

Consolidated Interim Financial Statements
(Expressed in Canadian dollars)

**LAND TITLE AND SURVEY AUTHORITY
OF BRITISH COLUMBIA**

Three and six months ended September 30, 2020 and 2019
(Unaudited)

LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Consolidated Interim Statement of Comprehensive Income (unaudited)
(Expressed in Canadian dollars)

Three and six months ended September 30, 2020, with comparative information for 2019

	Three Months		Six Months	
	2020	2019	2020	2019
Revenue:				
Examination services	\$ 5,399,677	\$ 5,449,268	\$ 10,051,880	\$ 10,239,007
Information products and subscriptions	4,260,996	4,027,841	7,856,125	7,981,885
Service fees	1,819,044	1,615,090	3,333,509	3,185,866
	11,479,717	11,092,199	21,241,514	21,406,758
Cost of revenue (note 4):				
Cost of examination services	4,584,714	4,368,559	8,984,023	8,743,053
Cost of information products and subscriptions	1,303,464	1,723,263	2,569,854	3,256,046
Cost of service fees	699,964	967,009	1,455,490	1,846,207
	6,588,142	7,058,831	13,009,367	13,845,306
Gross income	4,891,575	4,033,368	8,232,147	7,561,452
Operating expenses (note 4):				
Research and development	810,836	757,227	1,704,539	1,473,097
Policy and regulation	881,018	1,037,984	1,691,908	2,093,493
General and administrative	1,642,047	1,276,531	3,120,412	2,632,165
	3,333,901	3,071,742	6,516,859	6,198,755
Operating income	1,557,674	961,626	1,715,288	1,362,697
Other income (expenses)				
Lease interest	(126,690)	(142,072)	(257,018)	(281,690)
Bank charges and investment fees	(39,519)	(35,262)	(81,038)	(69,675)
Investment income (note 5)	781,969	367,601	2,179,664	756,748
Loss on disposal of property and equipment	-	(4,023)	(11,549)	(3,873)
	615,760	186,244	1,830,059	401,510
Income and comprehensive income before income taxes	2,173,434	1,147,870	3,545,347	1,764,207
Income tax expense (recovery):				
Current	(28,887)	137,480	74,418	232,887
Deferred	22,823	(70,515)	129,013	(122,091)
	(6,064)	66,965	203,431	110,796
Net income and comprehensive income	\$ 2,179,498	\$ 1,080,905	\$ 3,341,916	\$ 1,653,411

See accompanying notes to the consolidated interim financial statements.

LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Consolidated Interim Statement of Financial Position (unaudited)
(Expressed in Canadian dollars)

Six months ended September 30, 2020, with comparative information for 2019

	September 30, 2020	March 31, 2020
Assets		
Current assets:		
Cash and cash equivalents (note 6)	\$ 18,069,500	\$ 20,708,770
Investments	49,333,686	46,736,966
Funds held for customers	3,907,072	3,841,484
Trade and other receivables	257,939	232,145
Prepaid expenses	978,197	813,571
	72,546,394	72,332,936
Property and equipment (note 7)	19,400,738	19,451,931
Intangible assets (note 8)	25,048,793	23,673,618
Deferred income tax assets	71,363	74,817
	44,520,894	43,200,366
	\$ 117,067,288	\$ 115,533,302
Liabilities and Equity		
Current liabilities:		
Trade and other payables	\$ 1,843,121	\$ 2,737,693
Customer deposits held	3,907,072	3,841,484
Provisions	394,577	527,311
Employee benefits (note 9)	2,297,592	3,101,168
Contract liabilities (note 10)	1,191,073	878,260
Current lease liabilities (note 11)	2,072,151	1,804,618
Other current liabilities (note 12)	1,107,395	988,554
	12,812,981	13,879,088
Deferred tax liabilities	349,160	223,600
Lease liabilities (note 11)	10,776,118	11,643,501
	11,125,278	11,867,101
	23,938,259	25,746,189
Equity:		
Retained earnings	93,129,029	89,787,113
	\$ 117,067,288	\$ 115,533,302

See accompanying notes to the consolidated interim financial statements.

LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Consolidated Interim Statement of Changes in Equity (unaudited)
(Expressed in Canadian dollars)

Six months ended September 30, 2020, with comparative information for 2019

	Unappropriated retained earnings	Assurance Fund reserve	Total retained earnings
Balance, April 1, 2019	\$ 82,467,974	\$ 6,000,000	\$ 88,467,974
Net income and comprehensive income	1,653,411	-	1,653,411
Balance, September 30, 2019	\$ 84,121,385	\$ 6,000,000	\$ 90,121,385
Balance, April 1, 2020	\$ 83,787,113	\$ 6,000,000	\$ 9,787,113
Net income and comprehensive income	3,341,916	-	3,341,916
Balance, September 30, 2020	\$ 87,129,029	\$ 6,000,000	\$ 93,129,029

See accompanying notes to the consolidated interim financial statements.

LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Consolidated Interim Statement of Cash Flows (unaudited)
(Expressed in Canadian dollars)

Three and six months ended September 30, 2020, with comparative information for 2019

	Three Months		Six Months	
	2020	2019	2020	2019
Cash flow from operating activities:				
Cash received for:				
Fees	\$ 11,363,993	\$ 11,205,175	\$ 21,514,583	\$ 21,670,636
Fees collected on behalf of the Province of BC	9,906,461	9,770,933	18,147,862	19,126,318
Fees collected on behalf of other parties	2,529,509	2,339,239	4,427,945	4,696,781
Interest	125,039	386,596	466,263	786,067
	23,925,002	23,701,943	44,556,653	46,279,802
Cash paid for:				
Salaries and benefits	(4,729,048)	(4,210,056)	(10,743,084)	(9,714,284)
Goods and services	(2,485,261)	(3,474,264)	(4,261,011)	(6,104,130)
Sales and income taxes	(203,269)	(143,632)	(477,275)	(438,492)
Fees submitted to the Province of BC	(9,826,157)	(9,765,373)	(18,039,940)	(19,067,254)
Fees submitted to other parties	(2,518,883)	(2,336,375)	(4,415,816)	(4,693,056)
	(19,762,618)	(19,929,700)	(37,937,126)	(40,017,216)
Total cash flow from operating activities	4,162,384	3,772,243	6,619,527	6,262,586
Cash flow from financing activities:				
Repayment of finance lease obligation	(477,866)	(455,669)	(951,916)	(876,418)
Lease interest	(126,691)	(142,075)	(257,019)	(281,843)
	(604,557)	(597,744)	(1,208,935)	(1,158,261)
Cash flow from investing activities:				
Purchase of investments	(14,101,798)	(21,567,510)	(34,398,198)	(38,005,564)
Proceeds from sale or maturity of investments	13,217,702	13,235,223	31,801,478	21,354,827
Purchase of property and equipment, net	(790,391)	(629,514)	(1,423,692)	(1,741,048)
Purchase of intangible assets	(2,632,591)	(588,187)	(4,029,450)	(1,121,224)
	(4,307,078)	(9,549,988)	(8,049,862)	(19,513,009)
Net decrease in cash and cash equivalents	(749,251)	(6,375,489)	(2,639,270)	(14,408,684)
Cash and cash equivalents, beginning of period	18,818,751	45,295,202	20,708,770	53,328,397
Cash and cash equivalents, end of period	\$ 18,069,500	\$ 38,919,713	\$ 18,069,500	\$ 38,919,713

See accompanying notes to the consolidated interim financial statements.

LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Notes to Consolidated Interim Financial Statements

(Tabular amounts expressed in Canadian dollars, unless otherwise indicated)

Three and six months ended September 30, 2020, with comparative information for 2019

1. Nature of operations:

The Land Title and Survey Authority of British Columbia (the "LTSA") is an independent, not-for-profit corporation without share capital. It is established under the *Land Title and Survey Authority Act* and has responsibility for managing, operating and maintaining British Columbia's land title and land survey systems. Our corporate head office is located at Suite 200, 1321 Blanshard Street, Victoria, British Columbia. The LTSA's primary customers are legal professionals, land surveyors, certain statutory officers and other professionals who act on behalf of those who have an interest in conducting land-related transactions. Other stakeholders include all levels of government and First Nations, real estate professionals, financial institutions, historians, registry agents and other organizations, and the general public.

The LTSA operates independently from the provincial government, but must meet obligations and targets that the provincial government has established for it both in legislation and in a written Operating Agreement. The Operating Agreement has a term of 60 years, with the provision to renegotiate the revenue arrangement between the Province and the LTSA every 10 years.

2. Basis of presentation and statement of compliance:

These interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These interim consolidated financial statements should be read in conjunction with the LTSA's consolidated financial statements for the year ended March 31, 2020 which are included in the LTSA's 2020 financial report. The consolidated interim financial statements were authorized for issue on December 2, 2020 by the LTSA's Board of Directors.

