Windsor-Detroit Bridge Authority
Quarterly Financial Report for the Period Ended June 30, 2024
Unaudited

MANDATE

The Windsor-Detroit Bridge Authority (WDBA) established on October 9, 2012, by Letters Patent pursuant to the International Bridges and Tunnels Act, is a Schedule III, Part I non-agent parent Crown Corporation responsible for carrying out the obligations of the Crossing Authority as a party to the 2012 Canada-Michigan Crossing Agreement. Its mandate is to construct and operate the Gordie Howe International Bridge Project (formerly known as the New International Trade Crossing and the Detroit River International Crossing), and to do so directly or under one or more public-private partnership (P3) agreements with one or more private sector concessionaires procured through a competitive procurement process as contemplated by the Crossing Agreement.

In June 2012, the Government of Canada and Michigan set out the governance framework for WDBA and outlined the roles and responsibilities of the key parties involved in the Gordie Howe International Bridge Project. The Crossing Agreement signed between Canada, WDBA and Michigan (the State of Michigan, the Michigan Department of Transportation, and the Michigan Strategic Fund) stipulates that Canada will fund the entire Project.

The Crossing Agreement also established the International Authority (IA), a legal entity separate and distinct from WDBA. The IA was responsible for the approval of land acquisitions in the State of Michigan, leases of land in Michigan, as well as the Request for Qualifications, Request for Proposal, and the Public-Private Agreement with respect to the Gordie Howe International Bridge Project. These responsibilities having been discharged, the IA is now responsible for monitoring compliance by WDBA with the Crossing Agreement and the Concessionaire with the Public-Private Agreement. WDBA is required by the Crossing Agreement to fund the activities of the IA.

OVERVIEW OF THE GORDIE HOWE INTERNATIONAL BRIDGE PROJECT

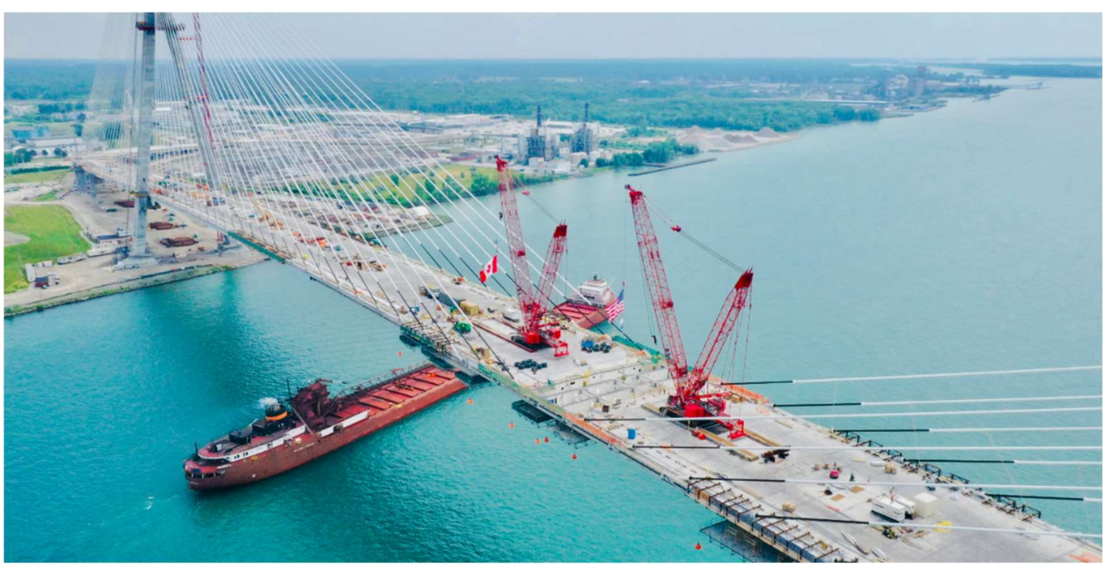
The Windsor-Detroit trade corridor is the busiest border crossing between the U.S. and Canada. The Gordie Howe International Bridge Project will address current constraints with existing crossing capacity and will accommodate future trade and travel demand to provide needed capacity as well as system redundancy (i.e., overflow capacity and choice of crossings) in the Windsor-Detroit Region, and flexibility to stream traffic to improve border processing. The Project has four major components:

- Bridge – a six-lane cable-stayed bridge with a span of 850 meters across the Detroit River.
- Canadian Port of Entry (POE) – a 53-hectare site that will house passenger, commercial and animal customs and border processing, tolling, and maintenance facilities.
- U.S. POE – a 68-hectare site of similar scale to the Canadian Port of Entry, but without toll collection facilities.
- Michigan Interchange with Interstate 75 (I-75) – consists of the primary connecting overpasses and ramps to and from the U.S. Port of Entry and associated local road improvements.

