

**Transportation Investment Corporation**

**2020/21  
Annual Service Plan Report**



For more information on the Transportation Investment Corporation contact:

Transportation Investment Corporation  
Suite 1750 – 401 West Georgia Street  
Vancouver, BC V6B 5A1

Or visit our website at

[ticorp.ca](http://ticorp.ca)

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## Board Chair's Accountability Statement



The *Transportation Investment Corporation 2020/21 Annual Service Plan Report* compares the corporation's actual results to the expected results identified in the *2020/21 – 2022/23 Service Plan* created in February 2020. The Board is accountable for those results as reported.

A handwritten signature in black ink that reads "Sabine Feulgen".

Sabine Feulgen  
Board Chair  
August 2021

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## **Letter from the Board Chair & CEO**

Please find enclosed our Annual Service Plan Report for fiscal year 2020/21 which summarizes Transportation Investment Corporation's (TI Corp) performance in relation to the Letter of Direction provided to us by the Minister responsible for TI Corp, the Minister of Transportation and Infrastructure.

TI Corp supported the Government of B.C.'s three priorities as outlined in our 2020/21 Letter of Direction: to make life more affordable; to deliver the services that people count on; and to build a strong, sustainable economy that works for everyone.

Despite the challenges of the COVID-19 pandemic, all three of the major infrastructure projects assigned to TI Corp moved from procurement into implementation. The Pattullo Bridge Replacement Project awarded the contract and started design and construction in February 2020. The Broadway Subway Project followed suit in August 2020 and Kicking Horse Canyon – Phase 4 began construction in November 2020. A Community Benefits Agreement (CBA) was implemented on all three of these projects, supporting the development of a sustainable skilled workforce with a focus on increasing opportunities for local employment, Indigenous Peoples and under-represented groups in the construction industry.

Key priorities for the Pattullo Bridge Replacement Project include safety, environmental protection and minimizing impacts to this historically and culturally significant site. On-site work and permitting processes have taken longer than anticipated due to the complexities of the project and challenges presented by the COVID-19 pandemic. As a result, the construction timeline for the project has been adjusted, moving the bridge opening date from late 2023 into 2024. The project team is committed to reviewing options to mitigate the delay as much as possible.

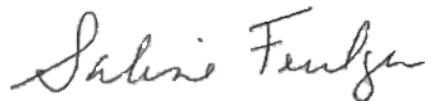
Other projects also continued to move along in 2020/21. TI Corp assisted the Ministry of Transportation and Infrastructure in finalizing the business case for the George Massey Crossing Project and planning for the Surrey-Langley SkyTrain. TI Corp also supported the Ministry of Tourism Arts, Culture and Sport and the Royal BC Museum to advance the new Collections and Research Building.

Fiscal year 2020/21 saw the organization build the technical and oversight processes and staffing models necessary to develop major infrastructure projects for the people of B.C. TI Corp added 27 staff to increase capacity to deliver on new projects and has a current staffing complement to 83 employees in March 2021. Over the last year, we continued to build public sector capacity through hiring professionals with specific expertise to develop and support best practices in project controls, scheduling and quantity surveying. We also procured a stakeholder management system and began the process of procuring a document control system for use across all projects.

Finally, the TI Corp Board of Directors expanded to include members from both the public and private sector with expertise in government processes, construction and labour. Sub-committees were formed and project-specific due diligence committees were created to provide oversight and guidance.

We would like to thank the whole staff at TI Corp for driving forward despite this challenging past year and continuing to deliver on the mandate and goals of the organization throughout 2020/21.

Sabine Feulgen



Board Chair,  
Transportation Investment Corporation  
August 2021

Amanda Farrell



Chief Executive Officer  
Transportation Investment Corporation  
August 2021

## 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

TI Corp has been established pursuant to the *Transportation Investment Act* and is a wholly owned subsidiary of the BC Transportation Financing Authority (BCTFA).

TI Corp's strategic direction and mandate were set by the Minister Responsible, the Minister of Transportation and Infrastructure, as per the 2020/21 Letter of Direction. The current corporate goals reflect TI Corp's focus on the priorities set for the organization and the mandate as outlined below:

- Provide cost effective and flexible delivery, including procurement and commercial oversight, of selected major projects assigned to it by the Province.
- Apply effective and consistent risk management, project and financial processes and controls to all assigned projects.
- Build capacity within TI Corp, and by extension the public service, for delivery of major capital projects.

## Strategic Direction

The strategic direction set by Government in 2017, and expanded upon in the [Board Chair's 2020 Letter of Direction](#) from the Minister Responsible, shaped the goals, objectives, performance measures and financial plan outlined in the [2020/21 Transportation Investment Corporation Service Plan](#) and actual results reported on in this annual report.

