

Columbia Basin Trust

2022/23

Annual Service Plan Report

August 2023



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Published by Columbia Basin Trust

Board Chair's Accountability Statement



The Columbia Basin Trust 2022/23 Annual Service Plan Report compares the organization's actual results to the expected results identified in the 2022/23 - 2024/25 Service Plan published in 2022. The Board is accountable for those results as reported.

Signed on behalf of the Board by:

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

Jocelyn Carver
Board Chair
July 28, 2023

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Letter from the Board Chair & CEO

Columbia Basin Trust (the Trust) works together with people, organizations and communities of the Columbia Basin (Basin) to support their efforts to create a legacy of social, economic, and environmental well-being, now and for future generations. The Trust accomplished this work through 62 active programs and initiatives, supporting nearly 2,700 projects this year.

The Trust launched five new programs as it continued to implement and execute on the Columbia Basin Management Plan (CBMP) Strategic Priorities 2020-2023 which focuses on: community well-being, ecosystem enhancement, high-speed connectivity, housing, local food production and access, support for business renewal, and two integrated priorities: climate resilience and working with Indigenous Peoples.

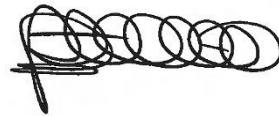
With the conclusion of the COVID-19 pandemic and the relaxing of public health guidelines, the Trust began planning the Our Trust, Our Future community engagement process that will seek input to inform the renewal of the CBMP. Internal engagement began in the fall and external engagement will begin in the spring.

Our financial support comes from our investments, primarily in hydroelectric power generation, and in 2022/23, our revenues exceeded targets and totaled nearly \$96 million. The power facilities operated reliably with minimal unplanned outages, plus increased power prices and lower operating expenses, which contributed to increased revenue. The Trust delivered a total of \$82.2 million in direct benefits to the Basin, including \$56.8 million in programs and initiatives, \$6.1 million in new commercial loans and real estate, \$15.7 million in new business loans, and \$3.6 million in capital investments related to broadband infrastructure and economic programs.

The Trust met regularly with the Minister Responsible and held biweekly meetings with senior staff of the Ministry of Energy, Mines and Low Carbon Innovation (who support the Minister's governance responsibilities for the Trust) over the past year to discuss progress on the objectives identified in the 2021/22 Mandate Letter.



Jocelyn Carver
Board Chair
July 28, 2023



Johnny Strilaeff
President & CEO
July 28, 2023

Purpose of the Annual Service Plan Report

This annual service plan report has been developed 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, a Minister Responsible for a government organization is required to make public a report on the actual results of that organization's performance related to the forecasted targets stated in the service plan for the reported year.

Strategic Direction

The strategic direction set by Government in 2020 and expanded upon in the Board Chair's 2021/22 [Mandate Letter](#) from the Minister Responsible shaped the goals, objectives, performance measures and financial plan outlined in the Columbia Basin Trust 2022/23 – 2024/25 Service Plan and the actual results reported on in this annual report.

Purpose of the Organization

The respective roles and responsibilities of the provincial government and the Trust are established in numerous agreements and legislation, including the [1995 Financial Agreement](#) and the [Columbia Basin Trust Act](#), as well as a [Memorandum of Understanding](#).

The Trust has two core functions:

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

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

The Trust also has a Power Operations department, which provides power asset management services to Columbia Power Corporation (Columbia Power).

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

The Trust sets its priorities in consultation with the residents of the region. The resulting [Columbia Basin Management Plan](#) (CBMP) provides a high-level road map to focus the Trust's work in the Basin. Greater direction is captured in specific strategic frameworks and plans. Many of the priorities identified by Basin residents in the Trust's current CBMP are shared by the provincial government, including high-speed connectivity, housing, climate resilience and working with Indigenous Peoples.

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

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

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

Operating Environment

The Trust continued to generate a reliable stream of income with revenues from hydropower facilities accounting for 83 per cent of total revenues. If this revenue stream was materially disrupted, it would negatively impact the Trust's ability to achieve its strategic priorities and net income targets.

To partially mitigate this risk, the Trust continued to diversify investments and actively monitored revenue and expenditure forecasts. The recent trend of increasing interest rates will improve returns in some areas; however, any increases are subject to continued market changes, which may be transitory over the next few years. In addition, there was a continued focus on investment in maintenance and reliability activities at the facilities to ensure their long-term reliability and profitability.

In 2022/23 the Trust continued to implement its strategic plan, [Columbia Basin Management Plan Strategic Priorities 2020-2023](#). In the fall of 2021, the Trust extended the plan to the end of 2023 in recognition of the enduring impacts of COVID-19 in the region and the continued applicability of the plan. Planning for the renewal of the CBMP began in 2023, with some internal engagement also taking place.

Report on Performance: Goals, Objectives, and Results

Goal 1: Sound investments for the benefit of Basin residents

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

A growing portfolio of investments helps to maintain a predictable, sustainable and appreciating income stream and mitigate risk associated with a reliance on power facilities.

Key results

- Power facility returns exceeded the 10% target due to increased revenues attributed to the reliable operation of the facilities and higher than anticipated Consumer Price Index adjustments within existing power sales agreements. Minimal unplanned outages this past year along with lower operating expenses contributed to this financial performance.
- Within Private Placements the Trust approved 10 new commercial loans that were referred by both partners and existing clients, into direct Basin-based debt investments totalling \$15.7 million. The Trust also invested \$6.1 million in a new commercial real estate investment.

Summary of progress made in 2022/23

Investment staff continued regular direct contact with financial and referral partners which resulted in an increase of referrals of new investment opportunities over the past year. Working with established investment clients resulted in over \$7 million in additional investments.

The increase in interest rates over the past year has had a positive impact on the short-term investment portfolio, increasing returns and revenues. The commercial loan portfolio has also seen some increase in returns and will see some improvements over the next year as some maturities are renewed at higher rates.

The implementation and close management of regular planned maintenance at the power facilities resulted in continued reliability and reduced unplanned outages.

Performance measures and related discussion

Performance Measure	2021/22 Actual	2022/23 Target	2022/23 Actual
1.1a Return on Power Facilities (calculated as a cash-based return on investment) ^{1,3}	11.43%	10%	11.42%
1.1b Return on Private Placements (calculated as a cash-based return on investment) ^{1,4}	4.36%	6%	4.01%
1.1c Return on Market Securities ^{2,5}	7.4%	6%	(4.39%)

Data source:

¹Returns are calculated based on audited year-end financial statements, which are approved by both external auditors and the Board of the Trust.

²Returns are calculated by British Columbia Investment Management Corporation in accordance with Global Investment Performance Standards.

³PM 1.1a targets for 2023/24 and 2024/25 were stated in the 2022/23 service plan as 10% and 10%, respectively.

⁴PM 1.1b targets for 2023/24 and 2024/25 were stated in the 2022/23 service plan as 6% and 6%, respectively.

⁵PM 1.1c targets for 2023/24 and 2024/25 were stated in the 2022/23 service plan as 6% and 6%, respectively.

For forward-looking planning information, including current targets for 2023/24 – 2025/26, please see the latest service plan on the [BC Budget website](#).

- Power returns exceeded plan this year, as noted primarily due to reduced unplanned outages and improved reliability. Implementation of a proactive Mandatory Reliability Standards maintenance program assisted with reliability. Given the scale of financial impact in the event of an unplanned outage, the targets remain appropriate.
- Private Placements results were below target due to increases in repairs and maintenance expenses on a portion of the real estate portfolio. The increase over the year in interest rates had a nominal positive impact on the commercial loans portfolio; however, not enough to offset the noted expenses.
- Market Securities performance was below target with both the equity and fixed income pools slightly below benchmark. Additionally, moving a portion of the portfolio holdings into short-term positions due to upcoming operating requirements, reduced the returns due to lower short-term rates.

Goal 2: Effective delivery of benefits for Basin residents

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

The Trust supports efforts by the people of the Basin to create a legacy of social, economic and environmental well-being and to achieve greater self-sufficiency for present and future generations.

Key results

- Committed \$56.8 million for grants and initiatives and \$3.6 million in capital investments, which included the addition or construction of capital assets.
- 2,673 projects supported through 62 programs and initiatives.
- Launched five new programs.
- Exceeded targets in most areas including housing, broadband, new business loans, community assets and ecosystem enhancement.

Summary of progress made in 2022/23

The Trust continued to deliver on the focus areas set out in the CBMP, including housing, high-speed connectivity, community well-being, ecosystem enhancement, local food production and access, support for business renewal, climate resilience and working with Indigenous Peoples.

The Trust launched five new programs including: Basin Charge Up, Business SMART, Columbia Basin Wildfire Recovery Initiative, Small Community Wildfire, and Small Ecosystem Enhancement Grants. The Trust also concluded several programs.

Planning and internal engagement also began for the renewal of the CBMP which expires in 2023.

Performance measures and related discussion

Performance Measure	2021/22 Actual	2022/23 Target	2022/23 Actual
2.1a Per cent of Basin residents perceiving the Trust’s impact as positive ¹	n/a	85	84
2.1b Per cent of partners perceiving the Trust’s impact as positive ²	n/a	90	94

Data source: The Trust engaged Prairie Research Associates to conduct the most recent surveys in fall 2022.

¹PM 2.1a targets for 2023/24 and 2024/25 were stated in the 2022/23 service plan as ‘n/a’ and 85, respectively.

²PM 2.1b targets for 2023/24 and 2024/25 were stated in the 2022/23 service plan as ‘n/a’ and 90, respectively.

Through these performance measures, the Trust is evaluating whether Basin residents feel the organization is making a positive difference and how these perceptions change over time. The Trust is also measuring how its impact is perceived by its partners who deliver many of the programs and initiatives to people in the region. The Trust first measured resident and partner perceptions in 2010 and has since conducted the surveys every two years. This data is collected by a third-party firm and the methodology has remained consistent since 2010.

The results of the fall 2022 survey for performance measure 2.1a did not meet the target. Comments related to this question did not identify any specific area for improvement, other than an increase in residents simply being unfamiliar with the role of the Trust. With the conclusion of the COVID-19 pandemic and relaxing of all public health restrictions, the Trust resumed in-person community engagement this year, which may result in higher numbers for this performance measure in future years. The Trust once again exceeded the 2022/23 targets for performance measure 2.1b. The target for partners continues to be higher than for residents, as partners who work with the Trust are inherently more familiar with the Trust, its role and its impact in the region.

Performance Measure	2021/22 Actual	2022/23 Target	2022/23 Actual
2.1c Affordable Housing ^{1,3} # of new affordable housing units added	209	30	57
2.1d Broadband ^{2,9} # rural households served with minimum 5/1 Mbps up to 50/10 Mbps	12,000	12,750	18,400
2.1e Broadband ^{2,9} # rural households served with minimum 50/10 Mbps	0	1,400	6,400
2.1f Broadband ^{2,4} # km of fibre backbone in place	1,055	1,150	1,185
2.1g Business ^{1,5} Value of new business loans provided (\$m)	8.7	7.5	15.7
2.1h Community Assets ^{1,6} # of existing indoor and outdoor community spaces being enhanced	64	40	63
2.1i Community Assets ^{1,10} #of newly constructed/acquired community assets being funded	21	10	11
2.1j Ecosystem Health ^{1,7} Area of aquatic habitat improved (m2)	3,686,385	4,000	910,800

2.1k Ecosystem Health ^{1,8} Area of terrestrial habitat improved (ha)	393	2,000	424
2.1l Local Food Production and Access ^{1,10} # of community food production or processing spaces created and/ or improved	32	20	7
2.1m Local Food Production and Access ^{1,10} Quantity of food waste recovered (kg)	344,124	15,000	76,905

Data source:

¹Results are internally monitored relative to each performance measure. The targets are assessed annually.

