COLUMBIA BASIN TRUST

CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2019

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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. 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.

The Auditor General of British Columbia has been appointed by the Trust's Board of Directors to express an opinion as to whether the consolidated financial statements present fairly, in all material respects, the Trust's financial position, results of operations, changes in net assets and cash flows in conformity with the financial reporting provisions of public sector accounting standards. 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
Director, Finance & Operations

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Columbia Basin Trust, and
To the Minister of Children and Family Development, Province of British Columbia

Opinion

I have audited the accompanying consolidated financial statements of Columbia Basin Trust ("the Trust"), which comprise the consolidated statement of financial position at March 31, 2019, and the consolidated statements of operations, remeasurement gains and losses, changes in accumulated operating surplus, changes in net financial assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Trust as at March 31, 2019, and the results of its operations, remeasurement gains and losses, changes in accumulated operating surplus, changes in net financial assets, and its cash flows for the year then ended in accordance with Public Sector Accounting Standards (PSAS).

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of my report. I am independent of the Trust in accordance with the ethical requirements that are relevant to my audit of the consolidated financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Matters

Without modifying my opinion, I advise the reader that I was not engaged to audit the comparative financial statements of Columbia Basin Trust as at March 31, 2018, for their fair presentation in accordance with Canadian Public Sector Accounting Standards. The financial statements of Columbia Basin Trust as at March 31, 2018 were audited by a professional accounting firm who previously reported on their compliance with Section 23.1 of the *Budget Transparency and Accountability Act* including Treasury Board Regulation 198/2011 prescribing the accounting policy for contributions. However, because that audit reported against a different framework than that of the current year, I must advise you that the comparative information in the financial statements and related disclosures were not audited in accordance with Canadian Public Sector Accounting Standards, but rather in compliance with Section 23.1 of the *Budget Transparency and Accountability Act*.

Other Accompanying Information

Management is responsible for the other information accompanying the financial statements. The other information comprises the information included in the 2018/19 Annual Service Plan Report, but does not include the consolidated financial statements and my auditor's report thereon.

My opinion on the consolidated financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated financial statements, my responsibility is to read the other information that I have obtained prior to the date of my auditor's report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or my knowledge obtained during the audit or otherwise appears to be materially misstated.

Prior to the date of my auditor's report, I obtained the draft 2018/19 Annual Service Plan Report. If, based on the work I have performed on this other information, I conclude that there is a material misstatement therein, I am required to report that fact in this auditor's report. I have nothing to report in this regard.

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

Those charged with governance are responsible for the oversight of the financial reporting process. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 when the Trust will continue its operations for the foreseeable future.

Auditor's Responsibilities for the Audit of Financial Statements

My objectives are to obtain reasonable assurance about whether the Trust's financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement, when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Trust to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the Trust audit and I remain solely responsible for my audit opinion.

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

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

Russ Jones

Russ Jones, FCPA, FCA
Deputy Auditor General

Victoria, British Columbia, Canada
May 29, 2019

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

AS AT MARCH 31	**$**	**2019**	**$**	**2018 As Restated (Note 4)**
FINANCIAL ASSETS				
Cash	$	10,054	$	8,678
Accrued interest and other accounts receivable (Note 5)		2,487		2,075
Short-term investments (Note 6)		61,808		56,652
Market securities (Note 7)		64,400		60,278
Loans receivable (Note 8)		2,230		994
Private placements - commercial loans (Note 9)		32,881		36,201
Private placements - commercial investment (Note 10)		2,375		2,375
Private placements - real estate investments (Note 11)		8,863		5,882
Investment in Waneta Expansion Limited Partnership (Note 12)		112,997		109,284
Investment in power projects (Note 13)		224,958		218,717
		523,053		501,136
LIABILITIES				
Accounts payable and accrued liabilities		1,399		871
Long-term debt (Note 14)		4,182		3,958
Deferred contributions (Note 15)		1,473		2,325
Delivery of Benefits initiatives liabilities (Note 16)		4,578		827
		11,632		7,981
Net Financial Assets		511,421		493,155
NON-FINANCIAL ASSETS				
Prepaid expenses		240		296
Development costs (Note 17)		997		-
Tangible capital assets (Note 18)				
Tangible capital assets - Corporate		2,277		2,394
Tangible capital assets - Delivery of Benefits		7,370		6,969
Tangible capital assets - Investments		6,155		3,887
Total tangible capital assets		15,802		13,250
		17,039		13,546
ACCUMULATED SURPLUS	$	528,460	$	506,701
Accumulated Surplus is comprised of:				
Accumulated Operating Surplus	$	522,038	$	500,244
Accumulated Remeasurement Gain		6,422		6,457
	$	528,460	$	506,701

COMMITMENTS (Note 24)

Approved on behalf of the Board of Directors:

Rick Jensen
Chair

David Raven
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	Budget (Note 28)	2019	2018 As Restated (Note 4)
REVENUES			
Power projects (Note 13)	$ 39,373	$ 45,491	$ 41,190
Waneta expansion (Note 12)	12,375	12,210	12,540
Market securities	1,000	4,157	3,333
Grant revenues (Note 22)	2,272	2,619	503
Private placements - commercial loans	1,993	1,864	1,875
Short-term investments	780	1,425	976
Private placements - real estate investments (Note 11)	1,397	1,199	1,412
Power project recoveries (Note 21)	1,522	1,126	592
Other revenues (Note 19)	372	939	659
Broadband operations	752	852	789
	61,836	71,882	63,869
EXPENSES (Note 23)			
Community initiatives	30,847	28,917	19,810
Water and environment initiatives	8,960	4,340	4,023
Social initiatives	3,286	3,898	3,032
Economic initiatives	2,907	3,428	5,113
Other initiatives	8,012	2,800	4,320
Broadband initiatives	2,710	2,579	2,513
Youth initiatives	890	1,893	1,612
Power project administration (Note 21)	1,522	1,126	592
Investment initiatives	744	1,107	808
	59,878	50,088	41,823
ANNUAL OPERATING SURPLUS	$ 1,958	$ 21,794	$ 22,046

