

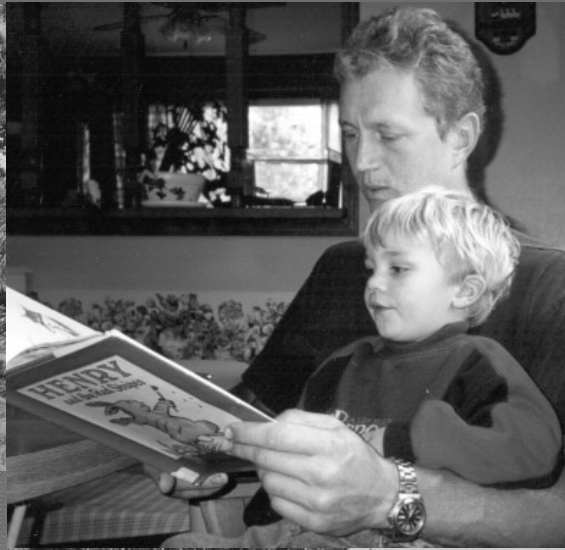


COLUMBIA BASIN TRUST

ANNUAL REPORT 2001-2002

# CONTENTS

OVERVIEW	
Vision	2
Mission	3
Values	3
Enabling Legislation	3
Description of Products and Services	3
Location of Operations	3
Principal Markets and Clients Served	3
MESSAGE FROM THE CHAIR	4
MESSAGE FROM THE CEO	5
THE YEAR IN REVIEW	6
REPORT ON PERFORMANCE	
OVERVIEW	8
GOALS, OBJECTIVES, TARGETS, STRATEGIES AND PERFORMANCE MEASURES ESTABLISHED	9
Goal 1: Power Projects	9
Goal 2: Strengthening Our Foundation	10
Goal 3: Business Development/Investment	14
Goal 4: Spending Program	16
Goal 5: Youth	24
Goal 6: Water Management	26
Goal 7: Information Technology	29
Goal 8: Monitoring and Evaluation	31
FINANCIAL REPORT	
Management Discussion and Analysis	35
Responsibility for Financial Reporting	38
Auditor's Report	38
CONSOLIDATED FINANCIAL STATEMENTS	
Statement of Financial Position	39
Statement of Operations	40
Statement of Changes in Net Assets	41
Statement of Cash Flows	42
Notes to Financial Statements	43
CORPORATE GOVERNANCE	58
CBT Board Mandate and Membership	58
Board Committees	58
CBT Energy Corporate Governance	61



# OVERVIEW OF THE COLUMBIA BASIN TRUST

The Columbia Basin Trust (CBT) was created in 1995 to mitigate some of the ongoing negative effects of the dams and subsequent flooding created under the Columbia River Treaty.

## VISION

The vision for the Columbia Basin Trust was created by the residents of the Columbia Basin through a series of public symposiums held in 1997, and incorporated into a final document, the Columbia Basin Management Plan. There are two visions. The first is a vision for the Columbia Basin.

The Columbia River Basin is a place where:

- Social, environmental and economic well-being is fostered.
- Collaborative relationships and partnerships are established across the Basin, with communities working together in a spirit of mutual support and respect for each other's differences.
- Residents identify with a Basin culture and feel a sense of belonging to a Basin community.
- A healthy environment forms the basis for social and economic activities and residents are committed to long-term and enduring stewardship of the Basin's natural resources.
- The economy is diverse, resilient and energized.

The second is a corporate vision for the Columbia Basin Trust.

The Columbia Basin Trust will have:

- A successful portfolio of investments in the Basin that help to stimulate the regional economy and provide a reliable stream of income for use in the Columbia Basin Trust's spending activities.
- A proven track record in delivering social, economic and environmental benefits to the Basin and its residents.
- Well established and productive working relationships with others in the Basin whose activities relate to Columbia Basin Trust's mandate.
- Consistent and widespread public support for Columbia Basin Trust's activities based on meaningful public input and Columbia Basin Trust's responsiveness to the needs of the Basin and its people.

CBT Energy Inc., a subsidiary of the Columbia Basin Trust, was created by CBT Board resolution in March 2000 to bring power industry expertise on behalf of the Columbia Basin Trust to the joint venture partnership with Columbia Power Corporation (CPC) in the management of the power projects under that joint venture. Although the purpose for developing CBT Energy is quite clear, ensuring that the joint venture partnership with CPC meets the needs of CBT, the organization is still in the development phase with an interim CEO in place, who with the Board of Directors, has developed a mandate for the organization. As such it needs to recruit and bring aboard the staff resources required to develop the organization's foundations such as its vision and mission.

## MISSION

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

## VALUES

The values of the Columbia Basin Trust are defined as guiding principles in the Columbia Basin Management Plan. They are:

- Include the people of the Basin in decisions that affect their lives and determine their future.
- Respect the rights of others, including the rights of First Nations.
- Bring benefits to Basin residents in addition to those they would otherwise enjoy.
- Focus on the whole Basin and respect the diversity within it.
- Aim for sustainable activities.
- Invest responsibly and use the investment revenue within the Basin.
- Acknowledge and support those who were affected directly by the Columbia River Treaty, without providing compensation.
- Play a creative role in positive change.
- Seek equitable outcomes from all the Columbia Basin Trust's activities.

## ENABLING LEGISLATION

The Columbia Basin Trust Act, 1995.

## DESCRIPTION OF PRODUCTS AND SERVICES

To manage Columbia Basin Trust's assets, including money allocated by the Province for power projects and other investments, for the ongoing economic, environmental and social benefit of the region, without relieving governments of their obligations.

To spend the income earned from Columbia Basin Trust's investments to deliver benefits to the region in the areas of social well-being, preservation, protection and enhancement of the environment, and economic development.

## LOCATION OF OPERATIONS

The Columbia Basin Trust serves the southeastern corner of BC; its boundaries defined by the watersheds that flow into the Columbia River in Canada. It has offices in four locations: Nakusp, Golden, Cranbrook and Castlegar.

## PRINCIPAL MARKETS AND CLIENTS SERVED

The Columbia Basin Trust works within the Columbia Basin in Canada on behalf of the 170,000 residents of that area to bring benefits to the region most affected by the Columbia River Treaty.

# MESSAGE FROM THE CHAIR

Every year, the Columbia Basin Trust (CBT) Board of Directors holds its Board meetings around the Basin to enable the public to have access to the Board.

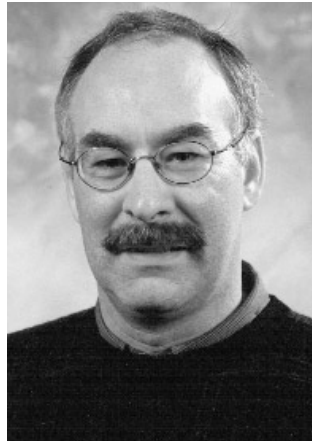
Our commitment to the residents of the Basin is part of the history of the CBT, which has been and continues to be a belief that CBT must foster direct relationships with the public of the Basin.

It is through these relationships that the Board directs the policy and ensures CBT stays true to the Columbia Basin Management Plan (the Plan), which is the basis of the delivery of benefits to the Basin.

Over the last year, CBT held several public meetings to ask residents about how we are doing. The Plan states CBT needs to review the Plan every five years and, as we are approaching that time line now, it is important to see if regional priorities have changed and ensure we are continuing to effectively deliver benefits to Basin residents.

Over the next year, the Board will review the input and update the Plan. Let me assure you that the principles we all fought so hard for in the creation of the Columbia Basin Trust will continue to be the main stay of our regional organization.

As we look towards change, and anticipate where will we be in order to meet the future needs of the Basin, we realize we have a difficult task ahead of us. But with your input we will



be able to meet that challenge.

As I travel throughout the Basin, residents continue to ask how the CBT is doing. The most frequently asked question is how the changes we are seeing at the Provincial level are impacting the CBT. I am pleased to say we have very strong support from our regional MLAs and Kootenay Caucus. The CBT was the first to meet with them after their appointment.

The Minister responsible for the CBT is also very supportive and we continue to work closely with the Minister to find ways to improve the Columbia Initiative; always taking into account the direction the public gave us. The Province continues to live up to the commitments made to our region and has indicated continued funding in the future in its service plans.

I would like to close by thanking the many residents who continue to commit to fostering relationships with the CBT, whether through input into the Plan or a review of our delivery models and input into other evaluation processes. I would like to thank our dedicated staff, Board members and many volunteers on our sector steering committees.



Josh Smienk  
Board Chair

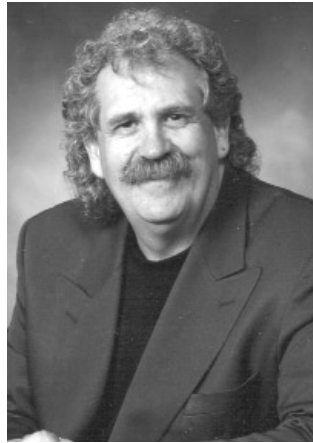
## MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

This has been a year of great accomplishments and great challenges, which have come about because of the strong foundation the Columbia Basin Trust (CBT) is building and through the changing landscape as a result of the comprehensive review being undertaken of government services.

The CBT undertook a thorough review of its mandate, governance, operational structures, policies, and long-term goals and objectives and has come out with even greater clarity and a stronger than ever commitment to delivering on our mission.

The repositioning of government has presented us with challenges as we examine CBT's role. Clearly, there will be significant long-term changes in how government provides services and many of these changes will impact communities in the Basin. Our legislation prohibits CBT from relieving any level of government from obligations it might have with respect to the region, but the Board is re-examining its approach to this issue.

On the accomplishment side, there is much to celebrate. This year the CBT delivered \$4,771,788 through the Delivery of Benefits Program, bringing our total delivered benefits to \$13,675,633 since implementation of the Columbia Basin Management Plan (the Plan) in 1997. We established a youth committee to ensure young people in the Basin have access to our programs and can work with us to develop programs for youth in our region. We have completed the first stage development



of a water resources education strategy to increase Basin-wide awareness of water issues, and to prepare CBT for playing a more active role in water related issues in the coming years.

On the investment side, in non-power investments, we have consolidated our positions in our three largest investments: St. Eugene Mission golf Resort, Kicking Horse Mountain Resort, and HeatWabe. All of these investments are now operating and returning revenue to CBT. A new joint venture partnership has been formed with Castle Wood Developments Ltd. for a senior's residential complex in Castlegar. We expect this investment to respond to a community need while simultaneously creating a steady income stream.

At a meeting with our delivery partners last year, we committed to developing a clear investment governance policy that reflects industry standards and is consistent with the direction given us in the Plan. This process is well underway and will be completed in the upcoming fiscal year.

I would personally like to thank all the staff of CBT for continuing to work diligently and effectively through these challenging and somewhat uncertain times. Through your continuing dedication and positive attitudes we are continuing to deliver benefits to the people of the Basin.



Don Johnston  
Chief Executive Officer

# THE YEAR IN REVIEW

The Columbia Basin Trust (CBT) met or made significant progress towards meeting the eight corporate strategic goals put forward in the fiscal year 2001-2004 Performance Plan for fiscal year 2002.

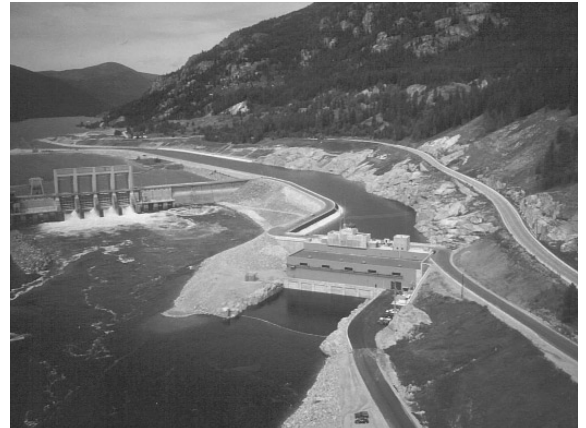
All significant milestones associated with the power projects for the fiscal year were achieved, the most significant being that Arrow Lakes Generating Station Turbine Unit One started producing power commercially in February 2002.

Organizational restructuring in fiscal year 2001-2002 enabled CBT to focus more on working with communities in the Columbia Basin. This was achieved by the creation of community liaison positions, hiring staff to fill the positions and establishing offices in four new sub-regions of the Basin.

In addition, important work in governance was undertaken to support the policy development and decision-making role of the CBT Board of Directors. This included work on the development of a skills matrix for Board members to ensure the requisite skills are represented on the Board and policy on key person dependency. Board processes and procedures have been refined and streamlined for greater Board efficiency and effectiveness.

All investments are being managed within the guidelines established by the Board and are performing as expected.

In fiscal year 2001-2002, \$4,771,788<sup>1</sup> was delivered in benefits to the residents of the Basin. This funding supported 302 social, economic, environmental, educational, cultural and community projects and delivered other benefits through 14 other programs, five of which targeted youth.



## SIGNIFICANT

- ✓ *Arrow Lakes Generating Station producing power*
- ✓ *Community Liaison positions established*
- ✓ *Greater Board efficiency and effectiveness*
- ✓ *\$4,771,788 in benefits delivered to Basin residents*

1. There was \$3.75 million allocated to the Delivery of Benefits Program but the expenditures here include funding for projects that was committed from the fiscal year 2001 budget but the projects were undertaken and the funds were expended in fiscal year 2002.