²The Broadband performance measures are internally monitored and cumulative year over year.

³PM 2.1c targets for 2023/24 and 2024/25 were stated in the 2022/23 service plan as 30 and 30, respectively.

⁴PM 2.1f targets for 2023/24 and 2024/25 were stated in the 2022/23 service plan as 1,250 and 1,250, respectively.

⁵PM 2.1g targets for 2023/24 and 2024/25 were stated in the 2022/23 service plan as 7.5 and 7.5, respectively.

⁶PM 2.1h targets for 2023/24 and 2024/25 were stated in the 2022/23 service plan as 40 and 40, respectively.

⁷PM 2.1j targets for 2023/24 and 2024/25 were stated in the 2022/23 service plan as 4,000 and 4,000, respectively.

⁸PM 2.1k targets for 2023/24 and 2024/25 were stated in the 2022/23 service plan as 2,000 and 2,000, respectively.

⁹This performance measure was revised in the latest service plan. For more details on forward-looking planning information, including the performance measure and current targets for 2023/24 – 2025/26, please see the latest service plan on the [BC Budget website](#).

¹⁰This performance measure was not carried forward in the latest service plan. For more details on forward-looking planning information, including the performance measure and current targets for 2023/24 – 2025/26, please see the latest service plan on the [BC Budget website](#).

The Trust was able to support a significant number of affordable housing projects in 2022/23. Housing projects arose throughout the Basin that were not under development prior to that fiscal year and enabled the Trust to exceed its target for performance measure 2.1c. The targets for future years remain appropriate as most communities in the Basin now have affordable housing projects under way or are in varying stages of development.

CBBC exceeded targets for performance measures 2.1d, 2.1e and 2.1f because it completed the Connecting Canadians Projects and Connecting British Columbia project with greater speed and network footprint than originally anticipated. 18,400 homes now have the potential to connect to an internet service provider to access speeds of 5/1 Mbps through CBBC’s network and 6,400 homes now have the potential to access speeds of 50/10 Mbps. CBBC also now has 1,185 kilometres of fibre backbone in place.

The value of new Business Loans (performance measure 2.1g) exceeded its 2022/23 target of \$7.5 million, primarily due to a few larger limited opportunities for capital financing. The Trust is seeing a general return to pre-pandemic levels of business activity that support the annual target.

The number of Community Assets enhanced (performance measure 2.1h) was higher than anticipated due to a strong response to the second intake of the Non-profit Sustainability Program. The Trust also met its target for Community Assets funded (performance measure 2.1i). As these programs are completing, this metric will not carry forward to next year’s service plan.

The Trust exceeded its Ecosystem Health target for aquatic habitat (performance measure 2.1j) as several large aquatic projects were funded and completed in 2022/23. The actual hectares of terrestrial habitat improved (performance measure 2.1k) is below the forecast as the Trust did not receive as many terrestrial large-scale projects from community organizations in 2022/23 as compared to aquatic projects.

The number of food production and processing spaces (performance measure 2.1l) created or improved was below forecast due to lower-than-expected grant applications to the Food Access and Recovery Grants program. The quantity of food waste recovered (performance measure 2.1m) was substantially higher than forecast due to two large unanticipated renovations in existing, high volume recovery kitchens.

Goal 3: Robust corporate operations

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

To ensure the Trust can maximize the availability of resources for Goals 1 and 2, it must continually ensure that its corporate operations are cost-effective.

Key results

- Completed departmental and organizational corporate risk registers.
- Completed review of extended benefits coverage provided to employees to ensure the Trust remains competitive in the marketplace and completed corporate wide presentations.
- Completed four internal learning sessions for all employees and implemented cultural learning opportunities for Board and staff related to working with Indigenous Peoples to ensure effective flow of knowledge and learning within the organization.
- Completed internal reviews and implemented improvements and efficiencies for internal contracting processes within the organization.
- Automated numerous grant administration processes in Delivery of Benefits and continued to offer electronic funds transfer for funding recipients.

Summary of progress made in 2022/23

The Trust is committed to maintaining cost-effective operations through the implementation of new processes and/or business systems throughout all aspects of its operations. In addition to the automation of numerous grant administration processes, the Finance department implemented many automation changes within its financial reporting and accounting software which resulted in significant time savings during quarterly and annual financial reporting. The Human Resources department restructured the current Performance Evaluation process and implemented improvements to streamline annual reviews. The Trust is committed to internal

learning opportunities and in addition to the scheduled corporate learning activities, the Information Systems department held corporate wide sessions on maximizing the tools within Microsoft 365 and Teams.

Performance measure and related discussion

Performance Measure	2021/22 Actual	2022/23 Target	2022/23 Actual
3.1a Ratio of Regional Reinvestment ¹	100%	80-90%	101%

Data source: Ratio of Regional Reinvestment measures the percentage of annual revenue that is committed to the Trust’s two core functions – Delivery of Benefits and the Investment Program.

¹PM 3.1a targets for 2023/24 and 2024/25 were stated in the 2022/23 service plan as 80-90% and 80-90%, respectively.

The Trust exceeded its target in 2022/23 due to the utilization of available cash for delivery of benefits initiatives for both grants and capital expenditures, and increased demand for new investments in commercial loans and real estate.

Financial Report

For the auditor’s report and audited financial statements, see [Appendix C](#). These documents can also be found on the Trust website.

Discussion of Results

The Trust exceeded surplus targets in 2022/23 by \$9.7 million due primarily to increases in revenues from power facilities, market securities and short-term investments. The Trust’s four jointly owned power facilities continued to experience high reliability with little to no unplanned outages throughout the year. This, combined with increased power prices and lower operating expenses, resulted in a favourable variance of \$4.1 million in power facility revenues. Financial markets remained unpredictable over the past year, but strong management of the Trust’s market securities portfolio resulted in realized revenues of \$1.9 million, \$566,000 more than budget. In addition, increasing interest rates resulted in positive impacts to our short-term investments and restricted investment income. Repairs and maintenance expenses incurred this past year at two senior care facilities impacted revenues within our private placements – real estate investments portfolio.

Delivery of benefits expenses totaled \$55.4 million, \$3.3 million under budget. A portion of the delivery of benefits budget were retained for initiatives under development, as part of the Trust’s work to support communities in being responsive to evolving demand in the Basin. This allocation was not utilized as a result of lower than anticipated demand.

Administration expenses totaled \$8.2 million and were under budget by \$765,000 largely due to staff on leaves.

Financial Summary

(\$000s)	2021/22 Actual	2022/23 Budget	2022/23 Actual	2022/23 Variance
Revenues				
Power Projects	\$ 76,241	\$ 74,940	\$ 79,065	\$ 4,125
Market Securities	7,550	1,300	1,866	566
Power Project Recoveries	3,777	3,900	3,900	-
Private Placements: Real Estate	1,580	1,399	741	(658)
Private Placements: Commercial Loans	1,347	1,403	1,629	226
Broadband Operations	921	1,366	1,045	(321)
Short-Term Investments	630	700	1,969	1,269
Commercial Investments Rent	546	620	997	377
Other	3,022	3,537	3,779	242
Restricted Investment Income	453	563	733	170
Total Revenue	\$ 96,067	\$ 89,728	\$ 95,724	\$ 5,996
Expenses				
Delivery of Benefits				
Community Initiatives	37,029	24,959	35,456	(10,497)
Broadband Initiatives ²	2,966	3,885	2,777	1,108
Economic Initiatives	2,541	2,704	2,146	558
Other Initiatives	2,749	2,430	2,998	(568)
Social Initiatives	4,605	3,268	3,337	(69)
Water and Environment Initiatives	8,553	8,944	7,323	1,621
Youth Initiatives	2,612	1,504	1,360	144
Programs Under Development	-	11,050	-	11,050
Total Delivery of Benefits	61,055	58,744	55,397	3,347
Power Project Administration Expenses	3,777	3,900	3,900	-
Trust Administration Expenses	7,493	8,935	8,170	765
Trust Investment Expenses	747	647	786	(139)
Financing Costs	17,544	17,427	17,525	(98)
Loss Due to Impairment	33	-	192	(192)
Total Expenses	90,649	89,653	85,970	3,683

Columbia Basin Trust

(\$000s)	2021/22 Actual	2022/23 Budget	2022/23 Actual	2022/23 Variance
Annual Surplus	\$ 5,418	\$ 75	\$ 9,754	\$ 9,679
Total Debt	\$ 5,608	\$ 5,587	\$ 5,608	\$ 21
Accumulated Surplus	\$ 525,599	\$ 538,096	\$ 529,871	\$ (8,225)

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

² Broadband Initiatives includes direct CBBC expenses, as well as other broadband initiatives delivered through CBBC. See Appendix B for separate financial information for this subsidiary.

³ Economic Initiatives includes direct Columbia Basin Development Corporation (CBDC) expenses, as well as other economic initiatives delivered through CBDC. See Appendix B for separate financial information for this subsidiary.

Administration Expenses

(\$000s)	2021/22 Actual	2022/23 Budget	2022/23 Actual	2022/23 Variance
Expenses				
Staff Remuneration and Development	\$ 8,864	\$ 9,585	\$ 9,126	\$ 459
Office and General	711	875	901	(26)
Amortization	353	400	338	62
Professional Fees	304	370	357	13
Corporate Travel and Meetings	86	400	316	84
Communications	474	540	484	56
Board and Committee	132	300	165	135
Information Technology	346	365	383	(18)
Subtotal	\$ 11,270	\$ 12,835	\$ 12,070	\$ 765
Less: Allocation to Power Project Administration	(3,777)	(3,900)	(3,900)	-
Total Administration Expenses	\$ 7,493	\$ 8,935	\$ 8,170	\$ 765

Variance and Trend Analysis

Budgets for all jointly owned power facilities include estimates for annual contractual increases and estimates for unplanned outages. Increases within contractual agreements were linked to changes to the annual Consumer Price Index (CPI) and therefore management includes best estimates for these values at the time budgets were approved by the Board. In addition, conservative estimates were included for any unplanned outages at the four power facilities.

The realized returns within the market securities portfolio remain unpredictable as markets fluctuate year to year.

Delivery of benefits budgets include amounts that were retained for initiatives under development, as part of the Trust's work is to support communities in being responsive to evolving demand in the Basin. This allocation may or may not be fully utilized in any given year based on demands and needs within the Basin year to year.

