

Infrastructure BC Inc.

2021/22
Annual Service Plan Report

August 2022



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Board Chair's Accountability Statement



The *Infrastructure BC Inc. 2021/22 Annual Service Plan Report* compares the corporation's actual results to the expected results identified in the *2021/22 – 2023/24 Service Plan* created in April 2021. I am accountable for those results as reported.

A handwritten signature in black ink, appearing to read 'Dana Hayden', written in a cursive style.

Dana Hayden
Chair, Board of Directors
July 18, 2022

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Letter from the Board Chair & CEO

Please find enclosed our Annual Service Plan Report for the fiscal year 2021/22, which summarizes Infrastructure BC Inc.'s (Infrastructure BC) performance in the context of the Mandate Letter provided to us by our Shareholder, the Minister of Finance.

Infrastructure BC supported the Government of BC's five priorities as outlined in our [2021/22 Mandate Letter](#):

- Putting people first;
- Lasting and meaningful reconciliation;
- Equity and anti-racism;
- A better future through fighting Climate Change; and
- A strong, sustainable economy that works for everyone.

Infrastructure BC brings its procurement expertise and knowledge of infrastructure development to each project, ensuring that projects meet citizens' and clients' needs. Infrastructure BC works in concert with the Ministry of Finance to ensure that its priorities align with the Government of BC's infrastructure development priorities. Infrastructure BC also provides services to public sector project owners elsewhere in Canada. Infrastructure BC assists the Government of BC priorities related to its Environmental, Social and Governance (ESG) Framework for Capital, CleanBC, Mass Timber, Childcare, and the hiring of underrepresented workers such as Indigenous peoples, women, and people with disabilities through planning and procurement of major infrastructure projects.

In 2021/22, Infrastructure BC managed a significant number of projects from schools to hospitals and transit to highways.

Infrastructure BC worked closely with the Ministry of Transportation and Infrastructure and Transportation Investment Corporation, managing the procurement of projects, including the Royal BC Museum Collections and Research Building and the Steveston Interchange. Additionally, Infrastructure BC worked throughout 2021/22, managing the planning of the Fraser River Tunnel Project.

Infrastructure BC also managed the planning and/or procurement of projects undertaken by several health authorities and the BC Ministry of Health. These projects include Mills Memorial Hospital Redevelopment, Cowichan District Hospital Replacement, Cariboo Memorial Hospital Redevelopment, Dawson Creek and District Hospital Redevelopment, Stuart Lake Hospital Redevelopment, Lions Gate Hospital Redevelopment – Phase 3 Acute Care Facility, New Surrey Hospital and BC Cancer Centre, and Burnaby Hospital Phase 1 Redevelopment.

During the year, Infrastructure BC also provided advisory services during design, construction, and operations on the following projects: Royal Columbian Hospital Redevelopment Phase 2 and 3, and Stuart Lake Hospital Redevelopment.

Infrastructure BC managed the procurement for Cowichan District Secondary School and worked with the Ministry of Tourism, Arts, Culture and Sport, providing planning and advice regarding the Royal British Columbia Museum (RBCM).

In 2021/22, the board terms of Roberta Stewart and Julian Paine ended. We thank Roberta and Julian and wish them well. We welcomed Kirsten Wilson and Dave Clancy as new members of the Board this fiscal year.

Throughout 2021/22, the COVID-19 pandemic significantly affected how Infrastructure BC and its clients operate. The Board of Directors and the executive team would like to acknowledge all employees and contractors whose talent and commitment have allowed Infrastructure BC to survive the challenges associated with the ongoing global pandemic and continue to deliver uninterrupted value-added services to clients.

On behalf of the Board of Directors and executive team, we would like to thank everyone at Infrastructure BC for their continued hard work and dedication.

Dana Hayden



Chair, Board of Directors, Infrastructure BC
July 19, 2022

Mark Liedemann



President and CEO, Infrastructure BC
July 19, 2022

Purpose of the Annual Service Plan Report

The Annual Service Plan Report is designed to meet the requirements of the [Budget Transparency and Accountability Act](#) (BTAA), which sets out the legislative framework for planning, reporting and accountability for Government organizations. Under the BTAA, the Crown Corporation's Board is required to report on the actual results of the Crown's performance related to the forecasted targets documented in the previous year's Service Plan.

Purpose of the Organization

Infrastructure BC (the Organization) is owned by the Province of British Columbia and governed by a Board of Directors reporting to its sole Shareholder, the Minister of Finance. It is incorporated under the [Business Corporations Act](#).

Infrastructure BC advises public sector clients on how best to plan, procure, and deliver capital projects to foster innovation and quality, address key service needs, and manage projects on time and budget using various procurement models. These models engage the private sector and efficiently allocate or manage risk to provide the best value and outcome for all Infrastructure BC's projects. The public sector owns the infrastructure and maintains complete oversight of the projects in all cases.

Since its inception in 2002, Infrastructure BC has provided planning and procurement services to owners for 70 projects with a cumulative capital investment of approximately \$23 billion. Of these, 12 projects with a total capital investment of \$4 billion were undertaken for governments in Canada other than the Government of BC. Infrastructure BC undertakes work outside BC when capacity permits and clients seek its services.

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 [2021/22 Infrastructure BC Service Plan](#) as well as actual results reported on in this annual report.

Operating Environment

In fiscal 2021/22, Infrastructure BC managed the procurement of 12 projects, four of which reached contract execution. All of these projects were in BC.

Throughout the COVID-19 pandemic, Infrastructure BC provided support to its clients while implementing procedures to support the health and well-being of its staff. During the year, most staff worked remotely. Infrastructure BC hired additional resources to fulfill obligations to clients due to a high volume of work and a particularly large number of procurements. As part of the Provincial and Federal Governments' continued focus on economic recovery through infrastructure, the outlook for complex capital projects remains strong. There is, therefore, the potential for significant project work for Infrastructure BC in the coming years.

While the flow of projects remained strong, BC continued to experience relatively few bidders per project, and those that submitted bids are more risk averse. Infrastructure BC continued to examine and implement innovative procurement models, such as Progressive Design-Build and Alliance, to deal with the challenge of fewer bidders and related market dynamics.

To encourage construction firms to invest time and resources to pursue BC projects, Infrastructure BC coordinated, on behalf of the Province, a publication of major infrastructure projects in planning and procurement to better communicate the depth and breadth of construction opportunities to the construction industry. This brochure is published each spring and fall and now includes project details from Metro Vancouver, TransLink, Vancouver Fraser Port Authority, Capital Regional District, and BC Hydro.

Infrastructure BC's mandate to be a self-sustaining organization remained unchanged. The team continued to increase the number of projects it works on, properly resourcing each project and delivering added value to clients.

Report on Performance: Goals, Objectives, Measures and Targets

Goal 1: Effective planning and procurement associated with complex infrastructure projects supports government priorities

Objective 1.1: Achieve agreed-upon project procurement schedules

Key Highlights

- Used effective processes and contractual requirements to meet project procurement schedules under various design segregated contract models.
- Used appropriate governance models throughout the project procurement process.

Performance Measure	2020/21 Actuals	2021/22 Target	2021/22 Actuals	2022/23 Target	2023/24 Target
1.1 Each project is delivered based on the agreed-upon procurement schedule	Three of five projects met the agreed-upon procurement schedule	Expect to achieve	Nine of nine projects met the agreed-upon procurement schedule	Expect to achieve	Expect to achieve

Discussion of Results

In the last year, nine procurements Infrastructure BC was involved with reached completion. Each of them met agreed-upon procurement schedules, though in some cases those schedules were amended by other organizations.

The contract for one project (Steveston Interchange) was executed on schedule and in the anticipated timeframe. Three projects (Burnaby Hospital Phase 1, Lions Gate Hospital, RBCM Collections and Research Building) were procured on agreed upon schedules, but there was a delay in execution of the contracts to facilitate government approvals.

