

Consolidated Interim Financial Statements
(Expressed in thousands of Canadian dollars)

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

Three months ended June 30, 2021 and 2020
(Unaudited)

LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

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

Three months ended June 30, 2021, with comparative information for 2020

	2021	2020
Revenue:		
Examination services	\$ 8,294	\$ 4,652
Information products and subscriptions	5,414	3,595
Service fees	2,663	1,515
	<u>16,371</u>	<u>9,762</u>
Cost of revenue (note 4):		
Cost of examination services	5,268	4,400
Cost of information products and subscriptions	1,300	1,266
Cost of service fees	829	755
	<u>7,397</u>	<u>6,421</u>
Gross income	8,974	3,341
Operating expenses (note 4):		
Research and development	1,082	894
Policy and regulation	963	811
General and administrative	1,877	1,478
	<u>3,922</u>	<u>3,183</u>
Operating income	5,052	158
Other income (expenses)		
Lease interest	(112)	(130)
Bank charges and investment fees	(53)	(42)
Investment income (note 5)	915	1,398
Loss on disposal of property and equipment	(2)	(12)
	<u>748</u>	<u>1,214</u>
Income and comprehensive income before income taxes	5,800	1,372
Income tax expense (recovery):		
Current	421	104
Deferred	(36)	106
	<u>385</u>	<u>210</u>
Net income and comprehensive income	<u>\$ 5,415</u>	<u>\$ 1,162</u>

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 thousands of Canadian dollars)

Three months ended June 30, 2021, with comparative information for 2020

	June 30, 2021	March 31, 2021
Assets		
Current assets:		
Cash and cash equivalents (note 6)	\$ 19,269	\$ 16,546
Investments	60,966	57,462
Funds held for customers	4,274	4,042
Trade and other receivables	82	191
Prepaid expenses	884	1,063
	85,475	79,304
Property and equipment (note 7)	16,943	17,798
Intangible assets (note 8)	24,188	24,260
	41,131	42,058
	\$ 126,606	\$ 121,362
Liabilities and Equity		
Current liabilities:		
Trade and other payables	\$ 1,761	\$ 1,921
Customer deposits held	4,274	4,042
Provisions	102	125
Employee benefits (note 9)	2,291	2,862
Contract liabilities (note 10)	1,743	1,194
Income tax payable	712	354
Current lease liabilities (note 11)	2,089	2,114
	12,972	12,612
Deferred tax liabilities	314	350
Lease liabilities (note 11)	9,207	9,702
	9,521	10,052
	22,493	22,664
Equity:		
Retained earnings	104,113	98,698
	\$ 126,606	\$ 121,362

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 thousands of Canadian dollars)

Three months ended June 30, 2021, with comparative information for 2020

	Unappropriated retained earnings	Assurance Fund reserve	Total retained earnings
Balance, April 1, 2020	\$ 83,787	\$ 6,000	\$ 89,787
Net income and comprehensive income	1,162	-	1,162
Balance, June 30, 2020	\$ 84,949	\$ 6,000	\$ 90,949
Balance, April 1, 2021	\$ 92,698	6,000	98,698
Net income and comprehensive income	5,415	-	5,415
Balance, June 30, 2021	\$ 98,113	\$ 6,000	\$ 104,113

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 thousands of Canadian dollars)

Three months ended June 30, 2021, with comparative information for 2020

	2021	2020
Cash flow from operating activities:		
Cash received for:		
Fees	\$ 16,984	\$ 10,151
Fees collected on behalf of the Province of BC	13,513	8,241
Fees collected on behalf of other parties	4,185	1,899
Interest	296	341
	34,978	20,632
Cash paid for:		
Salaries and benefits	(6,333)	(6,014)
Goods and services	(2,497)	(1,776)
Sales and income taxes	(520)	(274)
Fees submitted to the Province of BC	(13,440)	(8,214)
Fees submitted to other parties	(4,174)	(1,897)
	(26,964)	(18,175)
Total cash flow from operating activities	8,014	2,457
Cash flow from financing activities:		
Repayment of finance lease obligations	(520)	(474)
Lease interest	(112)	(130)
	(632)	(604)
Cash flow from investing activities:		
Purchase of investments	(13,793)	(20,297)
Proceeds from sale or maturity of investments	10,288	18,584
Purchase of property and equipment, net	(95)	(633)
Purchase of intangible assets	(1,059)	(1,397)
	(4,659)	(3,743)
Net increase (decrease) in cash and cash equivalents	2,723	(1,890)
Cash and cash equivalents, beginning of period	16,546	20,709
Cash and cash equivalents, end of period	\$ 19,269	\$ 18,819