## ACCOMPLISHMENTS

- ✓ *Youth Forum held April 2001*
- ✓ *Youth Committee formed*
- ✓ *Public education strategy for Water Management*
- ✓ *Basin Information Network and wireless connectivity feasibility studies completed*
- ✓ *Task forces established by the Board to respond to evaluation report*

A number of significant initiatives designed to engage youth were achieved by CBT in fiscal year 2001-2002; a Youth Forum was held in April 2001 and a Youth Committee was formed. As a result of the formation of the Youth Committee, a number of youth activities were established including a partnership between the Youth Committee and the Social Sector Steering Committee to develop and implement the Basin Youth in Communities Program, a youth magazine, and a youth website.

Work on three areas of water management went forward in fiscal year 2001-2002. These included reports on the questions, options and organizational models to consider in a water management strategy and key water management timelines as well as the development of public educational tools on water management.

The feasibility studies for the Basin Information Network and broadband or wireless connectivity were completed. Both studies showed demonstrated need and great interest by potential partners in the development of the two initiatives. In providing broadband or wireless connectivity to Basin residents, the need for a new organization directed by a Board made up of a coalition of the partners was identified and so a new organization (Columbia Mountain Open Network) was created to move the initiative forward. Its work in this first year of operation included putting together a business plan, promoting the development of the network, and working on securing the financial resources required for the initiative.

Coming out of the consultant's evaluation report of CBT's overall performance in fiscal year 2001-2002, the Board of Directors set up three task forces to ensure all substantive issues identified in the evaluation process are addressed and the necessary ongoing monitoring and evaluation policy framework is established.

# REPORT ON PERFORMANCE

## OVERVIEW

### **External forces impacting on performance:**

While the status quo of current Columbia Basin Trust (CBT) plans have been maintained and are ongoing, government cuts, the Core Services Review process, and fluctuating power prices have impacted the future planning process. There has been public pressure to review programming to take up government programs that have been lost due to the government's need to respond to the provincial deficit. Fluctuating power prices have changed future income projections.

### **Risks:**

The outcome of provincial Energy Policy Review and Core Services Review processes for BC Hydro, Columbia Power Corporation (CPC) and CBT all constituted and continue to constitute significant external forces of adjustment and adaptation for CBT and its operating segments. Further, the effect of the loss of government services and programs in the region as a result of the restructuring made by government as it deals with the provincial deficit has increased the pressure on CBT to undertake these activities putting the organization in conflict with its mandate to provide services incremental to that of government.

## GOALS, OBJECTIVES, TARGETS, STRATEGIES AND PERFORMANCE MEASURES ESTABLISHED FOR 2001-2002 FISCAL YEAR

### GOAL 1: Power Projects

Through the Columbia Basin Trust subsidiary, CBT Energy Inc. (CBTE), in partnership with Columbia Power Corporation (CPC), Columbia Basin Trust (CBT) will participate in the development of the power projects at Arrow Lakes Generating Station, the Brilliant Dam Upgrade and Expansion Project and the Waneta Expansion Project, and investigate other opportunities for energy generation, including researching alternatives such as geothermal energy, micro-hydro projects, wind generation, etc.

Objective 1.1 Put sufficient resources, both human and financial, in place to accomplish our goal.

Strategies	Performance Measure	Target FY2002	Actuals
Recruit a CEO for CBTE and provide that person with office space and support staff.	CEO recruited and working from Castlegar office space with appropriate support staff.	CEO recruited, support staff hired, office open.	1. CBTE CEO was not hired. 2. Space in Castlegar office for CBTE CEO was identified. 3. Support staff position in CBTE was created and filled.
CBTE maintains the CBT's mandate within the power project joint ventures.	Power projects outcomes are all within the mandate of the CBT.	The CBT vision is adhered to through all power projects.	Achieved.

#### Changes made to Goal 1:

No changes made.

#### Strategies that led to achievement of results in 2001-2002:

CBT achieved the results of having the CBT vision adhered to through all power projects by continuing the contract with the interim CEO and the increased involvement of the CBT CEO and CFO in joint venture decisions. CBT also created and filled a support staff position within CBTE to ensure administrative support for the interim CEO and CBT staff working for CBTE.

#### Variance report:

Before the recruitment process was started, the CBT and its joint venture partner were subject to the Core Services Review process, the outcome of which is still pending. It was deemed prudent that CBTE not proceed with hiring a CEO until after the process is completed later in fiscal year 2002-2003.

## GOAL 2: Strengthening our Foundation

In order to prepare for the increased work load brought about by the anticipated increase in income from power generation, Columbia Basin Trust (CBT) must have a solid foundation from which Board and staff members will work.

- Objectives
- 2.1 Increase the ability of the Board to make policy decisions swiftly and effectively and to enable new Board members to "come up to speed" swiftly. This is an ongoing objective and will remain in place through fiscal year 2004.
  - 2.2 Recruit sufficient staff and open offices in four sub-regions of the Basin to make the CBT accessible to all Basin residents, and to train staff so they can carry out the policies of the Board and the goals and objectives of the Columbia Basin Management Plan.
  - 2.3 Enhance communications between Board, staff, committees, partners and the residents of the Basin.
  - 2.4 Have fully functioning financial accounting and reporting systems in an easily accessible, user friendly format and to use reports generated for risk management of the CBT's Investment Program.

Strategies	Performance Measure	Target FY2002	Actuals
<b>Objective 2.1</b> 1. A Board orientation manual will be developed to include all vital information for a new Board member.	Board orientation manual completed and distributed.	Completed and to current Board.	Achieved.
2. A policy manual listing all Board policies will be completed in 2001.	Board policy manual completed and updated quarterly.	Board has policy manual.	Achieved.
3. The CBT's governance manual will be fully revised in 2001 and will be revisited on a bi-annual basis.	CBT governance manual revised.	Board has revised governance manual.	Achieved.
4. Strategies for transition of Board members will be developed and a two-day Board retreat will occur annually to deal with critical policy issues.	Two-day Board retreat to deal with critical policy issues.	Retreat held October 2001.	The Board retreat was postponed to October 2002.

<b>Objective 2.2</b> 1. Recruit staff for sub-regional offices.	Staff recruited.	Sub-regional offices staffed.	Achieved.
2. Establish offices in four sub-regions of Basin.	Fully functioning offices in Golden, Cranbrook, Nakusp and Castlegar.	All offices opened and fully functioning.	Achieved.
3. Develop effective administration, financial and information technology systems in all offices.	CBT administration procedures revised, manuals in all offices and integrated corporate accounting and filing systems being used effectively in all offices. Information technology effectively supports those functions.	Staff has revised administration manual. ORCS filing system customized to CBT needs, staff training in accounting and information technology systems.	Achieved.
4. Planning taken to staff individual level.	Staff have annual reviews relating to performance plans.	Staff reviews based on performance plans.	Achieved.
5. Establish regular staff meetings and an annual staff workshop to build team work.	Two-day staff meeting held every two months and one two-day planning and team-building workshop held in fall, as a result of which staff know each other well and function as an integrated team.	Staff meetings and workshop held, staff working together as an effective team.	Achieved.

<p><b>Objective 2.3</b> 1. To create clear, simple communications tools.</p>	<p>CBT has communications tools which are simple and easy to use and understand.</p>	<p>Communication tools created to enable Basin residents learn where and how to access the CBT.</p>	<ol style="list-style-type: none"> <li>1. 2500 program brochures for each of the nine funding/investing envelopes were produced and distributed.</li> <li>2. 500 copies of the Annual Report produced and distributed.</li> <li>3. 500 copies of the Performance Plan produced and distributed.</li> <li>4. 5,000 booklets which profile CBT produced and distributed.</li> <li>5. A power point presentation on CBT created.</li> <li>6. Website was redesigned to increase ease of use and 15 pages were added.</li> <li>7. A list of the 302 projects funded in fiscal 2001-2002 was produced.</li> </ol>
<p>2. Provide a bi-monthly newsletter directed to sector committees, partners, Board and staff to provide timely information on CBT directions.</p>	<p>Newsletters provided to sector committees, partners, Board and staff.</p>	<p>Six newsletters created and distributed.</p>	<p>Achieved.</p>
<p>3. Twice a year, provide Basin residents with information about current programs.</p>	<p>Bi-annual report to residents.</p>	<p>Two reports to residents distributed throughout the Basin.</p>	<p>Achieved.</p>
<p>4. Participate in Basin trade fairs.</p>	<p>Trade fairs attended.</p>	<p>CBT participates in at least six trade fairs.</p>	<ol style="list-style-type: none"> <li>1. CBT booth at nine trade fairs.</li> <li>2. CBT held public meetings in 13 communities.</li> </ol>
<p>5. Review CBT videos to ensure they are pertinent.</p>	<p>CBT videos reviewed.</p>	<p>Plan created on efficacy of updating/development of new CBT videos.</p>	<p>Videos were reviewed and the decision made to keep them as history videos and not to update them.</p>

<b>Objective 2.4</b> 1. Develop user friendly regular financial reports.	User friendly financial reports generated.	CBT Board and staff able to access financial reports from system.	Achieved.
2. Develop risk management strategies for CBT's Investment Program.	Risk management strategies developed and criteria established for analysis of current and proposed investments.	Risk management strategies implemented.	Risk management strategies for CBT Investment Program were made part of the broader development of policy for the non-power investments.

#### Changes made to Goal 2:

No changes made.

#### Strategies that led to achievement of results in 2001-2002:

- Objectives
- 2.1 Staff resources were identified and devoted to the development, revision and updating of three key Board governance documents: the Board orientation, policy and governance manuals.
  - 2.2 Staff and financial resources were committed to establishing, setting up and staffing four sub-regional offices.
  - 2.3 Staff and financial resources were committed to developing clear and simple communication tools and reviewing CBT videos.
  - 2.4 Resources were committed to the installation and staff training on Great Plains accounting software.

#### Variance report:

- Objectives
- 2.1 The two-day Board retreat was postponed pending Core Services Review decisions on governance and Board structure.
  - 2.2 ORCS filing system customization postponed pending outcome of Core Services Review process.
  - 2.3 No variance to report.
  - 2.4 The risk management strategies for the CBT Investment Program were integrated into the broader development of CBT policy for the management of the non-power investments (see Goal 3).

**GOAL 3: Business Development / Investment**

In the Non-Power Investment Program, we will invest the capital of the Columbia Basin Trust (CBT) and the portion of the profits of the income derived from power generation as decided by the Board of Directors in the Basin.

- Objectives
- 3.1 Establish a comprehensive approach to managing the CBT’s non-power investment portfolio, including risk analysis.
  - 3.2 Establish policy and procedures for the CBT’s Investment Committee.
  - 3.3 Review the levels of staffing in the CBT’s Investment Program.

Strategies	Performance Measure	Target FY2002	Actuals
<p><b>Objective 3.1</b> Hire a consulting firm with expertise in investment management to assist in establishing a comprehensive approach to managing the CBT's non-power investment portfolio, including maximizing benefits of its investment portfolio through effective partnerships and leveraging of other capital.</p>	<p>A comprehensive overall approach is applied to managing the CBT's non-power investments with resulting returns on investments.</p>	<p>A comprehensive approach to CBT's non power investment portfolio is adopted. All investments in portfolio are providing or starting to provide market rates of return.</p>	<p>1. Watson Wyatt World Wide was contracted to develop the approach and related policies and procedures for the non-power investment portfolio. 2. All current investments are performing as expected within the guidelines established by the Board.</p>
<p><b>Objective 3.2</b> Facilitate performance of CBT's Investment Committee through establishment of simple, effective and good policies and procedures.</p>	<p>CBT's Investment Committee is able to respond swiftly and effectively to proposals from Basin residents for investment projects within the Basin.</p>	<p>All currently available investment funds are placed by year end.</p>	<p>1. The Board/Executive Committee received five reports and/or presentations from Watson Wyatt World Wide facilitating the development of the comprehensive approach. 2. By the end of the fiscal year, most of the work was done but not completed for Board approval.</p>
<p><b>Objective 3.3</b> Review levels of staffing in the Investment Program.</p>	<p>Sufficient staffing in place.</p>	<p>CBT is able to respond swiftly to inquiries from Basin residents and is able to monitor investments and develop the portfolio.</p>	<p>In the review of the staffing levels, the decision was made to stay with current levels of staff in the Investment Program pending decisions around the allocation of new program funds and the outcome of the Core Services Review process.</p>



**Changes made to Goal 3:**

No changes made.

**Strategies that led to achievement of results in 2001-2002:**

A decision was made to hire an outside consulting firm with expertise in investment funds similar to CBT. The successful bidder was to work with staff and the Executive Committee of the Board of Directors to develop a comprehensive approach to managing the CBT's non-power investment portfolio including establishing policies and procedures to facilitate the performance of the Investment Committee. Staffing levels were also reviewed in the process.

**Variance report**

No variance to report.

#### **GOAL 4: Spending Program**

The Columbia Basin Trust (CBT) will spend the income earned from the its investments to deliver ongoing benefits to the Basin and its residents in the areas of social well-being, economic development and the preservation, protection and enhancement of the environment. The CBT will increase public accessibility to the organization throughout the Basin by focusing community liaison staff on engagement, involvement and interaction with Basin residents, CBT partners, delivery partners, project proponents and the general public.

