

Transportation Investment Corporation

**Audited Financial Statements
Year Ended March 31, 2023**

TRANSPORTATION INVESTMENT CORPORATION

Statement of Management Responsibility Year Ended March 31, 2023

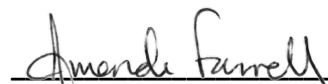
The financial statements of Transportation Investment Corporation have been prepared by management in accordance with Canadian Public Sector Accounting Standards and include certain estimates that reflect management's best judgments.

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 are 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,



Amanda Farrell
Chief Executive Officer



Jennifer Ng
Chief Operating 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, 2023, and the statements of operations, 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 accompanying financial statements present fairly, in all material respects, the financial position of the entity as at March 31, 2023, 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.

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 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.

Transportation Investment Corporation

Auditor's Responsibilities for the Audit of the 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.

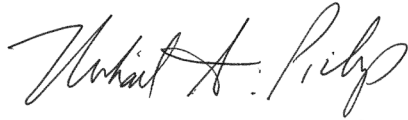
I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

Independent Auditor's Report

Transportation Investment Corporation

relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



Michael Pickup, FCPA, FCA
Auditor General

Victoria, British Columbia, Canada
June 2, 2023

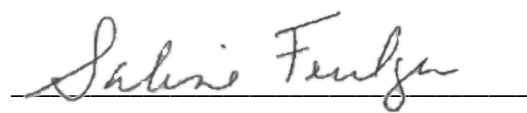
TRANSPORTATION INVESTMENT CORPORATION

Statement of Financial Position
As at March 31, 2023
(In \$000's)

	<u>Notes</u>	<u>31-Mar-23</u>	<u>31-Mar-22</u>
Financial assets			
Cash and cash equivalents		\$ 6,253	\$ 5,777
Accounts receivable		4	-
Due from government & other government organizations	3	4,586	3,712
		<u>10,843</u>	<u>9,489</u>
Liabilities			
Accounts payable & accrued liabilities	4	3,009	2,241
Due to government & other government organizations	5	3,045	2,323
Deferred lease inducement	6	495	346
		<u>6,549</u>	<u>4,910</u>
Net financial assets / (debt)		<u>4,294</u>	<u>4,579</u>
Non-financial assets			
Tangible capital assets	7	495	346
Prepaid expenses		228	92
		<u>723</u>	<u>438</u>
Accumulated surplus / (deficit)		<u>\$ 5,017</u>	<u>\$ 5,017</u>
Commitments	16		

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

Approved on behalf of the Board of Directors on May 24th, 2023



Sabine Feulgen, Chair



Glen Copping, Director

TRANSPORTATION INVESTMENT CORPORATION

Statement of Operations
Year Ended March 31, 2023
(In \$000's)

	<u>Note</u>	<u>Budget</u>	<u>31-Mar-23</u>	<u>31-Mar-22</u>
Revenues		<i>(Note 13)</i>		
Project delivery	9	\$ 29,581	\$ 31,094	\$ 22,318
Other	10	40	315	96
		<u>29,621</u>	<u>31,409</u>	<u>22,414</u>
Expenses	11			
General administration		29,621	31,409	22,414
		<u>29,621</u>	<u>31,409</u>	<u>22,414</u>
Annual operating surplus / (deficit)		-	-	-
Accumulated surplus / (deficit) at beginning of period		5,017	5,017	5,017
Accumulated surplus / (deficit) at end of period		<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

Statement of Change in Net Assets / (Debt)
Year Ended March 31, 2023
(In \$000's)

	31-Mar-23	31-Mar-22
Annual surplus / (deficit) after other items	\$ -	\$ -
Effect of change in tangible capital assets:		
(Acquisition) / disposal of tangible capital assets	(217)	(53)
Amortization of tangible capital assets	68	58
	(149)	5
Effect of change in prepaid expense		
Security deposit	(49)	-
Acquisition of prepaid expense	(291)	(118)
Use of prepaid expense	204	75
	(136)	(43)
Increase / (decrease) in net assets / (debt)	\$ (285)	\$ (38)
Net assets / (debt) at beginning of period	4,579	4,617
Net assets / (debt) at end of period	\$ 4,294	\$ 4,579