Risks and Uncertainties

To meet ongoing commitments, the Trust requires a stable stream of revenue. Over 83 per cent of Trust revenues come from power facilities, providing a predictable revenue stream. The long-term power sales agreements with BC Hydro and FortisBC in Canadian dollars mitigate currency and pricing risks, and interest rate risks were mitigated with fixed rates in long-term project financing. Commercial operations could be affected by capital and operating requirements of the assets under management and regulatory and/or legislative changes imposed on existing assets. If the facilities experience operational challenges and revenues are reduced, the Trust's ability to deliver benefits or make new investments may be impacted.

Financial markets are volatile, and returns may vary significantly when measured over the short-term. A one per cent change in return would have an approximate impact of \$787,000 on revenue given the current level of investment.

Fluctuating interest rates have a direct effect on the income from commercial loans. Changes in the economic environment influence the performance of business loans. A one per cent change in return would have an approximate impact of \$370,000 on revenue given the current level of investment. New investments continue to be made and are priced to reflect current market rates. The portfolio continues to grow with a diverse mix of opportunities.

Fluctuating interest rates have a direct impact on returns from short-term investments. A one per cent change in interest rates would have an approximate impact of \$480,000 on revenue, given the current level of investment. Short-term investments are generally under one year in maturity, and the portfolio is managed to optimize maturities to reduce interest rate risk.

Appendix A: Progress on Mandate Letter Priorities

The following is a summary of progress made on priorities as stated in the 2021/22 Mandate Letter from the Minister Responsible.

2021/22 Mandate Letter Priority	Status as of March 31, 2023
<p>Implement the strategic priorities identified by Basin residents and included in the Columbia Basin Management Plan (CBMP) Strategic Priorities 2020-2022.</p>	<ul style="list-style-type: none"> • The CBMP was extended to the end of 2023. • Performance measures 2.1c to 2.1m directly align with the strategic priorities included in the extended CBMP, and provide further information regarding the progress the Trust made in 2022/23 on this priority.
<p>Maintain an active and cooperative relationship with partners in power project management and operations to ensure the projects deliver optimized financial returns and are managed in the best long-term interests of the owners.</p>	<ul style="list-style-type: none"> • There is an active and cooperative relationship with the Columbia Power Board of Directors. • Trust Power Operations staff work closely with contractors like FortisBC to ensure the successful operation of all facilities.

Appendix B: Subsidiaries and Operating Segments

Active Subsidiaries

Columbia Basin Broadband Corporation

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

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

The CBBC Board comprises the following members:

- Ron Miles, Chair
- Wendy Booth
- Greg Deck
- Richard Leggett
- Betty Anne Marino
- Ron Oszust
- Owen Torgerson

Financial Summary

(\$000)	2021/22 Actual	2022/23 Budget	2022/23 Actual
Revenues	\$ 1,307	\$ 1,366	\$ 1,602
Expenses	2,966	3,885	2,777
(Deficit)/Surplus	\$ (1,661)	\$ (2,519)	\$ (1,175)

Discussion of Variance

The deficit for CBBC was lower than budgeted by \$1.3 million due largely to a decrease in expected amortization, lower hardware and software maintenance costs due to a delay in planned capital projects, and a decrease in the use of external professional fees. In addition, revenues were higher than budgeted due to an increase in grant revenues.

Columbia Basin Development Corp.

CBDC is a wholly owned subsidiary of the Trust formed in 2016. Its purpose is to lead and support efforts to advance economic growth, job creation, innovation and entrepreneurial opportunity for a prosperous and sustainable Basin economy.

The activities of CBDC are considered a delivered benefit to Basin residents; therefore, any losses incurred by CBDC will be addressed through the Delivery of Benefits budget. Total expenses for Delivery of Benefits activities related to economic programs were higher than budgeted as CBDC entered multi-year commitments with delivery partners for existing economic programs.

The CBDC Board comprises the following members:

- Don McCormick, Chair
- Kevin Andruschuk
- Larry Binks
- Jocelyn Carver
- Alan Mason
- Heidi Romich
- Krista Turcasso

Financial Summary

(\$000)	2021/22 Actual	2022/23 Budget	2022/23 Actual
Revenues	\$ 345	\$ 380	\$ 456
Expenses	2,574	2,590	2,148
(Deficit)/Surplus	\$ (2,229)	\$ (2,210)	\$ (1,692)

Discussion of Variance

The deficit for CBDC was \$518,000 less than budgeted due primarily to repayments applied to some program areas where all committed funding was no longer required.

Nominee Holding Companies

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

CBT Commercial Finance Corp.

Holds Trust interests in business loans and investments.

CBT Real Estate Investment Corp.

Holds Trust interests in real estate.

CBT Property Corp.

Holds Trust interests in corporate real estate.

CBT Arrow Lakes Power Development Corp.

Holds Trust interests in the Arrow Lakes Generating Station joint venture with Columbia Power.

CBT Brilliant Expansion Power Corp.

Holds Trust interests in the Brilliant Expansion joint venture with Columbia Power.

CBT Power Corp.

Holds Trust interests in the Brilliant Dam joint venture with Columbia Power.

CBT Waneta Expansion Power Corp.

Holds Trust interests in the limited partnership and in the general partnership formed to complete the Waneta Expansion Project.

Columbia Basin Housing Society

Is a wholly controlled entity of CBT Property Corp.

Appendix C: Auditor's Report and Audited Financial Statements

COLUMBIA BASIN TRUST
CONSOLIDATED FINANCIAL STATEMENTS
AS AT MARCH 31, 2023

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RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

KPMG LLP has been appointed by the Trust's Board of Directors to express an opinion as to whether the consolidated financial statements have been prepared, in all material respects, in conformity with the financial reporting provisions of Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia. The Auditor's report follows and outlines the scope of their examination and their opinion on the consolidated financial statements.

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



Johnny Strilaeff
President & CEO



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



KPMG LLP
200 – 3200 Richter Street
Kelowna BC, Canada V1W 5K9
Telephone 250-979-7150
Fax 250-763-0044

INDEPENDENT AUDITOR'S REPORT

*To the Board of Directors of Columbia Basin Trust, and
To the Minister of Finance, Province of British Columbia*

Opinion

We have audited the consolidated financial statements of Columbia Basin Trust (the Trust), which comprise:

- the consolidated statement of financial position as at March 31, 2023
- the consolidated statement of operations for the year then ended
- the consolidated statement of remeasurement gains and losses for the year then ended
- the consolidated statement of changes in accumulated operating surplus for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements as at and for the year ended March 31, 2023 of the Trust are prepared, in all material respects, in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “**Auditor’s Responsibilities for the Audit of the Financial Statements**” section of our auditor’s report.

We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Emphasis of Matter – Financial Reporting Framework

We draw attention to note 2(a) in the financial statements, which describes the applicable financial reporting framework and the significant differences between the financial reporting framework and Canadian public sector accounting standards.

Our opinion is not modified in respect of this matter.

Emphasis of Matter – Comparative Information

We draw attention to note 5 to the financial statements, which explains that certain comparative information presented for the year ended March 31, 2022, has been restated. Note 5 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

Other Matter - Comparative Information

The financial statements for the year ended March 31, 2022, excluding the adjustments that were applied to restate certain comparative information, were audited by another auditor who expressed an unmodified opinion on those financial statements on June 2, 2022.

As part of our audit of the financial statements for the year ended March 31, 2023, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended March 31, 2022. In our opinion, such adjustments are appropriate and have been properly applied.

Other than with respect to the adjustments that were applied to restate certain comparative information, we were not engaged to audit, review or apply any procedures to the financial statements for the year ended March 31, 2022. Accordingly, we do not express an opinion or any other form of assurance on those financial statements taken as a whole.

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

Management is responsible for the preparation of the financial statements in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia, and for such internal control as management determines is necessary to enable the preparation of 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 Trust's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.



Those charged with governance are responsible for overseeing the Trust's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 our 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We 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 our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.



However, future events or conditions may cause the Trust to cease to continue as a going concern.

- 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 we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants


Kelowna, Canada


May 26, 2023

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

AS AT MARCH 31	Note	2023		2022	
				As Restated (Note 5)	
FINANCIAL ASSETS					
Cash		\$	16,994	\$	17,141
Short-term investments	6		48,161		55,889
Accrued interest and other accounts receivable	7		7,475		1,952
Market securities	8		78,741		82,358
Loans receivable	9		9,416		6,629
Private placements - commercial loans	10		32,851		24,995
Private placements - commercial investment	11		2,375		2,375
Private placements - real estate investments	12		11,605		8,373
Investment in power facilities	13		966,043		967,182
			<u>1,173,661</u>		<u>1,166,894</u>
LIABILITIES					
Accounts payable and accrued liabilities	14		2,191		3,824
Employee future benefits			424		406
Debt	15		5,608		6,013
Deferred contributions	16		9,801		4,848
Delivery of benefits initiatives	17		43,622		33,436
Due to Waneta Expansion Power Corporation	18		618,828		626,796
			<u>680,474</u>		<u>675,323</u>
Net Financial Assets			493,187		491,571
NON-FINANCIAL ASSETS					
Prepaid expenses			1,145		616
Tangible capital assets	19				
Tangible capital assets - corporate			1,726		1,771
Tangible capital assets - delivery of benefits			18,809		16,201
Tangible capital assets - investments			15,004		15,440
Total tangible capital assets			<u>35,539</u>		<u>33,412</u>
			<u>36,684</u>		<u>34,028</u>
ACCUMULATED SURPLUS		\$	529,871	\$	525,599
Accumulated Surplus is comprised of:					
Accumulated Operating Surplus		\$	527,560	\$	517,806
Accumulated Remeasurement Gains			2,311		7,793
		<u>\$</u>	<u>529,871</u>	<u>\$</u>	<u>525,599</u>
COMMITMENTS	9, 25				
SUBSEQUENT EVENT	31				

Approved on behalf of the Board of Directors:


 Jocelyn Carver
 Chair


 Bill van Yzerloo
 Chair, Finance and Audit Committee

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

COLUMBIA BASIN TRUST
CONSOLIDATED STATEMENT OF OPERATIONS
(in thousands)

FOR THE YEAR ENDED MARCH 31	Note	Budget	2023	2022
		(Note 29)		As Restated (Note 5)
REVENUES				
Power facilities	13	\$ 74,940	\$ 79,065	\$ 76,241
Power facilities recoveries	20	3,900	3,900	3,777
Grants	21	3,370	3,112	2,633
Short-term investments		700	1,969	630
Market securities		1,300	1,866	7,550
Private placements - commercial loans		1,403	1,629	1,347
Broadband operations		996	1,045	921
Commercial investments rent		620	997	546
Restricted investment income	18	563	733	453
Private placements - real estate investments	12	1,399	741	1,580
Other	22	537	667	389
		89,728	95,724	96,067
EXPENSES				
	23			
Community initiatives		28,978	39,133	40,043
Water and environment initiatives		9,666	7,983	9,208
Social initiatives		4,208	4,196	5,401
Other initiatives		14,592	4,014	4,226
Broadband initiatives		3,885	2,777	2,966
Economic initiatives		3,547	2,916	3,233
Investment initiatives		1,653	1,706	1,273
Youth initiatives		1,797	1,628	2,945
Power facilities administration	20	3,900	3,900	3,777
Financing costs	18	17,427	17,525	17,544
		89,653	85,778	90,616
Impairment loss	9	-	192	33
ANNUAL OPERATING SURPLUS		\$ 75	\$ 9,754	\$ 5,418

