increase) in due from government and government organizations	6,056	(5,465)
Decrease (increase) in prepaids and deposits	1,053	2,021
Increase (decrease) in accounts payable and accrued liabilities	(2,456)	(5,808)
Increase (decrease) in due to government and government organizations	(521)	(10,938)
Cash provided by (applied to) operating transactions	<u>(20,585)</u>	<u>(17,247)</u>
Capital transactions		
Proceeds on sale of tangible capital assets	-	29
Cash used to acquire tangible capital assets	(7)	(357)
Cash provided by (applied to) capital transactions	<u>(7)</u>	<u>(328)</u>
(Decrease) / Increase in cash	(20,592)	(17,575)
Cash at beginning of period	25,300	42,875
Cash at end of period	<u>\$ 4,708</u>	<u>\$ 25,300</u>
Cash consists of:		
Cash in bank	4,708	23,800
Restricted cash	-	1,500
	<u>\$ 4,708</u>	<u>\$ 25,300</u>

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

Transportation Investment Corporation

Notes to the Financial Statements

For the year ended March 31, 2020

1. NATURE OF OPERATIONS

The Transportation Investment Corporation (“TI Corp” or “the Corporation”) is a Crown Corporation. TI Corp was established on June 25, 2008, under the *Transportation Investment Act (SBC 2002)* to invest in transportation infrastructure.

TI Corp became a wholly owned subsidiary of BC Transportation Financing Authority (“BCTFA”) on April 01, 2018. Its new mandate is to provide enhanced oversight, management and delivery of major transportation capital projects, including the Pattullo Bridge Replacement Project, the Kicking Horse Canyon Project – Phase 4 and the Broadway Subway Project.

On October 01, 2019, as part of a government restructuring, all assets, liabilities and operations related to Port Mann Bridge & Highway 1 (“PMH1”) and George Massey Tunnel replacement (“GMTR”), have been transferred to BCTFA. TI Corp maintained the legacy assets for the period from April 01, 2019 through September 30, 2019.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these financial statements are as follows:

a) *Basis of Accounting*

These financial statements have been prepared by management in accordance with Canadian public sector accounting standards (PSAS).

b) *Revenue Recognition*

Provincial grants without eligibility criteria or stipulations are recognized as revenue immediately when the transfer is authorized. Other revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues, on an accrual basis.

c) *Expenses*

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

d) *Impairment of Receivables*

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

Transportation Investment Corporation

Notes to the Financial Statements

For the year ended March 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) *Tangible Capital Assets*

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

For assets that are made available for use, amortization charges begin when the asset can operate in the manner intended by management. Charges are calculated using methods and rates that amortize the cost of the tangible capital asset over its estimated useful life on a straight-line basis. Methods and rates are reviewed annually and adjusted if necessary. If there are changes to the methods and rates, these are accounted for on a prospective basis.

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

Tangible capital asset	Useful Lives (in years)
Land	Indefinite
Highway infrastructure	10 to 77
Bridge infrastructure	25 to 77
Tolling and traffic systems	8 to 40
Office and leasehold assets	3 to 10
Investment property	50

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

f) *Prepaid Expenses*

Prepaid expenses are recorded at cost. Prepays are expensed as the economic benefits are being used, which is on a straight-line basis over the life of the agreement. In the case of the land rights, they are expensed evenly through to 2090 based on a Concession Agreement ("CA") entered into between TI Corp, BCTFA and the Ministry of Transportation and Infrastructure ("TRAN").

g) *Pension Benefits*

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

Transportation Investment Corporation

Notes to the Financial Statements

For the year ended March 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) *Financial Instruments*

The Corporation's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities all of which are reported at amortized cost. Cash and cash equivalents include balances held in Canadian bank accounts.

i) *Measurement Uncertainty*

The preparation of financial statements requires management to make estimates and assumptions that impact the amounts reported for assets and liabilities and the disclosure of contingent assets and liabilities, at the date of the financial statements. Management is also required to make estimates and assumptions that impact the revenues and expenses reported during the reporting period. Items requiring the use of significant estimates include the following: tangible capital asset useful life; method and rates for amortization; tangible capital asset impairment; provisions for certain accrued liabilities; and allowances on tolling receivables.