- |            |     |   |
|------------|-----|---|
| Objectives | 4.1 | Assist in the creation of economic development opportunities in the Basin.                            |
|            | 4.2 | Identify environmental issues in which the CBT can participate.                                       |
|            | 4.3 | Increase the opportunities for community driven social projects to be funded.                         |
|            | 4.4 | Assist with the ongoing education of people who otherwise could not access educational opportunities. |
|            | 4.5 | Assist in funding arts, culture and heritage opportunities in the Basin.                              |
|            | 4.6 | Continue to fund ongoing programs and investigate new opportunities as they arise.                    |
|            | 4.7 | Continue to fund Local Government and Impacted Areas Initiatives.                                     |

Strategies	Performance Measure	Target FY2002	Actuals
<p><b>Objective 4.1</b></p> <p>1. Develop, seek approval and implement a business counselling program.</p> <p>2. Develop and begin implementation of a program to assist in the development of new business incubation, infrastructure, skills and new and existing markets.</p> <p>3. Develop, seek approval and implement a program to provide support to the less organized communities in the Basin.</p> <p>4. Develop, seek approval and implement a program to support economic development opportunities which fall outside the approved program streams.</p>	<p>Implementation of programming.</p>	<p>Programming set out in the strategy implemented.</p>	<p>1. Basin Business Advocates Program approved and implemented and 284 businesses engaged in counselling through the program. An implementation evaluation was conducted and indicators to measure impact are now being collected.</p> <p>2. Kootenay Product Development Fund consultant hired to make recommendations on the development of a venture capital fund that appropriately addresses the business/investment requirements of CBT and the economic development needs of the Basin. Report has been completed and is being reviewed by the Investment Committee before being given to the Economic Sector Steering Committee.</p> <p>3. Rural Economic Development Program approved, delivery partner selected and initial program development work completed.</p> <p>4. Responsiveness Fund (now called Options Program) approved and implemented. Nine projects funded.</p>

<p><b>Objective 4.2</b></p> <p>1. Develop, seek approval and implement a program to maintain healthy aquatic ecosystems in a naturally functioning state and to improve the functioning of those that have been altered and degraded.</p> <p>2. Develop, seek approval and implement a program to maintain healthy terrestrial ecosystems in a naturally functioning state and to improve the functioning of those that have been altered and degraded.</p> <p>3. Develop, seek approval and implement a program to promote an understanding of ecosystems and environmental issues to school-aged children throughout the Basin</p> <p>4. Develop, seek approval and implement a program to identify potential roles and an implementation strategy associated with assessing and monitoring environmental conditions.</p> <p>5. Develop, seek approval and implement a program to support environmental projects that do not fit into the program streams.</p>	<p>Implementation of programming.</p>	<p>Programming set out in the strategy implemented.</p>	<p>1. Aquatic Ecosystem Restoration and Conservation Program approved and implemented. Seventeen projects supported through partnership with Fisheries Renewal B.C.</p> <p>2. Terrestrial Ecosystem Restoration and Conservation Program approved and implemented. Seven projects funded.</p> <p>3. Ecosystem Awareness/Education Program approved and implemented. Forty-seven field trips undertaken and 1,320 school children participated in the program.</p> <p>4. Environmental Conditions Program approved and currently under development.</p> <p>5. Responsiveness Fund (now called Options Program) approved and implemented. Five projects funded.</p>
--	---------------------------------------	---	---

<p><b>Objective 4.3</b></p> <ol style="list-style-type: none"> <li>1. Develop, seek approval and implement a capital grants program to support the purchase or construction of affordable, non-profit housing in the Basin.</li> <li>2. Develop, seek approval and implement a program to support community initiatives which target children between ages 0 and 6 to assist them in reaching healthy maturation and to increase awareness of the value in supporting children in the earliest years.</li> <li>3. Develop, seek approval and implement a program to support activities and projects and provide resources to maintain and strengthen the health and safety of families.</li> <li>4. Develop, seek approval and implement a program to improve the ability of groups and individuals in the Basin to access Social Sector funding; to encourage a more cooperative approach to proposal development for Social Sector funding; encourage groups and individuals to address the social issues in their communities to help the Social Sector Steering Committee in setting priorities and ensuring more effective use of social sector funding; and to develop a better base of social information.</li> <li>5. Develop, seek approval and implement a program to support social projects that do not fit into the program streams.</li> </ol>	<p>Implementation of programming.</p>	<p>Programming set out in the strategy implemented.</p>	<ol style="list-style-type: none"> <li>1. Affordable Housing Program approved and implemented. Six projects funded.</li> <li>2. Early Childhood Supports Program approved and implemented. Ten projects funded.</li> <li>3. Families Program approved and implemented. Seven projects funded.</li> <li>4. Capacity Building Program approved and implemented. Capacity building consultant hired and 73 project proponents were assisted in developing proposals for submission to the programs.</li> <li>5. Responsiveness Fund (now called Options Program) approved and implemented. Six projects funded.</li> </ol>
--	---------------------------------------	---	---

<p><b>Objective 4.4</b></p> <ol style="list-style-type: none"> <li>1. Develop, seek approval and implement a program to support the provision of community-based literacy programming in the Basin.</li> <li>2. Develop, seek approval and implement a program providing grants that may be used to pay all or part of tuition or course fees for short courses essential to employment and employment related training.</li> <li>3. Develop, seek approval and implement a program to provide arts, culture and heritage education directly to students in Basin schools by professional artists which then provides Basin artists with employment and skill development opportunities in the schools.</li> <li>4. Develop, seek approval and implement a program to support educational projects that do not fit into the program streams.</li> </ol>	<p>Implementation of programming.</p>	<p>Programming set out in the strategy implemented.</p>	<ol style="list-style-type: none"> <li>1. Resources for Family Literacy approved and implemented. Community based literacy programs supported in 17 communities ensuring literacy program throughout the Basin.</li> <li>2. Training Fee Support Program approved and implemented. Two hundred and sixty-eight grants awarded.</li> <li>3. ArtsSmarts Program approved and implemented in partnership with the Arts, Culture and Heritage Sector and the Vancouver ArtStarts in Schools organization. Thirty-one schools in the Basin accessed the program and 24 artists and 2,149 students participated.</li> <li>4. Responsiveness Fund (now called Options Program). Three projects funded.</li> </ol>
<p><b>Objective 4.5</b></p> <ol style="list-style-type: none"> <li>1. Develop, seek approval and implement a program which provides funds directly to artists, cultural and heritage workers through community arts councils.</li> <li>2. Develop, seek approval and implement a program which provides one-time capital funding to arts, culture and heritage organizations or venues for renovations, equipment (lighting/sound), upgrading or initiating facilities, acoustical improvements to meet artistic needs.</li> </ol>	<p>Implementation of programming.</p>	<p>Programs developed and implemented.</p>	<ol style="list-style-type: none"> <li>1. Funding Support to Communities through Community Arts Councils Program approved and implemented. Sixty-nine projects funded.</li> <li>2. Capital Funding Program approved and implemented. Six projects funded.</li> <li>3. Funding Support to Touring Program approved and implemented. Eight projects funded.</li> <li>4. Mentoring/Master Classes Program approved and implemented. Nine projects funded.</li> </ol>

<p>3. Develop, seek approval and implement a program to assist Basin artists, performers and writers to tour shows or workshops in the Basin.</p> <p>4. Develop, seek approval and implement a program to assist individuals and community arts, culture and heritage organizations to provide arts, culture and heritage mentoring and/or master classes to community members.</p> <p>5. Develop, seek approval and implement a program to provide organizational development and workshops for Basin arts councils to develop their structure and capacity to serve their communities.</p> <p>6. Develop, seek approval and implement a program to provide arts, culture and heritage education directly to students in Basin schools by professional artists and to provide Basin artists with employment and skill development opportunities in the schools.</p> <p>7. Develop, seek approval and implement a program funding a Basin-wide conference with a view to expanding public awareness, and building stronger partnerships among Basin artists, arts, cultural and heritage organizations.</p> <p>8. Develop, seek approval and implement a program to support arts, cultural and heritage projects that do not fit into the program streams.</p>			<p>5. Arts Council Development approved and implemented. Two projects funded.</p> <p>6. ArtsSmarts Program (funded jointly with Education and Training Sector; see program description and results in Education and Training Sector above).</p> <p>7. Basin Cultural Conference developed and a community arts council selected to host and organize conference. Conference held; 120 attended conference.</p> <p>8. Responsiveness Fund (now called Options Program). Two projects funded.</p>
--	--	--	---

<p><b>Objective 4.6</b> Provide funding for on-going programs and develop, seek approval and implement new programs which allow CBT to play some regional leadership.</p>	<p>Current Basin Initiatives programs receive ongoing funding and new initiatives developed.</p>	<p>Initiatives identified, developed and implemented.</p>	<ol style="list-style-type: none"> <li>1. Youth and Community Involvement Scholarship Program was approved and implemented. Scholarships for continuing education at the post secondary level were awarded to 20 young people who demonstrated involvement in their communities.</li> <li>2. Youth Links (a program designed to create opportunities for youth to learn about the Columbia Basin and the varying social, cultural, economic, and environmental issues and opportunities in the Basin) was approved and implemented. Twenty young people engaged in work, educational and recreational projects and traveled throughout the Basin for seven weeks in the summer of 2001.</li> <li>3. Endowment Support for Community Foundations (a grant program that matches funds provided by the Vancouver Foundation to encourage the development and growth of community foundations in the Basin). One community foundation received the matching grant; two new community foundations were incorporated and are fundraising to meet requirements of the program.</li> </ol>
---	--	---	--



<p><b>Objective 4.7</b> Provide funding to each of CBT's seven local government partners in the Basin to ensure priority local needs are met.</p>	<p>Local governments receive funding for a large variety of programs.</p>	<p>Projects important to local communities continued to be funded throughout the Basin.</p>	<p>Community Initiatives (a program to address priority needs in each municipality; regional district area and the Ktunaxa Kinbasket Tribal Council in the Basin) was approved and implemented. Two hundred and forty-seven projects funded.</p>
---	---	---	--

**Changes made to Goal 4:**

No changes made.

**Strategies that led to achievement of results in 2001-2002:**

To ensure its funds are spent in a broad and encompassing range of programs, CBT developed the delivery model described in the History section of the Performance Plan. In fiscal year 2001-2002 the funding allocation to the funding envelopes was established and the decision-making bodies and delivery partnerships were put in place which enabled CBT to spend the income earned from the investments to deliver ongoing benefits to the Basin and its residents in the areas of social well-being, economic development and the preservation, protection and enhancement of the environment. Public accessibility to CBT throughout the Basin increased by focusing community liaison staff on engagement, involvement and interaction with Basin residents, CBT delivery partners, project proponents and the general public. A review of the CBT's work through an outside evaluation was conducted (See Goal 8) and as part of the follow-up from the consultants' findings a framework for ongoing evaluation will be developed. This will prescribe methods of performance measurement for use in the future.

**Variance report:**

No variance to report.

**GOAL 5: Youth**

The Columbia Basin Trust (CBT) will engage young people in defining possible ways to increase youth participation within the Columbia Basin Trust and Basin communities, and explore possibilities for the future to be considered by the Board.

Objective 5.1 Encourage youth to take part in community activities and to develop leadership skills in young people.

Strategies	Performance Measure	Target FY2002	Actuals
<p>Develop and implement a process to consult with youth to ensure they can participate in CBT and their issues are addressed by CBT.</p>	<p>Young people are actively engaged in the work of the CBT.</p>	<p>Young people identify areas in which they can participate in the work of the CBT.</p>	<p>With the expertise of a Youth Co-coordinator, with experience in youth driven organizations, and in consultation with youth in the Basin, a number of youth initiatives were developed to engage youth in the work of CBT. These initiatives included:</p> <ul style="list-style-type: none"> <li>(a) a Youth Forum, with 90 youth participating, identified the relevant issues for CBT to pursue.</li> <li>(b) a Youth Steering Committee was created to develop youth activities and programs and to work with other groups and individuals within CBT to integrate youth and youth issues into all CBT activities.</li> <li>(c) a Youth Media Program (a website and magazine) to be developed by the CBT Youth Committee as a way to connect young Canadians living in the Columbia Basin and making them aware of CBT) was approved and work on the website was started and the first issue of the magazine produced.</li> </ul>

			<p>(d) a Basin Youth in Communities Program funded by the Social Sector but developed by the Youth Committee with mentors from the Social Sector was approved and the program development work started.</p> <p>(e) North America Community Service Program (a tri-national youth exchange program between Canada, Mexico and the U.S.) was approved and partnership development work started.</p>
--	--	--	---

**Changes made to Goal 5:**

No changes made.

**Strategies that led to achievement of results in 2001-2002:**

Through the mandated activities of the Youth Coordinator, who has expertise and experience in youth driven organizations, the necessary organizational structures and processes to assist CBT in engaging youth and their issues in the work of CBT were developed.

**Variance report:**

No variance to report.

**GOAL 6: Water Management**

The Columbia Basin Trust (CBT) will develop a strategy to move forward and identify the resources necessary in the first stages of that strategy CBT will work closely with a number of U.S. organizations on trans-boundary issues, considering the entire Columbia River ecosystem.

- Objectives 6.1 Identify the human and financial resources necessary to move forward with this goal.
- 6.2 Identify the range of issues relating to water management.
- 6.3 Identify the range of values and goals of the residents of the Basin with respect to water management.
- 6.4 Develop educational tools to increase the awareness on water management issues of the CBT Board, staff and Basin residents.
- 6.5 Work with others to create processes that consider residents' input in the re-negotiation of water agreements/treaties.
- 6.6 Prepare the CBT to participate in a review of the Columbia River Treaty and other water management agreements.
- 6.7 Identify next steps in the process.