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

TRANSPORTATION INVESTMENT CORPORATION

Statement of Cash Flows Year Ended March 31, 2023 (In \$000's)

	31-Mar-23	31-Mar-22
Operating transactions		
Surplus / (deficit)	\$ -	\$ -
Items not affecting cash:		
Amortization of tangible capital assets	68	58
Amortization of lease inducement	(68)	(58)
Changes in operating working capital:		
Decrease (increase) in trade and other receivables	(4)	-
Decrease (increase) in due from government and government organizations	(874)	(1,420)
Decrease (increase) in prepaids and deposits	(136)	(43)
Increase (decrease) in accounts payable and accrued liabilities	768	1,029
Increase (decrease) in due to government and government organizations	722	276
Cash provided by (applied to) operating transactions	476	(158)
Increase (decrease) in cash	476	(158)
Cash at beginning of period	5,777	5,935
Cash at end of period	\$ 6,253	\$ 5,777
Cash consists of:		
Cash in bank	6,253	5,777
	\$ 6,253	\$ 5,777

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

TRANSPORTATION INVESTMENT CORPORATION

Notes to the Financial Statements

Year Ended March 31, 2023

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.

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.

The Ministry of Transportation and Infrastructure has currently assigned TI Corp to provide procurement, delivery, and commercial oversight for the following major capital projects: Pattullo Bridge Replacement Project, the Broadway Subway Project, the Kicking Horse Canyon Phase 4 Project, the Highway 99 Tunnel Program and the Surrey-Langley SkyTrain Project.

TI Corp was requested to assist the Ministry of Tourism, Arts, Culture and Sport and the Royal BC Museum Corporation, to deliver the Collections and Research Building. 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.

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.

b. Revenue Recognition

Project delivery revenue, without eligibility criteria or stipulations, is 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. 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 our asset class is as follows:

Asset Class	Useful Lives (in years)
Leasehold assets	Lease Term

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 service potential 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.

e. 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.

f. Prepaid Expenses

Prepaid expenses are recorded at cost. Prepaids are expensed as the economic benefits are being used, which is on a straight-line basis over the life of the agreement.

2. Summary of Significant Accounting Policies (continued)

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.

h. 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 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; and provisions for certain accrued liabilities.

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.

3. Due from Government & Other Government Organizations

(\$000's)	March 31, 2023	March 31, 2022
Province of British Columbia	\$ 4,496	\$ 3,455
Royal BC Museum Corporation	44	230
BC Transportation Financing Authority	40	7
BC Hydro	6	20
	<u>\$ 4,586</u>	<u>\$ 3,712</u>

4. Accounts Payable & Accrued Liabilities

(\$000's)	March 31, 2023	March 31, 2022
Accounts payable	\$ 259	\$ 256
Other accrued liabilities	2,750	1,985
	<u>\$ 3,009</u>	<u>\$ 2,241</u>

5. Due to Government & Other Government Organizations

(\$000's)	March 31, 2023		March 31, 2022	
Province of British Columbia	\$	3,038	\$	2,312
Infrastructure BC		7		10
BC Transportation Financing Authority		-		1
	\$	3,045	\$	2,323

6. Deferred Lease Inducement

(\$000's)	March 31, 2023		March 31, 2022	
Beginning balance	\$	346	\$	351
Additions		217		53
Amortization		(68)		(58)
	\$	495	\$	346

The deferred lease inducement relates to office spaces in Victoria and Vancouver that are leased to TI Corp. As part of the lease agreement, the lessor provided TI Corp with leasehold assets (Note 7), which included furniture, fixtures, and leasehold improvements. The fair market value of these leasehold assets has been recognized as a lease inducement and are recorded into revenue over the term of the leases.