Four procurements involved single bidder scenarios. There was no defined procurement schedule in these situations as they involved extended negotiations. These projects included:

- Cariboo Memorial Hospital
- Dawson Creek District Hospital
- Mills Memorial Hospital
- Stuart Lake Hospital

The procurement schedule for the Cowichan District Hospital Replacement project was extended at the request of one of the bidders. An Alliance procurement model is being used for this project, which is new for the construction market, and one of the bidders requested more time to better understand the model before making their RFP submissions. The revised timeline was met.

Objective 1.2: Meet capital and affordability ceilings

Key Highlights

- Infrastructure BC continued to promote robust market competition for project procurements under various design integrated contract models, such as progressive design-build.
- Infrastructure BC developed a risk-based cost analysis for projects at the Business Case stage and updated it as necessary prior to releasing the Request for Proposals (RFP).
- Infrastructure BC implemented procurement processes to deliver projects within established capital and affordability ceilings.
- Infrastructure BC developed a library of “lessons learned” with respect to planning, procurement, design development, construction, commissioning, and operations. Components of lessons learned were used for market presentations throughout 2021/22.

Performance Measure	2020/21 Actuals	2021/22 Target	2021/22 Actuals	2022/23 Target	2023/24 Target
1.2 Each project that reaches financial close is within capital and affordability ceilings.	Three of five projects met the target	Continue to achieve	Two of five projects met the target ¹	Continue to Achieve	Continue to achieve

¹The Steveston Interchange Design-Build contract was not executed prior to fiscal year end, however the procurement was completed within the affordability ceiling.

Discussion of Results

Contract execution was reached for five projects during the fiscal year. Of these, the established budget (capital ceiling) within the RFP documents was met:

- Cowichan Secondary School
- Steveston Interchange

The established budget (capital ceiling) within the RFP documents was not met for the following three projects:

- Burnaby Hospital Phase 1
- Lions Gate Hospital
- Mills Memorial Hospital

The established budget was not met for the Burnaby Hospital Phase 1 due to price escalation. There are several large acute care hospitals in simultaneous construction in BC, with a limited pool of specialty subcontractors. This is causing upward pressure on prices, as are global supply chain challenges.

Infrastructure BC staff became involved with the Lions Gate Hospital Project during the Request for Proposals phase. The scope of the project could not be delivered within the original budget established by the owner during the business case phase.

An extended negotiation took place with the only bidder who responded to the Request for Qualifications for the Mills Memorial Hospital. While the bidder provided significant transparency regarding the build-up of their price, the location of the project is somewhat remote (Terrace) and near LNG Canada's large construction project in nearby Kitimat. These factors, along with global supply chain challenges and associated price increases, resulted in a higher-than-expected cost.

Objective 1.3: Maintain fairness and transparency in project procurement processes

Key Highlights

- During 2021/22, two reports were issued in relation to RFQs, and two reports were issued in relation to RFPs. All Fairness Advisor reports confirmed the integrity, fairness, and transparency of the procurement process.
- Infrastructure BC initiated innovative procurement processes and contracts and worked with clients and the market to achieve procurement objectives.
- Infrastructure BC published fairness advisor reports that assessed the fairness of the procurement process. Fairness advisor reports are found on the respective project page within Infrastructure BC’s website.

Performance Measure	2020/21 Actuals	2021/22 Target	2021/22 Actuals	2022/23 Target	2023/24 Target
1.3 Clean Fairness Advisor report where size and scope warrant fairness review.	Achieved	Expect to achieve	Achieved	Expect to achieve	Expect to achieve

Discussion of Results

To ensure integrity, fairness and transparency within the procurement process, Fairness Advisors were retained on all Infrastructure BC procurements that were active in 2021/22. Fairness Advisor reports were issued at the end of the Request for Qualifications (RFQ) and Request for Proposals (RFP) phases.

Objective 1.4: Support government priorities

Key Highlights

- Helped clients to achieve labour objectives on major infrastructure projects and assisted the Province of B.C. in developing a broader ESG Framework for Capital.
- Sought opportunities to include Indigenous Peoples and businesses through the procurement process.

- Worked with the Ministry of Finance to develop an understanding of Gender-Based Analysis Plus (GBA+) and assisted clients in incorporating it in the planning process, where appropriate.
- Developed an understanding with respect to equity, diversity, and inclusion (ED&I); reviewed and assessed ED&I practices and policies.
- Infrastructure BC worked with the Ministry of Finance on joint business case guidance and implementing the guidance policy.
- Infrastructure BC continued its inclusion of *Wood First Act* objectives supporting the use of mass timber within its planning and procurement documents.
- Within the business case planning phase, Infrastructure BC assisted clients in meeting the CleanBC objectives to ensure energy efficiency and/or low carbon options were analyzed.
- Within the business case planning phase, Infrastructure BC assisted clients in assessing the feasibility of including childcare spaces in capital projects.

Goal 2: Deliver value to our clients and engage stakeholders

Objective 2.1: Promote strong market participation

Key Highlights

- Infrastructure BC consistently engaged market participants, holding twenty-one market consultations throughout 2021/22. These consultations involved all sectors (transportation, healthcare, and social infrastructure).
- During 2021/22, Infrastructure BC participated in over twenty industry and market presentations. Keynote topics included Collaborative Contracts, Procurement Models and Risks, and Alliance Contract Model.
- In response to inadequate market capacity, Infrastructure BC introduced two new innovative procurement models, Progressive Design-Build and Alliance, to spur competition within the market.
- In spring and fall 2021, Infrastructure BC published the BC Major Infrastructure Projects Brochure on behalf of the Province of B.C. The brochure grew to include projects owned by capital ministries as well as Vancouver Fraser Port Authority, Capital Regional District, Metro Vancouver, TransLink, and BC Hydro.
- Infrastructure BC participated in two province-wide virtual webinars open to members of all British Columbia Construction Associations (Vancouver Regional Construction Association, Vancouver Island Construction Association, Southern Interior Construction Association, and Northern Regional Construction Association). Over 400 provincial construction association members registered to participate in the combined sessions.

Performance Measure	2020/21 Actuals	2021/22 Target	2021/22 Actuals	2022/23 Target	2023/24 Target
2.1 Competitive procurements with at least four qualified respondents at RFQ stage	At least 4 qualified respondents were identified at the RFQ stage for 4 of 5 projects	At least four qualified respondents at RFQ stage	At least 4 qualified respondents were identified at the RFQ stage for 3 of 4 procurements.	At least four qualified respondents at RFQ stage	At least four qualified respondents at RFQ stage

Discussion of Results

Three of four procurements saw at least 4 qualified respondents were identified at the RFQ stage. Many factors affect the ability to successfully achieve procurement targets, including changing government priorities, client timelines, external economic environment, market capacity, stakeholder engagement, and election cycles at all levels of government.

Two responses were received at the RFQ stage for the New Surrey Hospital and BC Cancer Centre project despite significant efforts to engage potential bidders. There are limited contractors with the experience to undertake major capital projects in the healthcare sector successfully. There also continue to be many competing projects in the private sector with attractive risk profiles and margins.

Objective 2.2: Maintain client satisfaction

Key Highlights

- The most recent biennial client satisfaction survey was conducted in Q4 2021/22 to measure client satisfaction with its services. Survey results directly informed client engagement for the coming year.
- Infrastructure BC organized seven virtual Business-to-Business Networking sessions during 2021/22 to support interest in our client’s projects. These sessions collectively saw over 360 contractors from areas throughout the province register to learn more and potentially participate in projects.

Performance Measure	2020/21 Actuals	2021/22 Target	2021/22 Actuals	2022/23 Target	2023/24 Target
2.2 Client satisfaction of 80% or above. ¹	N/A	Achieve 85% client satisfaction or higher	85%	N/A	Achieve 85% client satisfaction or higher

¹The next survey will be held in Q4 of 2023/24 and biennially thereafter.

Discussion of Results

A cross-section of current clients from all sectors are invited to participate in biennial client surveys to measure their satisfaction with Infrastructure BC's services.

The 2021/22 survey results indicate that 85% of clients are satisfied with Infrastructure BC's services. They identified Infrastructure BC staff's expertise and knowledge, experience, and consultation/communications styles as key factors contributing to their satisfaction.