The global COVID-19 pandemic resulted in many shifts in priorities, structures and operations across the public sector. Any changes to Transportation Investment Corporation goals, objectives, performance measures or financial plan to align with the strategic direction established by Government in late 2020 are presented in the 2021/22 Service Plan.

## Operating Environment

Infrastructure development supports a strong sustainable economy. Major projects are a crucial part of delivering the services that people and their families count on in B.C. every day.

Fiscal year 2020/21 was a busy year for TI Corp and included both corporate and project-specific goals. Despite the challenges of the pandemic, all three infrastructure projects that TI Corp is responsible for delivering moved from procurement to implementation, a significant milestone for each project. The Pattullo Bridge Replacement Project (PBR) is in construction and will provide important improvements for everyone using the new bridge, including people who are

driving, cycling or walking, as well as the communities of Surrey and New Westminster. The design and modelling work is ongoing and in-river work commenced in February 2021 with the first piles installed. The Broadway Subway Project (BSP) began construction in 2020/21 including demolitions and site prep. The Project is a 5.7 km extension of the Millennium Line SkyTrain in Vancouver, saving transit time for commuters and relieving congestion along Broadway. The fourth and final phase of the Highway 1 Kicking Horse Canyon Project (KHCP4) has started major construction on the corridor with early works and site prep ongoing in preparation for the first extended closure in April and includes safety improvements and realigning and widening 4.8 kilometres through the canyon from West Portal to Yoho Bridge to four lanes.

A significant component of these projects is working with BC Infrastructure Benefits Inc. (BCIB) to apply the CBA. Throughout the year, TI Corp refined its processes with BCIB to implement the CBA with an integrated approach.

TI Corp also assisted MOTI in finalizing the business case for the George Massey Crossing Project (GMC) and planning for the Surrey-Langley SkyTrain (SLS) and supported TACS and the Royal BC Museum to advance the new Collections and Research Building (CRB).

COVID-19 encouraged the organization to look at new ways of doing business primarily on a virtual platform and the “new normal” became standard practice. During 2020/21, TI Corp continued to put processes, policies and people in place to effectively delivery complex, major infrastructure projects with a focus on internal capacity building with expertise in various fields.

British Columbia’s economy declined in 2020, as the negative impacts from the COVID-19 pandemic pushed economies all over the world into deep recessions. B.C.’s real GDP contraction of 3.8 per cent was the fourth smallest among provinces (behind Prince Edward Island, Nova Scotia, and New Brunswick). The decline in B.C.’s real GDP was almost entirely driven by service-producing industries, while goods-producing industries had modest declines. Output in the arts, entertainment and recreation, accommodation and food services and transportation were some of the main drivers of the decrease in the service sector. In B.C.’s goods producing sector declines in manufacturing and natural resources were partially offset by increases in the construction sector. Employment in B.C. decreased by 6.6 per cent in 2020. However, wages and salaries remained relatively stable compared to 2019 as low wage workers accounted for the majority of job losses. Retail trade increased by 1.3 per cent in 2020, while consumer prices increased by 0.8 per cent. Residential construction activity slowed but remained relatively strong, with housing starts declining in 2020 after experiencing all-time highs in 2019. In contrast, after declining for three consecutive years home sales reached record levels in late 2020. On the external front, global international trade experienced significant disruptions as the pandemic unfolded. B.C.’s international merchandise exports contracted in 2020 reflecting a combination of weaker global demand and lower commodity prices.

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

### Goal 1: Effectively delivery major transportation projects.

#### Objective 1.1: Deliver each assigned major project within the approved parameters.

The approved parameters (scope, schedule and budget) for each assigned major project are defined by the Province.

#### Key Highlights

- Engaging Infrastructure BC and working with the Ministry of Attorney General and Minister Responsible for Housing to ensure consistency of approach and documentation of procurement activities.
- Maintaining a strong working relationship with BCIB to support the implementation of the CBA.
- Adopting a proactive approach to risk management, which incorporates the guidelines of the Risk Management Branch, and allows for the early identification and effective management of risks through all phases of project delivery.
- Applying best practices to project management, with particular emphasis on cost and schedule management.
- Implementing a governance structure that supports informed decision making and clear delegation of authority.