3. Summary of significant accounting policies:

The significant accounting policies that have been applied, on a consistent basis, in the preparation of these interim consolidated financial statements are included in the LTSA's audited consolidated financial statements for the year ended March 31, 2020. Those accounting policies have been used throughout all periods presented in the interim consolidated financial statements and are prepared in accordance with IFRS.

LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

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(Tabular amounts expressed in Canadian dollars, unless otherwise indicated)

Three and six months ended September 30, 2020, with comparative information for 2019

4. Expenses:

	Three Months		Six Months	
	2020	2019	2020	2019
Salaries and benefits	\$ 4,824,024	\$ 4,438,801	\$ 9,939,507	\$ 9,091,422
Information services	986,886	1,725,794	1,932,850	2,982,151
Office and business expenses	525,196	597,081	842,190	1,409,199
Building occupancy	369,909	372,561	750,335	754,497
Professional fees	1,097,626	1,063,997	1,818,639	2,032,529
Amortization of assets	2,118,402	1,932,339	4,242,705	3,774,263
	\$ 9,922,043	\$ 10,130,573	\$ 19,526,226	\$ 20,044,061
Expenses per Statement of Comprehensive Income:				
Cost of revenue	\$ 6,588,142	\$ 7,058,831	\$ 13,009,367	\$ 13,845,306
Operating expenses	3,333,901	3,071,742	6,516,859	6,198,755
	\$ 9,922,043	\$ 10,130,573	\$ 19,526,226	\$ 20,044,061

5. Investment income:

The LTSA's investment income is comprised as follows:

	Three Months		Six Months	
	2020	2019	2020	2019
Interest income	\$ 291,491	\$ 466,450	\$ 687,601	\$ 954,616
Change in fair value of investments	489,022	(85,464)	1,554,403	(151,438)
Gain (loss) on disposal of investment	1,456	(13,385)	(62,340)	(46,430)
	\$ 781,969	\$ 367,601	\$ 2,179,664	\$ 756,748

6. Cash and cash equivalents:

	September 30, 2019	March 31, 2019
Cash in bank and on hand	\$ 13,036,696	\$ 15,230,239
Cash equivalents	5,032,804	5,478,531
	\$ 18,069,500	\$ 20,708,770

Included in cash in bank and on hand are fees payable to the Province of British Columbia of \$285,151 (March 31, 2020: \$177,229) and other fees payable of \$38,906 (March 31, 2020: \$26,776).

LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Notes to Consolidated Interim Financial Statements

(Tabular amounts expressed in Canadian dollars, unless otherwise indicated)

Three and six months ended September 30, 2020, with comparative information for 2019

Under the terms of the Operating Agreement with the Province of British Columbia, the province's share of fees are collected on behalf of the province and must be remitted within one business day of collection. These amounts payable to the province are included in trade and other payables.

7. Property and equipment:

	Vault storage systems	Technical equipment	Office furniture and equipment	Leasehold improvements	Right of Use assets	Total
Cost:						
Balance, April 1, 2019	\$ 743,268	\$ 2,601,692	\$ 2,426,151	\$ 6,599,166	\$ -	\$ 12,370,277
Adoption of IFRS 16	-	(133,670)	-	6,243	3,516,071	3,488,644
Additions	129,505	263,715	360,484	1,070,244	-	1,823,948
Disposals	(6,438)	(291,499)	(46,518)	-	-	(344,455)
Balance, Sept 30, 2019	\$ 866,335	\$ 2,440,238	\$ 2,740,117	\$ 7,775,653	\$ 13,516,071	\$ 27,338,414
Balance, April 1, 2020	\$ 1,013,342	\$ 2,651,569	\$ 3,155,909	\$ 8,883,724	\$ 13,516,071	\$ 29,220,615
Additions	1,960	397,361	213,102	833,864	352,066	1,798,353
Disposals	(8,542)	(141,698)	(43,569)	-	(176,313)	(370,122)
Balance, Sept 30, 2020	\$ 1,006,760	\$ 2,907,232	\$ 3,325,442	\$ 9,717,588	\$ 13,691,824	\$ 30,648,846
Amortization:						
Balance, April 1, 2019	\$ (389,303)	\$ 2,061,738	\$ (1,551,590)	\$(2,822,356)	\$ -	\$ (6,824,987)
Adoption of IFRS 16	-	20,588	-	-	(20,588)	-
Amortization	6,438	291,499	39,246	-	-	337,183
Disposals	(36,772)	(108,383)	(124,319)	(354,060)	(961,812)	(1,585,346)
Balance, Sept 30, 2019	\$ (419,637)	\$ 1,858,034	\$ (1,636,663)	\$ 3,176,416	\$ (982,400)	\$ (8,073,150)
Balance, April 1, 2020	\$ (440,975)	\$,957,848	\$ (1,777,863)	\$ 3,611,994	\$ (1,980,004)	\$ (9,768,684)
Amortization	8,542	141,698	31,970	-	176,313	358,523
Disposals	(50,364)	(162,963)	(160,540)	(466,616)	(997,464)	(1,837,947)
Balance, Sept 30, 2020	\$ (482,797)	\$,979,113	\$ (1,906,433)	\$,078,610	\$ (2,801,155)	\$ 1,248,108
Net book value:						
September 30, 2019	\$ 446,698	\$ 582,204	\$ 1,103,454	\$ 4,599,237	\$ 12,533,671	\$ 19,265,264
September 30, 2020	\$ 523,963	\$ 928,119	\$ 1,419,009	\$ 5,638,978	\$ 10,890,669	\$ 19,400,738