The Project is being delivered through a public-private partnership (P3), using the design, build, finance, operate and maintain (DBFOM) model. On September 28, 2018, WDBA entered into a Public-Private Partnership with Bridging North America (BNA). BNA is a consortium consisting of:

- ACS Infrastructure Canada Inc. (ACSIC), which is the Canadian subsidiary of ACS Group
- Fluor Canada Ltd., a subsidiary of Fluor Corporation, and
- Aecon Group Inc.

In January 2024, WDBA announced amendments to the Project Agreement to include a new September 2025 construction completion date, new measures to ensure this date is achieved, and an updated overall contract value of $6.4 billion. See Note 11 to the financial statements for further detail.



OBJECTIVES, ACTIVITIES, AND EXPECTED RESULTS FOR 2024-25

WDBA's strategic objectives, deliverables, and expected results for 2024-25 objectives are consistent with those from its 2023-24 Corporate Plan. These objectives have been refined to reflect the stage of the project heading more accurately into the new fiscal year and reflect achievable outcomes. The following includes WDBA's strategic objectives as well as a summary of progress:

1. WDBA works with Bridging North America to achieve successful implementation of the Gordie Howe International Bridge project. To that end, as an informed and collaborative partner, WDBA:
    - delivers the Gordie Howe International Bridge Project through a proactive and comprehensive capital delivery approach.
    - plans and prepares for the operations phase of the Gordie Howe International Bridge Project to facilitate the efficient and effective movement of people and goods through the border crossing and supporting road systems.

2. WDBA has positive and transparent relationships with its shareholder, Michigan as co-owner and stakeholders.
    - WBDA continues to build upon its strong reputation as a reliable and trusted community member continuously earning their respect.
    - WDBA also maintains regular engagement with the Government of Canada.
    - WDBA is implementing a customer-centric approach to doing business that responds to bridge users' needs and expectations resulting in exceptional experiences.

3. WDBA is a high-performing Crown corporation.
    - WDBA endeavors to instill a culture of excellence, a passion to serve and good stewardship and integrity.
    - WDBA will aspire to be a leader in sustainability and apply a critical lens in this regard across all segments of the organization.
    - WDBA will prioritize being an organization that positions its employees to succeed as it plans for its transition to operations.

FINANCIAL ANALYSIS

SUMMARY

At the end of the first quarter of 2024-25, net results of operations at WDBA reflect a surplus of $317.3 million (2023-24: $215.2 million). The surplus is mostly due to the timing of appropriations and expenditures on capital assets.

Compared to the 2024 fiscal year-end results, WDBA's net debt decreased to $1,040.9 million, a change of $200.6 million (2023-24: $1,241.5 million). Non-financial assets increased by $117.5 million to $4,415.1 million (2023-24: $4,297.6 million). The increases are mainly due to continuing BNA construction activities and the Project Agreement amendment.

STATEMENT OF OPERATIONS

APPROPRIATIONS

WDBA received $404.9 million in appropriations in the first quarter of 2024-25, compared to $263.3 million in the prior year.

The appropriations were used to fund BNA's activities, the Project Agreement amendment, Michigan activities, design, and engineering costs, and WDBA operations.

EXPENSES

COMPARED TO PRIOR YEAR

Compared to the prior year, expenses have increased by $14.7 million. The major cost increases from the prior year are as follows:

- Other Project Costs $9.2 million
- I-75 costs $8.3 million
- Local Road Improvements $1.2 million
- Payroll and Benefits $1.2 million

These increases were offset by decreases in the following areas:

- Professional Services $2.6 million
- Legal Services $1.2 million
- Amortization $1.0 million

There were other changes from the prior year, however none on their own made up a significant factor in the year-over-year variance. The expense by type table shown below details the costs compared to the same period from the prior year.

(thousands of dollars)

EXPENSES BY TYPE	Three Months ended	
	June 30, 2024	June 30, 2023
I-75 Costs	**42,358**	34,027
Other Project Costs	**9,193**	-
Payroll and Benefits	**5,905**	4,695
Amortization	**2,093**	3,107
Local Road Improvements	**1,670**	490
Michigan Land	**747**	326
Professional Services	**743**	3,340
Office and Maintenance	**396**	289
Insurance	**343**	1,191
Rent	**262**	256
Other	**191**	78
Legal Services	**153**	1,377
Travel Expenses	**142**	139
Property Taxes	**105**	85
Transfers to International Authority	**43**	250
Repairs and Maintenance	**34**	38
	64,378	49,688

The largest cost increases from the prior year are related to Other Project Costs, I-75 costs, Local Road Improvements and Payroll and Benefits. Other Project Costs are a result of the repayment of certain performance deductions to BNA. The cost increases for I75 are related to increased activities relating to a construction mitigation agreement resulting from the Mid Project settlement agreement. Payroll and Benefits costs are higher because of increased headcount as the project activities intensified. Finally, Local Road Improvements have increased because of the construction work on Sandwich Street.