Strategies	Performance Measure	Target FY2002	Actuals
<b>Objective 6.1</b> Provide resources and develop a process to hire a consultant(s) to assist in the educational processes around water management.	Resources identified.	Planning for resources in place.	Cooley/Olson Inc. contracted to assist in the development of the water management strategy.
<b>Objective 6.2</b> Hire a consultant to assist in the identification of issues around water management.	Range of issues identified.	Planning in place to identify range of issues.	Cooley/Olson Inc. report "Water Management Issues: Questions, Options and Organizational Model to Consider" presented to the Board.
<b>Objective 6.3</b> Hire a consultant to identify range of values and goals of Basin residents in respect to water management.	Range of values and goals identified.	Planning in place to identify range of values and goals.	Cooley/Olson Inc. report "Water Management Issues: Questions, Options and Organizational Model to Consider" presented to the Board.

<p><b>Objective 6.4</b> Hire a consultant to develop educational tools to increase awareness on water management issues.</p>	<p>Educational tools for increased awareness on water management issues developed.</p>	<p>Planning in place to allocate resources to educational tools.</p>	<p>Valley Ventures was contracted to develop educational resources for water management. A power point presentation, brochure and a water management resource guide were developed.</p>
<p><b>Objective 6.5</b> Hire a consultant to create processes for Basin residents' input into renegotiation of water agreements/treaties.</p>	<p>Processes in place that enable Basin residents to have input into renegotiation of water agreements/treaties.</p>	<p>Planning done for creation of processes.</p>	<p>Cooley/Olson Inc. report "Water Management Issues: Questions, Options and Organizational Model to Consider" presented to the Board.</p>
<p><b>Objective 6.6</b> Hire a consultant to prepare for CBT participation in review of Columbia River Treaty and water management agreements.</p>	<p>CBT personnel prepared for participation in review of water management agreements/Columbia River Treaty.</p>	<p>Planning done for CBT participation.</p>	<p>Tim Newton contracted to assist in preparing for CBT participation in the review of the Columbia River Treaty and water management agreements. "Review of the Non-Treaty Storage Agreements"; "Review of the Columbia River Treaty" and " Key Water Management Timelines" reports presented to the Board.</p>
<p><b>Objective 6.7</b> Hire a consultant to identify next steps in process.</p>	<p>Next steps in water management/treaty issues identified.</p>	<p>Planning to review processes in place.</p>	<p>Tim Newton contracted to assist in preparing for CBT participation in the review of the Columbia River Treaty and water management agreements. "Review of the Non-Treaty Storage Agreements"; "Review of the Columbia River Treaty" and " Key Water Management Timelines" reports presented to the Board.</p>

**Changes made to Goal 6:**

No changes made.

**Strategies that led to achievement of results in 2001-2002:**

A task force of the Board of Directors provided direction and financial and staff resources were identified to develop a strategy for identifying, defining and developing an organizational approach to water management issues.

**Variance report:**

No variance to report.

### GOAL 7: Information Technology

The Columbia Basin Trust (CBT) will investigate the possibility of creating a Basin-wide network of information and, if feasibility studies are positive, consider continuing with building a Basin Information Network. The CBT will also participate with other Basin organizations to consider making broadband or wireless Internet connections accessible to residents in all parts of the Basin.

- Objectives    7.1    Explore the possibility of creating an information network for the Basin.  
                   7.2    Assist in bringing affordable broadband or wireless internet connections to the Basin.

Strategies	Performance Measure	Target FY2002	Actuals
Meet with agencies, businesses and individuals throughout the Basin to ascertain the degree of possible participation in a Basin Information Network.	Preliminary research on potential for participation in an information network completed.	Complete preliminary investigation of creation of information network in the Basin.	<ol style="list-style-type: none"> <li>1. Feasibility studies indicated significant interest in a Basin Information Network initiative and a number of partnership arrangements were started.</li> <li>2. The Basin Information Network (BIN) held a conference to bring potential partners from around the Basin region together to provide the CBT with some clear recommendations on how to proceed with an information strategy for the Basin. Ninety people participated in the conference and a set of recommendations, a conceptual model and a discussion of the next steps came out of the conference.</li> </ol>
Meet with agencies, businesses and individuals throughout the Basin to ascertain the degree of possible participation in bringing broadband or wireless Internet connections to the Basin.	CBT participates in establishing accessible, affordable, high powered Internet connections in the Basin.	Basin residents have affordable, effective Internet capability.	<ol style="list-style-type: none"> <li>1. The Columbia Mountain Open Network (CMON) was developed from the coalition of individuals and organizations wishing to pursue the initiative.</li> <li>2. CMON CEO was hired to develop the business plan and continue the work of developing partnerships and securing the necessary financial resources.</li> </ol>

**Changes made to Goal 7:**

No changes made.

**Strategies that led to achievement of results in 2001-2002:**

Staff and financial resources were provided to explore the feasibility of both a Basin Information Network and bringing broadband and wireless technology to all the residents of the Basin.

Consultants were hired to undertake the feasibility studies and to identify potential partners for both initiatives.

**Variance report:**

According to the Performance Plan CBT had hoped to have Basin-wide affordable, broadband Internet capability but this proved overly ambitious. However, CBT has developed a strong foundation for the achievement of the objective and expect to achieve it in the future when the partnerships and their resources are in place.



### GOAL 8: Monitoring and Evaluation

The Columbia Basin Trust (CBT) will establish a framework of evaluation criteria of the CBT's programs and to create an ongoing evaluation program of the CBT's work.

Objective 8.1 Be able to evaluate and measure the effectiveness of the CBT's programs.

Strategies	Performance Measure	Target FY2002	Actuals
<p>Provide staff resources and develop processes to undertake on-going monitoring and evaluation of all CBT activities.</p>	<p>CBT programs can be evaluated and measured effectively.</p>	<p>Framework for evaluation is established.</p>	<ol style="list-style-type: none"> <li>1. A Communications Task Force was created to address the concerns raised by some of the delivery partners. Terms of reference for the task force were developed and the work started.</li> <li>2. A Delivery Model Evaluation Task Force was created to undertake an evaluation of the Spending Program delivery model. Terms of reference for the task force were developed and the work started.</li> <li>3. A Monitoring and Evaluation Task Force was created to ensure all the issues identified through the project were addressed and to develop an on-going monitoring and evaluation framework to guide the on-going work required for effective performance measurement and evaluation. A terms of reference for the task force was developed and the work was started.</li> <li>4. A new staff position in monitoring and evaluation was created and filled to undertake the work coming out of these initiatives.</li> </ol>

**Changes made to Goal 8:**

No changes made.

**Strategies that led to achievement of results in 2001-2002:**

The monitoring and evaluation project conducted by Landfall Consultants was completed in fiscal year 2001-2002. In addition, the CBT undertook a series of community meetings to seek input from community members on the perception of CBT and its activities in the community. From the information coming out of the monitoring and evaluation project a number of key issues were identified for follow up and the Board of Directors set up three task forces to provide direction in addressing the issues. Staff and financial resources were provided to ensure these follow-up activities could be undertaken.

**Variance report:**

No variance to report.

*“The Columbia Basin Trust funding of \$30,962 helped The Family Place hire a coordinator who is developing programs and coordinating services for the entire centre.”*

Kim Adamson, West Kootenay Family and Childcare Services Society Executive Director and recipient of Families Program funding



*“The best thing about being on the Youth Committee is being a decision maker. It gives me a huge sense of accomplishment and satisfaction to really contribute and have my voice heard.”*

Andra Louie, CBT Youth Committee member

*“As an artist, I feel this project is extremely important because it nurtures the students creativity and shows students the importance of visual arts in their life.”*

Pamela Cinnamon, artist, about her involvement with the ArtsSmarts Program

*“The magazine and website provide creative outlets for youth to exchange information about issues and ideas and celebrates youth culture in the Basin.”*



Stacy Barter, CBT Youth Coordinator talking about the youth magazine SCRATCH and website

*“This program is extremely beneficial to the residents of the Basin because it addresses a significant gap for people who do not qualify for other provincial or federal programs and who can not afford to further their education. During the first round of applications, the job placement rate after applicants had taken their courses was 70 per cent.”*

Scott Manjak, Job Seekers Resource Centre, delivery partner for the Tuition Fee Support Program

# FINANCIAL REPORT

AS AT MARCH 31, 2002

# MANAGEMENT DISCUSSION AND ANALYSIS

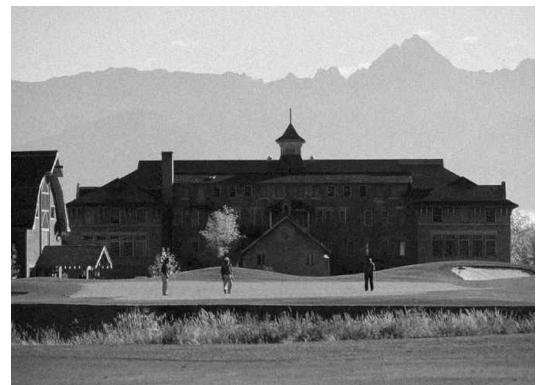
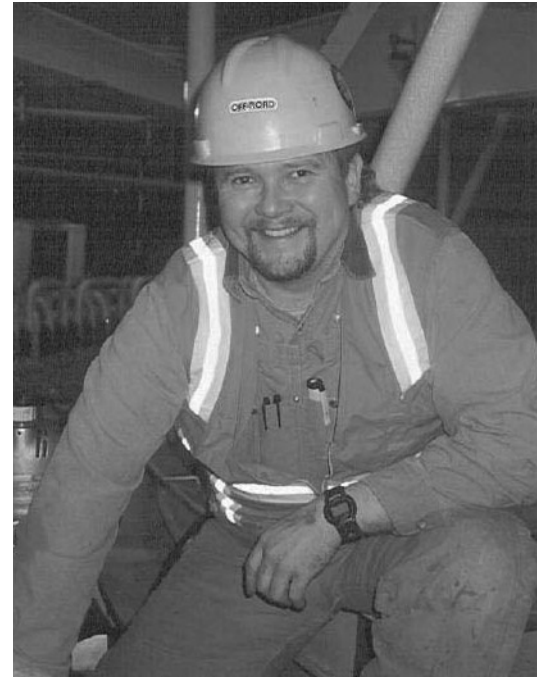
## OPERATING HIGHLIGHTS

The past year has been an exceptional one for the Columbia Basin Trust, commencing with the opening of the Columbia Basin Building in Castlegar and followed by the completion of the construction of the Arrow Lakes Generating Station. Other notable achievements included the development of the Castle Wood Village congregate care facility, the first full year of operations for both the Kicking Horse Mountain Resort and the St. Eugene Mission golf course, and the second year of delivering benefits in excess of \$4 million.

Advances in the development of power projects continued to move forward with the completion of the Arrow Lakes Generating Station and the commissioning of the first generating unit by the end of the fiscal year. Further upgrade and life extension work on the Brilliant dam will provide additional energy entitlements and generating capacity for many years to come. The Brilliant Expansion Project moved closer to reality as several hurdles were overcome in the life cycle of the development of this project.

The Columbia Basin Trust's non-power investment portfolio moved closer to being fully invested with the final placements of capital being made to HeatWave Drying Systems and the St. Eugene Mission golf course. Further real estate investments were made by the Columbia Basin Trust with the injection of \$1.2 million into the Castle Wood Village project. The lending program portfolio grew with several more loans to businesses approved in the year.

The increase in the Columbia Basin Trust's total assets by \$55.4 million was largely a result of the additional power project expenditures made on the Arrow Lakes Generating Station and the Brilliant dam. Additional power project capital of \$45.5 million from the Province of B.C. financed this increase in assets. Total investments increased by \$51.6 million with most of the increase due to higher power project investments.



## INVESTMENT PROGRAM OVERVIEW

The completion of the Arrow Lakes Generating Station represents a significant milestone in the development of power projects by the Columbia Basin Trust. Construction of the facility was completed in November 2001 and the first unit was successfully commissioned in February 2002. This is well in advance of the scheduled completion date of December 2002.

During the year, the Kicking Horse Mountain Resort completed its first full season of operations with rave reviews from skiers and critics alike. The resort received an ample quantity of snow and has quickly become a must see destination for worldwide skiing enthusiasts. Forecasted skier visits were exceeded well before the end of the season. The first stage of the real estate sales was completely sold out within days of being offered for sale.

The St. Eugene Mission golf course completed its first full year of operations in fiscal 2002. The number of golf visits exceeded expectations and green fees were higher than expected. In calendar 2001, the St. Eugene Mission golf course was rated third in the prestigious Golf Digest ranking of the best new Canadian golf course of the year. Construction of the rest of the resort, including the hotel and casino, will be completed in August 2002. The Columbia Basin Trust provided capital for the construction and operation of the golf course in the form of a term loan for 10 years at 10 per cent per annum with security provided by first and second priority charges on various parts of the overall resort.

HeatWave Drying Systems Ltd. (HeatWave) moved closer to completing additional sales of its innovative kilns to companies in the wood products and food processing industries. The \$2.4 million convertible loan the Columbia Basin Trust made to HeatWave was converted into 2,150,000 common shares of the company in April 2001. In May 2001, a further \$1.1 million was advanced to HeatWave in the form of a convertible debenture that is convertible into the common shares.

At the beginning of the fiscal year, CBT Real Estate began collecting rent on the Columbia Basin Building in Castlegar and, at the same time, a portion of the building was sold to the City of Castlegar. The Columbia Basin Trust and Columbia Power Corporation are the present tenants in the building.

Construction of the Castle Wood Village congregate care facility began in September 2001 and was effectively completed in early June 2002. This 77-suite complex provides needed accommodation to seniors who are looking for a comfortable style of living that meets their needs at various stages of their life. The Columbia Basin Trust is an equity investor in this \$7.9 million complex located in Castlegar.