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(Tabular amounts expressed in Canadian dollars, unless otherwise indicated)

Three and six months ended September 30, 2020, with comparative information for 2019

8. Intangible assets:

	Software systems	Software systems under development	Cadastral fabric	Cadastral fabric under development	Total
Cost:					
Balance, April 1, 2019	\$ 45,623,333	\$ 3,780,068	\$ 10,215,100	\$ 83,541	\$ 59,702,042
Additions	102,688	1,774,745	-	72,221	1,949,654
Transfers	72,424	(72,424)	112,190	(112,190)	-
Disposals	(195,728)	-	-	-	(195,728)
Balance, Sept 30, 2019	\$ 45,602,717	\$ 5,482,389	\$ 10,327,290	\$ 43,572	\$ 61,455,968
Balance, April 1, 2020	\$ 52,084,685	\$ 2,810,126	\$ 10,554,067	\$ -	\$ 65,448,878
Additions	7,405	3,772,521	-	-	3,779,926
Transfers	1,645,277	(1,645,277)	-	-	-
Disposals	-	-	-	-	-
Balance, Sept 30, 2020	\$ 53,737,367	\$ 4,937,370	\$ 10,554,067	\$ -	\$ 69,228,804
Amortization:					
Balance, April 1, 2019	\$ (35,415,062)	\$ -	\$ (1,761,300)	\$ -	\$ (37,176,362)
Amortization	(1,844,671)	-	(344,243)	-	(2,188,914)
Disposals	195,728	-	-	-	195,728
Balance, Sept 30, 2019	\$ (37,064,005)	\$ -	\$ (2,105,543)	\$ -	\$ (39,169,548)
Balance, April 1, 2020	\$ (39,324,214)	\$ -	\$ (2,451,046)	\$ -	\$ (41,775,260)
Amortization	(2,052,949)	-	(351,802)	-	(2,404,751)
Balance, Sept 30, 2020	\$ (41,377,163)	\$ -	\$ (2,802,848)	\$ -	\$ (44,180,011)
Net book value:					
September 30, 2019	\$ 8,538,712	\$ 5,482,389	\$ 8,221,747	\$ 43,572	\$ 22,286,420
September 30, 2020	\$ 12,360,204	\$ 4,937,370	\$ 7,751,219	\$ -	\$ 25,048,793

Software systems under development are primarily costs to design, build and implement the Land Ownership Transparency Registry and various other new products. Cadastral fabric under development are costs to improve the cadastral fabric.

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Notes to Consolidated Interim Financial Statements

(Tabular amounts expressed in Canadian dollars, unless otherwise indicated)

Three and six months ended September 30, 2020, with comparative information for 2019

9. Employee benefits:

The following amounts represent the LTSA's obligations to its current and former employees that are expected to be settled during the next twelve months:

	September 30, 2020	March 31, 2020
Salaries payable	\$ 1,250,617	\$ 2,265,828
Employee leave liability	864,436	667,584
Superannuation and group RRSP benefits	182,539	167,756
	\$ 2,297,592	\$ 3,101,168

Public service pension plan:

The LTSA paid \$233,191 and \$459,651 for employer contributions to the plan during the three and six months ended September 30, 2020 (2019: \$210,207 and \$416,217).