These cost increases were partially offset by decreases to the Professional Services, Legal Services, and Amortization costs. Professional Services and Legal Services were both reduced because the support required to achieve the mid-project settlement was significantly reduced, as the agreement was signed late in the year. Amortization is reduced as a result of the adjusted timeline for the completion of the project, meaning a protracted amortization period.

STATEMENT OF FINANCIAL POSITION

COMPARED TO PRIOR YEAR

FINANCIAL ASSETS

Financial assets of $186.1 million (March 31, 2024: $142.1 million) consisted of $182.3 million in cash (March 31, 2024: $138.7 million), and $3.7 million in accounts receivable and deposits (March 31, 2024: $3.4 million).

On June 30, 2024, WDBA had a restricted cash balance of $94.0 million in an escrow account (March 31, 2024: $96.8 million). These funds are held in a US dollar escrow account to fund U.S. property acquisitions and other Michigan activities carried out by MDOT. WDBA is required to fund MDOT's Michigan activities at the beginning of each quarter through the escrow account.

Accounts receivable consist mainly of recoverable HST. WDBA expects to recover 100% of the HST on expenditures directly related to construction (including design, engineering, plaza fill, utility relocation, etc.), and approximately 70% of the HST for expenditures related to WDBA's operating expenses.

LIABILITIES

On June 30, 2024, WDBA's liabilities were $1,226.9 million (March 31, 2024: $1,383.6 million). Liabilities consist mainly of BNA's 15% contribution to the Project, holdbacks, accounts payable and accruals for WDBA's suppliers, and a liability for environmental remediation.

Accounts payable and accrued liabilities of $112.5 million (March 31, 2024: $287.2 million) consist primarily of amounts for BNA activities, Michigan Activities, and the Owner's Engineer.

NON-FINANCIAL ASSETS

WDBA held $4,413.9 million of tangible capital assets at the end of the first quarter of 2024-25, compared to $4,297.6 million at the end of the prior year. These consist primarily of capitalized costs incurred related to the Gordie Howe International Bridge Project (Construction in Progress), leased property in Canada and Michigan, and the Perimeter Access Road (PAR).

Construction in Progress of $4,063.2 million on June 30, 2024 (March 31, 2024: $3,952.4 million) includes costs related to the building of the Bridge and the Canadian and U.S. POEs. Given that the Project is in the construction phase, most of the capitalized costs are related to construction costs, BNA's start-up, design, and procurement, the Early Works, utility relocation, the Project Agreement amendment, professional services, and environmental remediation.

The table below provides a breakdown of the Construction in Progress:

(thousands of dollars)	**June 30, 2024**	March 31, 2024
Bridge	**1,785,341**	1,726,876
US Port of Entry	**1,289,943**	1,261,604
Canadian Port of Entry	**987,877**	963,905
	4,063,161	3,952,385

Prepaid expenses of $1.2 million (March 31, 2024: $1.1 million) consists primarily of $0.5 million of prepaid insurance (March 31, 2024: $0.6 million). This is related to WDBA's owner-controlled insurance program for insurance for the construction of the Project.

WDBA QUARTERLY FINANCIAL STATEMENTS FOR THE FIRST QUARTER 2024-25

STATEMENT OF MANAGEMENT RESPONSIBILITY

Management is responsible for the preparation and fair presentation of these quarterly financial statements in accordance with the Treasury Board of Canada's Directive on Accounting Standards: GC5200 Crown Corporations Quarterly Financial Reports, and for such internal controls as management determines is necessary to enable the preparation of quarterly financial statements that are free from material misstatement. Management is also responsible for ensuring that all other information in the quarterly financial report is consistent, where appropriate, with the quarterly financial statements.

Based on our knowledge, these unaudited quarterly financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the corporation, as at the date of and for the periods presented in the quarterly financial statements.

Charl van Niekerk Chief Executive Officer	Joël Hupé Chief Financial & Administrative Officer

Windsor, Canada
August 30, 2024

Windsor-Detroit Bridge Authority
Quarterly Statement of Financial Position (Unaudited)
As at June 30, 2024
(thousands of dollars)

	June 30, 2024	March 31, 2024
FINANCIAL ASSETS		
Cash	**88,265**	41,852
Restricted cash (Note 3)	**93,994**	96,807
Accounts receivable	**3,747**	3,405
Deposits	**58**	58
Total Financial Assets	**186,064**	142,122
LIABILITIES		
Accounts payable and accrued liabilities	**112,480**	287,181
Accrued employee benefits	**3,131**	2,740
Environmental liability (Note 4)	**8,394**	8,394
Holdback (Note 5)	**435,147**	414,068
Due to private partner (Note 6)	**667,779**	671,193
Total Liabilities	**1,226,931**	1,383,576
Net Debt	**1,040,867**	1,241,454
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 7)	**4,413,905**	4,296,445
Prepaid expenses	**1,167**	1,132
Total Non-Financial Assets	**4,415,072**	4,297,577
Accumulated Surplus	**3,374,205**	3,056,123
Accumulated surplus is comprised of:		
Accumulated operating surplus	**3,371,424**	3,054,168
Accumulated remeasurement gains	**2,781**	1,955
	3,374,205	3,056,123