Performance Measure(s)	2019/20 Actuals	2020/21 Target	2020/21 Actuals	2021/22 Target	2022/23 Target
1.1a Executed Project Agreement <sup>1</sup>	1	2	2	TBD <sup>2</sup>	TBD <sup>2</sup>
1.1b Percentage of preferred proponent proposals within affordability requirement <sup>1</sup>	100%	100%	100%	TBD <sup>2</sup>	TBD <sup>2</sup>
1.1c Percentage of projects within budget	100%	100%	100%	100%	100%
1.1d Percentage of projects within schedule	100%	100%	67% <sup>3</sup>	100%	100%

<sup>1</sup> Targets reflects the major projects currently assigned to TI Corp: Pattullo Bridge Replacement Project (PBR) (2019/20 Forecast), Broadway Subway Project (BSP) (2020/21 Target) and Kicking Horse Canyon Project – Phase 4 (KHCP4) (2020/21 Target).

<sup>2</sup> Future targets will be included as projects are assigned to TI Corp.

<sup>3</sup> Due to change in schedule of Pattullo Bridge Replacement.

#### Discussion of Results

- Relating to performance measure 1.1a and 1.1b, BSP and KHCP4 both executed project agreements within the affordability limit.
- Relating to performance measure 1.1c, all projects are forecast to remain on budget.

- Relating to performance measure 1.1d, PBR project has a revised construction timeline which is reflected in the 2020/21 Actuals. On-site investigation work and permitting approvals from federal and provincial authorities have taken longer than anticipated due to the complexities of this large infrastructure project and challenges presented by the COVID-19 pandemic. As a result, the construction timeline for the project has been adjusted, moving the new bridge opening date into 2024 from fall 2023.

## **Goal 2: Effective Management and financial control across all assigned major projects.**

### **Objective 2.1: Ensure project management plans, systems, and reporting procedures are in place.**

#### **Key Highlights**

- Continued to develop and maintain a corporate organizational and governance structure that supports effective management and oversight of major capital projects.
- Worked collaboratively with MOTI to develop and implement a framework for independent third-party performance management assurance that includes ongoing assessment and mitigation of risks, particularly in the areas of cost and schedule management.
- Focused on developing best practices project control processes and tools that take into consideration the applicable recommendations of the Office of the Auditor General of British Columbia (OAG) review of the Evergreen Line Rapid Transit System<sup>1</sup> and the Port Mann Highway 1 review<sup>2</sup>.
- Continued regular progress reporting to TI Corp Board, Government and the public.

Performance Measure(s)	2019/20 Actuals	2020/21 Target	2020/21 Actuals	2021/22 Target	2022/23 Target
2.1a Percentage of project management plans and processes fully developed and operational	100%	100%	100%	100%	100%
2.1b Number of progress reports <sup>1</sup>	N/A	36	36	36	36

<sup>1</sup> Targets reflects monthly reporting to the public for the major projects currently assigned to TI Corp: PBR, BSP and KHCP4

#### **Discussion of Results**

- All performance measures were met in 2020/21.
- Relating to performance measure 2.1a, TI Corp procured a stakeholder management system and is in the process of procuring a document control system for use across all projects.

<sup>1</sup> Office of the Auditor General of British Columbia, Audit of the Evergreen Line Rapid Transit Project, Report 15, March 2013.

<sup>2</sup> Perrin, Thorau & Associates Ltd., Port Mann Bridge / Highway 1 Construction Review, February 2018

- TI Corp built the technical and oversight processes and staffing models necessary to develop major infrastructure projects and project-specific due diligence committees were created to provide oversight and guidance.

### **Goal 3: Build capacity within the public service for the delivery of major capital projects.**

#### **Objective 3.1: Continue developing TI Corp's organization, its capabilities and competencies for the effective delivery of major capital projects.**

##### **Key Highlights**

- Identify and define major capital project delivery competencies and qualifications, and the associated key roles at both the corporate and project team level.
- Align project team roles to the level of project complexity.
- Establish technical and project leadership career paths for promoting the development of the key project delivery roles.
- Effective use of contract resources to support to the projects, training and development.

Performance Measure(s)	2019/20 Actuals	2020/21 Target	2020/21 Actuals	2021/22 Target	2022/23 Target
3.1a Employee Training	N/A	N/A <sup>1</sup>	TBD <sup>1</sup>	TBD <sup>1</sup>	TBD <sup>1</sup>
3.1b Employee Retention	N/A	N/A <sup>1</sup>	TBD <sup>1</sup>	TBD <sup>1</sup>	TBD <sup>1</sup>

<sup>1</sup> Employee training and retention performance measures were developed in 2020/21 and are included in the 2021/22 Service Plan. Reporting on these measures will begin for the 2021/22 fiscal and will be reported in the 2021/22 Annual Report.