Objective 2.3: Maintain stakeholder satisfaction

Key Highlights

- The most recent biennial survey was conducted in Q4 2021/22 to measure stakeholder satisfaction with services. Survey results directly informed Infrastructure BC's stakeholder engagement plan for the coming year.
- During 2021/22, Infrastructure BC management and staff participated as keynote speakers in twelve stakeholder-held events.

Performance Measure	2020/21 Actuals	2021/22 Target	2021/22 Actuals	2022/23 Target	2023/24 Target
2.3 Stakeholder satisfaction of 83% or above.	N/A	Achieve 85% stakeholder satisfaction or higher	85%	N/A	Achieve 85% stakeholder satisfaction or higher

¹The client and stakeholder satisfaction ratings have a standard error of +/- 8 per cent at the 95 percent level of confidence. Infrastructure BC has a limited number of clients and stakeholders, and as a result, the percentage satisfaction rating may fluctuate from year to year.

²The next survey will be held in Q4 of the fiscal year 2023/24 and biennially thereafter.

Discussion of Results

Stakeholder engagement is an ongoing priority. Infrastructure BC's management team and staff participate in regular stakeholder group roundtable discussions, updates, and presentations in addition to undertaking work for clients.

Stakeholder surveys are conducted biennially to measure satisfaction with Infrastructure BC's services. Infrastructure BC stakeholders include construction associations, engineering associations, construction industry participants, and other industry-related agencies.

A cross-section of current stakeholders from all sectors were invited to participate in the survey. Infrastructure BC received an overall score of 85% in the 2021/22 survey, with qualitative results showing that Infrastructure BC is perceived positively by stakeholders.

Goal 3: Maintain a responsive and resilient organization

Objective 3.1: Be financially self-sufficient

Key Highlights

- Actively assessed revenue-generating opportunities through the development and application of Infrastructure BC's business development plan.
- Created an effective project work/revenue flow with appropriate accountability, resourcing, and effective delegation across Infrastructure BC.
- Diversified revenue sources throughout the three main sectors: Transportation and Utilities, Health Care, and Accommodation.
- Expanded support to government on complex infrastructure projects and other government priorities.

Performance Measure	2020/21 Actuals	2021/22 Target	2021/22 Actuals	2022/23 Target	2023/24 Target
3.1a Self Sufficiency ¹	Achieved	Expect to achieve net income of \$0.42M	IBC had an operating surplus of \$0.14M and therefore, did not achieve budgeted operating surplus of \$0.42M.	Expect to achieve net income target of \$0.46M	Expect to achieve net income of \$0.49M
3.1b Each sector will contribute at least 25% to work fees revenue ²	Two of three sectors contributed a minimum of 25% of consulting fees revenue	Expect to achieve	Two of three sectors contributed a minimum of 25% of consulting fees revenue	Expect to achieve	Expect to achieve

¹The forecast and targets have been revised from the previous year as part of the budget process, which occurs on an annual basis with differing assumptions each year.

²Transportation and Utilities, Health Care, and Accommodation.

Discussion of Results

3.1a For the year ended March 31, 2022, Infrastructure BC achieved an operating surplus of \$144,000 compared to a budgeted operating surplus of \$424,000. There were several uncontrollable events during the year, including COVID-19-related staff absences and their impact on Infrastructure BC’s fee-based funding model to support its operations and achieve financial self-sufficiency. In addition, reaching a final project agreement for projects undertaken with new procurement models such as Progressive Design-Build and Alliance took longer due to market capacity challenges and supply chain disruptions.

3.1b The Healthcare and Transportation sectors contributed a minimum of 25% of consulting fee revenue. The Accommodation sector contributed 14% of consulting fee revenue. In fiscal 2021/22 Infrastructure BC was focused primarily on healthcare projects, as evidenced by the significant share of revenue from the Healthcare sector – 59%. Healthcare projects will likely continue to be a focus into fiscal 2022/23.

Objective 3.2: Provide a workplace that promotes employee engagement and satisfaction.

Key Highlights

- Promoted strong teamwork and open communication among staff members.
- Infrastructure BC conducted a biennial employee survey during Q4 of 2021/22. Taking direct feedback from survey results, Infrastructure BC developed an action plan to address issues raised.
- Infrastructure BC introduced flexible work arrangements that allowed staff to balance work and home life with the ability to work remotely up to eight days per month.
- Infrastructure BC engaged an independent consultant to lead an employee education program focusing on core strengths during 2021/22. Infrastructure BC's staff attended sessions each quarter

Performance Measure	2020/21 Actuals	2021/22 Target	2021/22 Actuals	2022/23 Target	2023/24 Target
3.2 Employee satisfaction survey, achieve 80% or higher rating	N.A.	Achieve 80% employee satisfaction or higher	71%	NA ¹	Achieve 80% employee satisfaction or higher

¹The next employee satisfaction survey will be held in Q4 of 2023/24 fiscal year and biennially thereafter.

Discussion of Results

2021/22 employee satisfaction was lower compared to previous surveys, and from the last survey two years ago. This is likely in part attributable to restrictions associated with the COVID-19 pandemic and the lack of in-person interaction over the last two years. The employee satisfaction rating is higher than comparable Canadian Crown corporations. Results of the 2021/22 survey show that of the 37 attributes with comparative benchmarks, Infrastructure BC continues to score above the average for 29, unchanged from previous survey results. In fiscal 2022/23, management will focus on several key initiatives to improve employee engagement.

Financial Report

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

Financial Summary

(in millions of dollars)	2020/21 Actual	2021/22 Budget	2021/22 Actual	2021/22 Variance
Revenue				
Consulting Fees	8.49	9.50	8.01	(1.49)
Interest Income	.18	.16	.18	.02
Project Recoveries	1.97	1.89	2.08	.19
Total Revenue	10.64	11.55	10.27	(1.28)
Expenses				
Human Resource Costs	6.44	7.46	6.45	(1.01)
Professional Services	.63	.41	.45	.04
Administration	.39	.68	.46	(.23)
Building Occupancy	.51	.53	.51	(.02)
Amortization	.18	.16	.18	.02
Project Recoverable Expenses	1.97	1.89	2.08	.19
Total Expenses	10.12	11.13	10.13	(1.01)
Annual Surplus	.52	.42	.14	(.28)
Total Debt	Nil	Nil	Nil	Nil
Capital Expenditures	.11	.03	.01	(.02)
Accumulated Surplus	19.29	19.71	19.43	(.28)

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

Note 2: Project Recoveries and Project Recoverable Expenses are recorded as revenues and expenses respectively, however, these are flow through items which do not affect the bottom line.

Discussion of Results

This Discussion of Results of Infrastructure BC Inc. is intended to be read in conjunction with the audited financial statements and accompanying notes. The results reported are prepared in accordance with Canadian Public Sector Accounting Standards using guidelines developed by the Public Sector Accounting (PSA) Board of the Chartered Professional Accountants of Canada.

This Discussion of Results presents an analysis of Infrastructure BC's 2021/22 financial performance compared to the previous fiscal year and 2021/22 budget. Some totals may not be precise due to rounding.

Overview of 2021/22

During the year, the Organization maintained very strong COVID-19 safety protocols to ensure the wellness and safety of employees working in the office. It also focused on integrating and supporting its newer employees while further developing and mentoring experienced employees. The experiences from this pandemic have prepared the Organization to continue to deliver value-added services to clients and evolve the Organization to meet the staff's ever-changing needs.

Comparison of 2021/22 and 2020/21 Financial Performances

Infrastructure BC generated consulting fees of \$8,016,024 in fiscal 2021/22 compared to \$8,489,670 in 2020/21, resulting in a decrease of \$473,646 or 5.6%. The decrease in consulting fees was largely due to several projects that had to be procured utilizing new procurement models brought on by the lack of market capacity. These new procurement models (Modified Design-Build, Progressive Design-Build, and Alliance) required additional time to reach a final project agreement to ensure value for money for the Province.