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

j) *Foreign exchange*

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

3. RESTRUCTURING

On October 01, 2019, TI Corp completed a restructuring transaction with BCTFA. TI Corp and BCTFA undertook the restructuring because of the change in mandate of TI Corp which resulted in BCTFA taking over the responsibility for the ongoing operation and maintenance of the PMH1 project assets, including residual tolling matters. As a result of this restructuring transaction, all PMH1 and GMTR assets, together with all related liabilities are transferred from TI Corp to BCTFA for nil proceeds. All contingent assets (Note 18) and contingent liabilities (Note 19) related to PMH1 and GMTR are also transferred. The net financial impact of this restructuring on TI Corp is a loss of \$3,003 million.

As a result of the restructuring, assets and liabilities in the following financial statement classifications were transferred by TI Corp and the following asset and liability carrying values were derecognized at the restructuring date:

Transportation Investment Corporation

Notes to the Financial Statements

For the year ended March 31, 2020

3. RESTRUCTURING (CONTINUED)

(\$000's)	October 01, 2020
Cash	\$ (23,289)
Accounts receivable ⁽ⁱ⁾	-
Tangible capital assets	(2,866,800)
Prepaid expenses	(116,605)
Total asset carrying value derecognized	(3,006,694)
Accounts payable & accrued liabilities	3,633
Total carrying value of liabilities derecognized	3,633
Gain (losses) recognized due to restructuring	\$ (3,003,061)

⁽ⁱ⁾ Accounts receivable consist of gross tolling receivable of \$12.2 million against which a 100% allowance for doubtful debt was provisioned in earlier years, resulting in a net receivable of \$nil.

The revenues and expenses of the transferred highway and bridge operations are as follows:

(\$000's)	March 31, 2020	March 31, 2019
Revenues		
Provincial grants	\$ 5,376	\$ 12,045
Expenses		
Highway and bridge operations	35,498	71,285
Annual operating surplus (deficit)	\$ (30,122)	\$ (59,240)

For the fiscal year ending March 31, 2020, the revenues and expenses cover the period from April 01, 2019 to September 30, 2019.

4. ACCOUNTS RECEIVABLE

Receivables (\$000's)	March 31, 2020	March 31, 2019
Tolling related receivables	\$ -	\$ 12,205
Allowance for doubtful accounts	-	(12,205)
Net tolling accounts receivable	-	-
Other receivables	-	68
	\$ -	\$ 68

Allowance for Doubtful Accounts (\$000's)

Beginning balance	\$ 12,205	\$ 8,665
Additions/(reductions)	(34)	3,540
Restructuring	(12,171)	-
	\$ -	\$ 12,205

Transportation Investment Corporation

Notes to the Financial Statements

For the year ended March 31, 2020

4. ACCOUNTS RECEIVABLE (CONTINUED)

Since September 1, 2017, when tolling on the Port Mann Bridge ceased, TI Corp has continued to collect outstanding toll receivables. Outstanding receivables determined to be uncollectible have been fully provided for. As part of restructuring (Note 3), all outstanding tolling receivables and allowance for doubtful accounts are transferred to BCTFA.

5. DUE FROM GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

(\$000's)	March 31, 2020	March 31, 2019
Province of British Columbia	\$ 1,598	\$ 7,528
BC Infrastructure Benefits Inc.	28	154
	<u>\$ 1,626</u>	<u>\$ 7,682</u>

6. RESTRICTED ASSETS

Restricted cash of \$1.5 million held as collateral for a standby letter of credit issued by the Canadian Imperial Bank of Commerce ("CIBC") in favor of the Receiver General for Canada on behalf of Fisheries and Oceans Canada (the beneficiary), to ensure TI Corp's compliance with their authorization for work or undertakings affecting fish habitat; has been rescinded as per instructions of the beneficiary as part of restructuring (Note 3).