### **Discussion of Results**

- Throughout fiscal 2020/21, staff engaged in internal and external training and education including maintaining professional accreditation, policies and procedures and Freedom of Information processes
- In fiscal 2020/21, TI Corp continued to build public sector capacity through hiring professionals with specific expertise to develop and support best practices in project controls, scheduling and quantity surveying.
- For some specialized positions, contracted experts are expected to mentor junior staff.

## Financial Report

For the auditor's report and audited financial statements, [see Appendix B](#). These can also be found on [Transportation Investment Corporation's website](#).

## Financial Summary

(\$000)	2019/20 Actual	2020/21 Budget	2020/21 Actual	2020/21 Variance
<b>Total Revenue</b>				
Provincial grants	10,269	9,887	12,498	2,611
Other revenues	922	50	40	(10)
<b>Total Revenue</b>	<b>11,191</b>	<b>9,937</b>	<b>12,538</b>	<b>2,601</b>
<b>Total Expenses</b>				
Salaries and benefits	4,550	8,777	10,092	1,315
Other operating costs	2,062	1,160	2,367	1,207
Highway and bridge operations	35,498	-	79	79
<b>Total Expenses</b>	<b>42,110</b>	<b>9,937</b>	<b>12,538</b>	<b>2,601</b>
Restructuring expense – Note 2	(3,003,061)	-	-	-
<b>Net Income/Excess of Revenue over Expenses/Annual Surplus (Deficit)</b>	<b>(3,033,980)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Debt</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Accumulated Surplus</b>	<b>5,017</b>	<b>5,000</b>	<b>5,017</b>	<b>17</b>

Note 1: The above financial information was prepared based on current Generally Accepted Accounting Principles.

Note 2: Restructuring expense relates to the transfer of legacy assets including the Port Mann Bridge/Highway 1 and George Massey Tunnel Replacement assets from TI Corp to the parent company BCTFA which was completed October 1, 2019. The transaction resulted in an expense for TI Corp and an offsetting gain for the BCTFA.

## Discussion of Results

The actual results for 2020/21 reflect management and oversight expenses to deliver currently assigned major projects, which include the Pattullo Bridge Replacement, Broadway Subway, Kicking Horse Canyon – Phase 4 as well as new project activities including the George Massey Crossing and the Collections and Research Building projects, which are subject to final Treasury Board approvals and direction.

The actuals also reflect management expenses to develop an updated Business Case for the Royal BC Museum (RBCM) Modernization Project and development of the Surrey-Langley SkyTrain (SLS) Concept Plan.

## Variance Analysis

For Fiscal 2020/21 – the expenses and revenue are \$2.6 million higher than budget. The major variances include:

- Salaries and benefits – up \$1.3 million
  - Increase in the forecast staff from 56 to 83 staff. Additional staff are related to the new projects TI Corp is providing services for, including the George Massey Crossing, RBCM Modernization and the Surrey-Langley SkyTrain Projects.
- Other operating costs – up \$1.2 million
  - Expanded use of Due Diligence Advisors for the projects - \$0.6 million;
  - Additional project specific specialized contractors - \$0.3 million; and
  - Additional IT costs for hardware/software purchase, data storage & workstation lease costs relating to increased staffing levels - \$0.3 million.
- Other minor costs - \$0.1 million
  - There are minor residual expenses relating to legacy TI Corp operations.

## Capital Expenditures

TI Corp is a subsidiary of the BCTFA, with a mandate to provide procurement, delivery and commercial oversight of major capital transportation projects: the Pattullo Bridge Replacement, Broadway Subway, Kicking Horse Canyon Project – Phase 4 as well as the George Massey Crossing Project, subject to final Treasury Board approvals and direction. TI Corp is also developing the Surrey-Langley SkyTrain (SLS) Concept Plan. These capital projects are owned and funded by the BCTFA and are reported on through the Ministry of Transportation and Infrastructure's Annual Service Plan Report.

## **Appendix A: Additional Information**

### **Organizational Overview**

#### [Plans and Reports](#)

### **Corporate Governance**

#### [TI Corp Board of Directors](#)

#### [Mandate Letter](#)

### **Contact Information**

For more information on the Transportation Investment Corporation contact:

Transportation Investment Corporation  
Suite 1750 – 401 West Georgia Street  
Vancouver, BC V6B 5A1

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[ticorp.ca](#)

## **Appendix B: Auditor's Report and Audited Financial Statements**

# **Transportation Investment Corporation**

**Audited Financial Statements**

**Year Ended March 31, 2021**

# TRANSPORTATION INVESTMENT CORPORATION

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## Statement of Management Responsibility

Year Ended March 31, 2021

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. The Audit and Risk Management ("ARM") Committee 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 ARM Committee with and without the presence of management.