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	2019	2018 As Restated (Note 4)
Accumulated remeasurement gains, beginning of year	$ 6,457	$ 7,309
Unrealized gains on market securities	2,526	1,262
Less realized gains reclassified to the Statement of Operations	(2,561)	(2,114)
Net remeasurement losses for the year	(35)	(852)
ACCUMULATED REMEASUREMENT GAINS, end of year (Note 7)	$ 6,422	$ 6,457

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

FOR THE YEAR ENDED MARCH 31	2019	2018 As Restated (Note 4)
Accumulated operating surplus, beginning of year	$ 500,244	$ 439,064
Prior year adjustment (Note 4)	-	39,134
Accumulated operating surplus, beginning of year, restated	500,244	478,198
Annual operating surplus	21,794	22,046
ACCUMULATED OPERATING SURPLUS, end of year	$ 522,038	$ 500,244

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 (Note 28)	2019	2018 As Restated (Note 4)
ANNUAL SURPLUS	$ 1,958	$ 21,794	$ 22,046
Acquisition of prepaid expenses	-	(240)	(296)
Use of prepaid expenses	-	296	242
Acquisition of development costs	-	(997)	-
Acquisition of tangible capital assets	-	(3,852)	(2,328)
Disposal of tangible capital assets	-	19	-
Amortization of tangible capital assets	436	1,281	1,120
	436	(3,493)	(1,262)
Effect of remeasurement losses	-	(35)	(852)
Change in Net Financial Assets	2,394	18,266	19,932
NET FINANCIAL ASSETS, beginning of year	493,155	493,155	434,089
Prior year adjustment (Note 4)		-	39,134
NET FINANCIAL ASSETS, beginning of year, restated	493,155	493,155	473,223
NET FINANCIAL ASSETS, end of year	$ 495,549	$ 511,421	$ 493,155

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		2019		2018 As Restated (Note 4)
CASH FLOWS FROM (APPLIED TO) OPERATING ACTIVITIES				
Cash received from private placements - commercial loans	$	1,729	$	1,736
Cash received from other loans		57		56
Cash received from broadband operations		3,104		1,813
Cash received from short-term investments		1,416		979
Cash received from market securities		4,157		3,333
Cash received from tenants		551		599
Cash paid for operating expenses		(5,597)		(6,015)
Cash paid for Delivery of Benefits initiatives		(37,947)		(34,991)
Cash received from Delivery of Benefits		103		-
		(32,427)		(32,490)
CASH FLOWS FROM (APPLIED TO) INVESTING ACTIVITIES				
Investment in Waneta Expansion Limited Partnership		(4,674)		-
Purchase of short-term investments and market securities		(148,246)		(210,692)
Redemption of short-term investments and market securities		138,932		198,809
Issuance of commercial loans		(3,805)		(2,819)
Repayment of commercial loans		7,148		3,990
Issuance of other loans		(1,820)		(539)
Repayment of other loans		225		28
Real estate investments		(3,290)		-
Dividends received from real estate investments		1,508		1,510
Dividends received from Waneta Expansion		12,210		12,540
Dividends received from power projects investments		39,250		35,250
		37,438		38,077
CASH FLOWS APPLIED TO CAPITAL TRANSACTIONS				
Purchase of tangible capital assets		(3,852)		(2,328)
Disposal of tangible capital assets		19		-
		(3,833)		(2,328)
CASH FLOWS FROM (APPLIED TO) FINANCING ACTIVITIES				
Repayment of debt		(62)		(62)
Advances from Community Foundations		310		557
Repayment of Community Foundations		(50)		(261)
		198		234
INCREASE IN CASH		1,376		3,493
CASH, beginning of year		8,678		5,185
CASH, end of year	$	10,054	$	8,678

Interest collected during the year was $3.2 million (fiscal 2018 - $2.8 million).
Interest paid during the year was $167,000 (fiscal 2018 - $131,000).

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

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 (Basin) region. The sole share of the Trust is held by the Minister of Finance on behalf of the Province of BC.

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 PS4200 elections.

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 requires 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 in accordance with public sector accounting standard PS3410; and

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 which are accounted for by the modified equity method. Intercompany transactions, balances, and activities have been 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 Energy Inc.
- CBT Power Corp.
- CBT Property Corp.
- CBT Waneta Expansion Power Corp.
- CBT Real Estate Investment Corp.
- Columbia Basin Broadband Corporation
- Columbia Basin Development Corporation

ii. Investment in Government business partnerships

Government business partnerships (GBP) are accounted for using the modified equity method. Under the modified equity method, only the Trust's percentage investment in the GBP, and the net income and other changes in equity are recorded. 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 entities are GBPs of the Trust and are consolidated using the modified equity method:

Power projects:

- 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) – 42% 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
- Rocky Mountain Village – 50% interest

2. (b) Basis of consolidation (continued)

iii. Investment in Government business enterprises

Government business enterprises (GBE) are accounted for using the modified equity method. Under the modified equity method, only the Trust's percentage investment in the GBE, and the net income and other changes in equity are recorded. 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 (87% 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:

	Years
Buildings	25 - 35
Leasehold improvements	Term of the lease
Office furniture and equipment	5
Hardware and software	3 - 7
Broadband hardware	3 - 15
Fibre optics	25

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.

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.

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.