The Organization reached final project agreements on the following projects in fiscal 2021/22:

- Burnaby Hospital Redevelopment Phase 1,
- Cowichan Secondary School,
- Lions Gate Hospital Redevelopment, and
- Mills Memorial Hospital.

Concurrently, there were several other projects in procurement in fiscal 2021/22. These include:

- BC Highway Reinstatement Program,
- Cariboo Memorial Hospital,
- Cowichan District Hospital,
- Dawson Creek District Hospital,
- New Surrey Hospital and BC Cancer Centre,
- Royal BC Museum Collections and Research Building,
- Steveston Interchange, and
- Stuart Lake Hospital.

In 2021/22, the majority of Infrastructure BC's consulting fees were generated from the following projects:

Project	Delivery Model	Business Case	Procurement
BC Highway Reinstatement Program	Alliance	No business case was developed for this project ¹	In procurement
Burnaby Hospital Redevelopment Phase 1	DBF	A final project agreement was reached in fiscal 2021/22.	
Cariboo Memorial Hospital	Progressive DB	Business case was completed in fiscal 2019/20	In procurement
Cowichan District Hospital Replacement	Alliance	Business case was completed in fiscal 2019/20	In procurement
Cowichan Secondary School	DB	A final project agreement was reached in fiscal 2021/22.	
Dawson Creek District Hospital	Progressive DB	Business case was completed in 2020/21	In procurement
Lions Gate Hospital Redevelopment – Phase 3 Acute Care Facility	DB	A final project agreement was reached in fiscal 2021/22.	
Mills Memorial Hospital	Progressive DB	A final project agreement was reached in fiscal 2021/22.	
New Surrey Hospital and BC Cancer Centre	DB	Business case was completed in fiscal 2021/22	In procurement
Royal BC Museum Collections and Research Building	DB	Business case was completed in fiscal 2021/22	In procurement
Steveston Interchange	DB	Business case was completed in fiscal 2020/21	In procurement
Stuart Lake Hospital Redevelopment	Progressive DB	Business case was completed in fiscal 2019/20	In procurement

¹Due to the immediate and unplanned response required due to extreme weather events during November 2021, Infrastructure BC assisted the Province with directly issuing two BC Highway Reinstatement Program RFQs.

During the year, Infrastructure BC supported the development and/or completion of numerous business cases.

Infrastructure BC also provided advisory services during design, construction, and operations on the following projects:

- Royal Columbian Hospital Redevelopment Phase 2 and 3;
- Stuart Lake Hospital Redevelopment; and
- Yukon Hospital Corporation.

The table below presents a comparison of selected Statements of Operations for fiscal 2021/22 with those of the previous fiscal year.

			% of revenues	
	2022	2021	2022	2021
Revenues	\$ 8,195,649	\$ 8,664,892	100.0%	100.0%
Human resources	6,453,671	6,442,447	78.7%	74.4%
General and administrative expenses	1,421,618	1,528,816	17.3%	17.6%
Amortization	175,646	169,416	2.1%	2.0%
Operating surplus	\$ 144,714	\$ 524,213	1.8%	6.0%

Revenues

The table below provides changes to the Organization's revenues by category.

			% of revenues	
	2022	2021	2022	2021
Consulting fees	\$ 8,016,024	\$ 8,489,670	97.8%	98.0%
Interest income	179,625	175,222	2.2%	2.0%
	\$ 8,195,649	\$ 8,664,892	100.0%	100.0%

Comparison to Budget

The table below provides details of the Organization's actual and budgeted revenues for 2021/22.

	2022 Actual	2022 Budget	Change	%
Consulting fees	\$ 8,016,024	\$ 9,502,000	\$ (1,485,976)	-15.6%
Interest income	179,625	164,000	15,625	9.5%
	<u>\$ 8,195,649</u>	<u>\$ 9,666,000</u>	<u>\$ (1,470,351)</u>	<u>-15.2%</u>

For the year ended March 31, 2022, total revenues consisting of consulting fees and interest income were 15.2 per cent below budget.

Infrastructure BC's budget was developed based on assumptions such as the number of projects in the procurement, business case, implementation, and advisory phases and the number of staff required to deliver on those projects. Based on the assumed number of projects and resources required to successfully deliver on those projects, Infrastructure BC budgeted for 41.2 Full-Time Equivalent (FTE) staff in 2021/22. However, the Organization had 37.7 FTEs to meet all the projects in procurement, business case, and implementation during the year.

The difference between actual and budgeted consulting fees was also attributable to the Organization's decision to support the Province of B.C. on several value-added initiatives, such as participation on project boards, attendance at capital project meetings, and policy development on a no-fee basis. In addition, the Organization continued to invest in the development, orientation, and integration of new employees.

Interest rates and associated interest income remained unchanged in fiscal 2021/22. The Organization continued to place its excess cash with the Ministry of Finance Central Deposit Program (the 'Program'). The Program pays an interest equal to the prime lending rate of the principal banker to the Province of B.C. less 1.5%. Going forward, interest rates are expected to increase in fiscal 2022/23 as a result of the Bank of Canada's strategy to raise interest rates to combat rising inflation brought about by the current pandemic.

Expenses

The table below provides details of the Organization's operating expenses for 2021/22 and 2020/21.

	2022	2021	Change	%
Human resources	\$ 6,453,671	\$ 6,442,447	\$ 11,224	0.2%
Administration	181,360	175,258	6,102	3.5%
Building occupancy	506,050	503,883	2,167	0.4%
Information systems	265,614	211,057	54,557	25.8%
Professional fees	453,497	633,822	(180,325)	-28.5%
Travel	15,097	4,796	10,301	214.8%
Amortization	175,646	169,416	6,230	3.7%
Total General and Administrative Expenses	1,597,264	1,698,232	(100,968)	-5.9%
Total Operating Expenses	\$ 8,050,935	\$ 8,140,679	\$ (89,744)	-1.1%
% of expenses to revenues	98.2%	94.0%		
% of general and administration expenses to revenues	19.5%	19.6%		

For the year ended March 31, 2022, there was a decrease in operating expenses of \$89,744 or 1.1 per cent compared to last year. The decrease was primarily attributable to the decrease in professional fees.

The decrease in professional fees expenses was attributable to certain one-time initiatives in fiscal 2020/21. The Organization engaged an advisory firm to support the review of lessons learned from an operating hospital, engaged an executive search firm to support the search for management and senior resources, and obtained legal advice to support the Province of B.C.'s COVID-19 response on active procurements and projects under construction. The primary objective of reviewing the lessons learned from an operating hospital is to incorporate and share them on future projects.

The increase in information technology expenses was primarily due to the engagement of a consulting firm to support the review of the Organization's current finance and accounting

platform. The review determined that the Organization's current system is ineffective and insufficient to meet the growing demands of the Organization. As a result, the Organization has decided to implement a Professional Services Automation solution to replace its aging finance and accounting platform. A Professional Services Automation solution is a comprehensive suite of services to help manage core business activities using a single application. In addition, it automates and integrates core business functions such as project management, resource management, time and expense management, financial reporting, making day-to-day operations easier to manage.

Going forward, the Organization is expected to select a preferred vendor in April 2022 and will commence discussion on the scope of the implementation, contract negotiation, and completion of compliance requirements. The goal will be to implement the Professional Service Automation solution in the fourth quarter of fiscal 2022/23.

The variances within Administration, Building Occupancy, Travel, and Amortization were insignificant and largely attributable to the ongoing COVID-19 restrictions on in-person meetings and elimination of all non-essential travel.

Overall, for the year ended March 31, 2022, total expenses as a percentage of revenues were 98.2 per cent compared to 94 per cent for the year ended March 31, 2021. The increase was largely attributable to lower consulting fees earned during the year. Total general and administrative expenses, as a percentage of revenues, were 19.5 per cent compared to 19.6 per cent for the year ended March 31, 2021.

Comparison to Budget

The table below provides details of the Organization's actual and budgeted expenses for 2021/22.