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

Windsor-Detroit Bridge Authority
Quarterly Statement of Operations (Unaudited)
for the three months ended June 30, 2024
(thousands of dollars)

	Twelve Months Ended	**Three Months ended**	
	March 31, 2025 Budget	**June 30, 2024 Actual**	June 30, 2023 Actual
REVENUE			
Contract revenue	-	**4**	10
Interest	-	**2,312**	1,607
Foreign exchange gain	-	**139**	3
Total Revenue	-	**2,455**	1,620
EXPENSES (Note 9)			
Gordie Howe International Bridge Project	131,208	**60,793**	46,452
Internal services	52,015	**3,585**	3,236
Total Expenses	183,223	**64,378**	49,688
Deficit before Government funding	(183,223)	**(61,923)**	(48,068)
Government transfers - appropriations	956,685	**404,860**	263,291
Reimbursement of appropriations	-	**(25,681)**	-
	956,685	**379,179**	263,291
Operating surplus	773,462	**317,256**	215,223
Accumulated operating surplus, beginning of period	3,661,433	**3,054,168**	2,206,453
Accumulated operating surplus, end of period	4,434,895	**3,371,424**	2,421,676

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

Windsor-Detroit Bridge Authority
Quarterly Statement of Remeasurement Gains and Losses (Unaudited)
for the three months ended June 30, 2024
(thousands of dollars)

	June 30, 2024	June 30, 2023
Accumulated remeasurement gains beginning of period	**1,955**	2,034
Unrealized gain (losses) attributable to:		
Foreign exchange	**961**	(1,907)
Amounts reclassified to the Statement of Operations:		
Foreign exchange	**(135)**	32
Net remeasurement gains (losses) for the period	**826**	(1,875)
Accumulated remeasurement gains end of period	**2,781**	159

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

Windsor-Detroit Bridge Authority
Quarterly Statement of Change in Net Financial Assets (Net Debt) (Unaudited)
for the three months ended June 30, 2024
(thousands of dollars)

	March 31, 2025 Budget	**June 30, 2024 Actual**	June 30, 2023 Actual
Operating surplus	773,462	**317,256**	215,223
Acquisition of tangible capital assets	411,416	**(119,553)**	(189,481)
Amortization of tangible capital assets	28,578	**2,093**	3,107
	1,213,456	**199,796**	28,849
Changes in other non-financial assets			
Net change in prepaid expenses	1,273	**(35)**	911
Net remeasurement gains (losses) for the period	-	**826**	(1,875)
Change in net debt	1,214,729	**200,587**	27,885
Net financial assets (net debt) beginning of period	1,034,180	**(1,241,454)**	(1,010,039)
Net financial assets (net debt) end of period	2,248,909	**(1,040,867)**	(982,154)

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

Windsor-Detroit Bridge Authority
Quarterly Statement of Cash Flow (Unaudited)
for the period ended June 30, 2024
(thousands of dollars)

	June 30, 2024	**June 30, 2023**
OPERATING TRANSACTIONS		
Cash receipts from Government transfers	**404,860**	263,291
Interest received	**2,162**	1,608
Other cash receipts	**610**	71
Cash payments to suppliers	**(99,256)**	(86,637)
Return of Parliamentary appropriations	**(25,681)**	-
Cash payments to and on behalf of employees	**(5,135)**	(5,282)
CASH PROVIDED BY OPERATING TRANSACTIONS	**277,560**	173,051
CAPITAL TRANSACTIONS		
Cash used to acquire tangible capital assets	**(231,522)**	(177,345)
CASH APPLIED TO CAPITAL TRANSACTIONS	**(231,522)**	(177,345)
FINANCING TRANSACTIONS		
Payments to private partrner	(3,414)	-
CASH APPLIED TO FINANCING TRANSACTIONS	**(3,414)**	-
Effect of exchange rate changes on cash	**976**	(1,875)
Increase (Decrease) in cash and cash equivalents	**43,600**	(6,169)
Cash and cash equivalents at beginning of period	**138,659**	110,698
Cash and cash equivalents at end of period	**182,259**	104,529
Cash is composed of:		
Cash	**88,265**	13,542
Restricted cash	**93,994**	90,987
	182,259	104,529

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

SELECTED NOTES TO THE QUARTERLY UNAUDITED FINANCIAL STATEMENTS

(All dollar amounts in thousands)

1. AUTHORITY AND ACTIVITIES

The Windsor-Detroit Bridge Authority (WDBA) incorporated on October 9, 2012, under Order in Council P.C. 2012-1350, is a Crown Corporation listed under Schedule III Part I of the *Financial Administration Act* and is not subject to income tax under the provisions of the *Income Tax Act*.