For financial instruments measured using amortized cost, amortized cost is defined as the amount at which a financial asset or financial liability is 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.

Interest and dividends attributable to financial instruments are reported in the statement of operations.

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. Short-term investments

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

iii. Market securities

Equity and debt investments quoted in an active market are reported at fair value. The Trust invests in long-term investments through pooled fund products managed by the British Columbia Investment Management Corporation, 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 accounted for as portfolio investments and are reported at fair value with changes in fair value recognized in the statement of remeasurement gains and losses.

2. (g) Financial instruments (continued)

iv. Private placements and loans receivable

Investments in commercial loans or loans receivable are recorded 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. Commercial investments that have an equity interest are accounted for as portfolio investments and are measured at cost, less any amounts written off to reflect a permanent decline in value.

v. Investment in Waneta Expansion Limited Partnership

The Trust accounts for its investment in Waneta Expansion Limited Partnership (WELP) as a portfolio investment and it is measured on a cost basis.

vi. Debt and other financial assets and financial liabilities

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

(h) 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. Significant estimates include assumptions used for recording specific impairments and general loan loss provisions on commercial loans and loans receivable and for identifying 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.

3. COMPARATIVE FIGURES

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

(Tabular amounts in thousands)

4. RESTATEMENT OF PRIOR YEAR

The restatement of prior year figures relates to an adjustment that was required in determining when the recognition criteria for delivery of benefits initiatives were met and therefore expensed in accordance with public sector accounting standards. The following table sets out previously reported figures, adjustments, and restated amounts:

2018	As previously reported	Adjustment	As Restated
Delivery of Benefits initiatives liabilities	$ 53,675	$ (52,848)	$ 827
Expenses	$ 55,537	$ (13,714)	$ 41,823

The net result on accumulated operating surplus was as follows:

2018	As previously reported	Adjustment	As Restated
Accumulated operating surplus, opening balance	$ 439,064	$ 39,134	$ 478,198
Annual operating surplus	8,332	13,714	22,046
Accumulated operating surplus, ending balance	$ 447,396	$ 52,848	$ 500,244

5. ACCRUED INTEREST AND OTHER ACCOUNTS RECEIVABLE

Accrued interest and other accounts receivable consist of accrued interest on short-term investments, receivables and recoveries for management and information technology services.

6. SHORT-TERM INVESTMENTS

Short-term investments consist of a portfolio of guaranteed investment certificates (GICs) held at financial institutions.

7. MARKET SECURITIES

The Trust has a diversified securities portfolio that includes short-term deposits, bond and equity pooled funds, which are managed by the British Columbia Investment Management Corporation.

The Trust's investment in market securities measured at fair value is as follows:

	Fair value hierarchy level	**2019**	**2018**
Market value	1	$ 64,400	$ 60,278
Cost		57,978	53,821
Accumulated remeasurement gains		$ 6,422	$ 6,457

During fiscal year 2019, the Trust recognized realized gains on market securities of $2.6 million (2018 - $2.1 million).

8. LOANS RECEIVABLE

The Trust provides funding through the Impact Investment Program to businesses challenged with obtaining financing from other sources. These loans are generally secured by assets and personal guarantees and currently have terms extending no further than 18 years.

(Tabular amounts in thousands)

8. LOANS RECEIVABLE (continued)

The Trust provided the Trail airport with a non-interest bearing $1 million loan in fiscal 2019 over a term of 20 years. At March 31, 2019, the outstanding balance was $950,000 (discounted to present value $630,000).

Loans receivable are as follows:

	2019	2018
Impact investment fund bearing interest from 6.05% to 8.95%	$ 1,717	$ 1,073
Trail airport non-interest bearing	630	-
	2,347	1,073
Less: general impairment loss	(92)	(54)
Less: specific impairment loss	(25)	(25)
	$ 2,230	$ 994

9. PRIVATE PLACEMENTS – COMMERCIAL LOANS

The Trust provides commercial loans that are generally secured by real estate and currently have terms extending no further than 22 years.

Commercial loans are as follows:

	2019	2018
Commercial loans bearing interest from 3.85% to 7.5%	$ 33,113	$ 36,456
Less: general impairment loss	(232)	(255)
	$ 32,881	$ 36,201

10. 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.

11. PRIVATE PLACEMENTS – REAL ESTATE INVESTMENTS

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

- 50% ownership interest in nine seniors housing facilities throughout the Basin (Kootenay Street Village in Cranbrook, BC, currently under development with scheduled completion in August 2019)
- 87% ownership interest in Red Mountain Hostel located in Rossland, BC (constructed and opened for business in December 2019)

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

(Tabular amounts in thousands)