Additional capital lent out under the Loan Syndication Program was to companies in the hospitality and resort sector. A new Regional Lending Program agreement with the Community Futures Development Corporations was signed during the year in order to provide small businesses in the Basin with further access to Columbia Basin Trust capital.

*In excess of \$4.7 million was disbursed with commitments in place for another \$3.9 million by the end of the year.*

---

## SPENDING PROGRAM OVERVIEW

Another successful year of delivering benefits to Basin residents was achieved by the Columbia Basin Trust in fiscal year 2002. In excess of \$4.7 million was disbursed with commitments in place for another \$3.9 million by the end of the year. A total of \$1.3 million was disbursed to the local governments such as the regional districts, towns, villages and cities in the Basin. Under the Basin Tier, over \$1 million was provided to programs such as the Youth Initiative Program and telecommunication initiatives such as the Columbia Mountain Open Network. Under the Sector Tier, \$2.4 million was delivered through such programs as Resources for Family Literacy, Affordable Housing, Early Childhood Support and Terrestrial Ecosystems Restoration and Conservation.

The benefits delivered were widespread and the dollars disbursed affected virtually all the goals and objectives identified in the Columbia Basin Management Plan. After two years of delivering benefits in excess of \$4 million, a foundation has been put into place to enable the Columbia Basin Trust to deliver even higher levels of funds in the future.

## LIQUIDITY AND CAPITAL RESOURCES

The Columbia Basin Trust's financial position continues to improve with a total of \$45.5 million in power project financing earned in the year. The net effect of this increase in power project capital and the \$50 million payment from the Province of B.C. resulted in a decrease of \$4.5 million in the Commitment Receivable from the Province of B.C. and the Advance from Columbia Power Corporation. A second bond issuance in the year increased the Columbia Basin Trust's long-term debt by \$15 million. The Columbia Basin Trust's financial position continues to improve with the receipt of funds committed to the Columbia Basin Trust under the Financial Agreement of 1995.

**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 financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include amounts that are based on estimates and judgements. Management believes that the financial statements fairly present the Trust's consolidated financial position and results of operations. The integrity of the information presented in the financial statements, including estimates and judgements relating to matters not concluded by fiscal year end, is the responsibility of management. The financial statements have been approved on behalf of the Trust's Board of Directors by the Board's Executive Committee.

Management has established and maintained appropriate systems of internal control including policies and procedures 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 financial statements.

The independent external auditors, Yule & Associates, Chartered Accountants, have 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 Canadian generally accepted accounting principles. The report of Yule & Associates, Chartered Accountants is included below and outlines the scope of their examination and their opinion on the consolidated financial statements.



Don Johnston  
Chief Executive Officer



Robert Kryzac, C.G.A.  
Chief Financial Officer

**AUDITOR'S REPORT**

To the Directors of Columbia Basin Trust:

To the Minister of Energy and Mines:

We have audited the consolidated statement of financial position of Columbia Basin Trust as at March 31, 2002 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Columbia Basin Trust as at March 31, 2002 and the results of its operations, changes in its net assets and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Castlegar, B.C.  
June 14, 2002



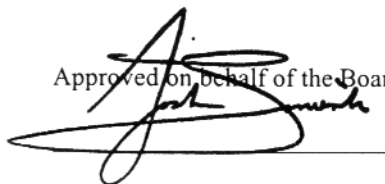
Yule + Associates  
CHARTERED ACCOUNTANTS

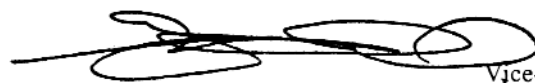


**COLUMBIA BASIN TRUST**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2002**

	<u>2002</u>	<u>2001</u>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 9,476,177	\$ 4,393,951
Accrued investment income	2,458,911	2,218,213
Unbilled power project revenue	<u>3,339,000</u>	<u>2,878,878</u>
	<u>15,274,088</u>	<u>9,491,042</u>
<b>INVESTMENTS</b>		
Power projects (Note 7)	233,585,500	178,331,462
Income securities (Note 3)	20,913,324	30,180,714
Business loans (Note 4)	22,531,208	19,248,938
Real estate projects (Note 5)	<u>4,999,847</u>	<u>2,675,249</u>
	<u>282,029,879</u>	<u>230,436,363</u>
<b>OTHER</b>		
Commitment receivable from Province of B.C. (Note 11)	141,266,234	145,773,753
Deferred amounts (Note 8)	<u>36,759,651</u>	<u>34,253,701</u>
	<u>178,025,885</u>	<u>180,027,454</u>
	<u>\$ 475,329,852</u>	<u>\$ 419,954,859</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 4,625,374	\$ 2,529,360
Accrued interest expense	1,678,500	1,374,063
Current portion of long-term debt (Note 9)	<u>789,500</u>	<u>510,414</u>
	<u>7,093,374</u>	<u>4,413,837</u>
<b>LONG TERM DEBT</b>		
Long-term debt (Note 9)	60,820,565	45,777,879
Advance from Columbia Power Corporation (Note 11)	<u>141,266,234</u>	<u>145,773,753</u>
	<u>202,086,799</u>	<u>191,551,632</u>
<b>NET ASSETS (Restricted To)</b>		
Power project investments (Note 14(a))	215,450,534	170,361,553
Non-power investments (Note 14(b))	49,994,910	49,139,910
Delivery of benefits (Note 14(c))	<u>704,235</u>	<u>4,487,927</u>
	<u>266,149,679</u>	<u>223,989,390</u>
	<u>\$ 475,329,852</u>	<u>\$ 419,954,859</u>

Approved on behalf of the Board of Directors:

  
 \_\_\_\_\_ Chair

  
 \_\_\_\_\_ Vice-chair

**COLUMBIA BASIN TRUST  
CONSOLIDATED STATEMENT OF OPERATIONS  
FOR THE YEAR ENDING MARCH 31, 2002**

	<u>2002</u>	<u>2001</u>
<b>REVENUES</b>		
<b>Net investment income</b>		
Power projects	\$ 2,265,500	\$ 1,840,073
Income securities (Note 3)	1,169,842	2,045,633
Business loans (Note 4)	1,495,876	697,940
Real estate projects	<u>29,793</u>	<u>9,582</u>
	4,961,011	4,593,228
<b>Contribution</b>		
Province of B.C. (Note 1(b))	<u>2,000,000</u>	<u>2,000,000</u>
	<u>6,961,011</u>	<u>6,593,228</u>
<b>OPERATING EXPENSES</b>		
Board and committee expenses	300,291	220,747
Staff remuneration and development	1,736,936	1,147,463
Public relations	133,685	101,361
Professional and consultants fees	492,417	220,368
Corporate travel and meetings	237,472	206,129
Information technology/systems	151,068	97,463
Office and general	362,204	260,709
Amortization	<u>403,311</u>	<u>204,200</u>
	<u>3,817,384</u>	<u>2,458,440</u>
<b>OPERATING INCOME</b>	3,143,627	4,134,788
<b>Investment program write-downs and write-offs</b> (Note 18)	1,704,031	2,864,767
<b>Delivery of benefits</b> (Note 16)	<u>4,771,788</u>	<u>4,248,922</u>
<b>EXCESS OF EXPENSES OVER REVENUES</b>	<u>\$ (3,332,192)</u>	<u>\$ (2,978,901)</u>

The accompanying notes are an integral part of this consolidated statement.

**COLUMBIA BASIN TRUST**  
**CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDING MARCH 31, 2002**

	<u>Restricted To</u>			<u>2002</u>	<u>2001</u>
	<u>Power Projects Investments</u>	<u>Non-Power Investments</u>	<u>Delivery of Benefits</u>		
<b>NET ASSETS, beginning of year</b>	\$ 170,361,553	\$ 49,139,910	\$ 4,487,927	\$ 223,989,390	\$ 139,021,159
Power project financing earned from the Province of B.C.	45,492,481	-	-	45,492,481	87,947,132
Excess of expenses over revenues	-	-	(3,332,192)	(3,332,192)	(2,978,901)
Additional power project cash distributions available for the spending program	(403,500)	-	403,500	-	-
Minimum reinvestment required to maintain endowment capital	-	855,000	(855,000)	-	-
<b>NET ASSETS, end of year</b>	<u>\$ 215,450,534</u>	<u>\$ 49,994,910</u>	<u>\$ 704,235</u>	<u>\$ 266,149,679</u>	<u>\$ 223,989,390</u>

The accompanying notes are an integral part of this consolidated statement.

**COLUMBIA BASIN TRUST  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDING MARCH 31, 2002**

	2002	2001
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from investment deposits and securities income	\$ 940,640	\$ 2,294,493
Cash received from business loan income	1,418,165	700,180
Cash received from rental income	116,980	2,755
Cash generated by power project joint ventures and distributed	2,475,000	1,750,000
Cash generated by power project joint ventures and not distributed	3,405,762	827,974
Cash received from the Province of B.C.	2,000,000	2,000,000
Cash paid for operating expenses	(3,477,366)	(2,184,991)
Cash paid for spending program disbursements	(4,771,788)	(4,248,922)
	2,107,393	1,141,489
<b>CASH FLOWS APPLIED TO INVESTING ACTIVITIES</b>		
Investment in power projects	(56,910,496)	(59,757,902)
Investment in deferred power project costs	(4,017,013)	(3,431,674)
Disposal of investment deposits and securities	9,267,390	15,062,189
Investment in business loans	(3,425,391)	(10,838,092)
Investment in real estate projects	(2,717,210)	(2,387,502)
Purchase of Trust office assets	(457,304)	(1,403,251)
Proceeds from disposal of real estate	581,000	-
Investment in power project expansion rights	-	(25,925,000)
	(57,679,024)	(88,681,232)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions from the Province of B.C.	50,000,000	25,925,000
Issuance of long-term debt	15,711,669	-
Long term advance from (payment to) Columbia Power Corporation	(4,507,519)	62,022,132
Repayment of long-term debt	(550,293)	(467,715)
	60,653,857	87,479,417
<b>INCREASE (DECREASE) IN CASH</b>	5,082,226	(60,326)
<b>CASH, beginning of period</b>	4,393,951	4,454,277
<b>CASH, end of period</b>	\$ 9,476,177	\$ 4,393,951

The accompanying notes are an integral part of this consolidated statement.

## 1. NATURE OF COLUMBIA BASIN TRUST

### (a) Columbia Basin Trust Act (Bill 7-1995)

The Trust is a not-for-profit corporation established on July 6, 1995 when Royal Assent was given to the Columbia Basin Trust Act, an Act of the Province of British Columbia. The Act states that the Trust is not an agent of the Province, has the power and capacity of a natural person and provides for the Trust to be controlled by a regional board of directors. The majority of the board is appointed by local governments in the Trust's region of operations rather than by the Province. The Directors have been given the powers and the responsibility to manage or supervise the management of the Trust's affairs. The sole share of the Trust is to be held by the Minister of Finance and Corporate Relations on behalf of the Province.

Section 4 of the Act states that the purpose of the Trust is to invest, spend and otherwise manage the Regional Allocation and the Trust's other assets, including any assets that may be transferred to it, for the ongoing economic, environmental and social benefit of the region.

### (b) Funding of Columbia Basin Trust and Power Project Investments

Under the Agreement of July 27, 1995 between the Province and the Trust, the Province will pay the Trust, for purposes of paying operating expenses, \$2 million annually through the year 2010 (a total commitment of \$32 million). On April 1, 1996, the Province made a regional benefit program payment to the Trust of \$45 million. The Province will pay the Trust, for the purposes of investing in power projects, the sum of \$250 million by payments of \$50 million on April 1st of each of the years 2001 through 2005 and an additional payment on April 1, 2000 equal to half the book value of the Expansion Rights Amount (expansion rights pertaining to the existing Brilliant and Waneta dams' power generation capability). The book value of the Expansion Rights Amount as at March 31, 1997 was \$51,850,000.

The Trust's power project activities are to be conducted by subsidiaries of the Trust, which are to participate in power projects through unincorporated joint ventures. The Province covenants to invest \$250 million in Columbia Power Corporation (CPC), for the purpose of paying capital costs of the power projects, by payments of \$50 million on April 1st of each of the years 1996 through 2000 and a reduction in the April 1, 2000 payment equal to half the book value of the Expansion Rights Amount.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Consolidation

The accounts of the Trust and its subsidiaries are consolidated in these financial statements. Intercompany balances and transactions have been eliminated. The interest of the Trust's subsidiaries in joint ventures is consolidated by the Trust on a proportionate basis. Under the proportionate consolidation method, the Trust records, on a line-by-line basis within its consolidated financial statements and notes, its proportionate share of the joint ventures' assets, liabilities, revenues, expenses and cash flows.

### (b) Revenue Recognition

The Trust follows the deferral method of accounting for contributions to the Trust. Endowment contributions are recognized as direct increases in net assets. Future power project financing payments are recognized as a long-term commitment receivable from the Province to the extent that they have been earned, and based on the criteria that the amount earned can be reasonably estimated and ultimate receipt from the Province is reasonably assured.

**(c) Income Securities**

Deposits and short-term debt securities held for investment purposes are recorded at cost, which approximates market value. If the value of a particular deposit or security held for investment suffers an other than temporary decline in value the carrying value is written down accordingly. All gains and losses on sales of securities, write-downs to record other than temporary declines in the values of deposits or securities held for investment, and the amortization of discounts or premiums are included in the net investment income from income securities figure in the consolidated statement of operations.