WDBA was established in accordance with the Crossing Agreement signed by the Government of Canada and the State of Michigan on June 15, 2012. The mandate of WDBA is to design, construct, finance, operate and maintain a new international crossing between Windsor, Ontario and Detroit, Michigan through a Public-Private Partnership.

In the early stages of the Gordie Howe International Bridge Project (Project), the international crossing was designated the Detroit River International Crossing; on May 14, 2015, the international crossing was officially named the Gordie Howe International Bridge.

WDBA is also mandated to design, construct and finance the interchange between the Gordie Howe International Bridge and the Interstate 75 (I-75), a highway that is part of the United States' Interstate Highway System. In accordance with the Crossing Agreement, the interchange shall also be a part of the Interstate Highway System. Once the construction of the interchange has been completed it will be turned over to the Michigan Department of Transportation (MDOT). MDOT will be responsible for maintaining the interchange; WDBA will have no further responsibility for or involvement with the interchange.

The Crossing Agreement also established the International Authority, a legal entity separate and distinct from WDBA. The International Authority is empowered to approve land acquisitions in the State of Michigan, leases of land in Michigan, as well as the Request for Qualifications, Request for Proposal, and the Public-Private Partnership Agreement with respect to the Project. The International Authority also has certain oversight responsibilities. These are to maintain on-going monitoring of compliance by WDBA with the Crossing Agreement and the Concessionaire with the Public-Private Partnership Agreement.

The International Authority is governed by a Board consisting of six members. Two of the members are appointed by the Government of Canada, one member by WDBA, and three members by the State of Michigan. All costs of the International Authority are funded by WDBA.

WDBA depends on funding from the Government of Canada for its operations and to partially fund the construction of the international crossing. After completion of the international crossing WDBA will continue to depend on funding from the Government of Canada to finance operations until the international crossing operations generate surplus cash flow.

By Order in Council P.C. 2014-1382 dated December 10, 2014, WDBA is also subject to a directive pursuant to Section 89 of the *Financial Administration Act* as follows:

a) To ensure that the pension plans will provide:

   i. A 50:50 current service cost-sharing ratio between employee and employer for pension contributions, to be phased in for all members by December 31, 2017, and,

   ii. For any employee hired on or after January 1, 2015, that the normal age of retirement is raised to 65 years and that the age at which retirement benefits are available, other than those received at the normal age of retirement, corresponds with the age at which they are available under the Public Service Pension Plan; and

b) To outline its implementation strategies with respect to the commitments set out in paragraph (a) in its next corporate plan and subsequent corporate plans until the commitments are fully implemented.

WDBA implemented this directive effective December 31, 2017.

In July 2015, WDBA was issued a directive (P.C. 2015-1114) pursuant to section 89 of the *Financial Administration Act* to align its travel, hospitality, conference and event expenditure policies, guidelines and practices with Treasury Board policies, directives and related instruments on travel, hospitality, conference, and event expenditures in a manner that is consistent with their legal obligations and to report on the implementation of the directive in WDBA's corporate plan. WDBA has implemented this directive effective August 7, 2015.

The financial statements were approved and authorized for issuance by the Board of Directors on August 30, 2024.

These unaudited interim financial statements have been prepared by management in accordance with the Treasury Board of Canada's Standard on Quarterly Financial Reports for Crown Corporations. The basis of accounting used is Canadian Public Sector Accounting Standards. The same accounting policies and methods of computation are followed in the quarterly financial statements as compared with the most recent annual financial statements. These interim financial statements do not include all the disclosures provided in WDBA's annual audited financial statements. The disclosures provided below are incremental to those included in the annual financial statements. The interim financial statements should be read in conjunction with the financial statements and the notes thereto for the year ended March 31, 2024 when they become publicly available.

2. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Accounting

These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards (PSAS).

b. Public-Private Partnership

The Public-Private Partnership is governed by the Project Agreement between WDBA and Bridging North America (BNA). Specifically, the Project Agreement covers BNA's responsibilities to design, construct, partially finance, operate and maintain the Facility; and to design, construct and partially finance the Interstate 75 Interchange (I-75 Interchange). The substance of the Project Agreement is that the ownership of the land and infrastructure remains with WDBA during the project term, though BNA is granted rights of use and access to the site to carry out project work. BNA also bears the performance risk related to the scope of work to design, build, partially finance, operate and maintain the international crossing.