	2022 Actual	2022 Budget	Change	%
Human resources	\$ 6,453,671	\$ 7,455,776	\$ (1,002,105)	-13.4%
Administration	181,360	253,701	(72,341)	-28.5%
Building occupancy	506,050	528,428	(22,378)	-4.2%
Information systems	265,614	300,325	(34,711)	-11.6%
Professional fees	453,497	407,000	46,497	11.4%
Travel	15,097	135,000	(119,903)	-88.8%
Amortization	175,646	161,937	13,709	8.5%
Total General and Administrative Expenses	1,597,264	1,786,391	(189,127)	-10.6%
Total Operating Expenses	\$ 8,050,935	\$ 9,242,167	\$ (1,191,232)	-12.9%
% of expenses to revenues	98.2%	95.6%		
% of general and administrative expenses to revenues	19.5%	18.5%		

The fiscal 2021/22 budget development was based on assumptions that the Organization and its employees would be able to return to pre-COVID-19 pandemic operations sometime during the fiscal year. Unfortunately, this did not materialize as current Provincial Health Officer restrictions on large social gatherings, in-person meetings, and non-essential travel remained in place until April 2022. This is reflected in the significant variances compared to budget for almost all expense items.

For the year ended March 31, 2021, human resources expenses were \$6,453,671 compared to budget of \$7,455,776, resulting in a positive variance of \$1,002,105 or 13.4 per cent. The Organization had budgeted for 41.2 FTEs but averaged 37.7 FTEs during the year. The variance was due to the timing of hiring of senior employees to establish the Organization's implementation initiatives. The recruiting process for these new employees has commenced, and they are expected to join in the first two quarters of fiscal 2022/23.

Going forward, the Organization has budgeted for 42.4 FTEs (headcount of 43 employees) with a corresponding increase in human resources expenses to reflect the increase in project resource requirements to deliver on the significant number of projects in procurement, business case, advisory, and implementation phase.

For the year ended March 31, 2022, total general and administrative expenses were \$1,597,264 compared to budget of \$1,786,391, resulting in a positive variance of \$189,127 or 10.6 per cent. The continuing restrictions on large social gatherings and in-person meetings reduced administration expenses, and the directions with respect to non-essential travel reduced travel and accommodation expenses.

Information technology expenses were under budget by \$34,711 because of the changes to the Organization's contractual arrangements with Microsoft for software licencing. In addition, the Organization renegotiated a lower monthly information technology helpdesk contract due to the reduced number of in-house servers. Furthermore, the Organization managed other information technology initiatives without fully utilizing the total available budget.

Professional fees were over budget by \$46,497 because of the engagement of an advisory firm to support the review of lessons learned from an operating hospital that was completed in the first quarter of fiscal 2021/22 instead of the fourth quarter of fiscal 2020/21. The Organization also commenced a virtual quarterly education program for all staff to maintain a continuous learning culture, re-establish social connections, and integrate new staff into the Organization. With the addition of three (3) new management team members, the Organization initiated a leadership development program to support the management team with the goal of being a high-performing team.

Budgeted initiatives outlined in the 2021/22 budget, such as a Workplace Engagement survey, Client and Stakeholder Engagement survey, and a Diversity Equity and Inclusion survey were completed, and the results were reported to the Organization's Board of Directors.

Total expenses for the year ended March 31, 2022, as a percentage of revenues were 98.2 per cent which was greater than budget of 95.6 per cent. General and administrative expenses for the year ended March 31, 2022, as a percentage of revenues, were 19.5 per cent which was greater than budget of 18.5 per cent.

Statement of Financial Position

The table below presents a comparison of selected financial position items of the current fiscal year with those of the previous fiscal year.

	2022	2021	Change	%
Financial Assets				
Cash	\$ 17,420,010	\$ 18,246,121	\$ (826,111)	-4.5%
Accounts receivable	2,842,515	1,814,266	1,028,249	56.7%
Total Financial Assets	20,262,525	20,060,387	202,138	1.0%
Liabilities				
Accounts payable and accrued liabilities	1,088,326	1,171,547	(83,221)	-7.1%
Deferred lease inducement	94,406	123,977	(29,571)	-23.9%
Total Liabilities	1,182,732	1,295,524	(112,792)	-8.7%
Net Financial Assets	\$ 19,079,793	\$ 18,764,863	\$ 314,930	1.7%
Non-Financial Assets	\$ 351,168	\$ 521,384	\$ (170,216)	-32.6%
Accummulated Surplus	\$ 19,430,961	\$ 19,286,247	\$ 144,714	0.8%

Explanation of significant changes in the Statement of Financial Position are provided below.

Cash decreased by \$826,111 from \$18,246,121 as at March 31, 2021 to \$17,420,010. The decrease in cash was due to changes in working capital, net of the current year's operating surplus.

The Organization continued to invest its excess cash with the Ministry of Finance Central Deposit Program (the "Program"). The interest rate from this Program is prime less 1.5 per cent and did not change in fiscal 2021/22. Going forward, the prime interest rate is expected to increase as governments are forced to combat rising inflation because of the pandemic. The increase in prime rate will increase interest income in fiscal 2022/23.

Accounts receivable, which consists of consulting fees, project recoverable expenses, and accruals at year-end, increased by \$1,028,249 from \$1,814,266 as at March 31, 2021 to \$2,842,515 as at March 31, 2022. Current accounts receivable represented approximately 81 per cent of the balance at year-end. All the accounts receivable are receivables from the Province of B.C. and related agencies. As a result, the Organization did not provide for any doubtful accounts for the years ended March 31, 2022, and 2021.

Non-financial assets consisting of prepaid expenses and tangible capital assets decreased by \$170,216. This was primarily due to capital asset additions less amortization during the year.

Liabilities and accumulated surplus

Accounts payable and accrued liabilities decreased by \$83,221 from \$1,171,547 as at March 31, 2021 to \$1,088,326 as at March 31, 2022. The decrease was due to the one-time payment of accrued vacation liability in the fourth quarter of 2021/22. Going forward, staff are strongly encouraged to utilize their vacation entitlements in support of their work-life balance and mental well-being.

The deferred lease inducement of \$94,406 consists of the unamortized reimbursement of leasehold improvement costs from the lessor. The total inducement of \$251,496 was deferred and recognized as a reduction of building occupancy expense on a straight-line basis over the term of the lease.

The increase in accumulated surplus was attributable to an annual operating surplus of \$144,714.

Statement of Cash Flows

Liquidity and capital resources

The table below presents a comparison of the Organization's working capital position for the current fiscal year with that of the previous fiscal year.

	2022	2021	Change
Cash	\$ 17,420,010	\$ 18,246,121	\$ (826,111)
Accounts receivable	2,842,515	1,814,266	1,028,249
Other current assets	65,668	74,883	(9,215)
	<u>20,328,193</u>	<u>20,135,270</u>	192,923
Accounts payable and accrued liabilities	<u>1,088,326</u>	<u>1,171,547</u>	(83,221)
Net working capital	<u>\$ 19,239,867</u>	<u>\$ 18,963,723</u>	\$ 276,144

As at March 31, 2022, the Organization's principal sources of liquidity included cash of \$17,420,010 and accounts receivable of \$2,842,515. The Organization has \$1,088,326 in accounts payable and accrued liabilities due next year. As a result, the Organization's net working capital improved by \$276,144 to \$19,239,867 as at March 31, 2022.

Commitments and Contractual Obligations

The Organization is committed to payments under operating leases for premises through fiscal 2023/24 as follows:

	Amount
2023	\$ 542,159
2024	<u>400,975</u>
	<u>\$ 943,134</u>

The Organization's Vancouver and Victoria office leases are scheduled to expire on February 28, 2024, and August 31, 2023, respectively.

During the year, Infrastructure BC did not enter into any contractual obligations or off-balance sheet arrangements. In addition, the Organization did not have any pending litigation or contingencies as at March 31, 2022.

Selected Annual Information

The following table presents selected financial information for the years ended March 31, 2022, 2021, 2020, 2019, and 2018.