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

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

FOR THE YEAR ENDED MARCH 31	Note	2023	2022
			As Restated (Note 5)
Accumulated remeasurement gains, beginning of year		\$ 7,793	\$ 9,635
Unrealized gains (losses) on market securities		(5,988)	4,217
Less realized (gains) losses reclassified to the Statement of Operations		506	(6,059)
Net change for the year		(5,482)	(1,842)
ACCUMULATED REMEASUREMENT GAINS, end of year	8	\$ 2,311	\$ 7,793

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

FOR THE YEAR ENDED MARCH 31	2023	2022
		As Restated (Note 5)
Accumulated operating surplus, beginning of year	\$ 517,806	\$ 512,476
Adoption of new accounting standard (Note 5)	-	(88)
Accumulated operating surplus, beginning of year, restated	517,806	512,388
Annual operating surplus	9,754	5,418
ACCUMULATED OPERATING SURPLUS, end of year	\$ 527,560	\$ 517,806

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

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

FOR THE YEAR ENDED MARCH 31	Budget	2023	2022
	(Note 29)		As Restated (Note 5)
ANNUAL OPERATING SURPLUS	\$ 75	\$ 9,754	\$ 5,418
Acquisition of prepaid expenses	-	(1,145)	(616)
Use of prepaid expenses	-	616	1,214
Acquisition of tangible capital assets	-	(3,885)	(17,128)
Disposal of tangible capital assets	-	88	-
Amortization of tangible capital assets	400	1,670	2,081
	400	(2,656)	(14,449)
Effect of remeasurement losses	-	(5,482)	(1,842)
Change in Net Financial Assets	475	1,616	(10,873)
NET FINANCIAL ASSETS, beginning of year	491,571	491,571	502,532
Adoption of new accounting standard (Note 5)	-	-	(88)
NET FINANCIAL ASSETS, beginning of year, restated	491,571	491,571	502,444
NET FINANCIAL ASSETS, end of year	\$ 492,046	\$ 493,187	\$ 491,571

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

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

FOR THE YEAR ENDED MARCH 31	2023	2022
		As Restated (Note 5)
CASH FLOWS FROM (APPLIED TO) OPERATING ACTIVITIES		
Cash received from private placements - commercial loans	\$ 1,477	\$ 1,409
Cash received from other loans	405	211
Cash received from broadband operations	2,167	1,271
Cash received from short-term investments	1,946	733
Cash received from market securities	1,866	7,550
Cash received from tenants	1,030	556
Cash paid for operating expenses	(12,638)	(3,252)
Cash paid for delivery of benefits initiatives, net of external funding received	(40,220)	(45,634)
	<u>(43,967)</u>	<u>(37,156)</u>
CASH FLOWS FROM (APPLIED TO) INVESTING ACTIVITIES		
Purchase of short-term investments and market securities	(34,221)	(46,064)
Redemption of short-term investments and market securities	40,083	47,276
Issuance of commercial loans	(15,698)	(5,906)
Repayment of commercial loans	7,833	6,787
Issuance of other loans	(4,243)	(3,404)
Repayment of other loans	1,355	1,392
Real estate investments	(4,138)	(50)
Dividends received from real estate investments	1,647	1,774
Dividends received from power facilities investments	80,105	80,735
	<u>72,723</u>	<u>82,540</u>
CASH FLOWS FROM (APPLIED TO) CAPITAL TRANSACTIONS		
Purchase of tangible capital assets	(3,885)	(17,128)
Disposal of tangible capital assets	88	-
	<u>(3,797)</u>	<u>(17,128)</u>
CASH FLOWS FROM (APPLIED TO) FINANCING ACTIVITIES		
Repayment of debt	(732)	(57)
Interest paid on debt	(18,183)	(18,194)
Contributions to WEPC sinking fund	(6,517)	(6,260)
Advances from community foundations, net	326	299
	<u>(25,106)</u>	<u>(24,212)</u>
INCREASE (DECREASE) IN CASH	(147)	4,044
CASH, beginning of year	17,141	13,097
CASH, end of year	\$ 16,994	\$ 17,141

Interest collected during the year was \$3.8 million (fiscal 2022 - \$2.4 million).

Interest paid during the year was \$18.4 million (fiscal 2022 - \$18.4 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2023

(Tabular amounts in thousands)

1. NATURE OF COLUMBIA BASIN TRUST

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of accounting

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

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

Regulation 257/2010 requires all tax-payer supported organizations to adopt Canadian public sector accounting standards without any elections available to government not-for-profit organization.

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

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

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

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

- i. Government transfers that do not contain a stipulation that creates a liability be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met; and

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2023

(Tabular amounts in thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- ii. Externally restricted contributions be recognized as revenue in the period in which the stipulations are met.

(b) Basis of consolidation

- i. Consolidated entities:

These consolidated financial statements reflect the assets, liabilities, revenues and expenses of organizations which are wholly owned and controlled by the Trust. Controlled organizations are consolidated except for government business partnerships and government business enterprises (notes 2(b)(ii) and (iii)). Intercompany transactions, balances, and activities are eliminated on consolidation.

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

- CBT Commercial Finance Corp.
- CBT Arrow Lakes Power Development Corp.
- CBT Brilliant Expansion Power Corp.
- CBT Power Corp.
- CBT Property Corp.
- CBT Waneta Expansion Power Corp.
- CBT Real Estate Investment Corp.
- Columbia Basin Broadband Corporation (CBBC)
- Columbia Basin Development Corporation (CBDC)

- ii. Investment in Government business partnerships:

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

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

Power facilities:

- Arrow Lakes Power Corporation (ALPC) – 50% interest
- Brilliant Power Corporation (BPC) – 50% interest
- Brilliant Expansion Power Corporation (BEPC) – 50% interest
- Waneta Expansion Power Corporation (WEPC) – 50% interest

Real estate:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2023

(Tabular amounts in thousands)

2. (b) Basis of consolidation (continued)

iii. Investment in Government business enterprises:

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

Red Mountain Hostel (79% interest) is a GBE of the Trust and is consolidated in these financial statements using the modified equity method.

(c) Tangible capital assets and amortization

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

<u>Category</u>	<u>Years</u>
Automobiles	2 - 8
Hardware and software	3 - 7
Broadband hardware	3 - 15
Office furniture and equipment	5
Fibre optics	25
Buildings	25 - 35
Tenant improvements	Lease term or improvement useful life

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

(d) Revenue recognition

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2023

(Tabular amounts in thousands)

2. (d) Revenue recognition (continued)

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

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

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

(e) Expenses

Expenses are reported on an accrual basis when the goods have been received or the services have been provided. The cost of all goods consumed and services received during the year is expensed. Expenses are classified by function on the statement of operations. The Trust allocates administration costs by identifying an appropriate basis of allocating and applying that basis consistently each year.

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

(f) Taxes

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

(g) Financial instruments

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

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

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

All financial instruments measured at fair value are measured using Level 1 criteria. There were no transfers between hierarchies during the year ended March 31, 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2023

(Tabular amounts in thousands)

2. (g) Financial instruments (continued)

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

Financial instruments measured using amortized cost are financial assets or financial liabilities that are measured at initial recognition minus principal repayments, plus or minus cumulative amortization using the effective interest method and minus any impairment losses. The effective interest rate method is used to determine interest revenue or expense.

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

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

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

The Trust has designated its financial instruments as follows:

i. Cash:

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

ii. Portfolio investments:

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

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

Private placements - commercial investments that have an equity interest are measured at cost, less any amounts written off to reflect a permanent decline in value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2023

(Tabular amounts in thousands)

2. (g) Financial instruments (continued)

iii. Loans receivable:

Private placements - commercial loans as well as loans receivable are measured at amortized cost less any amount for impairments. Impairment losses are recorded to reflect loans receivable at the lower of amortized cost and the net recoverable value, when collectability and risk of loss exists. Impairments are recognized in the statement of operations. Interest is accrued on loans receivable to the extent it is deemed collectable.

iv. Debt and other financial assets and financial liabilities:

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

(h) Employee future benefits

Employee future benefits consist of an employee pension plan, retirement benefits and sick leave benefits.

The Trust and its employees make contributions to the Public Sector Pension Plan, which is a multi-employer defined benefit pension plan. Multi-employer defined benefit pension plans are accounted for as defined contribution plans. As a result, the Trust's contributions are expensed as paid.

The Trust provides a retirement allowance to all employees who have accumulated 20 years or more of service with the Trust. An actuarially determined accrued liability for the retirement allowance has been recorded in the statements and has been determined using management's best estimate of employee retention, salary escalation, long-term inflation and discount rates.

The Trust provides their employees with sick leave benefits that accumulate but do not vest. All employees are entitled to eight sick days per calendar year, which may be carried over, to a maximum of 120 days. An actuarially determined accrued liability has been recorded on the statements for non-vesting sick leave benefits. The cost of non-vesting sick leave benefits are calculated using management's best estimate of salary escalation, long-term inflation rates and discount rates.

(i) Measurement uncertainty

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2023

(Tabular amounts in thousands)

3. FUTURE ACCOUNTING STANDARDS

In June 2018, the Canadian public sector accounting board (PSAB) issued PS3400 Revenue. PS3400 proposes a framework describing two categories of revenue – transactions with performance obligations and transactions with no performance obligations. PS3400 applies to fiscal years beginning on or after April 1, 2023. Management is in the process of assessing potential impacts of adoption of PS3400 on the financial statements of the Trust.

In April 2021, PSAB issued PS3160 Public Private Partnerships. PS3160 addresses the accounting and reporting of infrastructure procured through public private partnership arrangements. PS3160 applies to fiscal years beginning on or after April 1, 2023. Management is in the process of assessing potential impacts of adoption of PS3160 on the financial statements of the Trust.

4. COMPARATIVE FIGURES

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

5. RESTATEMENT OF PRIOR YEAR FIGURES

The Trust has restated prior year figures for adjustments required for the adoption of Canadian public sector accounting standard PS3280 Asset Retirement Obligations (ARO), effective April 1, 2022. Under the new standard, government entities are required to report all legal obligations and costs associated with the future retirement of tangible capital assets, including asbestos and other hazardous materials. The new standard was adopted using a modified retroactive basis on the date of adoption. On April 1, 2022, the Trust recognized an ARO, totaling \$603,000, with respect to asbestos and other hazardous material removal for certain investment buildings. The ARO will be amortized over the remaining useful lives of the related buildings.