11. PRIVATE PLACEMENTS - REAL ESTATE INVESTMENTS (continued)

Condensed supplementary financial information 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, 2019							
Castle Wood Village - 50%	$ 345	$ 3,406	$ 3,751	$ 188	$ 3,053	$ 3,241	$ 510
Columbia Village - 50%	116	4,665	4,781	224	4,151	4,375	406
Crest View Village - 50%	248	3,791	4,039	242	3,260	3,502	537
Garden View Village - 50%	73	2,833	2,906	137	2,229	2,366	540
Joseph Creek Village - 50%	125	8,132	8,257	398	6,420	6,818	1,439
Lake View Village - 50%	195	4,949	5,144	210	3,736	3,946	1,198
Mountain Side Village - 50%	69	2,567	2,636	114	2,012	2,126	510
Red Mountain Hostel - 87%	160	3,718	3,878	97	1,471	1,568	2,310
Rocky Mountain Village - 50%	123	2,627	2,750	181	1,993	2,174	576
	1,454	36,688	38,142	1,791	28,325	30,116	8,026
Projects under development:							
Kootenay Street Village - 50%	158	2,485	2,643	206	1,600	1,806	837
	$ 1,612	$ 39,173	$ 40,785	$ 1,997	$ 29,925	$ 31,922	$ 8,863
March 31, 2018							
Castle Wood Village - 50%	$ 345	$ 3,598	$ 3,943	$ 161	$ 3,207	$ 3,368	$ 575
Columbia Village - 50%	110	4,880	4,990	215	4,356	4,571	419
Crest View Village - 50%	258	3,997	4,255	236	3,492	3,728	527
Garden View Village - 50%	71	2,979	3,050	132	2,357	2,489	561
Joseph Creek Village - 50%	133	8,554	8,687	385	6,794	7,179	1,508
Lake View Village - 50%	192	5,157	5,349	204	3,953	4,157	1,192
Mountain Side Village - 50%	64	2,692	2,756	110	2,117	2,227	529
Rocky Mountain Village - 50%	139	2,718	2,857	146	2,140	2,286	571
	$ 1,312	$ 34,575	$ 35,887	$ 1,589	$ 28,416	$ 30,005	$ 5,882

(b) Results of operations:

	Revenue	Finance Charges	Operations	Amortization	Total Expense	Surplus
March 31, 2019						
Castle Wood Village - 50%	$ 525	$ 122	$ 78	$ 202	$ 402	$ 123
Columbia Village - 50%	528	165	7	226	398	130
Crest View Village - 50%	559	117	27	214	358	201
Garden View Village - 50%	363	108	11	146	265	98
Joseph Creek Village - 50%	1,094	277	33	431	741	353
Lake View Village - 50%	546	123	13	208	344	202
Mountain Side Village - 50%	311	83	5	127	215	96
Red Mountain Hostel - 87%	21	15	-	149	164	(143)
Rocky Mountain Village - 50%	374	87	6	142	235	139
	$ 4,321	$ 1,097	$ 180	$ 1,845	$ 3,122	$ 1,199

(Tabular amounts in thousands)

11. PRIVATE PLACEMENTS - REAL ESTATE INVESTMENTS (continued)

	Revenue	Finance Charges	Operations	Amortization	Total Expense	Surplus
March 31, 2018						
Castle Wood Village - 50%	$ 525	$ 128	$ -	$ 199	$ 327	$ 198
Columbia Village - 50%	528	172	2	225	399	129
Crest View Village - 50%	559	125	13	213	351	208
Garden View Village - 50%	361	113	9	146	268	93
Joseph Creek Village - 50%	1,095	292	29	432	753	342
Lake View Village - 50%	545	129	-	208	337	208
Mountain Side Village - 50%	311	87	2	126	215	96
Rocky Mountain Village 50%	374	93	2	141	236	138
	$ 4,298	$ 1,139	$ 57	$ 1,690	$ 2,886	$ 1,412

(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	Mountain Side Village	Red Mountain Hostel	Rocky Mountain Village	Total
	50%	50%	50%	50%	50%	50%	50%	50%	87%	50%	
March 31, 2019											
Opening balance	$ 575	$ 419	$ 527	$ 561	$ 1,508	$ -	$ 1,192	$ 529	$ -	$ 571	$ 5,882
Dividends paid	(188)	(143)	(191)	(119)	(422)	-	(196)	(115)	-	(134)	(1,508)
Contributions	-	-	-	-	-	837	-	-	2,453	-	3,290
Surplus	123	130	201	98	353	-	202	96	(143)	139	1,199
	$ 510	$ 406	$ 537	$ 540	$ 1,439	$ 837	$ 1,198	$ 510	$ 2,310	$ 576	$ 8,863
March 31, 2018											**Total**
Opening balance	$ 563	$ 432	$ 510	$ 592	$ 1,588	$ -	$ 1,180	$ 549	$ -	$ 566	$ 5,980
Dividends paid	(186)	(142)	(191)	(124)	(422)	-	(196)	(116)	-	(133)	(1,510)
Surplus	198	129	208	93	342	-	208	96	-	138	1,412
	$ 575	$ 419	$ 527	$ 561	$ 1,508	$ -	$ 1,192	$ 529	$ -	$ 571	$ 5,882

(d) Non-current assets:

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

	Land	Building and Equipment	2019	2018
Operating facilities	$ 3,041	$ 52,888	$ 55,929	$ 51,974
Projects under development	-	-	2,485	-
Less: accumulated amortization	-	(19,241)	(19,241)	(17,399)
	$ 3,041	$ 33,647	$ 39,173	$ 34,575

11. PRIVATE PLACEMENTS - REAL ESTATE INVESTMENTS (continued)

(e) Current and non-current liabilities:

i. Long-term debt

Long-term debt consisting of mortgage loans are included in current and non-current liabilities of the real estate entities. The purpose of the mortgage loans was to provide financing for the acquisition of land and the construction of seniors housing facilities. These loans have interest rates varying between 3.26% and 4.44% and will mature on different dates between September 2019 and March 2024. The loans are repayable in equal monthly payments of principal and interest, were originally amortized over 25 years and are 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 Trusts's real estate investments gave separate indemnities for mortgage proceeds totaling $29.6 million (fiscal 2018 - $29.7 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 (the Trust's share is 50%), 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, 2019, the balance of the forgivable loan was $855,000 (the Trust's share is 50%).

12. INVESTMENT IN WANETA EXPANSION LIMITED PARTNERSHIP

The Trust has an investment, recorded at cost, in the Waneta Expansion Limited Partnership (WELP). WELP is a partnership between the Trust, through a wholly owned subsidiary of the Trust, CBT Waneta Expansion Power Corp. (16.5% interest), CPC Waneta Holdings Ltd. (32.5% interest), and Fortis Inc. (51% interest). WELP was formed to own and develop the Waneta Expansion Project which is a $900-million hydroelectric development located downstream from the Waneta Dam in Trail, BC. Construction of this 335-megawatt facility commenced October 1, 2010, and was substantially completed on April 2, 2015. The Trust's total investment in the Waneta Expansion Project is $113 million (fiscal 2018 - $109.3 million).