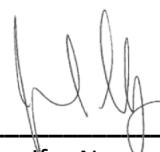
The Auditor General of British Columbia has performed an independent audit of the financial statements. The Auditor's report outlines the scope of his examination and expresses an opinion on the financial statements of the Transportation Investment Corporation.

Yours truly,



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Amanda Farrell  
Chief Executive Officer



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Jennifer Ng  
Chief Financial Officer



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

623 Fort Street  
Victoria, British Columbia  
Canada V8W 1G1  
P: 250.419.6100  
F: 250.387.1230  
[www.bcauditor.com](http://www.bcauditor.com)

## 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, 2021, and the statements of operations, change 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, 2021, and the results of its operations, change in its net assets (debt) 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.

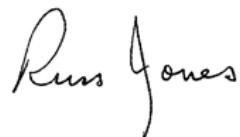
As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- 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  
Deputy Auditor General

Victoria, British Columbia, Canada  
May 21, 2021

# TRANSPORTATION INVESTMENT CORPORATION

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## Statement of Financial Position

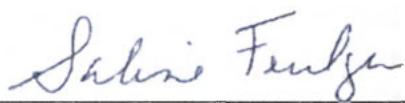
As at March 31, 2021

(In \$000's)

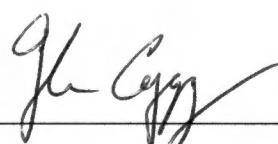
	Notes	31-Mar-21	31-Mar-20
<b>Financial assets</b>			
Cash and cash equivalents		\$ 5,935	\$ 4,708
Due from government / other government organizations	4	2,292	1,626
		<u>8,227</u>	<u>6,334</u>
<b>Liabilities</b>			
Accounts payable & accrued liabilities	5	1,212	698
Due to government / other government organizations	6	2,047	642
Deferred lease inducement	7	351	-
		<u>3,610</u>	<u>1,340</u>
<b>Net financial assets / (debt)</b>		<u>4,617</u>	<u>4,994</u>
<b>Non-financial assets</b>			
Tangible capital assets	8	351	-
Prepaid expenses		49	23
		<u>400</u>	<u>23</u>
<b>Accumulated surplus / (deficit)</b>		<u>\$ 5,017</u>	<u>\$ 5,017</u>
Accumulated surplus / (deficit) is comprised of:			
Accumulated operating surplus / (deficit)		<u>\$ 5,017</u>	<u>\$ 5,017</u>
Contingent assets	3b		
Contingent liabilities	16		
Commitments	17		

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

Approved on behalf of the Board of Directors on May 21<sup>st</sup>, 2021



Sabine Feulgen, Chair



Glen Copping, Director

# TRANSPORTATION INVESTMENT CORPORATION

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**Statement of Operations**  
**Year Ended March 31, 2021**  
**(In \$000's)**

	<u>Note</u>	<u>Budget</u> <i>(Note 14)</i>	<u>31-Mar-21</u>	<u>31-Mar-20</u>
<b>Revenues</b>				
Provincial grants	10	\$ 9,886	\$ 12,498	\$ 10,269
Other	11	50	40	922
		<u>9,936</u>	<u>12,538</u>	<u>11,191</u>
<b>Expenses</b>	12			
Highway and bridge operations		-	79	35,498
General administration		9,936	12,459	6,612
		<u>9,936</u>	<u>12,538</u>	<u>42,110</u>
<b>Annual operating surplus / (deficit) before other items</b>		-	-	<b>(30,919)</b>
Other items				
Restructuring	3	-	-	(3,003,061)
<b>Annual surplus / (deficit) after other items</b>		<u>\$ -</u>	<u>\$ -</u>	<b><u>\$ (3,033,980)</u></b>
<b>Accumulated surplus / (deficit) at beginning of period</b>		5,017	5,017	3,038,997
<b>Accumulated surplus / (deficit) at end of period</b>		<u>\$ 5,017</u>	<u>\$ 5,017</u>	<u>\$ 5,017</u>

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

# TRANSPORTATION INVESTMENT CORPORATION

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## Statement of Change in Net Assets / (Debt)

**Year Ended March 31, 2021**

(In \$000's)

	<b>31-Mar-21</b>	<b>31-Mar-20</b>
Annual surplus / (deficit) after other items	\$ -	\$ (3,033,980)
Effect of change in tangible capital assets:		
(Acquisition) / disposal of tangible capital assets	(351)	(7)
Amortization of tangible capital assets	-	29,423
Restructuring	-	2,866,800
	(351)	2,896,216
Effect of change in prepaid expense		
Acquisition of prepaid expense	(58)	(120)
Use of prepaid expense	32	1,173
Restructuring	-	116,605
	(26)	117,658
<b>Increase / (decrease) in net assets / (debt)</b>	<b>\$ (377)</b>	<b>\$ (20,106)</b>
<b>Net assets / (debt) at beginning of period</b>	4,994	25,100
<b>Net assets / (debt) at end of period</b>	<b>\$ 4,617</b>	<b>\$ 4,994</b>