The following table sets out previously reported figures, adjustments, and restated amounts:

	As previously reported	Adjustment new ARO standard	As restated
March 31, 2022			
Accounts payable and accrued liabilities	\$ 3,221	\$ 603	\$ 3,824
Tangible capital assets - investments	14,944	496	15,440
Expenses	90,597	19	90,616

The net result on accumulated operating surplus was as follows:

March 31, 2022			
Accumulated operating surplus, opening	\$ 512,476	\$ (88)	\$ 512,388
Annual operating surplus	5,437	(19)	5,418
Accumulated operating surplus, ending	\$ 517,913	\$ (107)	\$ 517,806

6. SHORT-TERM INVESTMENTS

Short-term investments consist of a portfolio of guaranteed investment certificates (GICs) held at financial institutions. The GICs earn interest at 3.0% to 5.5% and expire August 2023 to February 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2023

(Tabular amounts in thousands)

7. ACCRUED INTEREST AND OTHER ACCOUNTS RECEIVABLE

Accrued interest and other accounts receivable consist of accrued interest on short-term investments, accounts receivable, accrued interest on commercial loans and power facilities recoveries.

8. MARKET SECURITIES

The Trust has a diversified securities portfolio that includes short-term deposits, and bond and equity pooled funds. The Trust's investment in market securities is as follows:

	Fair value hierarchy level	2023	2022
Market value	1	\$ 78,741	\$ 82,358
Cost		76,430	74,565
Accumulated remeasurement gains		\$ 2,311	\$ 7,793

During fiscal year 2023, the Trust recognized realized losses on market securities of \$506,000 (2022 - gain of \$6.1 million).

9. LOANS RECEIVABLE

The Trust provides funding through the Impact Investment Fund to businesses challenged with obtaining financing from other sources. These loans are secured by assets and personal guarantees and currently have terms extending no further than 16 years. The Trust recognized an impairment loss for one loan under the Impact Investment Fund program of \$135,000 in fiscal 2023.

The Trust provides funding through the Small Business Working Capital Loans program to provide working capital and operating funds to Basin-based small businesses and social enterprises to assist with the challenges of COVID-19. The Trust also provides funding through the Basin Food Producer Loans program to help bolster the region's food supply, create employment and alleviate longer-term economic impacts caused by the pandemic. The loan terms for both of these related programs bear interest of 2% over a maximum term of five years. There is no interest charged for the first three months followed by interest-only payments for nine months. At March 31, 2023, the outstanding balance of the loans in these two programs totaled \$1 million (discounted to present value \$970,000). The Trust recognized an impairment loss for one loan under the Small Business Working Capital Loans program and one loan under the Basin Food Producer Loans program in fiscal 2023 resulting in an impairment loss totaling \$57,000.

The Trust provided the Trail airport with a non-interest bearing \$1 million loan with annual principal payments of \$50,000 over a term of 20 years. At March 31, 2023, the outstanding balance was \$750,000 (discounted to present value \$537,000).

The Trust provides funding through the Economic Development program to support business development throughout the Basin. The Trust provided one loan under the Economic Development program in fiscal 2023 with terms extending no further than 25 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2023

(Tabular amounts in thousands)

9. LOANS RECEIVABLE (continued)

The Trust provided Mount St. Francis, a joint venture subsidiary of the Trust, with a \$4.2 million loan in fiscal 2023 for construction of a senior care facility in Nelson, BC. The loan bears interest at Canadian Imperial Bank of Commerce's (CIBC) prime commercial lending rate, to be repaid within 90 days of project completion (scheduled for July 2024). Pursuant to its joint venture agreement for the Mount St. Francis operation, the Trust has committed to loan up to \$10.5 million towards the facility construction and equity contributions of up to \$5.85 million (\$4.1 million to March 31, 2023).

Loans receivable are as follows:

	2023	2022
Impact Investment Fund bearing interest from 4.7% to 10.7%	\$ 3,057	\$ 3,476
Small Business Working Capital Loans bearing interest at 2% after first 3 months	566	761
Trail airport non-interest bearing	537	562
Basin Food Producer Loans bearing interest at 2% after first 3 months	405	560
Economic Development loan bearing interest at CIBC prime	860	1,519
Mount St. Francis loan bearing interest at CIBC prime	4,200	-
	9,625	6,878
Less: impairment loss	(209)	(249)
	\$ 9,416	\$ 6,629

10. PRIVATE PLACEMENTS – COMMERCIAL LOANS

The Trust provides commercial loans that are generally secured by real estate and currently have terms extending no further than 25 years.

Commercial loans are as follows:

	2023	2022
Commercial loans bearing interest from 3.65% to 10.2%	\$ 33,082	\$ 25,172
Less: impairment loss	(231)	(177)
	\$ 32,851	\$ 24,995

11. PRIVATE PLACEMENTS – COMMERCIAL INVESTMENT

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2023

(Tabular amounts in thousands)

12. PRIVATE PLACEMENTS - REAL ESTATE INVESTMENTS

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

- 50% ownership interest in ten seniors housing facilities throughout the Basin.
- 79% ownership interest in Red Mountain Hostel located in Rossland, BC.

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

Condensed supplementary financial information, representing the Trust's interests, for private placements – real estate investments is as follows:

(a) Financial position:

	Current Assets	Non- Current Assets	Total Assets	Current Liabilities	Non- Current Liabilities	Total Liabilities	Net Assets
March 31, 2023							
Castle Wood Village - 50%	\$ 543	\$ 2,789	\$ 3,332	\$ 632	\$ 2,350	\$ 2,982	\$ 350
Columbia Village - 50%	156	3,768	3,924	290	3,246	3,536	388
Crest View Village - 50%	293	2,952	3,245	335	2,245	2,580	665
Garden View Village - 50%	414	2,265	2,679	182	1,961	2,143	536
Joseph Creek Village - 50%	75	6,636	6,711	828	5,052	5,880	831
Kootenay Street Village - 50%	94	11,350	11,444	313	10,778	11,091	353
Lake View Village - 50%	240	4,129	4,369	135	2,982	3,117	1,252
Mountain Side Village - 50%	87	2,066	2,153	147	1,541	1,688	465
Red Mountain Hostel - 79%	419	2,996	3,415	55	1,285	1,340	2,075
Rocky Mountain Village - 50%	96	2,069	2,165	238	1,337	1,575	590
<i>Projects under development:</i>							
Mount St. Francis 50%*	523	5,712	6,235	35	2,100	2,135	4,100
	\$ 2,940	\$ 46,732	\$ 49,672	\$ 3,190	\$ 34,877	\$ 38,067	\$ 11,605
March 31, 2022							
Castle Wood Village - 50%	\$ 495	\$ 2,823	\$ 3,318	\$ 209	\$ 2,534	\$ 2,743	\$ 575
Columbia Village - 50%	154	3,991	4,145	256	3,490	3,746	399
Crest View Village - 50%	270	3,155	3,425	269	2,511	2,780	645
Garden View Village - 50%	416	2,404	2,820	181	2,127	2,308	512
Joseph Creek Village - 50%	46	6,875	6,921	502	5,159	5,661	1,260
Kootenay Street Village 50%	75	11,797	11,872	302	11,128	11,430	442
Lake View Village - 50%	226	4,328	4,554	229	3,044	3,273	1,281
Mountain Side Village - 50%	81	2,192	2,273	127	1,666	1,793	480
Red Mountain Hostel - 80%	371	3,177	3,548	50	1,313	1,363	2,185
Rocky Mountain Village - 50%	112	2,217	2,329	224	1,511	1,735	594
	\$ 2,246	\$ 42,959	\$ 45,205	\$ 2,349	\$ 34,483	\$ 36,832	\$ 8,373

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2023

(Tabular amounts in thousands)

12. PRIVATE PLACEMENTS - REAL ESTATE INVESTMENTS (continued)

(b) Results of operations:

	Revenue	Expenses				Total	Surplus (deficit)
		Finance Charges	Operations	Amortization			
March 31, 2023							
Castle Wood Village - 50%	\$ 525	\$ 87	\$ 281	\$ 194	\$ 562	\$ (37)	
Columbia Village - 50%	528	136	38	222	396	132	
Crest View Village - 50%	560	86	60	203	349	211	
Garden View Village - 50%	363	84	11	138	233	130	
Joseph Creek Village - 50%	1,094	306	370	425	1,101	(7)	
Kootenay Street Village - 50%	813	310	5	448	763	50	
Lake View Village - 50%	547	127	32	208	367	180	
Mountain Side Village - 50%	311	66	18	126	210	101	
Red Mountain Hostel - 79%	105	75	35	143	253	(148)	
Rocky Mountain Village - 50%	374	56	41	148	245	129	
	\$ 5,220	\$ 1,333	\$ 891	\$ 2,255	\$ 4,479	\$ 741	

March 31, 2022

Castle Wood Village - 50%	\$ 524	\$ 93	\$ 16	\$ 202	\$ 311	\$ 213
Columbia Village - 50%	529	138	13	226	377	152
Crest View Village - 50%	561	94	9	213	316	245
Garden View Village - 50%	362	70	19	140	229	133
Joseph Creek Village - 50%	1,093	197	36	422	655	438
Kootenay Street Village - 50%	812	321	-	448	769	43
Lake View Village - 50%	545	102	-	207	309	236
Mountain Side Village - 50%	310	70	2	126	198	112
Red Mountain Hostel - 80%	106	38	35	156	229	(123)
Rocky Mountain Village - 50%	374	67	33	143	243	131
	\$ 5,216	\$ 1,190	\$ 163	\$ 2,283	\$ 3,636	\$ 1,580

(c) Investment in private placements - real estate:

	Castle Wood Village	Columbia Village	Crest View Village	Garden View Village	Joseph Creek Village	Kootenay Street Village	Lake View Village	Mount St. Francis	Mountain Side Village	Red Mountain Hostel	Rocky Mountain Village	Total
	50%	50%	50%	50%	50%	50%	50%	50%	50%	79%*	50%	
March 31, 2023												
Opening balance	\$ 575	\$ 399	\$ 645	\$ 512	\$ 1,260	\$ 442	\$ 1,281	\$ -	\$ 480	\$ 2,185	\$ 594	\$ 8,373
Dividends	(188)	(143)	(191)	(106)	(422)	(139)	(209)	-	(116)	-	(133)	(1,647)
Investment	-	-	-	-	-	-	-	4,100	-	38	-	4,138
Surplus (deficit)	(37)	132	211	130	(7)	50	180	-	101	(148)	129	741
	\$ 350	\$ 388	\$ 665	\$ 536	\$ 831	\$ 353	\$ 1,252	\$ 4,100	\$ 465	\$ 2,075	\$ 590	\$ 11,605

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2023

(Tabular amounts in thousands)

12. PRIVATE PLACEMENTS - REAL ESTATE INVESTMENTS (continued)

	Castle Wood Village	Columbia Village	Crest View Village	Garden View Village	Joseph Creek Village	Kootenay Street Village	Lake View Village	Mountain Side Village	Red Mountain Hostel	Rocky Mountain Village	Total
	50%	50%	50%	50%	50%	50%	50%	50%	80%*	50%	
March 31, 2022											
Opening balance \$	550	\$ 390	\$ 591	\$ 498	\$ 1,244	\$ 665	\$ 1,241	\$ 484	\$ 2,258	\$ 596	\$ 8,517
Dividends	(188)	(143)	(191)	(119)	(422)	(266)	(196)	(116)	-	(133)	(1,774)
Investment	-	-	-	-	-	-	-	-	50	-	50
Surplus (deficit)	213	152	245	133	438	43	236	112	(123)	131	1,580
	\$ 575	\$ 399	\$ 645	\$ 512	\$ 1,260	\$ 442	\$ 1,281	\$ 480	\$ 2,185	\$ 594	\$ 8,373

*Additional equity contributions from Red Mountain Hostel joint venture partner in fiscal 2023 decreased the Trust's equity ownership to 79% (fiscal 2022 - 80%).