7. ACCOUNTS PAYABLE & ACCRUED LIABILITIES

Payables (\$000's)	March 31, 2020	March 31, 2019
Accounts payable	\$ 698	\$ 3,775
Other accrued liabilities	-	3,012
	<u>\$ 698</u>	<u>\$ 6,787</u>

At times, there may be legal obligations associated with project construction or operations. An estimated claim is accrued when a reasonable estimate can be made, and it is probable that a settlement can be reached. Any pending litigation where payment is not likely, or the amount cannot be measured reliably is discussed in Note 19. All other accounts payables are in the normal course of operations and are measured at the exchange amount. As part of restructuring (Note 3), all accrued liabilities related to legal claims of PMH1 are transferred to BCTFA.

8. DUE TO GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

(\$000's)	March 31, 2020	March 31, 2019
Province of British Columbia	\$ 640	\$ 1,163
BC Infrastructure Benefits Inc.	2	-
	<u>\$ 642</u>	<u>\$ 1,163</u>

Transportation Investment Corporation

Notes to the Financial Statements

For the year ended March 31, 2020

9. TANGIBLE CAPITAL ASSETS

The costs and accumulated amortization amount for the Corporation's tangible capital assets at March 31, 2020 are as follows (\$000's):

Cost	Highway Infrastructure	Bridge Infrastructure	Tolling and Traffic Systems	Office and Leasehold Assets	Land and Building	Assets Under Construction	Total
Beginning balance	\$ 1,978,278	\$ 1,103,509	\$ 76,371	\$ 2,661	\$ 2,153	\$ 11,951	\$ 3,174,923
Additions	7	-	-	-	-	-	7
Restructuring	(1,978,285)	(1,103,509)	(76,371)	(2,661)	(2,153)	(11,951)	(3,174,930)
Total	-	-	-	-	-	-	-
Accumulated Amortization							
Beginning balance	184,597	63,498	28,892	1,705	15	-	278,707
Amortization	17,518	8,305	3,461	138	1	-	29,423
Restructuring	(202,115)	(71,803)	(32,353)	(1,843)	(16)	-	(308,130)
Total	-	-	-	-	-	-	-
Net book value	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Asset classes are further broken down into asset components, and amortization is applied accordingly. As part of restructuring (Note 3), all assets related to PMH1 and GMTR are transferred to BCTFA.

The costs and accumulated amortization amount for the Corporation's property, plant and equipment at March 31, 2019 are as follows (\$000's):

Cost	Highway Infrastructure	Bridge Infrastructure	Tolling and Traffic Systems	Office and Leasehold Assets	Land and Building	Assets Under Construction	Total
Beginning balance	\$ 1,978,050	\$ 1,103,509	\$ 91,136	\$ 3,101	\$ 2,153	\$ 15,410	\$3,193,359
Additions	289	-	-	-	-	69	358
Disposals	-	-	-	(440)	-	-	(440)
Reclassifications	52	-	26	-	-	(78)	-
Write-off	(113)	-	(14,791)	-	-	(3,450)	(18,354)
Total	1,978,278	1,103,509	76,371	2,661	2,153	11,951	3,174,923
Accumulated Amortization							
Beginning balance	148,950	48,413	31,953	1,826	13	-	231,155
Amortization	35,650	15,085	8,287	293	2	-	59,317
Disposals	-	-	-	(414)	-	-	(414)
Write-off	(3)	-	(11,348)	-	-	-	(11,351)
Total	184,597	63,498	28,892	1,705	15	-	278,707
Net book value	\$ 1,793,681	\$ 1,040,011	\$ 47,479	\$ 956	\$ 2,138	\$ 11,951	\$2,896,216

Transportation Investment Corporation

Notes to the Financial Statements

For the year ended March 31, 2020

10. PREPAID EXPENSES

Prepays and Deposits (\$000's)	March 31, 2020	March 31, 2019
Land Rights	\$ -	\$ 117,374
Other Prepays	23	301
Security Deposits	-	6
	<u>\$ 23</u>	<u>\$ 117,681</u>

As part of restructuring (Note 3), land rights related to PMH1 are transferred to BCTFA effective October 01, 2019.