**(d) Business Loans**

Loans are stated net of an allowance established to recognize anticipated losses. This allowance is determined by reference to specific loans in arrears and by judgment of management based on loan collection experience. A general allowance is also maintained to absorb credit losses attributable to any deterioration in the loan portfolio for which specific allowances cannot yet be determined.

**(e) Capitalization and Amortization**

Capital assets are recorded at cost and are amortized annually at rates calculated to write-off the cost of assets over their estimated useful lives. Amortization begins when assets are placed into service.

(i) Power project

Arrow Lakes power project	-straight line over 11 to 100 years
Brilliant power project	-straight line over 30 to 60 years

(ii) Real estate

Buildings and improvements	- straight line over 30 years
----------------------------	-------------------------------

(iii) Trust office

Computer equipment and software	- straight line over 3 years
Office furniture & equipment	- straight line over 5 years
Leasehold improvements	- straight line over 7 to 10 years
Building	- straight line over 30 years

**(f) Deferred Amounts**

Costs incurred in determining the feasibility of acquiring investments are deferred. When a project's acquisition or development is complete, the deferred costs form part of the capital cost of the project. If a project is abandoned, the related deferred costs are charged to operations in the period of abandonment. The appropriateness of deferring a project's costs is considered annually. When a project's costs exceed those likely to be recovered, the excess costs are charged to operations.

**(g) Deferred Debt Issue Costs**

Expenditures incurred in issuing long-term debt are deferred and amortized on a straight line basis over the term of the related debt.

**(h) Taxes**

The Trust is 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. The Trust is subject to B.C. corporations capital tax under section 3(1) of the Corporation Capital Tax Regulation as amended on March 29, 1996.

### 3. INCOME SECURITIES

#### (a) Income Securities Portfolio (As at March 31)

	March 31, 2002	March 31, 2001
<b>Issued by Chartered Banks:</b>		
C.I.B.C.	\$ 6,169,500	\$ 6,919,500
Bank of Nova Scotia	<u>2,913,000</u>	<u>2,316,644</u>
	<u>9,082,500</u>	<u>9,236,144</u>
<b>Issued by Credit Unions:</b>		
Kootenay Savings Credit Union	4,314,777	5,264,158
Columbia Valley Credit Union	3,698,494	2,899,765
Revelstoke Credit Union	2,561,929	4,277,770
Creston and District Credit Union	1,195,215	1,165,612
Arrow Credit Union	34,729	34,729
Castlegar Savings Credit Union	20,882	2,567,465
Nelson District Credit Union	4,798	1,177,688
Cranbrook Savings Credit Union	-	3,557,383
	<u>11,830,824</u>	<u>20,944,570</u>
	<u>\$ 20,913,324</u>	<u>\$ 30,180,714</u>

#### (b) Net Investment Income (For the years ended)

	March 31, 2002	March 31, 2001
Interest from income securities	\$ 992,021	\$ 1,858,454
Other investment income	<u>177,821</u>	<u>187,179</u>
Net investment income	<u>\$ 1,169,842</u>	<u>\$ 2,045,633</u>
Return on investment deposits and securities	<u>3.88 %</u>	<u>4.93 %</u>

#### (c) Restrictions on Income Securities

The Trust's deposit holdings are not marketable. The Trust, on 90 days written notice, may redeem up to 10% of deposit placements initially made for a period of one year or longer, without cost or penalty, provided that such redemptions occur only once during a particular deposit's term.

\$ 3,923,500 of the \$ 20,913,324 deposits and securities figure is not available to the Trust. This amount includes the Trust's \$ 2,913,000 share of a Debt Service Reserve Fund and \$ 1,010,500 share of a segregated Operating Reserve Account required under the terms of joint venture debt financing. Columbia Basin Power Company (CBPC) has established a debt service reserve fund in which it maintains cash or cash equivalents equal to one semi-annual payment on the Series A and Series B Brilliant Project Bonds. The CBPC is also required to maintain an operating reserve account in an amount equal to one-quarter of annual operating expenses.

#### 4. BUSINESS LOANS

The Trust has included in its consolidated financial statements and notes the following business loans:

	March 31, 2002	March 31, 2001
Loan Syndication Program	\$ 5,741,482	\$ 5,081,909
Regional Lending Program	3,044,362	2,157,594
St. Eugene Golf Course	6,765,000	6,465,000
Kicking Horse Mountain Resort	5,618,870	5,288,830
Heatwave	<u>1,204,015</u>	<u>2,400,000</u>
	22,373,729	21,393,333
Deferred Loan Costs	<u>355,488</u>	<u>613,845</u>
	22,729,217	22,007,178
Less: Loan Loss Allowance	<u>(198,009)</u>	<u>(2,758,240)</u>
Business Loans	<u>\$ 22,531,208</u>	<u>\$ 19,248,938</u>
	March 31, 2002	March 31, 2001
Loan Loss Allowance:		
Impaired Loans	\$ 413,045	\$ 2,934,551
Less: Amounts where loss is not expected	<u>(298,045)</u>	<u>(226,135)</u>
Specific allowances	115,000	2,708,416
General loan loss reserve	<u>83,009</u>	<u>49,824</u>
Loan Loss Allowance	<u>\$ 198,009</u>	<u>\$ 2,758,240</u>

##### (a) Loan Syndication Program

CBT Small Business Investment Corp. (CBT SBI) established a loan syndication program to provide liquidity to the capital markets in the basin by matching funds through a pooling arrangement with the financial institutions in the basin. The terms of these loans range in length from three to fifteen years and are generally secured by real estate.

##### (b) Regional Lending Program

The Columbia Basin Regional Lending Agreement (the Regional Agreement) with the Community Futures Development Corporations (CFDCs) of the Columbia Basin Region was established to provide lending capital to small businesses. On October 1, 2001, a second amendment to the Regional Agreement was signed to amend the original agreement to provide additional loan loss reserve protection and to extend the term for an additional 24 months. Loans were extended to construction, forestry, hospitality and tourism, manufacturing and retail businesses and are generally secured by real estate. The rates on these loans ranged from 7.5% to 10.75%.

##### (c) St. Eugene Golf Course

The St. Eugene golf course is an eighteen-hole golf course located on the St. Mary's reserve near Cranbrook, B.C. The first full year of operations was completed in fiscal 2002. Debt financing was provided to the St. Eugene Mission Hotel and Golf Course Funding Corporation (Fundco) by CBT St. Eugene Hotel/Golf Corp. in the form of a ten year term loan. The interest payable on this loan in the first year will be 5% and 10% in the second through tenth year of the agreement. The loan is secured by a second charge on the golf course subleases, a second charge on the casino sublease, and first charges on the parking lot and hotel subleases.



#### (d) Kicking Horse Mountain Resort

The Kicking Horse Mountain Resort is a four-season alpine resort development situated in Golden, B.C. CBT Golden Peaks Development Corp. has provided a 10 year term loan to the Kicking Horse Mountain Resort Limited Partnership at a minimum rate of 8% per annum and a variable interest component that is subject to the operating results of the borrower. The loan security is provided in the form of a secured interest on all the resort assets, second in priority to the interests of the lead lender.

#### (e) Heatwave

Heatwave Drying Systems Ltd. (Heatwave) has developed a method of drying wood using radio frequency technology that is faster and more efficient than traditional methods. In fiscal 2001, CBT Venture Capital Corp. (Venture Capital) advanced \$2,400,000 to Heatwave in the form of a convertible loan that was convertible into the common shares of the company. On April 26, 2001, this convertible loan was converted into the common shares of Heatwave at a rate of \$1.00 per common share on the first \$1,900,000 of principal value and \$2.00 per common share on the remaining \$500,000. In addition, Venture Capital advanced a further \$1,100,000 to Heatwave in the form of a convertible debenture that is convertible into common shares of the company at a conversion price of \$2.00 per common share. The loan is due May 1, 2003 and bears interest at the rate of 10% per annum. Security is provided by a first charge on Heatwave's prototype drying kiln located in Castlegar, B.C.

Net business loan income consists of:

	March 31, 2002	March 31, 2001
Business loan interest income:		
Loan syndication program	\$ 465,903	\$ 281,638
Regional lending program	236,197	184,597
St. Eugene Golf Course	359,979	64,650
Kicking Horse Mountain Resort	436,814	283,945
Heatwave Drying Systems Ltd.	104,804	-
	<u>1,603,697</u>	<u>814,830</u>
Less:		
Loan syndication administration fees	(2,415)	(1,833)
CFDC loan administration fees	(82,221)	(67,997)
Loan loss provision-general	(33,185)	(17,810)
Loan loss provision-specific	(70,000)	(45,000)
	<u>1,415,876</u>	<u>682,190</u>
Fee income	80,000	15,750
Net business loan income	<u>\$ 1,495,876</u>	<u>\$ 697,940</u>

#### 5. REAL ESTATE PROJECTS

The Trust's interest in real estate projects is as follows:

	March 31, 2002	March 31, 2001
Castle Wood Village	\$ 2,859,348	\$ -
Castlegar building (net)	1,945,305	2,475,782
Brilliant school (net)	195,194	199,467
	<u>\$ 4,999,847</u>	<u>\$ 2,675,249</u>

The Trust's proportionate share of the assets of the Castle Wood Village Project was \$2,859,348. This real estate investment is a 77-suite congregate care facility located in Castlegar, B.C. The Columbia Basin Trust building is a three storey building in Castlegar, B.C. with in excess of 21,000 square feet of space. On April 1, 2001, 15% of the building was sold to the City of Castlegar for net proceeds of \$581,000.

## 6. JOINT VENTURES

The Trust participates in joint ventures with other parties and accounts for its interests using the proportionate consolidation method. The following amounts represent the Trust's proportionate share of the assets, liabilities, revenues, expenses and cash flows of these joint ventures:

	March 31, 2002	March 31, 2001
<b>Assets</b>		
Current assets	\$ 7,097,874	\$ 3,943,920
Investments	237,959,070	181,658,606
Other assets	<u>35,261,500</u>	<u>32,692,295</u>
	<u>280,318,444</u>	<u>218,294,821</u>
<b>Liabilities</b>		
Current liabilities	6,453,879	3,074,052
Long-term debt	96,860,065	61,376,713
<b>Net Assets</b>		
Power project investments	175,816,544	153,844,056
Non-power investments	<u>1,187,956</u>	<u>-</u>
	<u>\$ 280,318,444</u>	<u>\$ 218,294,821</u>
<b>Net Income</b>		
Revenues	\$ 12,972,500	\$ 11,491,350
Operating expenses	(7,382,500)	(5,177,530)
Finance charges	<u>(4,958,000)</u>	<u>(4,589,562)</u>
	<u>\$ 632,000</u>	<u>\$ 1,724,258</u>
<b>Cash Flows</b>		
Operating activities	\$ 2,909,000	\$ 2,577,974
Investing activities	(61,319,621)	(11,266,046)
Financing activities	<u>59,197,565</u>	<u>9,439,636</u>
	<u>\$ 786,944</u>	<u>\$ 751,564</u>

## 7. POWER PROJECTS

The Trust's power project assets are as follows:

	Cost	Accumulated Amortization	March 31, 2002	March 31, 2001
<b>Brilliant Powerplant Project</b>				
Capital assets in service	\$ 92,137,000	\$ (7,324,500)	\$ 84,812,500	\$ 77,454,240
Land	<u>2,359,500</u>	<u>-</u>	<u>2,359,500</u>	<u>2,359,309</u>
	94,496,500	(7,324,500)	87,172,000	79,813,549
<b>Arrow Lakes Powerplant Project</b>				
Capital assets in service	130,671,500	(38,500)	130,633,000	-
Power project under development	-	-	-	85,109,017
Power sales contract	11,376,000	-	11,376,000	11,376,000
Land	3,386,000	-	3,386,000	2,032,896
Prepaid expenses	<u>1,018,500</u>	<u>-</u>	<u>1,018,500</u>	<u>-</u>
	<u>146,452,000</u>	<u>(38,500)</u>	<u>146,413,500</u>	<u>98,517,913</u>
	<u>\$ 240,948,500</u>	<u>\$ (7,363,000)</u>	<u>\$ 233,585,500</u>	<u>\$ 178,331,462</u>

**(a) Brilliant Powerplant Project**

On May 3, 1996, the Columbia Basin Power Company (CBPC) joint venture was formed for the purpose of acquiring the Brilliant Dam, a 125 MW powerplant located on the Kootenay River near Castlegar, B.C. This generating plant will deliver approximately 850 gigawatt hours of electricity annually and is currently being upgraded to increase its generating capacity by 20 MWs.

**(b) Arrow Lakes Powerplant Project**

The Arrow Lakes Powerplant Project is a powerplant that consists of two generating units with a capacity of approximately 185 MWs constructed 400 meters downstream of the B.C. Hydro Hugh Keenleyside dam near Castlegar, B.C. Water enters the powerplant via a 1,400 meter approach channel bypassing the existing Hugh Keenleyside dam. The project also consists of a 49 km 230 kv transmission line that extends from the powerplant to the BC Hydro substation at Selkirk.

In December 1998, the Arrow Lakes Power Company joint venture entered into a turn-key, design-build contract with Peter Kiewit Sons Co. Ltd. for the construction of the Arrow Lakes Powerplant. Under the contract, the powerplant is scheduled to be completed by the end of 2002. Terms of the contract include performance guarantees and significant liquidated damages for failure to achieve performance guarantees; a contractor bonus for early completion; a milestone schedule and a schedule of payments to the contractor.