Retirement benefit:

LandSure and Autoprop contributed up to 6.0% of employees' base salaries to a group registered retirement savings plan. The amount recognized as an expense for the three and six months ended September 30, 2020 was \$81,764 and \$160,837 (2019: \$68,750 and \$138,837).

10. Contract liabilities:

Contract liabilities represents cash received from customers in excess of revenue recognized on uncompleted contracts.

	2020	2019
Balance, April 1	\$ 878,260	\$ 774,679
Additions	1,130,607	904,365
Revenue recognized during the periods	(817,794)	(657,463)
Balance, September 30	\$ 1,191,073	\$ 1,021,581

Additional contract liabilities and revenue recognized during the three months were \$902,011 (2019: \$765,494)

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Notes to Consolidated Interim Financial Statements

(Tabular amounts expressed in Canadian dollars, unless otherwise indicated)

Three and six months ended September 30, 2020, with comparative information for 2019

11. Lease liabilities:

The LTSA leases certain assets under lease agreements, the lease liabilities consist primarily of lease of buildings and office equipment. The leases have interest rates ranging from 3.95% to 4.45% per annum and expire between March 2022 and September 2033.

	2020	2019
Balance, April 1	\$ 13,448,119	\$ 1,698,169
Additions	352,066	13,561,456
Payments	(1,208,935)	(1,158,109)
Interest	257,019	281,691
Balance, September 30	12,848,269	\$ 14,383,207
Amount due for settlements with 12 months	2,072,151	\$ 1,797,158
Amount due for settlements after 12 months	10,776,118	12,586,049
Total	\$ 12,848,269	\$ 14,383,207

The LTSA made payments of \$604,557 (2019: \$597,744), and interest was \$126,691 and (2019: \$142,075) during the three months.

12. Other current liabilities:

The LTSA has contracts with MacDonald Dettwiler and Associates Ltd. ("MDA") to build the Web Filing system upgrade. The LTSA is entitled to hold back 15% from each milestone payment which will be released and paid upon successful completion of the work. In addition, the LTSA has contracts with other parties to renovate offices. The LTSA is entitled to hold back 10% from each progress payment that will be released and paid upon successful completion of the work.

The following holdbacks were outstanding at quarter end:

	September 30, 2020	March 31, 2020
Web Filing	\$ 1,097,099	\$ 968,202
Office improvements	10,296	20,352
Total	\$ 1,107,395	\$ 988,554

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Notes to Consolidated Interim Financial Statements

(Tabular amounts expressed in Canadian dollars, unless otherwise indicated)

Three and six months ended September 30, 2020, with comparative information for 2019

13. Related party transactions:

Province of British Columbia:

The Province of British Columbia provincial ministries, central agencies and certain other organizations are exempt from the payment of LTSA fees. During the three and six months ended September 30, 2020, the LTSA provided services to these organizations which, if assessed fees at the usual rates applicable to other entities, would have resulted in additional revenues of \$3,319,332 and \$8,121,343 respectively (2019: \$1,873,770 and \$3,637,719).

Products and services acquired from the province for the three and six months ended September 30, 2020 totaled \$122,697 and \$239,570 (2019: \$193,847 and \$367,246).

Real property taxation authorities:

Various real property taxation authorities are entitled to use the land title system free of charge for the administration of the taxation of real property. During the three and six months ended September 30, 2020, the LTSA provided services to these authorities which, if assessed fees at the usual rates applicable to other entities, would have resulted in additional revenues of \$152,499 and \$319,584 respectively (2019: \$181,973 and \$355,276).

14. Impact of COVID-19:

Since March 2020 the LTSA has been following the provincial guidelines with respect to remote working and social distancing in response to the outbreak of the novel coronavirus (“COVID-19”). Land registry has been designated as an essential service by the Province of British Columbia and we are continuing to operate with full capacity. We have experienced a modest reduction in the volume of transactions compared to the prior year due to the effect of COVID-19 on the British Columbia real property market.

The LTSA has cash, cash equivalents and investments totaling \$67,403,186 at September 30, 2020 with no bank debt. We are of the opinion that our cash reserves and our proactive forecasting is sufficient to manage the COVID-19 financial risk in the 2020 – 2021 fiscal year.

The LTSA places a high value in the safety of its employees. We have implemented a flexible remote work policy and invested in personal protection equipment, safety barriers, and office reconfiguration to ensure adequate social distancing.