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total revenues	\$ 8,195,649	\$ 8,664,892	\$ 8,637,717	\$ 7,518,903	\$ 7,248,590
Total operating expenses	\$ 8,050,935	\$ 8,140,679	\$ 8,053,204	\$ 6,800,683	\$ 6,908,176
Annual operating surplus	\$ 144,714	\$ 524,213	\$ 584,513	\$ 718,220	\$ 340,414
Total financial assets	\$ 20,262,525	\$ 20,060,387	\$ 19,442,087	\$ 18,899,822	\$ 18,007,099
Total financial liabilities	\$ 1,182,732	\$ 1,295,524	\$ 1,084,450	\$ 1,323,032	\$ 1,145,733
Net financial assets	\$ 19,079,793	\$ 18,764,863	\$ 18,357,637	\$ 17,576,790	\$ 16,861,366
Accummulated surplus	\$ 19,430,961	\$ 19,286,247	\$ 18,762,034	\$ 18,177,521	\$ 17,467,749

Appendix A: Additional Information

Corporate Governance

Infrastructure BC is governed by a Board of Directors that reports to its shareholder, the Minister of Finance. The Board's direction is implemented by management, who carry out the day-to-day operations of the Organization under the supervision of the President and Chief Executive Officer. For more information on Corporate Governance, please refer to our web page at InfrastructureBC.com.

Contact Information

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V6C 1J8
(604) 806-4168

Or

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Victoria, B.C.
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(250) 475-4668

Or visit our website at www.infrastructurebc.com

Appendix B: Glossary of Terms

Affordability Ceiling	Means the maximum of the sum of the Net Present Cost of the Annual Service Payments, in the case of a DBFM, and serves as a reference for Proponents when developing and pricing their proposals, to highlight potential affordability issues during procurement.
Alliance	Target price contract that aligns incentives and shares risks across the public and private sectors; delivers capital projects via an integrated approach between the owner and private sector parties. Procurement revolves around a competition with two separate private sector consortia working with the owner to develop the best project proposal. Evaluation is based on price, technical solution and skills and attitude of key individuals. Cowichan Hospital Replacement Project is the first use of this model in British Columbia.
Business Case	Provides decision-makers sufficient information about a project to commit to implementation of the project. Expands on the contents of the concept plan, while focusing specifically on procurement options analysis and funding impact.
Capital Cost Ceiling	Is the capital cost ceiling calculated as the sum of the total nominal capital costs within the DBFM contract. The Capital Cost Ceiling serves as a reference for Proponents when developing and pricing their proposals for the maximum nominal capital component to highlight potential affordability issues during procurement.
Concept Plan	Written before the business case, a concept plan provides a general overview of a project to obtain government direction and approval to move the planning process forward. Includes the need to address service demand pressures and a preliminary analysis of potential service delivery options.
Design-Bid-Build (DBB)	Under this model, the owner enters into separate contracts with the designer and contractor. This is a traditional project delivery method.

Design-Build (DB)	Under this model, the design-builder enters into a single contract with the owner and is responsible for both the design and construction of the project. Risk is transferred to the design-builder.
Design-Build-Finance (DBF)	Under this model, Project Co enters into a single contract with the owner and is responsible for the design, construction and financing of the project. Risk is transferred to Project Co.
Design-Build-Finance-Maintain (DBFM)	Under this model, the Project Co enters into a single contract with the owner and is responsible for the design, construction, financing of the project and maintenance of the asset following completion for a set amount of years (typically 30). Risk is transferred to Project Co.
Fairness Advisor Report	A Fairness Advisor is an independent third-party whose role is to observe and/or monitor the procurement process and to report as to the fairness of the procurement process observed. A clean report attests to the fairness of the procurement process, enhances the integrity of the public procurement process by providing comfort to the proponents that the process was credible and provided equal opportunity for all to compete.
Progressive Design-Build	A design-build procured with a progressive design and price. Allows the Owner and the Contractor to work through complex, high-risk issues in a collaborative manner. Procurement revolves around an extended competition with a single proponent. Evaluation is based on determining if the price proposed by private partner delivers value.
Request for Proposals (RFP)	Invites eligible Proponents from the RFQ stage to prepare and submit Proposals to design and build and potentially finance and maintain (depending on the model) the project under a long-term project agreement.
Request for Qualifications (RFQ)	Invites interested parties to submit responses indicating their interest and qualifications for a project. Based on responses, a shortlist of up to three Proponents are invited to participate in the next stage of the Competitive Selection Process, the Request for Proposals stage.

Value for Money (VFM)

The risk-adjusted difference in present value dollar terms between the partnership and traditional delivery models costs. Not all benefits are captured in a value for money number. Examples of such benefits include early completion and delivery of associated services to the public or improved long-term service outcomes (e.g., better clinical outcomes in a hospital).

Appendix C: Auditor's Report and Audited Financial Statements

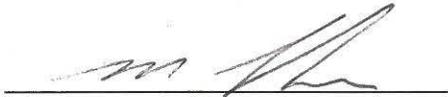
Statement of Management Responsibility

The financial statements of Infrastructure BC Inc. for the year ended March 31, 2022, have been prepared by management in accordance with Canadian Public Sector Accounting Standards. These financial statements present fairly the financial position of Infrastructure BC Inc. as at March 31, 2022.

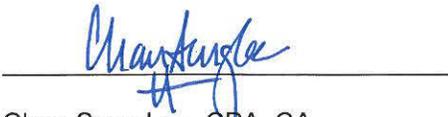
Management is responsible for the preparation of the financial statements and has established a system for internal controls to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and financial records provide reliable information for the preparation of the financial statements.

The Board of Directors carries out its responsibility for the review of financial statements. The Board meets with management and the external auditor to discuss the results of audit examinations and financial reporting matters. The external auditor has full access to the Board.

BDO Canada LLP has performed an independent audit of the financial statements of Infrastructure BC Inc. The Independent Auditor's Report outlines the scope of their examination and expresses an opinion on statements of Infrastructure BC Inc.



Mark Liedemann
President and Chief Executive Officer
Infrastructure BC Inc.



Chan-Seng Lee, CPA, CA
Vice President, Finance and Administration
Infrastructure BC Inc.



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Independent Auditor's Report

To the Board of Directors and Shareholder of Infrastructure BC Inc.

Opinion

We have audited the financial statements of Infrastructure BC Inc. (the "Organization") which comprise the Statement of Financial Position as at March 31, 2022 and the Statements of Operations, Changes in Net Financial Assets, and Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the Organization's financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2022 and its results of operations, changes in net financial assets, and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 this report. We are independent of the Organization 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.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of 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 Organization'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 Organization, or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 these 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 Organization'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 Organization'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 Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We 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.

BDO Canada LLP

Chartered Professional Accountants

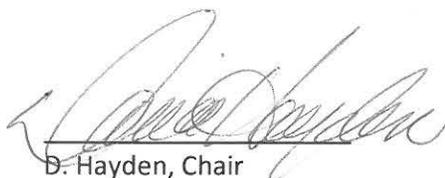
Vancouver, British Columbia
May 31, 2022

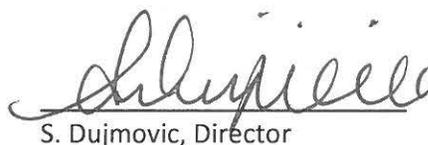
Infrastructure BC Inc.
Statement of Financial Position
As at March 31, 2022 and 2021

	<u>March 31,</u> <u>2022</u>	<u>March 31,</u> <u>2021</u>
Financial assets		
Cash and cash equivalents	\$ 17,420,010	\$ 18,246,121
Accounts receivable (Note 3)	2,842,515	1,814,266
Total Financial Assets	<u>20,262,525</u>	<u>20,060,387</u>
Liabilities		
Accounts payable & accrued liabilities (Note 4)	1,088,326	1,171,547
Deferred lease inducement	94,406	123,977
Total Liabilities	<u>1,182,732</u>	<u>1,295,524</u>
Net financial assets	<u>19,079,793</u>	<u>18,764,863</u>
Non-financial assets		
Prepaid expenses	65,668	74,883
Tangible capital assets (Note 6)	285,500	446,501
Total Non-financial Assets	<u>351,168</u>	<u>521,384</u>
Accumulated surplus	<u>\$ 19,430,961</u>	<u>\$ 19,286,247</u>
Accumulated surplus is comprised of:		
Accumulated surplus	\$ 19,430,959	\$ 19,286,245
Share capital (Note 7)	2	2
	<u>\$19,430,961</u>	<u>\$ 19,286,247</u>