7. Tangible Capital Assets

Tangible capital assets are recorded at cost and consist of leasehold assets related to TI Corp's Victoria and Vancouver offices (Note 6). The costs and accumulated amortization amount are as follows (\$000's):

Cost (\$000's)	March 31, 2023 Leasehold Assets		March 31, 2022 Leasehold Assets	
Beginning balance	\$	404	\$	351
Additions		217		53
		621		404
Accumulated Amortization				
Beginning balance	\$	(58)	\$	-
Amortization		(68)		(58)
		(126)		(58)
Net Book Value	\$	495	\$	346

8. 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 revenue of \$29.8 million (2022 – \$21.1 million) from the Province of BC for expenditures related to the management and delivery of major transportation capital projects for the Ministry of Transportation and Infrastructure. \$1.2 million (2022 – \$1.2 million) of revenue was recognized from the Royal BC Museum Corporation for expenditures related to the Collections and Research Building. \$0.1 million (2022 - \$nil) of revenue was recognized from BC Transportation Financing Authority for minor project work.

9. Project Delivery Revenue

(\$000's)	March 31, 2023		March 31, 2022	
Major projects	\$	30,646	\$	22,129
Other projects		448		189
	\$	31,094	\$	22,318

TI Corp's revenue represents funding to cover project management services for planning, procurement, delivery, and commercial oversight of major capital projects. In Fiscal 2023, TI Corp's major projects consisted of the Pattullo Bridge Replacement Project, Broadway Subway Project, Kicking Horse Canyon Phase 4 Project, Highway 99 Tunnel Program, Surrey-Langley SkyTrain Project, and the Collections and Research Building.

All transportation infrastructure capital projects are owned and funded by the BCTFA and are reported through the Ministry of Transportation and Infrastructure's Service Plan. The Collections and Research Building project is owned and funded by the Royal BC Museum Corporation and in collaboration with the Ministry of Tourism, Arts, Culture and Sport.

10. Other Revenue

(\$000's)	March 31, 2023		March 31, 2022	
Bank interest	\$	220	\$	38
Lease inducement amortization		68		58
Other revenue		27		-
	\$	315	\$	96

11. Expenses by Object

The following summarizes expenses by object:

(\$000's)	March 31, 2023	March 31, 2022
Salaries and benefits	\$ 24,034	\$ 16,991
Other operating expenses:		
Administrative costs	1,426	814
Professional services	3,511	2,914
Facility rental and maintenance	1,187	736
Information systems	1,247	950
Bank and credit card fees	4	9
	\$ 31,409	\$ 22,414

12. 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, 2022, the plan has about 144,547 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, 2023, the Corporation has 182 employees (2022 – 132 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 for fiscal year-end March 31, 2020 and indicated a basic account actuarial funding valuation surplus of \$2,667 million. The next valuation will be performed for fiscal year-end March 31, 2023.

In Fiscal 2023, the employees of TI Corp contributed \$1,579,656 (2022 – \$970,383) and the Corporation paid \$1,863,427 (2022 – \$1,114,703) in employer contributions to the Plan.

13. Budgeted Figures

The Fiscal 2023 budget figures are reflected in the Statements of Operations. Budget data presented in these financial statements were included as part of TI Corp's 2022/23 – 2024/25 Service Plan.

14. Risk Management

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

14.1 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. TI Corp's credit risk exposure mainly consist of cash and cash equivalents, and due from government & other government organizations.

Cash and cash equivalents are held with a major banking institution with strong credit worthiness and due from government & other government organizations are amount owing from the Province, and are therefore each assessed at low risk.

14.2 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.

14.3 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.

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.

15. 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.

16. Commitments

Operating lease:

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

		(\$000's)
2024	\$	879
2025		891
2026		899
2027		911
2028		920
Thereafter		918
Total	\$	5,418