11. RELATED PARTY TRANSACTIONS

TI Corp is related through common ownership to all Province of British Columbia ministries, agencies, Crown corporations and all public sector organizations that are included in the provincial government reporting entity. Transactions with related parties are in the normal course of operations and are made on terms equivalent to those that prevail in arm's length transactions.

TI Corp recognized a grant of \$5.4 million (2019 – \$12 million) from Ministry of Transportation and Infrastructure (TRAN) for expenditures related to the operations and maintenance of PMH1. In Fiscal 2020, effective October 01, 2019, all operations and maintenance of PMH1 were transferred to BCTFA.

TI Corp also recognized a grant of \$4.8 million (2019 – \$nil) from TRAN for expenditures related to the management and delivery of major transportation capital projects.

Also, in Fiscal 2019, TI Corp and BC Infrastructure Benefits Inc ("BCIB") entered into a memorandum of understanding to assist in the setup and operationalization of BCIB by making available and providing resourcing and systems. Accordingly, TI Corp recognized a revenue of \$0.5 million (2019 – \$0.1 million) from BCIB.

12. PROVINCIAL GRANTS

Operating Revenue (\$000's)	March 31, 2020	March 31, 2019
Highway and bridge operations	\$ 5,376	\$ 12,045
Project delivery	4,806	-
Other cost recovery	87	-
	<u>\$ 10,269</u>	<u>\$ 12,045</u>

13. OTHER REVENUE

Other Revenue (\$000's)	March 31, 2020	March 31, 2019
Interest Income	\$ 446	\$ 604
Miscellaneous	476	3,881
	<u>\$ 922</u>	<u>\$ 4,485</u>

Transportation Investment Corporation

Notes to the Financial Statements

For the year ended March 31, 2020

13. OTHER REVENUE (CONTINUED)

Miscellaneous revenue mainly consists of development works revenue related to TI Corp's agreement with the Township of Langley (Note 18) and for recovery of expenditures from for set up of BCIB (Note 11).

14. EXPENSES BY OBJECT

The following summarizes expenses by object:

(\$000's)	March 31, 2020	March 31, 2019
Amortization of capital assets	\$ 29,423	\$ 59,317
Highway maintenance	5,376	12,045
Salaries, wages and benefits	4,550	4,088
Use of land rights	839	1,677
Professional services	759	1,500
Administrative costs	645	4,591
Facility rental and maintenance	280	765
Information systems	226	714
Bank and credit card fees	12	18
	<u>\$ 42,110</u>	<u>\$ 84,715</u>

15. EMPLOYEE BENEFIT PLAN

In Fiscal 2010, both TI Corp and its employees commenced contributions to the Public Service Pension Plan (the "Plan"), a jointly trustee pension plan. The Public Service Pension Board of Trustees, representing plan members and employers, have oversight responsibilities for the management of the Plan, including investment of the assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at March 31, 2019, the plan has about 132,629 active, inactive and retired members.