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

APPROVED ON BEHALF OF THE BOARD


D. Hayden, Chair


S. Dujmovic, Director

Infrastructure BC Inc.
Statement of Operations
For the Years Ended March 31, 2022 and 2021

	Budget	March 31, 2022	March 31, 2021
	(Note 11)		
Revenue			
Consulting fees	\$ 9,502,000	\$ 8,016,024	\$ 8,489,670
Interest income	164,000	179,625	175,222
Total Revenues	<u>9,666,000</u>	<u>8,195,649</u>	<u>8,664,892</u>
Expenses			
Administration	253,701	181,360	175,258
Amortization of tangible capital assets	161,937	175,646	169,416
Building occupancy	528,428	506,050	503,883
Human resources	7,455,776	6,453,671	6,442,447
Information systems	300,325	265,614	211,057
Professional services	407,000	453,497	633,822
Travel	135,000	15,097	4,796
Total Expenses	<u>9,242,167</u>	<u>8,050,935</u>	<u>8,140,679</u>
Reimbursable costs			
Project recoveries	1,890,000	2,078,526	1,967,988
Less: Project expenses	(1,890,000)	(2,078,526)	(1,967,988)
Net reimbursable costs	<u>-</u>	<u>-</u>	<u>-</u>
Annual surplus	<u>423,833</u>	<u>144,714</u>	<u>524,213</u>
Accumulated surplus, beginning of year	19,286,245	19,286,245	18,762,032
Accumulated surplus, end of year	<u>\$ 19,710,078</u>	<u>\$ 19,430,959</u>	<u>\$ 19,286,245</u>

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

Infrastructure BC Inc.
Statement of Changes in Net Financial Assets
For the Years Ended March 31, 2022 and 2021

	Budget	March 31,	March 31,
	(Note 11)	2022	2021
Annual surplus	\$ 423,833	\$ 144,714	\$ 524,213
Acquisition of tangible capital assets	(29,870)	(14,645)	(105,389)
Amortization of tangible capital assets	161,937	175,646	169,416
	<u>132,067</u>	<u>161,001</u>	<u>64,027</u>
Additions to prepaid expenses	-	(80,152)	(97,306)
Use of prepaid expenses	-	89,367	82,775
	<u>-</u>	<u>9,215</u>	<u>14,531</u>
Increase in net financial assets for the year	555,900	314,930	573,709
Net financial assets, beginning of year	18,764,863	18,764,863	18,191,154
Net financial assets, end of year	\$ 19,320,763	\$19,079,793	\$ 18,764,863

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

Infrastructure BC Inc.
Statement of Cash Flows
For the Years Ended March 31, 2022 and 2021

	<u>March 31, 2022</u>	<u>March 31, 2021</u>
Operating transactions		
Annual surplus	\$ 144,714	\$ 524,213
Non-cash item included in surplus:		
Amortization of tangible capital assets	175,646	169,416
Amortization of deferred lease inducement	(29,571)	(42,506)
	<u>290,789</u>	<u>651,123</u>
Changes in non-cash operating balances		
Accounts receivable	(1,028,249)	713,654
Prepaid expenses	9,215	(14,531)
Accounts payable and accrued liabilities	(83,221)	87,097
	<u>(1,102,255)</u>	<u>786,220</u>
Cash provided by (used in) operations	<u>(811,466)</u>	<u>1,437,343</u>
Capital transactions		
Purchase of tangible capital assets	(14,645)	(105,389)
	<u>(14,645)</u>	<u>(105,389)</u>
Net (decrease) increase in cash for the year	(826,111)	1,331,954
Cash and cash equivalents, beginning of year	<u>18,246,121</u>	<u>16,914,167</u>
Cash and cash equivalents, end of year	<u>\$ 17,420,010</u>	<u>\$ 18,246,121</u>

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

Infrastructure BC Inc.
Notes to Financial Statements
For the Years Ended March 31, 2022 and 2021

1. Nature of Operations

Infrastructure BC Inc. (“Infrastructure BC” or the “Organization”) (formerly Partnerships British Columbia Inc.) is a company owned by the Province of British Columbia (the “Province”) and is governed by a Board of Directors reporting to its sole Shareholder; the Minister of Finance. The Organization was incorporated under the British Columbia Business Corporations Act in May 2002 and changed its corporate name to Infrastructure BC in August 2020. It has two issued shares, both are held by the Minister of Finance.

The Organization’s vision is to improve people’s lives and communities through infrastructure with a mandate to work with owners to deliver complex public infrastructure in an evolving world. Infrastructure BC provides a variety of consulting services to public sector agencies wishing to explore innovative options for building and managing public infrastructure such as highways, bridges, hospitals, public transit and accommodations facilities.

The Organization’s core business is to:

- Provide specialized services in the procurement of major public projects, ranging from advice to business cases, procurement management, and implementation.
- Provide advice on partnership project management, deal structure, risk management, procurement, and the selection and engagement of consultants.
- Foster a positive business and policy environment for successful projects and related activities by continually expanding British Columbia’s and other jurisdictions’ base of knowledge, understanding and expertise in these areas.
- Manage an efficient and leading edge organization that meets or exceeds performance expectations.

The Organization’s clients are public sector agencies, including ministries, Crown corporations, local and statutory authorities in British Columbia and other Provinces, and local governments. To serve these clients effectively, Infrastructure BC is also working to build strong relationships with private sector partners such as businesses operating in the infrastructure sector, and legal, financial and other advisors.

Infrastructure BC is exempt from income taxes under the *Income Tax Act*.

Infrastructure BC Inc.
Notes to Financial Statements
For the Years Ended March 31, 2022 and 2021

2. Summary of Significant Accounting Policies

a. Basis of accounting

These financial statements are prepared by management in accordance with Canadian Public Sector Accounting Standards (“PSAS”) using guidelines developed by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

b. Cash and cash equivalents

Cash equivalents include deposits held in the Ministry of Finance’s Central Deposit Program which are recorded at cost plus accrued interest. These deposits earn interest at the prime lending rate of the principal banker to the Province of BC minus 1.5%.

c. Employee future benefits

The employees of Infrastructure BC belong to the Public Service Pension Plan (the “Plan”), which is a multi-employer joint trustee plan. This Plan is a defined benefit plan, providing a pension on retirement based on the member’s age at retirement, length of service, and highest earnings averaged over five years. Inflation adjustments and the provision of post-retirement health benefits are contingent upon available funding.

The joint Board of Trustees of the Plan determines the required Plan contributions annually.

The contributions made by Infrastructure BC to the Plan are recorded as an expense for the year.

d. Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition.

The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over their estimated useful lives as follows:

Infrastructure BC Inc.
Notes to Financial Statements
For the Years Ended March 31, 2022 and 2021

2. Summary of Significant Accounting Policies (continued)

d. Tangible capital assets (continued)

- | | |
|---------------------------|------------|
| • Computer software | 2 years |
| • Computer hardware | 3 years |
| • Furniture and equipment | 5 years |
| • Leasehold improvements | Lease term |

Tangible capital assets are written down when conditions indicate that they no longer contribute to Infrastructure BC's ability to provide goods and services.

e. Prepaid expenses

Prepaid expenses, which are primarily comprised of annual insurance premiums and future travel costs, are recognized as expenses over the periods in which the goods are consumed or the services are received.

f. Deferred lease inducement

Deferred lease inducement consists of reimbursement of leasehold improvement costs from the lessor. This inducement is deferred and recognized as a reduction to building occupancy expense on a straight-line basis over the term of the lease.

g. Revenue recognition

Revenues are recognized on an accrual basis in the period in which the transactions or events occurred that gave rise to the revenues. Revenues are recognized as the consulting services are provided and collection is reasonably assured. Project recoveries are recognized when services are performed or when costs are incurred and collection is reasonably assured.