WDBA accounts for the Public-Private Partnership to reflect the terms of the Project Agreement in accordance with Canadian PSAS using the financial liability model. In accordance with the terms of the Project Agreement, WDBA is required to make certain payments to BNA during the construction period, including Progress Payments, Handover Payments, Interim Operating and Maintenance Payments, Public Art Payments, Community Benefit Payments, Large Scale Imaging equipment (LSI) payments and the Substantial Completion Payment. Throughout the construction period progress payments are paid to BNA based on completed milestones which are certified by an Independent Certifier.

Eligible costs incurred by BNA related to the Facility are recognized as tangible capital assets as the Facility is constructed. The components of the Facility are the Bridge, the Canadian Port of Entry, and the US Port of Entry. These costs include design and build costs, interest costs incurred prior to assets being ready for productive use, as well as rehabilitation payments which are determined to be a betterment. Eligible costs related to the I-75 Interchange are recognized as expenses as they are incurred given that this component will be turned over to MDOT upon completion. At this point, WDBA will have no further responsibility for or involvement with the I-75 Interchange.

WDBA recognizes the associated liability of the Public-Private Partnership for the first 15% of the design and build costs as Due to Private Partner, representing the Threshold Amount. The Threshold Amount was achieved during March 2019. A 15% holdback is also recorded as a liability for each subsequent invoice of the design and build costs, which will be due upon substantial completion of the Facility.

The accounting for the Project Agreement infrastructure includes an estimate for the measurement of construction-in-progress based on the Progress Measurement Technique (PMT) established by BNA and agreed with the Independent Certifier, as specified in the Project Agreement. The PMT measures progress based on completed milestones. Progress is calculated against the Schedule of Values in the Project Agreement and is verified by the Independent Certifier as part of the certification process. In management's view the PMT is an appropriate method to measure progress based on reliable information. The PMT does not include a measure for partially completed milestones since there is insufficient information available to make a reasonable estimate of the amount before a milestone is completed and verified by the Independent Certifier.

The due to private partner amount is measured at amortized cost based on the effective interest rate, which is represented by the rate implicit within the contract. The due to private partner amount will be repaid to BNA through a series of monthly capital payments, which commenced in December 2023. The capital payments expire after 30 years and include both principal and interest components.

c. Revenue

Contract revenue represents revenue from activities related to the project, as well as revenue arising from WDBA overseeing work on the project for entities that are not parties to the Project Agreement. The work is performed by entities contracted by WDBA, with WDBA performing an oversight function. A performance obligation arises from WDBA's contractual obligation to ensure that the contracted entity performs the work. Revenue is recognized as work is completed in accordance with the provisions of the contract.

Performance deductions consist primarily of deductions taken from payments to the private partner. These deductions are at WDBA's discretion, represent involuntary, non-exchange transactions, and do not give rise to a performance obligation. Revenue from performance deductions is recognized when certain conditions are met under the Project Agreement and are measured at their realizable value.

There is no revenue from non-recurring activities presented in these financial statements.

d. Interest

Interest on cash deposits is recorded in the period in which it is earned.

e. Proceeds from Insurance Claims

Proceeds from insurance claims are recognized in the period in which they are confirmed.

f. Expense Recognition

All expenses are recognized in the period in which they are incurred. Estimates for accruals are made at the end of each period.

g. Government Transfers – Appropriations

Government transfers are recognized as revenue when the transfer is authorized and eligibility criteria are met, except to the extent that stipulations give rise to an obligation that meets the definition of a liability. Transfers received are recognized as unearned revenue when stipulations give rise to a liability.

For government transfers initially recognized as unearned revenue, revenue is recognized in the statement of operations as the stipulations are met. Any portion of government transfers to which WDBA is entitled to but has not received is recognized under Accounts Receivable from the Government of Canada.

h. Cash and Restricted Cash

Cash and restricted cash consist of cash held in WDBA's bank accounts.

i. Accounts Receivable

Accounts receivable are recorded and carried at cost. Accounts receivable are reviewed at each financial statement date by WDBA for impairment. Accounts receivable consist primarily of HST receivable.

j. Deposits

Deposits with other entities are recorded and carried at cost. Deposits represent amounts held by third parties under the terms of their contracts with WDBA.

k. Accounts Payable and Accrued Liabilities

Accounts payable are recorded and carried at cost. Accounts payable consist primarily of amounts related to the ongoing construction activities of the Project.

l. Environmental Obligations

Whenever WDBA accepts responsibility or has direct responsibility for sites where contamination exceeds environmental standards, plans to abandon future economic benefits to remediate the property, and where the amount involved can be reasonably estimated, an obligation for the clean-up of the contaminated sites is recorded as a liability in the Statement of Financial Position. The estimate includes costs directly attributable to remediation activities, post-remediation operations, and maintenance and monitoring activities that are an integral part of the remediation strategy. The estimated future costs are recorded as a liability and are based on management's best estimate of the costs that are most likely to be incurred. If it proves impossible to make a reasonable estimate of the amount or it is not expected that remediation will occur, the situation will be disclosed in a note to the Financial Statements.

m. Tangible Capital Assets

Tangible capital assets are recorded at cost. Replacements, major improvements, and costs which extend the useful service lives of existing assets or increase their capacity, are capitalized. Repairs and maintenance are charged to the Statement of Operations as incurred.