The Trust received distributions in the amount of $12.2 million in fiscal 2019 (fiscal 2018 - $12.5 million) from its investment in the Waneta Expansion Limited Partnership. See Note 29 for additional information.

13. INVESTMENT IN POWER PROJECTS

The Trust's investment in power projects comprises ownership interests in four entities that are jointly controlled with 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 joint ventures in Note 2 (b)).

(Tabular amounts in thousands)

13. INVESTMENT IN POWER PROJECTS (continued)

(a) Arrow Lakes Power Corporation

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

(b) Brilliant Power Corporation

The Trust's wholly owned subsidiary, CBT Power Corp., has a 50% ownership interest in Brilliant Power Corporation (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.

(c) Brilliant Expansion Power Corporation

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

(d) Waneta Expansion Power Corporation

The Trust's wholly owned subsidiary, CBT Energy Inc., has a 42% interest in Waneta Expansion Power Corporation (WEPC). WEPC previously held legal title of assets related to the Waneta Expansion Project. In October 2010, all deferred development costs and expansion rights related to the Waneta Expansion Project were sold to the Waneta Expansion Limited Partnership in exchange for a $72-million non-interest bearing Promissory Note. See Note 29 for additional information.

Condensed supplementary financial information for investment in these four power projects is as follows:

(e) Financial position:

	Current Assets	Property, Plant & Equipment	Lease Receivable	Other Non-Current Assets	Total Assets	Current Liabilities	Non-Current Liabilities	Total Liabilities	Net Assets
March 31, 2019									
ALPC - 50%	$ 16,337	$ 106,111	$ -	$ -	$ 122,448	$ 9,232	$ 161,335	$ 170,567	$ (48,119)
BPC - 50%	11,403	-	161,464	6,381	179,248	7,013	39,379	46,392	132,856
BEPC - 50%	6,665	103,668	-	797	111,130	1,149	-	1,149	109,981
WEPC - 42%	30,240	-	-	-	30,240	-	-	-	30,240
	$ 64,645	$ 209,779	$ 161,464	$ 7,178	$ 443,066	$ 17,394	$ 200,714	$ 218,108	$ 224,958

(Tabular amounts in thousands)

13. INVESTMENT IN POWER PROJECTS (continued)

	Current Assets	Property, Plant & Equipment	Lease Receivable	Other Non-Current Assets	Total Assets	Current Liabilities	Non-Current Liabilities	Total Liabilities	Net Assets
March 31, 2018									
ALPC - 50%	$ 16,884	$ 108,129	$ -	$ -	$ 125,013	$ 8,989	$ 165,147	$ 174,136	$ (49,123)
BPC - 50%	9,407	-	159,475	6,433	175,315	6,768	43,669	50,437	124,878
BEPC - 50%	4,587	102,991	-	784	108,362	527	-	527	107,835
WEPC - 42%	8,400	-	-	26,727	35,127	-	-	-	35,127
	$ 39,278	$ 211,120	$ 159,475	$ 33,944	$ 443,817	$ 16,284	$ 208,816	$ 225,100	$ 218,717

(f) Investment in power projects:

	ALPC 50%	BPC 50%	BEPC 50%	WEPC 42%	Total
March 31, 2019					
Opening balance	$ (49,123)	$ 124,878	$ 107,835	$ 35,127	$ 218,717
Dividends paid	(16,000)	(4,800)	(10,050)	(8,400)	(39,250)
Surplus	17,004	12,778	12,196	3,513	45,491
	$ (48,119)	$ 132,856	$ 109,981	$ 30,240	$ 224,958
March 31, 2018					
Opening balance	$ (49,755)	$ 117,763	$ 111,408	$ 33,361	$ 212,777
Dividends paid	(15,900)	(5,000)	(14,350)	-	(35,250)
Surplus	16,532	12,115	10,777	1,766	41,190
	$ (49,123)	$ 124,878	$ 107,835	$ 35,127	$ 218,717

(g) ALPC negative equity:

In fiscal 2012, ALPC issued $350 million in 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 bonds, and the net proceeds of $285.6 million were distributed by dividend to the shareholders. The dividend to the shareholders 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 $140.4 million and cumulative net surpluses of $104.5 million since fiscal 2012 have increased the deficit in ALPC to $96.2 million at the end of fiscal 2019.

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 26 years are expected to generate sufficient revenue and cash flow to fund on-going operations for the foreseeable future.

(Tabular amounts in thousands)

13. INVESTMENT IN POWER PROJECTS (continued)

(h) Results of operations:

	Revenue	Finance Charges	Operations	Amortization	Total Expense	Surplus
March 31, 2019						
ALPC - 50%	$ 34,507	$ 9,281	$ 5,530	$ 2,692	$ 17,503	$ 17,004
BPC - 50%	22,604	3,630	6,163	33	9,826	12,778
BEPC - 50%	18,790	8	4,543	2,043	6,594	12,196
WEPC - 42%	3,513	-	-	-	-	3,513
	$ 79,414	$ 12,919	$ 16,236	$ 4,768	$ 33,923	$ 45,491
March 31, 2018						
ALPC - 50%	$ 34,130	$ 9,451	$ 5,525	$ 2,622	$ 17,598	$ 16,532
BPC - 50%	22,348	3,943	6,257	33	10,233	12,115
BEPC - 50%	17,740	8	4,618	2,337	6,963	10,777
WEPC - 42%	1,766	-	-	-	-	1,766
	$ 75,984	$ 13,402	$ 16,400	$ 4,992	$ 34,794	$ 41,190

(i) Current assets - WEPC

WEPC has a non-interest bearing $72 million Promissory Note Receivable from WELP. The Promissory Note was discounted using an effective interest rate of 5.5% to reflect a present value at March 31, 2011, of $43 million (the Trust's portion was $18 million). Interest has been fully accreted up to March 31, 2019, as the Promissory Note is expected to fully received and recognized at its face value in April 2019. As at March 31, 2019, the Trust's portion of the Promissory Note was $30.2 million (fiscal 2018 - $26.7 million). See Note 29 for additional information.