The first of two generating units at the Arrow Lakes Powerplant Project was commissioned in February 2002, at which time the project began earning revenues. Under the terms of the design-build contract, the contractor is entitled to receive a portion of the sales revenue produced prior to January 2003. The capital cost of the powerplant includes \$84,000 of this entitlement.

**(c) Power Sales Right**

The Trust paid \$11,376,000 for the right and obligation to provide up to 86 average MWs to B.C. Hydro from January 1, 2003 to December 31, 2014. The Trust and CPC intend to fulfill their power delivery obligation by way of the Arrow Lakes Powerplant Project power entitlement from the B.C. Hydro system. The power sales revenue attributable to the right are projected to recover the cost of the right and the cost of constructing the Arrow Lakes Powerplant Project.

**8. DEFERRED AMOUNTS**

The deferred amounts figure includes the following asset categories:

	March 31, <u>2002</u>	March 31, <u>2001</u>
Expansion rights	\$ 25,925,000	\$ 25,925,000
Deferred development - Power projects	8,741,500	6,311,271
Deferred debt issue costs	595,000	456,024
Deferred development-Other projects	-	117,247
Trust office assets	<u>1,498,151</u>	<u>1,444,159</u>
	<u>\$ 36,759,651</u>	<u>\$ 34,253,701</u>

**(a) Expansion Rights**

CPC purchased the hydroelectric power expansion rights pertaining to the existing Brilliant and Waneta dams' power generation capability from Cominco Ltd. in 1994. These rights include options to acquire lands near the Waneta and Brilliant dams at no additional cost and the right to develop and operate new hydroelectric facilities on these lands.

**(b) Deferred Development - Power Projects**

The deferral of power project costs is based on management's judgement of anticipated future events. A number of significant estimates and qualitative factors have been considered by management in determining the viability of each project. Changes in significant assumptions underlying future cash flow estimates for a project can have a material effect on the economic viability of a project.

Project	Identification	March 31, 2001	Fiscal 2002 Expenditures	Transfers and write-offs	March 31, 2002	
BEP	Brilliant Expansion	\$ 3,445,390	\$ 2,173,610	\$ -	\$ 5,619,000	
WEP	Waneta Expansion	1,036,319	834,181	-	1,870,500	
WUP	Waneta Upgrades	444,703	13,297	-	458,000	
BSSN	Brilliant Substation	382,011	411,989	-	794,000	
GEN	UNC Generation	<u>1,002,848</u>	<u>630,652</u>	<u>(1,633,500)</u>	<u>-</u>	
		<u>\$ 6,311,271</u>	<u>\$ 4,063,729</u>	<u>\$ (1,633,500)</u>	<u>\$ 8,741,500</u>	
	<u>Project Design</u>	<u>Environmental Analysis</u>	<u>Socioeconomic Analysis</u>	<u>Finance/Legal Analysis</u>	<u>CPC / Trust Management</u>	<u>March 31, 2002</u>
BEP	\$ 1,735,500	\$ 1,111,500	\$ 255,000	\$ 434,000	\$ 2,083,000	\$ 5,619,000
WEP	620,500	571,500	13,000	36,500	629,000	1,870,500
WUP	3,000	27,000	-	151,000	277,000	458,000
BSSN	<u>-</u>	<u>-</u>	<u>-</u>	<u>405,000</u>	<u>389,000</u>	<u>794,000</u>
	<u>\$ 2,359,000</u>	<u>\$ 1,710,000</u>	<u>\$ 268,000</u>	<u>\$ 1,026,500</u>	<u>\$ 3,378,000</u>	<u>\$ 8,741,500</u>

**(i) Brilliant Expansion Project**

The Brilliant expansion project is a proposal to install an additional estimated 100 MWs power generation facility at the existing Brilliant dam. The Venturers own the Brilliant dam and the existing power facility. The Trust's co-venturer CPC paid \$26.5 million in 1994 to Teck Cominco Limited (Teck Cominco - formerly Cominco Ltd.) to purchase the rights to undertake an expansion.

The project's construction cost is estimated to be approximately \$150 million and will be determined through a competitive design-build process. The project would be financed with a combination of long-term debt and equity consistent with industry practice. The Venturers' equity requirements will be funded by power project financing payments from the Province of B.C.

**(ii) Waneta Expansion Project**

The Waneta expansion project is a proposal to install an additional estimated 380 MWs power generation facility at the existing Waneta dam. The Waneta dam is owned by Teck Cominco to whom the Trust's co-venturer, CPC, paid \$25.4 million in 1994 to purchase the rights to undertake an expansion.

The project's construction cost is estimated to be approximately \$300 million over a four year period. It is projected that construction of the project will follow completion of the Brilliant Expansion Project. The project would be financed with a combination of long-term debt and equity consistent with industry practice. The Venturers' equity requirements will be funded by power project financing payments from the Province of B.C.

**(iii) Waneta Upgrades Project**

The Waneta upgrades project is a proposal to purchase the estimated 100 MWs of power entitlements attributable to modifications of the existing power generation facilities at the Waneta dam. Teck Cominco, the owner of the Waneta dam, has completed the first of four generating unit upgrades.

The project's total construction cost is estimated to be approximately \$40 million. The project would be financed with a combination of long-term debt and equity consistent with industry practice. The Venturers' equity requirement will be funded by power project financing payments from the Province of B.C.

**(iv) Brilliant Substation Project**

The Brilliant Substation is a proposal to enter into a strategic partnership arrangement with Utilicorp Networks Canada (UNC) whereby CPC and the Trust will own, build and finance a new \$19 million Brilliant substation and interconnect the Arrow Lakes Powerplant to the Selkirk 230 kv transmission line at Brilliant as part of UNC's System Development Project (SDP).

On November 10, 1999, UNC applied to the B.C. Utilities Commission (BCUC) to upgrade its transmission facilities in the Kootenays. On June 5, 2000, the BCUC granted UNC approval and concluded that it was in the public interest for UNC, CPC and the Trust to negotiate a mutually beneficial agreement to achieve interconnection of UNC's upgraded transmission system and the Arrow Lakes Generating Station to Selkirk transmission line at a 230 kv substation to be built next to the Brilliant dam. A binding agreement on interconnection and investment in a new 63/230 kv substation near the Brilliant dam was signed by the parties in April 2002. The agreement requires approval by BCUC.

**(v) Acquisition of the UNC Generation Business**

The acquisition of the UNC Generation Business was a proposal to acquire the Lower Bonnington, Upper Bonnington, South Slocan and Corra Linn dams located on the Kootenay River upstream of the Brilliant dam. A letter of intent was signed in January 2001 followed by definitive agreements for the sale of UNC's generation business to the Trust and CPC. The proposed transactions were reviewed by the BCUC in hearings, which ended in July 2001. The BCUC released its decision in October 2001 to deny UNC's application for approval of the transaction unless UNC agreed to share the proceeds of sale with its ratepayers. UNC responded that it did not wish to proceed with the sale on these terms. Accordingly, expenditures on this project have been expensed.

**(c) Deferred Debt Issue Costs**

	March 31, 2002	March 31, 2001
Deferred debt issue costs	\$ 704,000	\$ 543,604
Accumulated amortization	<u>(109,000)</u>	<u>(87,580)</u>
	<u>\$ 595,000</u>	<u>\$ 456,024</u>

**(d) Trust Office Assets**

	Cost	Accumulated Amortization	March 31, 2002	March 31, 2001
Computer equipment	\$ 586,997	\$ (410,692)	\$ 176,305	\$ 147,215
Computer software	407,375	(208,636)	198,739	64,770
Office furniture and equipment	259,306	(156,070)	103,236	126,703
Leasehold improvements	308,749	(134,523)	174,226	220,138
Building	<u>885,333</u>	<u>(39,688)</u>	<u>845,645</u>	<u>885,333</u>
	<u>\$ 2,447,760</u>	<u>\$ (949,609)</u>	<u>\$ 1,498,151</u>	<u>\$ 1,444,159</u>

**9. LONG-TERM DEBT**

	March 31, 2002	March 31, 2001
Power project joint venture debt:		
Principal outstanding at April 1, 2001 (and at April 1, 2000)	\$ 46,288,293	\$ 46,756,008
Issuance of Series "B" Brilliant Bonds	14,100,000	-
Repayment of principal during the year	<u>(550,293)</u>	<u>(467,715)</u>
	59,838,000	46,288,293
Real estate joint venture debt:		
Issuance of commercial mortgage	1,772,065	-
	<u>61,610,065</u>	<u>46,288,293</u>
Current portion of long-term debt	<u>(789,500)</u>	<u>(510,414)</u>
	<u>\$ 60,820,565</u>	<u>\$ 45,777,879</u>

All joint venture debt is issued on a non-recourse basis. The security provided by a joint venture is limited to the rights and assets of the individual joint venture and does not extend to the rights and assets of the Trust, except to the extent of the Trust's investment in that joint venture. The Series A and B Brilliant Project Bonds (the Bonds) are repayable in equal semi-annual payments of principal and interest amortized over 30 years and 24 years respectively to May 31, 2026 at semi-annual interest rates of 8.93% and 6.86%. The Bonds are redeemable by CBPC 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 %.

The Bonds are secured on a limited recourse basis by charges against the Brilliant Dam assets and revenues. The agreements with the Bondholders include requirements for a debt service reserve fund, an operating reserve account commitment and a sustaining capital expenditure commitment. Further, cash distributions to the Venturers by CBPC are restricted to cash available after a series of payment priority conditions have been assessed. The payment priority conditions include provisions for operating and maintenance expenses, capital maintenance expenditures and debt repayments.

The purpose of the commercial mortgage (the mortgage) is to provide financing for the acquisition of the lands and the construction of a 77-suite congregate care facility called Castle Wood Village in Castlegar, B.C. Total mortgage proceeds of approximately \$5,474,000 (the Trust's portion is \$2,737,000) will be provided upon completion of the facility. The mortgage will be repayable in equal monthly payments of principal and interest amortized over 24 years and 9 months at an interest rate of 6.55%. The mortgage is secured on a limited recourse basis by a first, fixed and floating charge over all the assets of the facility.

#### **10. NON-RECOURSE CREDIT FACILITY OF JOINT VENTURE**

Consistent with its agreements with its Bondholders, CBPC has established a \$10 million credit facility. The facility shares the same security as the Bondholders and can be accessed by way of loans, bankers acceptances, letters of credit and for purposes of interest rate swaps. Proceeds from the facility can be used for capital or operating expenditures.

#### **11. ADVANCE FROM COLUMBIA POWER CORPORATION & COMMITMENT RECEIVABLE FROM PROVINCE OF B.C.**

Under the terms of its joint venture agreements with the Trust, CPC is required to make interest free advances to the joint ventures on behalf of the Trust for the purpose of funding the Trust's share of power project joint venture activities. Such advances are repayable by the Trust upon receipt of payments under the Trust's power project capital financing agreement with the Province of B.C. (Note 1(b)). The commitment receivable from the Province of B.C. reflects power project financing earned by the Trust through its power project investment activities.

#### **12. COMMITMENTS**

##### **(a) Columbia Basin Power Company**

Under its agreements with its Bondholders, CBPC has committed to keep the Brilliant dam in good operating condition and to affect all necessary repairs and replacements to the Brilliant dam to maintain the Brilliant dam entitlement in a manner that is consistent with good industry practice.

##### **(b) Trust Office**

The Trust has entered into operating lease agreements for its office space for terms expiring at various dates in the future.

##### **(c) Arrow Lakes Power Company**

The construction contract for the Arrow Lakes powerplant (Arrow Lakes) includes an incentive bonus for early completion. The contractor is entitled to receive a portion of the sales revenue for any marketable power produced up to and including December 31, 2002. In December 2000, an agreement was reached with Powerex Corp. regarding the sale of Arrow Lakes commissioning and entitlement energy produced between December 1, 2001 and January 1, 2003.

### 13. CONTINGENCIES

The Trust's power project operations and investments activities are affected by federal, provincial and local government laws and regulations. Under current regulations, the Trust is required to meet performance standards to minimize or mitigate negative impacts of proposed projects. Furthermore, the Trust's agreements with its Bondholders require compliance in all material respects with such laws and regulations. The impact, if any, of future legislative or regulatory requirements on specific projects and their related deferred costs and financing covenants cannot currently be estimated.

### 14. RESTRICTIONS ON NET ASSETS

#### (a) Restricted To Power Project Investment

Power project investment capital is restricted to reflect the Province's condition that its power project financing contributions are to be used to finance the equity requirements of power projects.

#### (b) Restricted To Non-Power Investment

Non-power investment capital is restricted to reflect the Province's condition that its regional benefit program contribution be used to finance investment activities and the Columbia Basin Management Plan's requirement that this capital be restricted to non-power investments.

#### (c) Restricted To Spending Program

Net investment income and certain other distributions from the Investment Program are restricted to future Spending Program activities. In addition, operating surpluses have been set aside for the Spending Program by the Trust's Board of Directors. Under the Columbia Basin Management Plan, distributions from the Investment Program are made after minimum reinvestments have been made to maintain the value of the Trust's non-power investment capital.

#### (d) Minimum Reinvestment To Maintain Endowment Capital

Endowment capital includes both power project and non-power investment capital. Under the Columbia Basin Management Plan, minimum reinvestment amounts to maintain the Trust's endowment capital will form part of the non-power investment capital pool. The Trust's power project investments are structured to repay the financial capital invested along with a return on that capital while it is invested. The structured return over a period of 30-60 years of the Trust's financial capital invested in power projects is an effective hedge against a long-term loss of value due to inflation given that at the end of the repayment period the Trust continues to hold an interest in the power projects. The Trust will reinvest those portions of power project cash distributions received in the future that represent a return of the financial capital invested based on the investment structure associated with each of the power projects.