Leased property is recognized when properties are turned over to WDBA by Michigan under a master lease agreement between Michigan and WDBA. Properties are first recognized in Prepaid Expenses, and upon entering the master lease agreement properties are reclassified to tangible capital assets and amortized over the lesser of the term of the lease agreement or their individual useful lives.

Amounts included in construction in progress are not amortized until transferred to the appropriate capital asset classification. The amounts are transferred when the assets are ready for productive use in accordance with WDBA's policies.

Tangible capital assets are amortized over their estimated useful lives using the straight-line method, over the following periods:

Office equipment and furniture	between 3 and 10 years
Roads	between 4 and 6 years
Leased property	between 87 and 94 years
Leasehold improvements	between 3 and 5 years

When conditions indicate that a tangible capital asset no longer contributes to the ability of WDBA to provide services, or that the value of future economic benefits associated with a tangible capital asset is less than its net carrying value, the cost of the tangible capital asset is reduced to reflect the impairment. Net write-downs on tangible capital assets are recorded as expenses in the Statement of Operations. Assessments of whether such conditions exist are made, at a minimum, at each financial statement date.

n. Prepaid Expenses

Payments made prior to the related services being rendered are recorded as prepaid expenses. Prepaid expenses are recognized in expense as the related services are rendered.

o. Contingent Liabilities

Contingent liabilities are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. If a future event is likely to occur, and a reasonable estimate of the loss can be made, an estimated liability is recognized, and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

p. Pension and Benefit Plans

WDBA offers a defined contribution pension plan, a non-registered savings plan, and a group benefit plan to its employees; expenses related to these plans are recognized in the period in which they are incurred.

q. Financial Instruments

WDBA identifies, assesses, and manages financial risks to minimize their impact on its results and financial position. Financial risks are managed in accordance with specific criteria. WDBA does not engage in speculative transactions or the use of derivatives.

The measurement of financial instruments depends on their classification as follows:

Categories	**Financial instruments**	**Measurement**
Financial assets	Cash	Cost
	Restricted cash	Cost
	Deposits	Cost
Financial liabilities	Accounts payable and accrued liabilities	Cost
	Holdback	Cost
	Due to private partner	Amortized cost

r. Foreign Currency Translation

Transactions involving foreign currencies are translated into Canadian dollar equivalents using rates in effect at the time of those transactions. Monetary assets and liabilities denominated in foreign currencies are translated using the rate at the end of each year. Until an item is settled, gains and losses arising because of remeasurement are reported in the Statement of Remeasurement Gains and Losses. When the item is settled, the exchange gains and losses are recorded in the Statement of Operations.

s. Measurement Uncertainty

The preparation of financial statements in accordance with PSAS requires management to make estimates and assumptions that affect the reported amounts and presentation of assets and liabilities at the financial statements date and the reported amounts of revenues and expenses during the reporting period. The measurement of construction-in-progress, the amount of GST/HST recoverable, the estimated useful life of tangible capital assets, accrued liabilities, environmental liabilities, impairments, and contingencies are the most significant items where estimates are used. Actual results could differ significantly from those estimates.

t. Budget Figures

Budget figures included in the Financial Statements were provided for comparison. These figures are from WDBA's Corporate Plan which was approved by WDBA's Board of Directors and submitted to the Treasury Board Secretariat.

3. RESTRICTED CASH

Restricted cash consists of funds deposited into an escrow account. The cash in the escrow account is used to fund the Project activities in Michigan, including property acquisition and related costs, planning, and engineering costs.

WDBA is required by the Michigan Activities Funding Acknowledgement to utilize an escrow account to hold and disburse the funds for these activities. The Michigan Activities Funding Acknowledgement outlines the processes, roles and responsibilities surrounding the acquisition of property in Michigan by the Michigan Parties (MDOT and the Michigan Strategic Fund (MSF)) and other Project activities in Michigan. The escrow account is funded by WDBA on a quarterly basis.

4. ENVIRONMENTAL LIABILITY

WDBA recognizes a provision for environmental cleanup when all the following conditions are satisfied: an environmental standard exists; the level of contamination has been determined to exceed the environmental standard; WDBA is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made at that time.

WDBA is responsible for the land required for the Project. The Michigan land required for the Project is purchased by the State of Michigan; these purchases are funded by WDBA. It has been determined that certain parcels of land contain levels of contamination above acceptable environmental standards. WDBA expects that future economic benefits will be given up remediating the contamination; remediation will be performed as part of the activities to prepare the site for the construction of the Project.