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

# TRANSPORTATION INVESTMENT CORPORATION

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**Statement of Cash Flows**  
**Year Ended March 31, 2021**  
**(In \$000's)**

	<b>31-Mar-21</b>	<b>31-Mar-20</b>
<b>Operating transactions</b>		
Surplus / (deficit)	\$ -	\$ (3,033,980)
Items not affecting cash:		
Amortization expense	-	29,423
Restructuring	-	2,979,772
Changes in operating working capital:		
Decrease (increase) in trade and other receivables	-	68
Decrease (increase) in due from government and government organizations	(666)	6,056
Decrease (increase) in prepaids and deposits	(26)	1,053
Increase (decrease) in accounts payable and accrued liabilities	514	(2,456)
Increase (decrease) in due to government and government organizations	1,405	(521)
Cash provided by (applied to) operating transactions	<u>1,227</u>	<u>(20,585)</u>
<b>Capital transactions</b>		
Cash used to acquire tangible capital assets	-	(7)
Cash provided by (applied to) capital transactions	-	(7)
<b>Increase (Decrease) in cash</b>	<b>1,227</b>	<b>(20,592)</b>
<b>Cash at beginning of period</b>	<b>4,708</b>	<b>25,300</b>
<b>Cash at end of period</b>	<b>\$ 5,935</b>	<b>\$ 4,708</b>
<b>Cash consists of:</b>		
Cash in bank	5,935	4,708
	<b>\$ 5,935</b>	<b>\$ 4,708</b>

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

# TRANSPORTATION INVESTMENT CORPORATION

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## Notes to the Financial Statements

Year Ended March 31, 2021

### 1. Nature of Operations

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

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’s strategic direction and mandate are to:

- Provide cost effective and flexible delivery, including procurement and commercial oversight, of selected major projects assigned to it by the Province
- Apply effective and consistent risk management, project and financial processes and controls to all assigned projects.
- Build capacity within TI Corp, and by extension the public service, for delivery of major capital projects.

In Fiscal 2021, TI Corp was requested to assist the Ministry of Tourism, Arts, Culture and Sport (“TACS”) and the Royal BC Museum (“RBCM”), to deliver the Collections and Research Building and to bring forward for approval an updated business case for the Royal British Columbia Museum Modernization Project. As a non-transportation project, an Order in Council was approved in September 2020, authorizing TI Corp to engage in and conduct business relating to the delivery of the project.

The Organization’s clients are the Ministry of Transportation and Infrastructure (“TRAN”), TACS and RBCM.

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.

*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.

## 2. Summary of Significant Accounting Policies (continued)

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

Tangible capital asset	Useful Lives (in years)
Leasehold assets	Lease Term (7 years)
Land	Indefinite
Highway infrastructure	10 to 77
Bridge infrastructure	25 to 77
Tolling and traffic systems	8 to 40
Office equipment	3 to 10
Building	40

As part of restructuring (Note 3), all assets related to PMH1 and GMTR were transferred to BCTFA on October 1, 2019.

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. *Lease Inducement*

Lease inducements are payments assumed by a lessor of costs of a lessee. Inducements are amortized on a straight-line basis over the lease term.

g. *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").

h. *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.

## **2. Summary of Significant Accounting Policies (continued)**

### *i. Financial Instruments*

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

### *j. 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; and 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.

### *k. 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. Any unrealized exchange gains and losses and 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 were transferred from TI Corp to BCTFA for nil proceeds. All contingent assets and contingent liabilities related to PMH1 and GMTR were also transferred. The net financial impact of this restructuring on TI Corp is a loss of \$3,003 million.

### 3. Restructuring (continued)

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:

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

- (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.

a) **Accounts Receivable related to restructuring**

<b>Receivables (\$000's)</b>	<b>March 31, 2021</b>	<b>March 31, 2020</b>
Tolling related receivables	\$ -	\$ -
Allowance for doubtful accounts	-	-
Net tolling accounts receivable	-	-
Other receivables	-	-
<b>Allowance for Doubtful Accounts (\$000's)</b>	<b>\$ -</b>	<b>\$ -</b>
Beginning balance	\$ -	\$ 12,205
Additions/(reductions)	-	(34)
Restructuring	-	(12,171)
<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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, all outstanding tolling receivables and allowance for doubtful accounts were transferred to BCTFA on October 1, 2019.