A portion of the Trust's non-power investments is presently invested in monetary assets. Monetary assets are impacted by inflation. The Trust has determined that an \$855,000 (fiscal 2001 \$1,426,628) minimum reinvestment of net investment income is required to maintain the value of its non-power investment capital. This figure was calculated by comparing the change in the Canadian Consumer Price Index from April 2001 to March 2002.



## 15. RELATED PARTY TRANSACTIONS

### (a) Trust Directors' and Advisory Committee Members' Remuneration

Section 11 of the Columbia Basin Trust Act provides for the Trust's Directors to be compensated for their work at rates which do not exceed a rate determined by the Minister of Energy and Mines. Where Directors are members of the Province's Legislative Assembly or are public servants or receive remuneration from any other source for acting as a Director of the Trust, they receive no compensation from the Trust.

### (b) Power Project Joint Ventures

Under the terms of their joint venture agreements, CPC and the Trust charge the joint ventures for management services. The amounts charged include staff compensation and general overhead costs attributable to joint venture activities.

	March 31, <u>2002</u>	March 31, <u>2001</u>
(i) Payments to Columbia Power Corporation	\$ 4,259,000	\$ 3,684,000
(ii) Payments to the Trust	\$ 725,000	\$ 483,000

The joint venturers also paid \$ 2,200,000 (fiscal 2001 - \$2,200,000) to B.C. Hydro and Power Authority for project consulting services, which were provided at market rates.

### (c) Other

During the year, the Trust paid a consulting firm associated with a Director of CBT Energy Inc. \$566,000 for computer software, management services and consulting services.

## 16. DELIVERY OF BENEFITS

### (a) Spending program disbursements

<u>Tier</u>	<u>Category</u>	March 31, <u>2002</u>	March 31, <u>2001</u>
Basin	Telecommunications Infrastructure	\$ 557,479	\$ -
	Youth Initiative	301,108	146,508
	Basin Information Network	62,323	2,220
	Community Foundations	50,000	50,000
	Water Management	41,544	-
	Bursaries	34,000	-
	Land Trust	5,147	-
	Dispute Resolution	3,725	-
	Living Landscapes	<u>2,311</u>	<u>-</u>
		1,057,637	198,728
Geographic	Regional District of Central Kootenay	436,616	849,637
	Regional District of East Kootenay	342,721	527,684
	City of Revelstoke	188,014	270,762
	Town of Golden	121,377	136,059
	Regional District of Kootenay Boundary	94,542	189,172
	Village of Valemount	90,850	128,107
	Ktunaxa Kinbasket Tribal Council	<u>23,050</u>	<u>23,050</u>
		\$ 1,297,170	\$ 2,124,471

Sector			
	Social	\$ 763,839	\$ 281,038
	Economic	705,758	716,591
	Environment	451,937	465,238
	Education	259,491	239,975
	Cultural	190,856	222,881
	Joint Options Program	45,100	-
		<u>2,416,981</u>	<u>1,925,723</u>
		<u>\$ 4,771,788</u>	<u>\$ 4,248,922</u>

**(b) Spending program commitments**

The following commitments were made to several of the Trust's delivery partners at the end of the year:

<u>Tier</u>	<u>Category</u>	<u>March 31,</u> <u>2002</u>	<u>March 31,</u> <u>2001</u>
Basin	Youth Initiative	\$ 245,000	\$ 209,625
	Water Management	100,000	-
	Bursaries	80,000	-
	Community Foundations	50,000	50,000
	Land Trust	20,000	-
	Cross Sectoral Activities	18,000	-
	Living Landscapes	5,000	-
	Monitoring and Evaluation	5,000	-
	Basin Information Network	-	150,000
		<u>523,000</u>	<u>409,625</u>
Geographic	Regional District of Central Kootenay	436,616	-
	Regional District of East Kootenay	342,721	-
	City of Revelstoke	188,009	-
	Town of Golden	121,377	-
	Regional District of Kootenay Boundary	94,542	-
	Village of Valemount	90,850	-
	Ktunaxa Kinbasket Tribal Council	23,050	-
	Affected areas/Basin Community	-	2,125,971
		<u>1,297,165</u>	<u>2,125,971</u>
Sector	Economic	550,000	624,646
	Environment	550,000	428,000
	Social	550,000	44,000
	Cultural	200,000	200,000
	Education	200,000	86,000
		<u>2,050,000</u>	<u>1,382,646</u>
		<u>\$ 3,870,165</u>	<u>\$ 3,918,242</u>

## 17. FINANCIAL INSTRUMENTS

Assets and liabilities which are recorded at contractual amounts that approximate market or fair value include cash and cash equivalents, securities, receivables, certain other assets and payables. The market value of such items is not materially sensitive to shifts in market interest rates because of the limited term to maturity of these instruments. The Trust's remaining financial assets and liabilities are carried at amounts that approximate their fair value.

## 18. INVESTMENT PROGRAM WRITE-DOWNS AND WRITE-OFFS

	March 31, 2002	March 31, 2001
Proposal to acquire the UNC generation business	\$ 1,633,500	\$ -
Write-down of investment in Heatwave Drying Systems Ltd	-	2,663,417
Investigation of other projects	70,531	115,816
Write-down of investment in Brilliant School property	-	85,534
	<u>\$ 1,704,031</u>	<u>\$ 2,864,767</u>

The acquisition of Utilicorp Networks Canada (UNC) generation business was a proposal to acquire the Lower Bonnington, Upper Bonnington, South Slocan and Corra Linn dams located on the Kootenay River upstream of the Brilliant dam. The proposed transactions were reviewed by the BC Utilities Commission in July 2001 and approval of the transaction was denied in a decision released in October 2001. Accordingly, expenditures on this proposal have been expensed.

## 19. SUBSEQUENT EVENTS

On April 1, 2002, the Province paid the second of five \$50 million payments to the Trust that form part of the Regional Allocation that will be used to pay for the capital costs of power projects. On April 26, 2002, CBT Venture Capital Corp. converted its convertible debenture of \$1,204,015 in Heatwave Technologies Inc. into preferred shares at a conversion rate of \$.449 per share. In May 2002, the second of two generating units at the Arrow Lakes Powerplant Project achieved start-up status. On June 7, 2002, the Castle Wood Village real estate project was substantially completed.

## 20. ECONOMIC DEPENDENCE

The Agreement of July 27, 1995 between the Province and the Trust states that the Province's annual payments to the Trust are subject to the appropriation of sufficient funds in that fiscal year's Provincial Budget. The future operating and investing activities of the Trust are dependent upon the continued receipt of funding under that Agreement.

## 21. COMPARATIVE FIGURES

Certain 2001 comparative figures have been reclassified to conform to the current year's presentation.

# CORPORATE GOVERNANCE

## CBT BOARD MANDATE AND MEMBERSHIP:

To invest, spend and otherwise manage the regional allocation and the corporation's other assets, including any assets that may be transferred to it, for the ongoing economic, environmental and social benefit of the region, including, without limitation, for:

- (a) the social well-being of the residents of the region,
- (b) the preservation, protection and enhancement of the environment of the region,
- (c) the economic development of the region, and
- (d) any other prescribed purposes, without relieving any level of government from any obligations it might have with respect to the region.

Under the conditions of the Columbia Basin Trust Act:

- (1) There must be appointed to the Board of Directors of the corporation 18 individuals resident in the region of whom:
  - (a) two must be appointed by the Board of the Regional District of Central Kootenay, currently Josh Smienk and Bill Cowan;
  - (b) two must be appointed by the Board of the Fraser-Fort George Regional District, currently Jeannette Townsend and Bill Kruisselbrink;
  - (c) two must be appointed by the Board of the Columbia Shuswap Regional District, currently Loni Parker and Ron Oszust;
  - (d) two must be appointed by the Board of the Kootenay Boundary Regional District, currently Dieter Bogs and Gordon Titsworth;
  - (e) two must be appointed by the Board of the Regional District of East Kootenay, currently Greg Deck and Mike Kartasheff;
  - (f) two must be appointed by the Ktunaxa Kinbasket Tribal Council, currently Garry Merkel and Joe Pierre; and
  - (g) six must be appointed by the Lieutenant Governor in Council, currently Fred Parker and Derryll White (4 vacancies).

## MANDATE AND MEMBERSHIP OF BOARD COMMITTEES

### Executive Committee

Mandate:

The purpose of the Executive Committee is to oversee the organization, operation and development of Columbia Basin Trust on behalf of the Board of Directors.

Membership:

Josh Smienk, Chair

Garry Merkel, Vice Chair

Greg Deck

Fred Parker

Don Johnston, CEO

## **Audit Committee**

### **Mandate:**

The primary function of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities by ensuring the accuracy and integrity of the Columbia Basin Trust financial information. Audit Committee responsibilities also include the systems of internal control, which management and the Board of Directors have established, and the internal and external audit processes.

### **Membership:**

Mike Kartasheff, Chair  
Bill Kruisselbrink  
Dieter Bogs  
Bob Krysac, CFO

## **Communications Committee**

### **Mandate:**

The Communications Committee assists the Columbia Basin Trust in engaging directors to maintain better communications and co-operation with CBT sector steering committees, service providers, delivery partners and Basin residents, and making policy recommendations to the Columbia Basin Trust Board.

### **Membership:**

Bill Kruisselbrink, Chair  
Mike Kartasheff  
Fred Parker  
Jane Hutchins, Manager, Operations and Planning  
Jody Lamb, Communications Officer

## **Investment Committee**

### **Mandate:**

To develop a successful portfolio of investments in the Basin which will help to stimulate the regional economy and which provide a reliable stream of income for use in Columbia Basin Trust's delivery of benefits activities.

**Membership:**

The Executive Committee will serve as an interim Investment Committee with the addition of key staff:

Josh Smienk  
Garry Merkel  
Greg Deck  
Fred Parker  
Don Johnston, CEO  
Bob Krysac, CFO  
Dave Strachan, Investment Manager

**Water Management Committee****Mandate:**

The Committee will assume a leadership role in addressing water management issues within the Basin. The Committee will strive to balance and represent Basin residents' interests in a range of water management issues in the Basin.

**Membership:**

Garry Merkel, Chair  
Josh Smienk  
Ron Oszust  
Bill Kruisselbrink  
Derryll White  
Don Johnston, CEO  
Kindy Gosal, Water Management Liaison  
Jody Lamb, Communications Officer

**Names and job titles of senior management teams of organization and subsidiaries****Columbia Basin Trust Senior Management Team:**

Don Johnston, CEO  
Bob Krysac, CFO  
Jane Hutchins, Manager, Operations and Planning  
Dave Strachan, Manager, Investment and Small Business  
Agnes Koch, Monitoring and Evaluation

## CBT ENERGY CORPORATE GOVERNANCE

### CBT Energy Inc. Board mandate and membership:

#### Mandate:

The CBT Energy Board of Directors provides strategic and policy operational direction to the CEO and the staff of CBT Energy Inc. (CBTE) and its subsidiaries, thereby enabling the company to fulfill its objective of supporting the mission and vision of the Columbia Basin Trust in the energy area.

In order to impart appropriate leadership within the energy industry and support the Columbia Basin Trust's mission and vision, representatives from the Columbia Basin Trust and experts in the energy industry compose the six-member Board of Directors of CBTE.

The nature of the energy industry is one of dynamic evolution. The CBTE Board has a responsibility to ensure their leadership direction is both timely and effective. The CBTE Board meets quarterly. The CBTE Board establishes both long and short-term goals, and monitors the performance of the organization in attaining its goals.

The CBTE Board sets policy in areas critical to the organization's operations. These areas include power project investment, development and management. The CBTE Board must take into account a wide range of values when setting policy affecting the company's operations, including changes to the energy market, regulatory environment, the Columbia River Treaty, environmental issues and alternate energy.

CBTE is a joint venture partner of Columbia Power Corporation on several major power projects including Arrow Lakes Generating Station, Brilliant Upgrade, Brilliant Expansion and Waneta Expansion. CBTE representatives on the joint ventures receive their direction from the CBTE Board.

#### CBT Energy Inc. Board of Directors:

Josh Smienk, Chair (Columbia Basin Trust Board Chair)

Dieter Bogs, Director, Columbia Basin Trust

Ken Epp, Interim CEO, CBT Energy Inc.

George Fraser, General Manager, Northern California Power Agency, a joint action agency providing electric generation, load procurement, legislative and regulatory services for its members in California

Don Johnston, CEO, Columbia Basin Trust

Cam Osler, President and Senior Consultant of Intergroup Consultants Ltd., Winnipeg

#### CBT Energy Inc. Management Team

Ken Epp, Interim CEO,

Don Johnston, CBT CEO

Josh Smienk, CBT Board Chair

Bob Krysac, CBT CFO

## OFFICES

Suite 300, 445 - 13 Avenue  
Castlegar, BC  
V1N 1G1  
1-250-365-6633

828D Baker Street  
Cranbrook, BC  
V1C 1A2  
1-250-426-8810

102 Nelson Avenue North  
P.O. Box 220  
Nakusp, BC  
V0G 1R0  
1-250-265-9936

103 Gould's Island  
P.O. Box 393  
Golden, BC  
V0A 1H0  
1-250-344-7065



1-800-505-8998  
[cbt@cbt.org](mailto:cbt@cbt.org)  
[www.cbt.org](http://www.cbt.org)