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 thousands of Canadian dollars, unless otherwise indicated)

Three months ended June 30, 2021, with comparative information for 2020

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, 2021 which are included in the LTSA's 2021 financial report. The consolidated interim financial statements were authorized for issue on September 23, 2021 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, 2021. Those accounting policies have been used throughout all periods presented in the interim consolidated financial statements and are prepared in accordance with IFRS.

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Notes to Consolidated Interim Financial Statements

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

Three months ended June 30, 2021, with comparative information for 2020

4. Expenses:

	2021	2020
Salaries and benefits	\$ 5,762	\$ 5,116
Information services	1,418	946
Office and business expenses	596	317
Building occupancy	318	380
Professional fees	931	721
Amortization of assets	2,294	2,124
	\$ 11,319	\$ 9,604
Expenses, per Statement of Comprehensive Income		
Cost of revenue	\$ 7,397	\$ 6,421
Operating expenses	3,922	3,183
	\$ 11,319	\$ 9,604

5. Investment income:

	2021	2020
Interest income	\$ 300	\$ 396
Change in fair value of investments	618	1,065
Loss on disposal of investments	(3)	(63)
	\$ 915	\$ 1,398

6. Cash and cash equivalents:

	June 30, 2021	March 31, 2021
Cash in bank and on hand	\$ 17,430	\$ 15,146
Cash equivalents	1,839	1,400
	\$ 19,269	\$ 16,546

Included in cash in bank and on hand are fees payable to the Province of British Columbia of \$384 (March 31, 2021: \$311) and other fees payable of \$59 (March 31, 2021: \$47).

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.

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Notes to Consolidated Interim Financial Statements

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

Three months ended June 30, 2021, with comparative information for 2020

7. Property and equipment:

	Vault storage systems	Technical equipment	Office furniture and equipment	Leasehold improvements	Right of use assets	Total
Cost:						
Balance, April 1, 2020	\$ 1,013	\$ 2,652	\$ 3,156	\$ 8,884	\$ 13,516	\$ 29,221
Additions	-	118	6	780	352	1,256
Disposals	(9)	(7)	(43)	-	(176)	(235)
Balance, June 30, 2020	\$ 1,004	\$ 2,763	\$ 3,119	\$ 9,664	\$ 13,692	\$ 30,242
Balance, April 1, 2021	\$ 1,218	\$ 2,905	\$ 3,333	\$ 9,744	\$ 13,692	\$ 30,892
Additions	12	59	-	24	-	95
Disposals	-	(3)	-	-	-	(3)
Balance, June 30, 2021	\$ 1,230	\$ 2,961	\$ 3,333	\$ 9,768	\$ 13,692	\$ 30,984
Amortization:						
Balance, April 1, 2020	\$ (441)	\$ (1,958)	\$ (1,778)	\$ (3,612)	\$ (1,980)	\$ (9,769)
Amortization	(25)	(75)	(79)	(227)	(499)	(905)
Disposals	9	7	32	-	176	224
	\$ (457)	\$ (2,026)	\$ (1,825)	\$ (3,839)	\$ (2,303)	\$ (10,450)
Balance, April 1, 2021	\$ (532)	\$ (2,095)	\$ (2,063)	\$ (4,605)	\$ (3,799)	\$ (13,094)
Amortization	(29)	(84)	(73)	(264)	(499)	(949)
Disposals	-	2	-	-	-	2
Balance, June 30, 2021	\$ (561)	\$ (2,177)	\$ (2,136)	\$ (4,869)	\$ (4,298)	\$ (14,041)
Net book value:						
June 30, 2020	\$ 547	\$ 737	\$ 1,294	\$ 5,825	\$ 11,389	\$ 19,792
June 30, 2021	\$ 669	\$ 784	\$ 1,197	\$ 4,899	\$ 9,394	\$ 16,943