### **3. Restructuring (continued)**

#### **b) Contingent assets related to restructuring**

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, met the definition of a contingent asset.

As part of restructuring, the contingent asset with Township of Langley were transferred to BCTFA on October 1, 2019.

#### **c) Contingent liabilities related to restructuring**

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, BCTFA has indemnified TI Corp for all contingent liabilities including any ongoing litigations on October 1, 2019.

#### **d) Restricted cash related to restructuring**

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.

#### **e) Revenues and Expenses related to restructuring**

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

(\$000's)	<b>March 31, 2020</b>	
<b>Revenues</b>		
Provincial grants	\$	5,376
<b>Expenses</b>		
Highway and bridge operations	35,498	
<b>Annual operating surplus / (deficit)</b>	<b>\$</b>	<b>(30,122)</b>

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

## 4. Due from Government/Other Government Organizations

(\$000's)	<b>March 31, 2021</b>	<b>March 31, 2020</b>
Province of British Columbia	\$ 1,945	\$ 1,598
Royal BC Museum Corporation	347	-
BC Infrastructure Benefits Inc.	-	28
	<b>\$ 2,292</b>	<b>\$ 1,626</b>

## 5. Accounts Payable & Accrued Liabilities

(\$000's)	<b>March 31, 2021</b>	<b>March 31, 2020</b>
Accounts payable	\$ 111	\$ 38
Other accrued liabilities	1,101	660
	<b>\$ 1,212</b>	<b>\$ 698</b>

All accounts payables and accrued liabilities 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 were transferred to BCTFA on October 1, 2019.

## 6. Due to Government/Other Government Organizations

(\$000's)	<b>March 31, 2021</b>	<b>March 31, 2020</b>
Province of British Columbia	\$ 1,969	\$ 640
Infrastructure BC.	77	-
BC Infrastructure Benefits Inc.	1	2
	<b>\$ 2,047</b>	<b>\$ 642</b>

## 7. Deferred Lease Inducement

In Fiscal 2021, TI Corp signed an operating lease for an office space in Victoria with a lease term of 7 years. As part of the lease agreement, the lessor provided lease inducements including furniture and fixtures and leasehold improvements.

The value of furniture and fixtures of \$125,000 is recognized as lease inducement as of March 31, 2021, given the ownership transferred to TI Corp as of year-end date.

The value of leasehold improvements is estimated to be \$238,000, with 95% of work estimated to be completed as of March 31, 2021. Therefore, the estimate benefit of \$226,100 was recognized as of year-end date.

Both furniture and fixtures and leasehold improvements are collectively referred to as Leasehold Assets, in Note 8 Tangible Capital Assets.

Given the lease commencement date is April 1, 2021, the recognition of amortization will begin on April 1, 2021, over the lease term of 7 years.

## 8. Tangible Capital Assets

The costs and accumulated amortization amount for the Corporation's tangible capital assets at March 31, 2021 are as follows (\$000's):

Cost	Leasehold Assets	Highway Infrastructure	Bridge Infrastructure	Tolling and Traffic Systems	Office Equipment	Land	Building	Assets Under Construction	Total
Beginning balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additions	351	-	-	-	-	-	-	-	351
Restructuring	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>351</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>351</b>
<b>Accumulated Amortization</b>									
Beginning balance	-	-	-	-	-	-	-	-	-
Amortization	-	-	-	-	-	-	-	-	-
Restructuring	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net book value</b>	<b>\$ 351</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 351</b>

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

Cost	Leasehold Assets	Highway Infrastructure	Bridge Infrastructure	Tolling and Traffic Systems	Office Equipment	Land	Building	Assets Under Construction	Total
Beginning balance	\$ -	\$ 1,978,278	\$ 1,103,509	\$ 76,371	\$ 2,661	\$ 2,063	\$ 90	\$ 11,951	\$ 3,174,923
Additions	-	7	-	-	-	-	-	-	7
Restructuring	-	(1,978,285)	(1,103,509)	(76,371)	(2,661)	(2,063)	(90)	(11,951)	(3,174,930)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Accumulated Amortization</b>									
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)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net book value</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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 were transferred to BCTFA on October 1, 2019.

## **9. 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 \$12.2 million (2020 – \$4.9 million) from TRAN for expenditures related to the management and delivery of major transportation capital projects. Another \$0.3 million of grant (2020 – \$nil) from the Royal BC Museum Corporation for expenditures related to project planning and business case review for the Royal British Columbia Museum Modernization Project.