(j) 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 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.

(Tabular amounts in thousands)

13. (j) Non-current liabilities (continued)

Power project bonds are as follows (at 50%):

	Coupon Rate	Effective Rate	2019	2018
ALPC - Series B	5.52%	5.59%	$ 165,205	$ 168,812
BPC - Series A	8.93%	9.06%	24,835	27,067
BPC - Series B	6.86%	7.00%	6,871	7,547
BPC - Series C	5.67%	6.39%	11,908	13,112
			208,819	216,538
Current portion of bonds			(8,105)	(7,722)
			$ 200,714	$ 208,816

Bond amounts stated above are inclusive of financing costs of $1.4 million (fiscal 2018 - $1.6 million).

(k) 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.

14. LONG-TERM DEBT

The Trust has a term loan secured by a collateral mortgage over real estate. The Trust also accepts investment funds from various Community Foundations for investment purposes which are classified as loans.

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

	2019	2018
Mortgage, interest rate 3.27% per annum, maturing November 1, 2022	$ 824	$ 859
Demand loan, interest rate 5.00% per annum, no specific repayment terms	3,358	3,099
	$ 4,182	$ 3,958

The total interest expense reported on the consolidated statement of operations is as follows:

	2019	2018
Mortgage, interest rate 3.27 % per annum, maturing November 1, 2022	$ 27	$ 29
Demand loan, interest rate 5.00% per annum, no specific repayment terms	167	154
	$ 194	$ 183

(Tabular amounts in thousands)

15. DEFERRED CONTRIBUTIONS

Deferred contributions and other revenue represent funding that has been received and relates to broadband projects scheduled to be completed in a subsequent year. Deferred contributions and other revenue are recognized in revenue in the year of project completion.

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 tangible capital asset is recorded. Deferred contributions at March 31 are as follows:

	Deferred Capital Contributions	Deferred Revenue	Total
March 31, 2019			
Opening balance	$ 1,181	$ 1,144	$ 2,325
Contributions received during the year	343	-	343
Transfers to revenue during the year	(120)	(1,075)	(1,195)
	$ 1,404	$ 69	$ 1,473
March 31, 2018			
Opening balance	$ 720	$ 1,191	$ 1,911
Contributions received during the year	577	-	577
Transfers to revenue during the year	(116)	(47)	(163)
	$ 1,181	$ 1,144	$ 2,325

Deferred contributions will be recognized in revenue as follows:

	Deferred Capital Contributions	Deferred Revenue	Total
2020	$ 125	$ 69	$ 194
2021	125	-	125
2022	125	-	125
Thereafter	1,029	-	1,029
	$ 1,404	$ 69	$ 1,473

16. DELIVERY OF BENEFITS INITIATIVES

Delivery of Benefits initiatives refers to activities that the Trust undertakes in the region as it seeks to support the efforts of the people of the Basin to create a legacy of social, economic and environmental well-being in the Basin.

	2019	2018
Liabilities, beginning of year	$ 827	$ 1,378
Funds authorized during the year	42,942	35,343
Funds recovered/rescinded	(1,244)	(903)
Funds paid during the year	(37,947)	(34,991)
Liabilities, end of year	$ 4,578	$ 827

(Tabular amounts in thousands)

17. DEVELOPMENT COSTS

Development costs include deferred costs associated with the purchase of Fortis Inc.'s 51% interest in the Waneta Expansion Limited Partnership. See Note 29 for additional information.

18. TANGIBLE CAPITAL ASSETS

The Trust's tangible capital assets are as follows:

	Cost	Accumulated Amortization	2019	2018
Corporate				
Land	$ 205	$ -	$ 205	$ 205
Building	3,495	2,020	1,475	1,591
Leasehold improvements	710	594	116	144
Office furniture and equipment	562	515	47	50
Hardware and software	2,090	1,656	434	404
	$ 7,062	$ 4,785	$ 2,277	$ 2,394
Delivery of Benefits				
Economic initiatives				
Land	$ 188	$ -	$ 188	$ 188
Building	1,481	146	1,335	1,364
	1,669	146	1,523	1,552
Broadband initiatives				
Broadband hardware	3,931	1,967	1,964	2,154
Fibre optics	4,127	646	3,481	3,263
	8,058	2,613	5,445	5,417
Grain Elevators				
Land	102	-	102	-
Building	307	7	300	-
	409	7	402	-
	$ 10,136	$ 2,766	$ 7,370	$ 6,969
Investments				
Land	$ 1,379	$ -	$ 1,379	$ 926
Building	5,311	535	4,776	2,961
	$ 6,690	$ 535	$ 6,155	$ 3,887
Total tangible capital assets	$ 23,888	$ 8,086	$ 15,802	$ 13,250

Refer to Schedule A for additional financial information.

(Tabular amounts in thousands)

19. OTHER REVENUES

Other revenues for the Trust consist of the following:

Interest revenue
The Trust receives interest revenue from the Impact Investment Program which provides capital to businesses challenged with obtaining financing from other sources.