(d) Non-current assets:

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

	Land	Building and Equipment	2023	2022
Operating facilities	\$ 3,950	\$ 64,768	\$ 68,718	\$ 68,410
Projects under development	-	5,712	5,712	-
Less: accumulated amortization	-	(27,698)	(27,698)	(25,451)
	\$ 3,950	\$ 42,782	\$ 46,732	\$ 42,959

(e) Non-current liabilities:

i. Long-term debt

Long-term debt consisting of the Trust's interest in mortgage loans are included in current and non-current liabilities of the real estate entities. These loans bear interest at rates varying between 3.2% and 7.2% and will mature on different dates between July 2023 and November 2028. The loans are repayable in equal monthly payments of principal and interest, amortized over 25 years and secured by first charges, both fixed and floating, over the assets of the seniors housing facilities to which they relate.

ii. Indemnities by joint venturers

The joint venturers of the Trust's real estate investments gave separate indemnities for mortgage proceeds totaling \$32.9 million (fiscal 2022 - \$34.9 million).

(f) Contingencies:

In June 2010, the BC Housing Management Commission (BC Housing) provided Lake View Village, a seniors housing facility located in Nelson, BC, with a government grant to allow for subsidized suites. Under this agreement, Lake View Village received a forgivable loan in the amount of \$855,000, which was applied directly to the existing mortgage on the property. Under the terms and conditions of the agreement, if the loan is defaulted within the first 10 years, \$855,000 is repayable to BC Housing. Thereafter, the forgivable loan amount is reduced by 1/15th per year. As at March 31, 2023, the balance of the forgivable loan was \$684,000 (fiscal 2022 - \$741,000). The Trust's share is 50%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2023

(Tabular amounts in thousands)

13. INVESTMENT IN POWER FACILITIES

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

(a) Arrow Lakes Power Corporation (ALPC)

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

(b) Brilliant Power Corporation (BPC)

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

(c) Brilliant Expansion Power Corporation (BEPC)

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

(d) Waneta Expansion Power Corporation (WEPC)

The Trust's wholly owned subsidiary, CBT Waneta Expansion Power Corp., has a 50% interest in WEPC. The purpose of WEPC is to operate the 340-megawatt power generation facility (Waneta Expansion) adjacent to the Waneta Dam near Trail, BC, and a 10-kilometre transmission line from the power plant to BC Hydro's Selkirk substation. WEPC sells the entitlement energy and capacity generated from this facility.

The Waneta Expansion was previously owned by the Waneta Expansion Limited Partnership (WELP), of which Fortis Inc. held a 51% interest, Columbia Power a 32.5% interest, and the Trust a 16.5% interest. On April 17, 2019, the Trust and Columbia Power purchased Fortis Inc.'s 51% interest in WELP. The purchase agreement was completed through a series of transactions and amalgamations, which resulted in the creation of WEPC through a business combination to hold the Trust and Columbia Power's interest (a 50/50 partnership). The acquisition transaction was identified as a business combination with WEPC identified as the acquirer. A purchase price allocation was performed to measure the fair value of identifiable assets acquired and liabilities assumed by WEPC at the acquisition date. The Trust purchased additional shares (33.5%) in WEPC for the purchase price of \$651 million to have equal ownership in WEPC between the Trust and Columbia Power. The structure of this additional purchase of shares required the Trust to be responsible for 66% of the debt required for the purchase from Fortis Inc. See Note 18.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2023

(Tabular amounts in thousands)

13. INVESTMENT IN POWER FACILITIES (continued)

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

Condensed supplementary financial information, representing the Trust's 50% interest, for investment in power facilities is as follows:

(e) Financial position:

	Current	Property, Plant &	Lease	Non- Current	Total	Current	Non- Current	Total	
	Assets	Equipment	Receivable	Assets	Assets	Liabilities	Liabilities	Liabilities	Net Assets
March 31, 2023									
ALPC - 50%	\$ 12,805	\$ 100,955	\$ -	\$ -	\$ 113,760	\$ 10,047	\$ 143,783	\$ 153,830	\$ (40,070)
BPC - 50%	12,406	-	168,722	6,611	187,739	9,095	17,416	26,511	161,228
BEPC - 50%	4,730	96,541	-	672	101,943	689	-	689	101,254
WEPC* - 50%	20,447	909,251	-	490,769	1,420,467	4,880	490,233	495,113	925,354
	\$ 50,388	\$ 1,106,747	\$ 168,722	\$ 498,052	\$ 1,823,909	\$ 24,711	\$ 651,432	\$ 676,143	\$ 1,147,766
WEPC adjustment									(181,723)
									\$ 966,043
March 31, 2022									
ALPC - 50%	\$ 12,175	\$ 101,837	\$ -	\$ -	\$ 114,012	\$ 9,270	\$ 148,534	\$ 157,804	\$ (43,792)
BPC - 50%	12,792	-	166,437	6,484	185,713	8,731	23,482	32,213	153,500
BEPC - 50%	4,600	98,372	-	654	103,626	596	-	596	103,030
WEPC* - 50%	19,765	923,771	-	491,310	1,434,846	4,872	490,779	495,651	939,195
	\$ 49,332	\$ 1,123,980	\$ 166,437	\$ 498,448	\$ 1,838,197	\$ 23,469	\$ 662,795	\$ 686,264	\$ 1,151,933
WEPC adjustment									(184,751)
									\$ 967,182

*WEPC assets and liabilities contain amounts due from the owners and due to the Province for a long-term debt arrangement to fund the acquisition of Fortis Inc.'s 51% ownership in WELP. Each owner purchased additional shares to restore the ownership to the originally mandated 50/50 partnership between the Trust and Columbia Power. The Trust's share of the long-term debt is \$613.7 million (fiscal 2022 - \$621.7 million). See Note 18.

(f) Investment in power facilities:

	ALPC 50%	BPC 50%	BEPC 50%	WEPC 50%	Total
March 31, 2023					
Opening balance	\$ (43,792)	\$ 153,500	\$ 103,030	\$ 754,444	\$ 967,182
WEPC adjustment	-	-	-	3,029	3,029
Dividends	(15,700)	(7,500)	(11,680)	(45,225)	(80,105)
Surplus	19,422	15,228	9,904	31,383	75,937
	\$ (40,070)	\$ 161,228	\$ 101,254	\$ 743,631	\$ 966,043

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2023

(Tabular amounts in thousands)

13. INVESTMENT IN POWER FACILITIES (continued)

	ALPC 50%	BPC 50%	BEPC 50%	WEPC 50%	Total
March 31, 2022					
Opening balance	\$ (46,834)	\$ 147,192	\$ 104,936	\$ 766,480	\$ 971,774
WEPC adjustment	-	-	-	3,032	3,032
Dividends	(15,600)	(7,905)	(11,600)	(45,630)	(80,735)
Surplus	18,642	14,213	9,694	30,562	73,111
	\$ (43,792)	\$ 153,500	\$ 103,030	\$ 754,444	\$ 967,182

(g) ALPC negative equity:

In fiscal 2012, ALPC issued \$350 million principal amount Series B bonds, due in April 2041. The proceeds of the Series B bond issue were used to pay for the \$45.6 million owing on ALPC's series A bond redemption, and the net proceeds of \$285.6 million were distributed by dividend to the owners, Columbia Power and CBT Arrow Lakes, for investment in the Waneta Expansion and future project development. The dividend to the owners created a deficit in ALPC of \$56.1 million. ALPC ended fiscal 2012 with a deficit of \$60.3 million after incurring net losses of \$4.2 million that year. Total cumulative dividends of \$272.9 million less cumulative net income of \$253 million since fiscal 2012 have increased the deficit in ALPC to \$80.1 million at the end of fiscal 2023.

As ALPC's negative equity position has been caused by the payment of dividends rather than by operating losses, the Trust continues to record its investment in ALPC as a long-term financial asset that is recorded on a modified equity basis on the consolidated statement of financial position. The Trust's future share of ALPC's net income will reduce the negative equity balance and the Trust's future share of any additional dividends will increase the negative equity balance. Contracts entered into for the delivery of electricity over the next 22 years are expected to generate sufficient revenue and cash flow to fund on-going operations for the foreseeable future.

(h) Results of operations:

	Revenue	Expenses			Total	Surplus
		Finance Charges	Operations	Amortization		
March 31, 2023						
ALPC - 50%	\$ 36,624	\$ 8,367	\$ 6,178	\$ 2,657	\$ 17,202	\$ 19,422
BPC - 50%	25,028	2,080	7,687	33	9,800	15,228
BEPC - 50%	17,263	7	5,265	2,087	7,359	9,904
WEPC - 50%	67,104	13,807	7,239	14,675	35,721	31,383
	\$ 146,019	\$ 24,261	\$ 26,369	\$ 19,452	\$ 70,082	\$ 75,937
WEPC adjustment						3,128
						\$ 79,065
March 31, 2022						
ALPC - 50%	\$ 35,480	\$ 8,615	\$ 5,591	\$ 2,632	\$ 16,838	\$ 18,642
BPC - 50%	23,743	2,517	6,980	33	9,530	14,213
BEPC - 50%	16,680	7	4,653	2,326	6,986	9,694
WEPC - 50%	65,747	13,627	6,890	14,668	35,185	30,562
	\$ 141,650	\$ 24,766	\$ 24,114	\$ 19,659	\$ 68,539	\$ 73,111
WEPC adjustment						3,130
						\$ 76,241

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2023

(Tabular amounts in thousands)

13. INVESTMENT IN POWER FACILITIES (continued)

(i) Non-current liabilities:

Long-term debt

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

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

WEPC has long-term debt that consists of Series A and B bonds maturing June 30, 2050 requiring semi-annual coupon payments and annual payments to a sinking fund for debt retirement. See Note 18.

Power facilities bonds are as follows (at the Trust's 50% interest):

	Coupon Rate	Effective Rate	2023	2022
ALPC - Series B	5.52%	5.59%	\$ 148,594	\$ 153,090
BPC - Series A	8.93%	9.06%	13,641	16,822
BPC - Series B	6.86%	7.00%	3,648	4,539
BPC - Series C	5.67%	6.39%	6,258	7,807
WEPC - Series A	2.95%	2.60%	265,750	266,143
WEPC - Series B	2.95%	2.76%	224,483	224,636
			662,374	673,037
Current portion of bonds			(10,942)	(10,242)
			\$ 651,432	\$ 662,795

Bond amounts stated above are inclusive of financing costs of \$4.7 million (fiscal 2022 - \$4.9 million).