In Fiscal 2020, TI Corp recognized a grant of \$5.4 million from 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.

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 in other revenue of \$0.5 million from BCIB in Fiscal 2020.

## **10. Provincial Grants**

<b>Operating Revenue (\$000's)</b>	<b>March 31, 2021</b>	<b>March 31, 2020</b>
Highway and bridge operations	\$ -	\$ 5,376
Project delivery	12,419	4,806
Other cost recovery	79	87
	<b>\$ 12,498</b>	<b>\$ 10,269</b>

TI Corp's revenue represents funding to cover project management services for planning, procurement, delivery and commercial oversight of major capital projects. In Fiscal 2021, the projects currently assigned to TI Corp are the Pattullo Bridge Replacement Project, the Broadway Subway Project, the Kicking Horse Canyon Phase 4 Project. The George Massey Crossing Project business case is being finalized and is subject to final Treasury Board approvals and direction. The Surrey-Langley SkyTrain Project is in the planning phase and will be brought forward for government's review and consideration. These capital projects are owned and funded by the BCTFA and are reported on through the Ministry of Transportation and Infrastructure's Service Plan.

In Fiscal 2021, TI Corp also conducted a review of the Collections and Research Building (CRB), a component of the Royal BC Museum Modernization Project, for government consideration prior to proceeding with procurement and delivery of the CRB. This report back to government is currently under consideration. TI Corp will also be assisting TACS and RBCM to bring forward for approval an updated business case for the Royal British Columbia Museum Modernization Project.

## 11. Other Revenue

<b>Other Revenue (\$000's)</b>	<b>March 31, 2021</b>	<b>March 31, 2020</b>
Bank interest	\$ 40	\$ 446
Miscellaneous	- -	476
	<b>\$ 40</b>	<b>\$ 922</b>

In Fiscal 2020, Miscellaneous revenue mainly consists of recovery of expenditures for the setup of BCIB (Note 9).

## 12. Expenses by Object

The following summarizes expenses by object:

<b>(\$000's)</b>	<b>March 31, 2021</b>	<b>March 31, 2020</b>
<b>Salaries, wages and benefits</b>	\$ 10,092	\$ 4,550
<b>Other operating expenses:</b>		
Amortization of capital assets	- -	29,423
Highway maintenance	- -	5,376
Administrative costs	517	645
Use of land rights	- -	839
Professional services	1,044	759
Facility rental and maintenance	388	280
Information systems	494	226
Bank and credit card fees	3	12
	<b>\$ 12,538</b>	<b>\$ 42,110</b>

## 13. 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, 2020, the plan has about 137,745 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

## **13. Employee Benefit Plan (continued)**

period date that have not yet been paid. As of March 31, 2021, the Corporation has 79 employees (2020 – 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 completed in March 2020 and indicated a basic account actuarial funding valuation surplus of \$2,667 million. The next valuation will be performed as of March 31, 2023. The actuary does not attribute portions of any unfunded liability to individual employers.

In Fiscal 2021, the employees of the TI Corp contributed \$611,563 (2020 – \$217,162) and the Corporation paid \$721,425 (2020 – \$256,173) in employer contributions to the Plan.

## **14. Budgeted Figures**

The Fiscal 2021 budget figures are reflected in the Statements of Operations. Budget data presented in these financial statements is based upon the Fiscal 2021 budget provided to government.

## **15. Risk Management**

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

### **15.1 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 on October 1, 2019.

In Fiscal 2021, The balance of the receivables is \$nil (2020 - \$nil).

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

### **15.2 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.

### **15.3 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.

## 15. Risk Management (continued)

### 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 is limited to interest income only as TI Corp does not hold any debt.

### 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.

## 16. Contingent Liabilities

The nature of TI Corp's activities is such that there is a minimal risk of becoming a defendant or party to pending or threatened legal action due to the nature of providing project management services to the Provincial Government. As of the financial statements date, there is no provision recorded for contingent liability in the ordinary course of business.

## 17. Commitments

### Operating lease:

The aggregate future rentals under the Victoria office operating lease are as follows:

	(\$000's)
2022	\$ 282
2023	282
2024	286
2025	286
2026	286
Thereafter	581
<b>Total</b>	<b>\$ 2,003</b>

## **17. Commitments (continued)**

The Vancouver office lease is a commitment under the Ministry of Transportation and Infrastructure, lease payments are recovered from TI Corp on a month-to-month basis.

## **18. Comparative Information**

Comparative figures have been reclassified to conform to the current year's presentation.

## **19. Significant Event**

The COVID-19 outbreak has developed rapidly in 2020 and has continued into 2021, 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.