Recoveries
The Trust recovers costs from Columbia Power, a related party, for information technology support and for rent for a portion of the Columbia Basin building.

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

Other revenue
Other revenues include external funding and fees collected for various delivery of benefits events and projects.

	2019	2018
Interest revenue	$ 95	$ 62
Recoveries	384	326
Rental revenue	366	271
Other revenue	94	-
	$ 939	$ 659

20. 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 real estate leases and power project sales agreements. The following table summarizes the contractual rights of the Trust's future assets:

	2020	2021	2022	2023	2024
Future real estate rental revenue	$ 4,804	$ 4,886	$ 4,792	$ 4,580	$ 4,548
Future power project revenue	67,545	67,851	68,141	68,413	68,669
	$ 72,349	$ 72,737	$ 72,933	$ 72,993	$ 73,217

21. POWER PROJECT RECOVERIES AND ADMINISTRATION

The Trust and Columbia Power implemented a Shared Services Agreement (Agreement) effective September 1, 2017, wherein the Trust provides support in the areas of human resources, accounting, payroll, records management, and other support functions to Columbia Power. This Agreement expanded on the existing shared services arrangement for information technology services that the Trust provides to Columbia Power. Shared services staff are employed directly by the Trust and direct costs associated to these employees are billed back to Columbia Power.

The President and CEO of the Trust is currently the Acting CEO of Columbia Power. Compensation for the President and CEO is split equally between the Trust and Columbia Power.

(Tabular amounts in thousands)

22. GRANT REVENUES

CBBC, a wholly owned subsidiary of the Trust, and various Internet Service Providers entered into a Contribution Agreement with the Government of Canada for the *Connecting Canadians Program.* The *Connecting Canadians Program* extends and/or enhances broadband networks for rural and remote Canadian communities and provides access to high quality broadband services for households to participate in the digital economy. This program was substantially complete by March 31, 2019.

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, 2019	Community Benefits	Benefits Recovered/ Rescinded	Administration Allocation	Total Expenses
Trust				
Community initiatives	$ 27,021	$ (269)	$ 2,165	$ 28,917
Economic initiatives	1,417	(478)	852	1,791
Investment initiatives	-	-	1,107	1,107
Other initiatives	938	(23)	1,885	2,800
Power project administration	-	-	1,126	1,126
Social initiatives	3,697	(311)	512	3,898
Water and Environment initiatives	3,907	(99)	532	4,340
Youth initiatives	1,684	(1)	210	1,893
	38,664	(1,181)	8,389	45,872
CBBC				
Broadband administration	2,579	-	-	2,579
	2,579	-	-	2,579
CBDC				
Economic initiatives	1,575	(63)	-	1,512
Economic administration	125	-	-	125
	1,700	(63)	-	1,637
	$ 42,943	$ (1,244)	$ 8,389	$ 50,088

(Tabular amounts in thousands)

23. EXPENSES (continued)

March 31, 2018		Community Benefits		Benefits Recovered/ Rescinded		Administration Allocation		Total Expenses
Trust								
Community initiatives	$	17,871	$	(225)	$	2,164	$	19,810
Economic initiatives		3,831		(478)		761		4,114
Investment initiatives		-		-		808		808
Other initiatives		2,607		(43)		1,756		4,320
Power project administration		-		-		592		592
Social initiatives		2,461		(11)		582		3,032
Water and Environment initiatives		3,655		(140)		508		4,023
Youth initiatives		1,406		(6)		212		1,612
		31,831		(903)		7,383		38,311
CBBC								
Broadband initiatives		14		-		-		14
Broadband administration		2,499		-		-		2,499
		2,513		-		-		2,513
CBDC								
Economic initiatives		727		-		-		727
Economic administration		272		-		-		272
		999		-		-		999
	$	35,343	$	(903)	$	7,383	$	41,823

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

		Trust		CBBC		CBDC		Total
March 31, 2019								
Amortization*	$	416	$	630	$	-	$	1,046
Board and committee expenses		173		5		9		187
Commercial investment expenses*		393		-		97		490
Communications		207		1		-		208
Corporate travel and meetings		224		23		-		247
Delivery of Benefits initiatives		37,483		-		1,512		38,995
Information technology		214		177		-		391
Network costs		-		1,104		-		1,104
Office and general		541		22		-		563
Power project administration		1,126		-		-		1,126
Professional fees		370		104		19		493
Staff remuneration and development		4,725		513		-		5,238
	$	45,872	$	2,579	$	1,637	$	50,088

*Amortization of $234,000 included in Commercial investment expenses

(Tabular amounts in thousands)

23. EXPENSES (continued)

	Trust	CBBC	CBDC	Total
March 31, 2018				
Amortization*	$ 352	$ 604	$ -	$ 956
Board and committee expenses	171	4	15	190
Commercial investment expenses*	299	-	225	524
Communications	204	3	-	207
Corporate travel and meetings	209	26	1	236
Delivery of Benefits initiatives	30,928	14	727	31,669
Information technology	149	146	-	295
Network costs	-	1,111	-	1,111
Office and general	557	11	2	570
Power project administration	592	-	-	592
Professional fees	356	191	29	576
Staff remuneration and development	4,494	403	-	4,897
	$ 38,311	$ 2,513	$ 999	$ 41,823

*Amortization of $163,000 included in Commercial investment expenses

24. COMMITMENTS

The Trust has entered into various agreements for delivery of benefits initiatives. The Trust has also entered into an operating lease agreement for office space in Nakusp with terms expiring March 31, 2020.