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Notes to Consolidated Interim Financial Statements

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8. Intangible assets:

	Software systems	Software systems under development	Cadastral fabric	Total
Cost:				
Balance, April 1, 2020	\$ 52,084	\$ 2,810	\$ 10,554	\$ 65,448
Additions	7	1,979	-	1,986
Transfers	369	(369)	-	-
Balance, June 30, 2020	\$ 52,460	\$ 4,420	\$ 10,554	\$ 67,434
Balance, April 1, 2021	\$ 58,363	\$ 2,185	\$ 10,554	\$ 71,102
Additions	-	1,273	-	1,273
Transfers	2,487	(2,487)	-	-
Balance, June 30, 2021	\$ 60,850	\$ 971	\$ 10,554	\$ 72,375
Amortization:				
Balance, April 1, 2020	\$ (39,324)	\$ -	\$ (2,451)	\$ (41,775)
Amortization	(1,041)	-	(175)	(1,216)
Balance, June 30, 2020	\$ (40,365)	\$ -	\$ (2,626)	\$ (42,991)
Balance, April 1, 2021	\$ (43,686)	\$ -	\$ (3,156)	\$ (46,842)
Amortization	(1,169)	-	(176)	(1,345)
Balance, June 30, 2021	\$ (44,855)	\$ -	\$ (3,332)	\$ (48,187)
Net book value:				
June 30, 2020	\$ 12,095	\$ 4,420	\$ 7,928	\$ 24,443
June 30, 2021	\$ 15,995	\$ 971	\$ 7,222	\$ 24,188

Software systems under development are primarily costs to enhance the LTSA's underlying ASTRA ("Automated Survey and Title Registration Application") technology, design, build and implement the Land Ownership Transparency Registry, as well as building back office solutions to increase automation and reduce processing defects.

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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:

	June 30, 2021	March 31, 2021
Salaries payable	\$ 1,047	\$ 1,800
Employee leave liability	1,095	894
Superannuation and group RRSP benefits	149	168
	\$ 2,291	\$ 2,862

Public service pension plan:

The LTSA paid \$238 (2020: \$226) for employer contributions to the plan during the quarter which represents 0.1% of the total plan contributions.

Retirement benefit:

LandSure and Autoprop contributed up to 6.0% of employees' base salaries to group registered retirement savings plans. The amount recognized as an expense for the quarter ended June 30, 2021 was \$92 (2020: \$79).

10. Contract liabilities:

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

	2021	2020
Balance, April 1	\$ 1,194	\$ 878
Additions to contract liabilities	1,581	963
Revenue recognized during the period	(1,032)	(744)
Balance, June 30	\$ 1,743	\$ 1,097

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11. Lease liabilities:

The LTSA incurs lease payments for certain assets under lease agreements consisting primarily of office 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.

	2021	2020
Balance, April 1	\$ 11,816	\$ 13,448
Additions	-	352
Payments	(632)	(604)
Interest	112	130
Balance, June 30	\$ 11,296	\$ 13,326
Amount due for settlements within 12 months	\$ 2,089	\$ 2,024
Amount due for settlements after 12 months	9,207	11,302
Total	\$ 11,296	\$ 13,326

12. 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 quarter ended June 30, 2021, 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 \$4,322 (2020: \$4,802).

Products and services acquired from the province for the quarter ended June 30, 2021 totaled \$141 (2020: \$117).

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 quarter ended June 30, 2021, 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 \$171 (2020: \$167).

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Three months ended June 30, 2021, with comparative information for 2020

12. Subsequent event:

On July 30, 2021, LTSA's wholly-owned subsidiary, LandSure Systems Ltd. acquired the land administration business from MDA Systems Ltd. for \$1.9 million cash pursuant to an agreement dated July 21, 2021. The acquisition qualifies as a business combination and will be accounted for using the acquisition method of accounting. We are in the process of determining the fair value of the assets and liabilities acquired, however the purchased assets consist mainly of an assembled workforce, and the majority of the purchase price will be allocated to goodwill.