(j) Contingencies

The Trust's operating and development power project activities are affected by federal, provincial and local government laws and regulations. Under its agreements with its Bondholders, BPC and ALPC have agreed to comply or cause compliance in all material respects with such laws and regulations, as well as to maintain all material franchises. Under current regulations, the venturers are required to meet performance standards to minimize or mitigate the negative impacts of their proposed projects. The impact, if any, of future legislative or regulatory requirements on specific projects and their related deferred costs cannot currently be estimated. See Note 30 for disclosure of current contingent liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2023

(Tabular amounts in thousands)

14. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of payables and accruals for information technology services, broadband services, employee benefits, sales taxes and administrative expenses.

15. DEBT

The Trust has two term loans secured by a collateral mortgage over real estate (a third term loan was fully paid in fiscal 2023). The Trust also accepts investment funds from various Community Foundations for investment purposes which are classified as loans.

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

	2023	2022
Mortgages, interest rate 3.5%, maturing January 2026	\$ 707	\$ 1,438
Demand loan, interest rate 5.0%, no specific repayment terms	4,901	4,575
	\$ 5,608	\$ 6,013

The total interest expense in the table below is included in investment initiatives expense in the consolidated statement of operations:

	2023	2022
Mortgages	\$ 39	\$ 50
Demand loan	250	231
	\$ 289	\$ 281

Scheduled principal repayments for the next five years and thereafter is as follows:

2024	\$ 4,921
2025	21
2026	666
	\$ 5,608

16. DEFERRED CONTRIBUTIONS

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

Deferred revenue represents funding that has been received under the Community Wildfire program scheduled to be completed in a subsequent year. Deferred revenue is recognized in revenue as expenses are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2023

(Tabular amounts in thousands)

16. DEFERRED CONTRIBUTIONS (continued)

Deferred contributions at March 31 are as follows:

	Deferred Capital Contributions		Deferred Revenue		Total
March 31, 2023					
Opening balance	\$	4,742	\$	106	\$ 4,848
Contributions received		3,930		4,000	7,930
Transfers to revenue		(521)		(2,456)	(2,977)
	\$	8,151	\$	1,650	\$ 9,801
March 31, 2022					
Opening balance	\$	3,883	\$	2,439	\$ 6,322
Contributions received		1,157		32	1,189
Transfers to revenue		(298)		(2,365)	(2,663)
	\$	4,742	\$	106	\$ 4,848

17. DELIVERY OF BENEFITS INITIATIVES

Delivery of benefits initiatives refers to activities that the Trust undertakes to support the efforts of the people of the Basin to create a legacy of social, economic and environmental well-being. Delivery of benefits liabilities does not include future commitments (note 25).

	2023	2022
Liabilities, beginning of year	\$ 33,436	\$ 18,818
Funds authorized	56,810	62,359
Funds recovered/rescinded	(1,413)	(1,304)
Funds paid	(45,211)	(46,437)
Liabilities, end of year	\$ 43,622	\$ 33,436

18. DUE TO WANETA EXPANSION POWER CORPORATION

WEPC is jointly owned by the Trust's wholly owned subsidiary, CBT Waneta Expansion Power Corporation, and Columbia Power. WEPC is the owner of the Waneta Expansion and related transmission assets (see Note 13(d)). In April 2019, the Trust purchased additional shares in WEPC (33.5%) to have equal ownership between the Trust and Columbia Power.

The structure of this additional purchase of shares requires the Trust to make payments to WEPC in an amount approximately equal to 66% of the long-term debt held in WEPC. The Trust has recorded an amount due to WEPC and this liability matches the terms of the fiscal agency loan provided to WEPC. The amount of the interest portion of the payments is \$9.1 million semi-annually, with the principal portion of the payments equal to those expected for the sinking fund contributions of WEPC to fully retire CBT Waneta's debt obligations no later than 2050 (see Note 13(i)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2023

(Tabular amounts in thousands)

18. DUE TO WANETA EXPANSION POWER CORPORATION (continued)

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

	2023	2022
WEPC BONDS: SERIES A		
Long-term debt (coupon rate 2.95%, effective rate 2.597%, maturing 2050)	\$ 328,431	\$ 328,431
Accrued interest	2,734	2,734
Premium on long-term debt	22,589	23,153
Deferred financing costs	(1,898)	(1,945)
	351,856	352,373
WEPC BONDS: SERIES B		
Long-term debt (coupon rate 2.95%, effective rate 2.763%, maturing 2050)	286,629	286,629
Accrued interest	2,386	2,386
Premium on long-term debt	10,204	10,452
Deferred financing costs	(1,924)	(1,971)
	297,295	297,496
Total gross long-term debt	652,973	653,785
Less: deferred financing costs	(3,822)	(3,916)
	649,151	649,869
Less: contributions to WEPC sinking fund	(30,323)	(23,073)
	\$ 618,828	\$ 626,796

						2023	2022
	Premium	Interest and Fees	Net Proceeds	Coupon Rate	Effective Rate	Carrying Amount	Carrying Amount
WEPC - Series A	\$ 24,757	\$ 4,840	\$ 353,869	2.95%	2.597%	\$ 351,856	\$ 352,373
WEPC - Series B	11,133	5,366	298,929	2.95%	2.764%	297,295	297,496
	\$ 35,890	\$ 10,206	\$ 652,798			\$ 649,151	\$ 649,869

Total interest expense for the year is as follows:

	2023	2022
Series A	\$ 9,172	\$ 9,186
Series B	8,254	8,260
	17,426	17,446
Purchase premium	99	98
	\$ 17,525	\$ 17,544

The Trust is required to make semi-annual coupon interest payments of \$9.1 million (fiscal 2022 - \$9.1 million) and annual sinking fund contributions for debt retirement to WEPC.

Contributions are invested by the Province's Debt Management Branch. Interest earned on sinking fund investments are held within the fund for future debt retirement. Restricted interest income totaled \$733,000 (fiscal 2022 - \$453,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2023

(Tabular amounts in thousands)

18. DUE TO WANETA EXPANSION POWER CORPORATION (continued)

Sinking fund payments over the next five years and thereafter are as follows:

2024	\$	7,095
2025		7,506
2026		8,050
2027		8,696
2028		9,250
Thereafter		359,356
	\$	399,953

19. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	2023	2022
Corporate				
Land	\$ 224	\$ -	\$ 224	\$ 205
Building	3,507	2,482	1,025	1,127
Tenant improvements	724	707	17	49
Automobiles	135	55	80	108
Office furniture and equipment	510	460	50	67
Hardware and software	2,304	1,974	330	215
	\$ 7,404	\$ 5,678	\$ 1,726	\$ 1,771
Delivery of benefits				
<i>Economic initiatives</i>				
Land	\$ 188	\$ -	\$ 188	\$ 188
Building	1,481	351	1,130	1,181
	1,669	351	1,318	1,369
<i>Broadband initiatives</i>				
Broadband hardware*	7,010	4,113	2,897	2,647
Fibre optics	13,745	1,920	11,825	10,635
	20,755	6,033	14,722	13,282
<i>Grain Elevators</i>				
Land	102	-	102	102
Building	2,703	36	2,667	1,448
	2,805	36	2,769	1,550
	\$ 25,229	\$ 6,420	\$ 18,809	\$ 16,201
Investments				
Land	\$ 3,404	\$ -	\$ 3,404	\$ 3,404
Buildings**	13,544	1,944	11,600	12,036
	\$ 16,948	\$ 1,944	\$ 15,004	\$ 15,440
Total tangible capital assets	\$ 49,581	\$ 14,042	\$ 35,539	\$ 33,412

*Includes \$84,000 (fiscal 2022 - \$68,000) for unamortized development costs for broadband projects expected to commence in a subsequent year. See Schedule A for additional financial information.

**Investment buildings cost and net book value include asset retirement obligations of \$603,000 and \$477,000, respectively (fiscal 2022 - \$603,000 and \$496,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2023

(Tabular amounts in thousands)

20. POWER FACILITIES RECOVERIES AND ADMINISTRATION

The Trust and Columbia Power implemented an Asset Management Services Agreement (Agreement) effective January 1, 2020, wherein the Trust provides support, on a cost recovery basis, to Columbia Power in all areas of power facility operations including human resources, accounting, payroll, records management, information technology, and other support functions. Columbia Power remains the appointed Manager of the four power assets under the Agreement. Staff are employed directly by the Trust and all employment benefits and related costs are paid by the Trust. There are no direct employees of Columbia Power.

21. GRANTS

CBBC entered into Contribution Agreements with the Northern Development Initiative Trust for the Connecting BC Program and the Canadian Radio-Television and Telecommunications Commission Broadband Fund. These programs extend and/or enhance high-capacity broadband infrastructure in rural and remote communities to provide access to quality broadband services. The Connecting BC Program completed in fiscal 2023, and the Canadian Radio-Television and Telecommunications Commission Broadband Fund is expected to be completed by fall 2024.

The Trust also entered into an agreement with the Province for a Community Wildfire program scheduled to be completed by March 31, 2024.

22. OTHER REVENUES

Other revenues for the Trust consist of the following:

Interest revenue

The Trust receives interest revenue from four loan programs and a loan to a joint venture subsidiary.

Loan programs:

The Impact Investment Fund program provides capital to businesses challenged with obtaining financing from other sources. The Small Business Working Capital Loans program supports working capital for Basin-based small businesses facing challenges related to COVID-19. The Basin Food Producer Loans program assists food producers challenged with increased COVID-19-related demand. The Economic Development program supports business development throughout the Basin.

The Trust also provided Mount St. Francis, a joint venture subsidiary of the Trust, with a loan in fiscal 2023 for construction of a senior care facility in Nelson, BC.

Rental revenue

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

Other revenue

Other revenues include external funding and fees collected for various delivery of benefits events and projects as well as loan recoveries and discounts.

