

# **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.

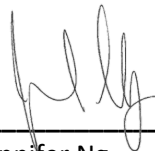
The Auditor General of British Columbia has performed an independent audit of the financial statements. The Auditor's report outlines the scope of his examination and expresses an opinion on the financial statements of the Transportation Investment Corporation.

Yours truly,



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Amanda Farrell  
Chief Executive Officer



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Jennifer Ng  
Chief Financial Officer



## **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.

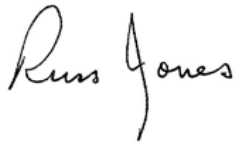
As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- 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.

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

Russ Jones, FCPA, FCA, ICD.D  
Deputy Auditor General

Victoria, British Columbia, Canada  
May 21, 2021



OFFICE OF THE  
Auditor General  
of British Columbia

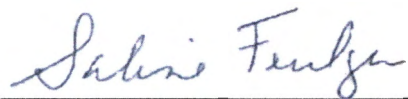
## TRANSPORTATION INVESTMENT CORPORATION

**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><b>4,617</b></u>    | <u><b>4,994</b></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><b>\$ 5,017</b></u> | <u><b>\$ 5,017</b></u> |
| Accumulated surplus / (deficit) is comprised of:     |       |                        |                        |
| Accumulated operating surplus / (deficit)            |       | 5,017                  | 5,017                  |
|  |       | <u><b>\$ 5,017</b></u> | <u><b>\$ 5,017</b></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

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

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

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, 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>   | <b>4,994</b>     | <b>25,100</b>      |
| <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

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

|   | 31-Mar-21       | 31-Mar-20       |
|---|-----------------|-----------------|
| <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                    | 1,227           | (20,585)        |
| <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>                                      | 1,227           | (20,592)        |
| <b>Cash at beginning of period</b>                                      | 4,708           | 25,300          |
| <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. Prepaids are expensed as the economic benefits are being used, which is on a straight-line basis over the life of the agreement. In the case of the land rights, they are expensed evenly 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)   | October 01, 2020      |
|---|-----------------------|
| 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

| Receivables (\$000's)                            | March 31, 2021 | March 31, 2020 |
|--|----------------|----------------|
| Tolling related receivables                      | \$ -           | \$ -           |
| Allowance for doubtful accounts                  | -              | -              |
| Net tolling accounts receivable                  | -              | -              |
| Other receivables                                | -              | -              |
| <b>\$</b>  | <b>-</b>       | <b>\$ -</b>    |
| <b>Allowance for Doubtful Accounts (\$000's)</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)                                   | March 31, 2020     |
|---|--------------------|
| <b>Revenues</b>                             |                    |
| Provincial grants                           | \$ 5,376           |
| <b>Expenses</b>                             |                    |
| Highway and bridge operations               | 35,498             |
| <b>Annual operating surplus / (deficit)</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)                       | March 31, 2021  | March 31, 2020  |
|---------------------------------|-----------------|-----------------|
| Province of British Columbia    | \$ 1,945        | \$ 1,598        |
| Royal BC Museum Corporation     | 347             | -               |
| BC Infrastructure Benefits Inc. | -               | 28              |
|                                 | <u>\$ 2,292</u> | <u>\$ 1,626</u> |

#### 5. Accounts Payable & Accrued Liabilities

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

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

#### 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                   | -                | -                      | -                     | -                           | -                | -           | -           | -                         | -             |
| Total                           | 351              | -                      | -                     | -                           | -                | -           | -           | -                         | 351           |
| <b>Accumulated Amortization</b> |                  |                        |                       |                             |                  |             |             |                           |               |
| Beginning balance               | -                | -                      | -                     | -                           | -                | -           | -           | -                         | -             |
| Amortization                    | -                | -                      | -                     | -                           | -                | -           | -           | -                         | -             |
| Restructuring                   | -                | -                      | -                     | -                           | -                | -           | -           | -                         | -             |
| Total                           | -                | -                      | -                     | -                           | -                | -           | -           | -                         | -             |
| <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)  |
| Total                           | -                | -                      | -                     | -                           | -                | -           | -           | -                         | -            |
| <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)    |
| Total                           | -                | -                      | -                     | -                           | -                | -           | -           | -                         | -            |
| <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

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

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

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

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:

| (\$000's)                           | March 31, 2021   | March 31, 2020   |
|-------------------------------------|------------------|------------------|
| <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               |
|                                     | <u>\$ 12,538</u> | <u>\$ 42,110</u> |

## 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.