Payments received in advance of the fee being earned or the service being performed is deferred and recognized when the fee is earned or the service performed.

Infrastructure BC Inc.
Notes to Financial Statements
For the Years Ended March 31, 2022 and 2021

2. Summary of Significant Accounting Policies (continued)

h. Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed.

Reimbursable project expenses are expensed when services are performed or when costs are incurred.

i. Measurement uncertainty

The preparation of financial statements in conformity with PSAS 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 financial statements and the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include the useful life of tangible capital assets, estimated employee benefits, collection of accounts receivable and the impairment of tangible capital assets.

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

j. Related party transactions

A related party disclosure is presented when the following criteria are met:

- A related party exists,
- A transaction occurs between related parties,
- The transaction occurred at a value different from that which would have been arrived at if the parties were unrelated, and
- The transaction has a material financial effect.

Infrastructure BC is related through common ownership to the Province of British Columbia's government ministries, agencies, and Crown corporations (the "Provincial Government"), and these organizations represent the majority of Infrastructure BC's clients. All transactions with Provincial Government entities take place on regular commercial terms.

Infrastructure BC Inc.
Notes to Financial Statements
For the Years Ended March 31, 2022 and 2021

3. Accounts Receivable

	March 31, 2022	March 31, 2021
Revenues receivable	\$ 2,840,798	\$ 1,812,338
Accrued interest	1,717	1,928
	\$ 2,842,515	\$ 1,814,266

There was no provision for doubtful accounts required as at March 31, 2022 and 2021.

The revenues receivable are primarily due from the Provincial Government.

4. Accounts Payable and Accrued Liabilities

	March 31, 2022	March 31, 2021
Accounts payables and accrued liabilities	\$ 704,638	\$ 613,940
Salaries and benefits	162,465	136,912
Accrued vacation	221,223	420,695
	\$ 1,088,326	\$ 1,171,547

Infrastructure BC Inc.
Notes to Financial Statements
For the Years Ended March 31, 2022 and 2021

5. Employee Future Benefits

Infrastructure BC and its employees contribute to the Plan in accordance with the Public Sector Pension Plan Act. BC Pension Corporation administers the Plan, including payment of pension benefits to employees to whom the act applies. The Public Service Pension Plan is a multi-employer, defined benefit plan. As such, no pension liability for this type of plan is included in the financial statements.

The Plan provides defined pension benefits to employees based on their length of service and salary. The maximum contribution rate for eligible employees was 8.35% (2021: 8.35%). During the year ended March 31, 2022, Infrastructure BC contributed \$509,927 (2021: \$497,619) to the Plan. These contributions are the Organization's pension expense which is included under human resources expense.

Every three years, an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of Plan funding. The latest valuation as at March 31, 2020 showed that the Plan had a surplus of \$2.7 billion and is 109.6 percent funded as it had assets of \$30.5 billion and liabilities of \$27.8 billion. The next valuation will be as at March 31, 2023 with results available by the end of 2023.

Infrastructure BC Inc.
Notes to Financial Statements
For the Years Ended March 31, 2022 and 2021

6. Tangible Capital Assets

	Computer software	Computer hardware	Furniture and equipment	Leasehold improvements	2022 Total
Cost					
Opening Balance	\$ 87,177	\$ 629,074	\$ 277,083	\$ 893,434	\$ 1,886,768
Additions	-	-	14,645	-	14,645
Closing Balance	87,177	629,074	291,728	893,434	1,901,413
Accumulated Amortization					
Opening Balance	87,177	499,737	195,186	658,167	1,440,267
Amortization	-	63,293	28,041	84,312	175,646
Closing Balance	87,177	563,030	223,227	742,479	1,615,913
Net book value	\$ -	\$ 66,044	\$ 68,501	\$ 150,955	\$ 285,500

	Computer software	Computer hardware	Furniture and equipment	Leasehold improvements	2021 Total
Cost					
Opening Balance	\$ 87,177	\$ 523,685	\$ 277,083	\$ 893,434	\$ 1,781,379
Additions	-	105,389	-	-	105,389
Closing Balance	87,177	629,074	277,083	893,434	1,886,768
Accumulated Amortization					
Opening Balance	87,177	442,229	167,590	573,855	1,270,851
Amortization	-	57,508	27,596	84,312	169,416
Closing Balance	87,177	499,737	195,186	658,167	1,440,267
Net book value	\$ -	\$ 129,337	\$ 81,897	\$ 235,267	\$ 446,501

7. Share Capital

The authorized share capital is 5,000,000 common shares at no par value. There are two issued shares held by the Minister of Finance.

Infrastructure BC Inc.
Notes to Financial Statements
For the Years Ended March 31, 2022 and 2021

8. Expenses by Object

The entity is a sole purpose organization and therefore does not report by function and does not provide segmented information.

9. Commitments

The Organization is committed to payments under operating leases for premises through 2023/24 as follows:

<u>Year</u>	<u>Amount</u>
2023	\$ 542,159
2024	400,975
	<u>\$ 943,134</u>

The Organization's Vancouver and Victoria office leases are scheduled to expire on February 28, 2024 and August 31, 2023, respectively.

10. Risk Management

a. Fair value of financial instruments

The fair value of a financial instrument is the estimated amount that the Organization would receive or pay to settle a financial asset or financial liability as at the reporting date.

The fair values of accounts receivable, and accounts payable approximate their costs given their short-term maturities.

b. Financial management risk objectives and policies

In the normal course of business, the Organization is exposed to financial risks that have the potential to negatively impact its financial performance. These risks may include credit risk, liquidity risk, interest rate risk, and other price risk. The Organization's exposure to market and fair value risks has been minimized by keeping its investments in the Ministry of Finance's Central Deposit Program, which has an equivalent risk profile to deposits at commercial banks and does not fluctuate in value based on market factors. It therefore does not expose the Organization

Infrastructure BC Inc.
Notes to Financial Statements
For the Years Ended March 31, 2022 and 2021

10. Risk Management (continued)

b. Financial management risk objectives and policies (continued)

to any market or value risk. There have been no changes to the risks the Organization is exposed to from the prior year.

c. General objectives, policies and processes

The Audit and Risk Management Committee has overall responsibility for the determination of the Organization's risk management objectives and policies.

The Audit and Risk Management Committee has delegated the authority to ensure effective implementation of the objectives and policies of the Organization to the Chief Executive Officer (CEO) and Senior Management Team. The Audit and Risk Management Committee and Board of Directors receives quarterly reporting from the CEO and Senior Management to ensure all processes and policies put in place are effectively meeting the objectives of the Organization.

There have been no changes in the objectives, policies and processes for managing risk from the prior year.

d. Credit risk

Credit risk is the risk that the Organization's counterparties will fail to meet their financial obligations to the Organization, causing a financial loss.

Accounts receivable arise primarily as a result of consulting work to governments, ministries, agencies and Crown corporations, therefore, collection risk is low. The Organization does not consider its exposure to credit risk to be material.

e. Liquidity risk

Liquidity risk is the risk that the Organization may be unable to generate or obtain sufficient cash in a timely and cost-effective manner to meet its commitments as they come due.

Infrastructure BC Inc.
Notes to Financial Statements
For the Years Ended March 31, 2022 and 2021

10. Risk Management (continued)

e. **Liquidity risk (continued)**

The Organization has in place a planning, budgeting and forecasting process to help determine the funds required to support the Organization's normal operating requirements. The Organization's annual Service Plan and budget are approved by the Board of Directors. The Organization also provides a quarterly forecast to the Audit and Risk Management Committee.

11. Budgeted Figures

Budgeted figures have been provided for comparison purposes and have been derived from the budget approved by the Board of Directors on January 21, 2021. These budgeted figures were included in the Organization's 2021/22 – 2023/24 Service Plan.