Delivery of benefits initiatives and office lease commitments are as follows:

	Delivery of Benefits	Leases	Total
2020	$ 40,460	$ 36	$ 40,496
2021	13,896	-	13,896
2022	7,268	-	7,268
2023	664	-	664
2024	157	-	157
	$ 62,445	$ 36	$ 62,481

25. RELATED PARTY TRANSACTIONS

The Trust is indirectly related through common control to all Province of BC ministries, agencies, Crown corporations and public sector organizations that are included in the provincial government reporting entity. All related party transactions are considered to be conducted at arm's length and are consequently recorded at their exchange amounts.

26. 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.

(Tabular amounts in thousands)

26. PUBLIC SERVICE PENSION PLAN (continued)

The most recent actuarial valuation as at March 31, 2017 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 2019 were $467,000 (fiscal 2018 - $397,000). 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 December 31, 2020 with results expected in 2021.

27. 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:

		2019		**2018**
Accrued interest and other assets	$	2,487	$	2,075
Loan receivable	$	2,230	$	994
Commercial loans	$	32,881	$	36,201
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:

		2019		**2018**
Accounts payable and accrued liabilities	$	1,399	$	871
Long-term debt	$	4,182	$	3,958
Deferred contributions	$	1,473	$	2,325
Delivery of Benefits liabilities	$	4,578	$	827

(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.

(Tabular amounts in thousands)

27. (c) Market risk (continued)

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 the interest rates in short-term investments would increase or decrease revenues by $618,000. A change of 100 basis points in the market rates of commercial loans would increase or decrease revenues by $331,000.

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 statement 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:

	2019	2018
Market securities	$ 64,400	$ 60,278

28. 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 November 2017.

29. SUBSEQUENT EVENTS

On April 16, 2019 the Trust and Columbia Power finalized an agreement to purchase Fortis Inc.'s 51% interest in the Waneta Expansion Limited Partnership (WELP) for $991 million (Trusts's share $651 million). In addition to the purchase, the Promissory Note that was due to WEPC was also fully recognized by WELP. This purchase restored ownership to the originally mandated 50/50 partnership between the Trust and Columbia Power. See Notes 12, 13 (d), and 13 (i) for more information.

(Tabular amounts in thousands)

Schedule A: Tangible capital assets additional financial information

Corporate	Land	Building	Leasehold Improve-ments	Office Furniture and Equipment	Hardware and Software	Total
March 31, 2019						
Cost						
Opening balance	$ 205	$ 3,495	$ 710	$ 541	$ 1,872	$ 6,823
Additions	-	-	-	21	272	293
Disposals	-	-	-	-	(54)	(54)
	205	3,495	710	562	2,090	7,062
Accumulated amortization						
Opening balance	-	(1,904)	(566)	(491)	(1,468)	(4,429)
Amortization	-	(116)	(28)	(24)	(242)	(410)
Disposals	-	-	-	-	54	54
	-	(2,020)	(594)	(515)	(1,656)	(4,785)
	$ 205	$ 1,475	$ 116	$ 47	$ 434	$ 2,277

Delivery of Benefits	Land	Building	Broadband Hardware	Fibre Optics	Total
March 31, 2019					
Cost					
Opening balance	$ 188	$ 1,459	$ 3,659	$ 3,744	$ 9,050
Additions	102	329	290	387	1,108
Disposals	-	-	(18)	(4)	(22)
	290	1,788	3,931	4,127	10,136
Accumulated amortization					
Opening balance	-	(95)	(1,505)	(481)	(2,081)
Amortization	-	(58)	(465)	(166)	(689)
Disposals	-	-	3	1	4
	-	(153)	(1,967)	(646)	(2,766)
	$ 290	$ 1,635	$ 1,964	$ 3,481	$ 7,370

Investments	Land	Building	Total
March 31, 2019			
Cost			
Opening balance	$ 926	$ 3,313	$ 4,239
Additions	453	1,998	2,451
	1,379	5,311	6,690
Accumulated amortization			
Opening balance	-	(352)	(352)
Amortization	-	(182)	(182)
	-	(534)	(534)
	$ 1,379	$ 4,777	$ 6,155

(Tabular amounts in thousands)

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

Corporate	Land	Building	Leasehold Improve-ments	Office Furniture and Equipment	Hardware and Software	Total
March 31, 2018						
Cost						
Opening balance	$ 205	$ 3,487	$ 710	$ 537	$ 1,838	$ 6,777
Additions	-	8	-	4	34	46
	205	3,495	710	541	1,872	6,823
Accumulated amortization						
Opening balance	-	(1,788)	(537)	(468)	(1,283)	(4,076)
Amortization	-	(116)	(29)	(23)	(185)	(353)
	-	(1,904)	(566)	(491)	(1,468)	(4,429)
	$ 205	$ 1,591	$ 144	$ 50	$ 404	$ 2,394

Delivery of Benefits	Land	Building	Deferred Development Costs	Broadband Hardware	Fibre Optics	Total
March 31, 2018						
Cost						
Opening balance	$ 188	$ 1,348	$ 10	$ 2,951	$ 2,363	$ 6,860
Additions	-	111	-	708	1,381	2,200
Disposals	-	-	(10)	-	-	(10)
	188	1,459	-	3,659	3,744	9,050
Accumulated amortization						
Opening balance	-	(45)	-	(1,052)	(330)	(1,427)
Amortization	-	(50)	-	(453)	(151)	(654)
	-	(95)	-	(1,505)	(481)	(2,081)
	$ 188	$ 1,364	$ -	$ 2,154	$ 3,263	$ 6,969

Investments	Land	Building	Total
March 31, 2018			
Cost			
Opening balance	$ 926	$ 3,221	$ 4,147
Additions	-	92	92
	926	3,313	4,239
Accumulated amortization			
Opening balance	-	(239)	(239)
Amortization	-	(113)	(113)
	-	(352)	(352)
	$ 926	$ 2,961	$ 3,887