	2023	2022
Interest revenue	\$ 372	\$ 239
Rental revenue	33	10
Other revenue	262	140
	\$ 667	\$ 389

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2023

(Tabular amounts in thousands)

23. EXPENSES

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

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

March 31, 2023	Community Benefits	Benefits Recovered/ Rescinded	Administration Allocation	Total Expenses
Trust				
Community initiatives	\$ 35,923	\$ (467)	\$ 3,677	\$ 39,133
Water and environment initiatives	7,614	(291)	660	7,983
Social initiatives	3,437	(100)	859	4,196
Other initiatives	3,105	(107)	1,016	4,014
Economic initiatives	-	-	770	770
Investment initiatives	-	-	1,706	1,706
Youth initiatives	1,362	(2)	268	1,628
Power facilities administration	-	-	3,900	3,900
	51,441	(967)	12,856	63,330
CBBC				
Broadband administration	2,777	-	-	2,777
	2,777	-	-	2,777
CBDC				
Economic initiatives	2,456	(446)	-	2,010
Economic administration	136	-	-	136
	2,592	(446)	-	2,146
	\$ 56,810	\$ (1,413)	\$ 12,856	\$ 68,253

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2023

(Tabular amounts in thousands)

23. EXPENSES (continued)

March 31, 2022	Community Benefits	Benefits Recovered/ Rescinded	Administration Allocation	Total Expenses
Trust				
Community initiatives	\$ 37,801	\$ (772)	\$ 3,014	\$ 40,043
Water and environment initiatives	8,854	(301)	655	9,208
Social initiatives	4,619	(14)	796	5,401
Other initiatives	2,749	-	1,477	4,226
Economic initiatives	-	-	692	692
Investment initiatives	-	-	1,273	1,273
Youth initiatives	2,626	(14)	333	2,945
Power facilities administration	-	-	3,777	3,777
	56,649	(1,101)	12,017	67,565
CBBC				
Broadband administration	2,966	-	-	2,966
	2,966	-	-	2,966
CBDC				
Economic initiatives	2,519	(203)	-	2,316
Economic administration	225	-	-	225
	2,744	(203)	-	2,541
	\$ 62,359	\$ (1,304)	\$ 12,017	\$ 73,072

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

March 31, 2023	Trust	CBBC	CBDC	Total
Amortization*	\$ 338	\$ 841	\$ -	\$ 1,179
Board and committee expenses	165	6	9	180
Commercial investment expenses*	786	-	129	915
Communications	484	-	-	484
Corporate travel and meetings	316	9	-	325
Delivery of benefits initiatives	50,474	-	2,010	52,484
Information technology	383	289	-	672
Network costs	-	977	-	977
Office and general	901	162	(2)	1,061
Professional fees	357	57	-	414
Staff remuneration and development	9,126	436	-	9,562
	\$ 63,330	\$ 2,777	\$ 2,146	\$ 68,253

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2023

(Tabular amounts in thousands)

23. EXPENSES (continued)

	Trust	CBBC	CBDC	Total
March 31, 2022				
Amortization*	\$ 353	\$ 1,145	\$ -	1,498
Board and committee expenses	132	3	7	142
Commercial investment expenses*	747	-	152	899
Communications	474	-	-	474
Corporate travel and meetings	86	8	-	94
Delivery of benefits initiatives	55,548	-	2,316	57,864
Information technology	346	361	-	707
Network costs	-	739	-	739
Office and general	711	138	66	915
Professional fees	304	53	-	357
Staff remuneration and development	8,864	519	-	9,383
	\$ 67,565	\$ 2,966	\$ 2,541	\$ 73,072

*Amortization of \$487,000 (fiscal 2022 - \$487,000) included in commercial investment expenses.

24. CONTRACTUAL RIGHTS

Contractual rights are rights to economic resources arising from contracts or agreements that will result in revenues and assets in the future. The Trust's contractual rights arise because of contracts entered into for broadband services, real estate leases and power facilities sales agreements. The Trust's share of contractual rights is as follows:

	2024	2025	2026	2027	2028
Future power facilities revenue	\$ 123,960	\$ 124,612	\$ 126,368	\$ 128,376	\$ 113,065
Future real estate rental revenue	5,871	5,419	4,120	2,643	2,085
Future broadband revenue and project funding	4,604	366	309	268	104
	\$ 134,435	\$ 130,397	\$ 130,797	\$ 131,287	\$ 115,254

25. CONTRACTUAL OBLIGATIONS

Contractual obligations are obligations that become liabilities in the future when the terms of an agreement are met. The Trust's contractual obligations include long-term agreements related to the BPC power facility and various agreements for delivery of benefits initiatives. The Trust entered into an operating lease agreement for office space in Nakusp with terms expiring March 31, 2024. The Trust's share of contractual obligations is as follows:

	2024	2025	2026	2027	2028
Future power facilities capital and expenses	\$ 4,091	\$ 4,778	\$ 7,258	\$ 8,584	\$ 6,530
Future delivery of benefits expenses	1,220	209	-	-	-
Future office and general (rent) expense	38	-	-	-	-
	\$ 5,349	\$ 4,987	\$ 7,258	\$ 8,584	\$ 6,530

26. RELATED PARTY TRANSACTIONS

The Trust is indirectly related through common control to all Province of British Columbia ministries, agencies, crown corporations and public sector organizations that are included in the provincial government reporting entity. Any related party transactions are recorded on a cost recovery basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2023

(Tabular amounts in thousands)

27. PUBLIC SERVICE PENSION PLAN

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

The most recent actuarial valuation as at March 31, 2020 indicated that the PSPP is fully funded and is sufficient to pay the current and future lifetime pensions of all members. Contributions to the PSPP by the Trust in fiscal 2023 were \$716,000 (fiscal 2022 - \$668,000). No provision, other than the Trust's required employer pension contributions, has been made in the accounts of the Trust for this liability. The next valuation date for the PSPP is scheduled for 2023 with results expected in 2024.

28. RISK MANAGEMENT

(a) Credit risk

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

The maximum exposure to credit risk at March 31 was:

	2023	2022
Accrued interest and other assets	\$ 7,475	\$ 1,952
Loans receivable	9,416	6,629
Commercial loans	32,851	24,995
Commercial investment	2,375	2,375

(b) Liquidity risk

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

The maximum exposure to liquidity risk at March 31 was:

	2023	2022
Accounts payable and accrued liabilities	\$ 2,191	\$ 3,824
Debt	5,608	6,013
Delivery of benefits liabilities	43,622	33,436
Due to WEPC	618,828	626,796

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2023

(Tabular amounts in thousands)

28. RISK MANAGEMENT (continued)

Financial liabilities maturity schedule:

	Carrying value	Contractual cash flow	2024	2025	2026	2027	2028	Thereafter
Accounts payable and accrued liabilities	\$ 2,191	\$ 2,191	\$ 2,191	\$ -	\$ -	\$ -	\$ -	\$ -
Debt	5,608	5,608	4,921	20	667	-	-	-
Delivery of benefits liabilities	43,622	43,622	23,177	16,464	2,330	1,025	351	275
Due to WEPC*	618,828	880,778	25,239	25,650	26,195	26,840	27,395	749,458

* Due to WEPC contractual cash flow includes both bond sinking fund and interest payments.

(c) Market risk

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

i. Currency risk

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

ii. Interest rate risk

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Trust is not exposed to significant interest rate risk for current liabilities due to the short-term nature of its current liabilities. The Trust's short-term investments and commercial loans are subject to variable interest rates. Sensitivity analyses: A change of 100 basis points in short-term investment interest rates would increase or decrease revenues by \$482,000. A change of 100 basis points in commercial loans market rates would increase or decrease revenues by \$252,000.

iii. Price risk

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

	2023	2022
Market securities	\$ 78,741	\$ 82,358

29. BUDGETED FIGURES

Budgeted figures have been provided for comparison purposes and have been derived from the Trust's annual budget approved by the Board of Directors in January 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2023

(Tabular amounts in thousands)

30. CONTINGENT LIABILITIES

The Trust has been named as the defendant in a Notice of Claim in which damages have been sought. These matters may give rise to future liabilities. The outcome of these actions is not determinable as at March 31, 2023, and accordingly, no provision has been made in these consolidated financial statements for any liability that may result.

31. SUBSEQUENT EVENT

In April 2023, one of the two generating units at the Arrow Lakes Generating Station experienced an unexpected failure. Investigations into the failure and the development of corrective actions and repairs are ongoing. Power facilities revenue may be negatively impacted in the year ended March 31, 2024, and management is working closely with Arrow Lakes Power Corporation's insurance providers on policy coverage. An estimate on the duration and impact on revenues and income can not be reasonably determined at this time.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2023

(Tabular amounts in thousands)

Schedule A: Tangible capital assets additional financial information

Corporate	Land	Building	Tenant Improve- ments	Auto- mobiles	Office Furniture and Equipment	Hardware and Software	Total
March 31, 2023							
Cost							
Opening balance	\$ 205	\$ 3,494	\$ 724	\$ 135	\$ 499	\$ 2,057	\$ 7,114
Additions	19	13	-	-	11	247	290
	224	3,507	724	135	510	2,304	7,404
Accumulated amortization							
Opening balance	-	(2,367)	(675)	(27)	(432)	(1,842)	(5,343)
Amortization	-	(115)	(32)	(28)	(28)	(132)	(335)
	-	(2,482)	(707)	(55)	(460)	(1,974)	(5,678)
	\$ 224	\$ 1,025	\$ 17	\$ 80	\$ 50	\$ 330	\$ 1,726

Delivery of Benefits	Land	Building	Broadband Hardware*	Fibre Optics	Total
March 31, 2023					
Cost					
Opening balance	\$ 290	\$ 2,958	\$ 6,306	\$ 12,168	\$ 21,722
Additions	-	1,226	792	1,577	3,595
Disposals	-	-	(88)	-	(88)
	290	4,184	7,010	13,745	25,229
Accumulated amortization					
Opening balance	-	(329)	(3,659)	(1,533)	(5,521)
Amortization	-	(58)	(454)	(387)	(899)
	-	(387)	(4,113)	(1,920)	(6,420)
	\$ 290	\$ 3,797	\$ 2,897	\$ 11,825	\$ 18,809

Investments	Land	Building	Total
March 31, 2023			
Cost			
Opening balance	\$ 3,404	\$ 13,544	\$ 16,948
Additions	-	-	-
	3,404	13,544	16,948
Accumulated amortization			
Opening balance	-	(1,508)	(1,508)
Amortization	-	(436)	(436)
	-	(1,944)	(1,944)
	\$ 3,404	\$ 11,600	\$ 15,004

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2023

(Tabular amounts in thousands)

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

Corporate	Land	Building	Tenant Improve- ments	Auto- mobiles	Office Furniture and Equipment	Hardware and Software	Total
March 31, 2022							
Cost							
Opening balance	\$ 205	\$ 3,494	\$ 703	\$ -	\$ 471	\$ 1,917	\$ 6,790
Additions	-	-	21	135	28	140	324
	205	3,494	724	135	499	2,057	7,114
Accumulated amortization							
Opening balance	-	(2,251)	(646)	-	(411)	(1,684)	(4,992)
Amortization	-	(116)	(29)	(27)	(21)	(158)	(351)
	-	(2,367)	(675)	(27)	(432)	(1,842)	(5,343)
	\$ 205	\$ 1,127	\$ 49	\$ 108	\$ 67	\$ 215	\$ 1,771

Delivery of Benefits	Land	Building	Broadband Hardware*	Fibre Optics	Total
March 31, 2022					
Cost					
Opening balance	\$ 290	\$ 2,243	\$ 4,578	\$ 5,422	\$ 12,533
Additions	-	715	1,728	6,746	9,189
	290	2,958	6,306	12,168	21,722
Accumulated amortization					
Opening balance	-	(269)	(3,001)	(1,046)	(4,316)
Amortization	-	(60)	(658)	(487)	(1,205)
	-	(329)	(3,659)	(1,533)	(5,521)
	\$ 290	\$ 2,629	\$ 2,647	\$ 10,635	\$ 16,201

Investments	Land	Building	Total
March 31, 2022			
Cost			
Opening balance	\$ 1,604	\$ 7,730	\$ 9,334
Additions	1,800	5,814	7,614
	3,404	13,544	16,948
Accumulated amortization			
Opening balance	-	(984)	(984)
Amortization	-	(524)	(524)
	-	(1,508)	(1,508)
	\$ 3,404	\$ 12,036	\$ 15,440

*Includes \$97,000 (fiscal 2022 - \$68,000) for unamortized development costs for projects expected to commence in a subsequent year.