The Corporation does not account for its participation in the multi-employer plan as a defined benefit plan because the Corporation does not have access to information about the plan that would enable the Corporation to record its share of the obligations of the plan, plan assets and costs of the plan. In addition, the plan exposes the participating entities to actuarial risks associated with the current and former employees of other entities, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual entities that participate in the plan. Accordingly, the participation in the plan is accounted for using defined contribution accounting requirements. The Corporation accrues expenses for contributions that are contractually due to the plan as at the reporting period date that have not yet been paid. As of March 31, 2020, the Corporation has 48 employees contributing to the plan.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The latest actuarial valuation was conducted in March 2017 and indicated a basic account actuarial funding valuation surplus of \$1,896 million. The next valuation will be performed as of March 31, 2020, with the

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For the year ended March 31, 2020

15. EMPLOYEE BENEFIT PLAN (CONTINUED)

results available in early 2021. The actuary does not attribute portions of any unfunded liability to individual employers.

In Fiscal 2020, the employees of the TI Corp contributed \$217,162 (2019 – \$252,005) and the Corporation paid \$256,173 (2019 – \$297,276) in employer contributions to the Plan.

16. BUDGETED FIGURES

The Fiscal 2020 budget figures are reflected in the Statements of Operations and the Statement of Change in Net Assets (Debt). Budget data presented in these financial statements is based upon the Fiscal 2020 budget provided to government.

17. RISK MANAGEMENT

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

Credit Risk

Credit risk is the risk to TI Corp that a counterparty to a financial instrument will cause a financial loss by failing to discharge an obligation. As part of the restructuring (Note 3), tolling receivables were transferred to BCTFA and no longer present a credit risk.

The current balances are as follows:

Receivables Aging Table (\$'000s)	March 31, 2020	March 31, 2019
Non-Past Due		
Unbilled	\$ -	\$ -
Current	-	-
Past Due		
1-30 Days	-	-
31-60 Days	-	-
61-90 Days	-	-
Over 90 Days	-	12,205
	<u>\$ -</u>	<u>\$ 12,205</u>

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

Liquidity Risk

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

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For the year ended March 31, 2020

17. RISK MANAGEMENT (CONTINUED)

Market Risk

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

a. Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. TI Corp is not exposed to this risk as it does not maintain any bank accounts in foreign denominations, and it does not maintain any foreign currency debt.

b. Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows will fluctuate because of changes in market interest rates. TI Corp's exposure to interest rate risk is minimal.

c. Other Price Risk

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

18. CONTINGENT ASSETS

The Corporation developed a Park & Ride Station known as the 202 Street Park & Ride Project. To develop the Project, TI Corp entered into an agreement with the Township of Langley ("Township"), which specifies that for a 15-year term, the Township is responsible for collecting Specified Charges from any developer who develops Benefiting Parcels. Further, the Township is required to remit the specified charges collected from Benefiting Parcels to the Corporation at the beginning of the next calendar year and each calendar year thereafter. Because there are set conditions required to collect the Specified Charges, the total amount to be received is considered conditional and unknown and, therefore, meets the definition of a contingent asset. As of March 31, 2020, the Corporation has received \$nil (2019 - \$1.2 million).

As part of restructuring (Note 3), the contingent asset with Township of Langley is transferred to BCTFA.

19. CONTINGENT LIABILITIES

Under the previous mandate, in the ordinary course of business, TI Corp could become a defendant or party to pending or threatened legal actions and proceedings. It is difficult to determine the ultimate outcome of such matters; however, as part of restructuring (Note 3), BCTFA has indemnified TI Corp for all contingent liabilities including any ongoing litigations.

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Notes to the Financial Statements

For the year ended March 31, 2020

20. SUBSEQUENT EVENTS

The COVID-19 outbreak has developed rapidly in 2020, with a significant number of infections worldwide, including British Columbia. The Public Health Officer (PHO) for the Province has implemented measures to contain the virus. TI Corp has implemented measures consistent with PHO directives to monitor and prevent the effects of the COVID-19 virus including health and safety measures for our employees such as physical distancing and working from home. At this point, the event has had no financial and limited operational impacts on TI Corp.

TI Corp continues to follow PHO advice and directives, while maintaining our operations in the best and safest way possible for our employees.