The contamination is the result of prior owners' use of the land. Remediation will require the excavation and disposal of contaminated soil. Studies commissioned by WDBA estimate that the cost of remediation activities to be $8,394 (2024: $8,381) for the Michigan land.

This amount was recorded as an environmental liability in the Statement of Financial Position. The entire amount, $8,394 (2024: $8,381) was capitalized to the cost of the Project.

5. HOLDBACK

WDBA temporarily retains an amount on the total due to contractors to ensure that the latter fulfill their obligations. The contracts call for WDBA to pay holdbacks upon substantial completion of the individual contracts.

6. PUBLIC PRIVATE PARTNERSHIP

a. Public-Private Partnership Agreement

On September 28, 2018, WDBA entered into a Public-Private Partnership Agreement with BNA to design, build, partially finance, operate and maintain the Project. The Agreement will terminate in 2055.

b. Due to Private Partner

BNA is responsible for financing the Project to an amount equal to 15% of design and build costs, (the Threshold Amount $574,802), prior to WDBA contributing its own funds to the Project. The Threshold Amount was achieved during March 2019, with the liability presented as the present value of expected future cash flows, discounted at the implied effective interest rate of 3.24%.

This liability is discharged by WDBA through Capital Payments, which commenced in December 2023, and expire 30 years after that date.

Due to private partner liability
(thousands of dollars)

	June 30, 2024	*March 31, 2024*
Opening Balance	**(671,193)**	(661,491)
Interest	**(5,348)**	(21,385)
Payments	**8,762**	11,683
Closing Balance	**(667,779)**	(671,193)

Estimated repayments for the next five years and thereafter are as follows:

Due to private partner payment schedule
(thousands of dollars)

Remainder of Current Year	26,286
2026	35,048
2027	35,048
2028	35,048
2029	35,048
2030 and Thereafter	864,527
Total Future payments	1,031,005

c. Project Agreement Amendment

On January 4, 2024, WDBA announced that the Project Agreement between WDBA and BNA had been amended. The amendment was a result of unprecedented disruptions caused by the three-year COVID-19 global pandemic, which were exacerbated by differing restrictions in Canada and the US with the ramping up of construction activities in early 2020.

The impact of the amendment on the schedule was to move the expected completion from the end of 2024 to the fall of 2025. The impact of this amendment on the project's cost was an increase to $6.4 billion from $5.7 billion. The amendment also allows for an additional $3 million in Community Benefits to be shared equally between Canada and the US.

The entirety of the aggregate holdback per the Project Agreement will be paid to BNA at the original scheduled Substantial Completion date (November 30, 2024) and replaced with alternative security in an amount sufficient for deficiencies.

The Project Agreement amendment changed the event that triggered the commencement of the capital payments; capital payments commenced in December 2023, rather than upon handover of the Canadian Port of Entry to WDBA. The amendment also released WDBA from claims up to December 1, 2022, and added liquidated damages that will come into effect in the event certain targets are not met.

7. TANGIBLE CAPITAL ASSETS

(thousands of dollars)

	Leasehold Improvements	Computer and Office Equipment	Construction in Progress	Land	Roads	Leased Property	Total
Cost							
April 2, 2023	1,193	1,261	2,863,627	64,886	45,770	281,311	3,258,048
Acquisitions	59	25	1,088,758	-	-	3,144	1,091,986
March 31, 2024	1,252	1,286	3,952,385	64,886	45,770	284,455	4,350,034
April 1, 2024	1,252	1,286	3,952,385	64,886	45,770	284,455	4,350,034
Acquisitions	-	-	110,776	-	-	8,777	119,553
June 30, 2024	**1,252**	**1,286**	**4,063,161**	**64,886**	**45,770**	**293,232**	**4,469,587**
Accumulated Amortization							
April 2, 2023	964	925	-	-	30,875	9,403	42,167
Amortization	137	160	-	-	8,054	3,071	11,422
March 31, 2024	1,101	1,085	-	-	38,929	12,474	53,589
April 1, 2024	1,101	1,085	-	-	38,929	12,474	53,589
Amortization	37	36	-	-	1,243	777	2,093
June 30, 2024	**1,138**	**1,121**	**-**	**-**	**40,172**	**13,251**	**55,682**
Net Book Value							
March 31, 2024	151	201	3,952,385	64,886	6,841	271,981	4,296,445
June 30, 2024	**114**	**165**	**4,063,161**	**64,886**	**5,598**	**279,981**	**4,413,905**

On June 30, 2024, WDBA recognized construction in progress of $4,063,161 (2024: $3,952,385) for the Project based on eligible costs incurred to date, including capitalized interest of $91,871 (2024: $87,539). The Project components will be amortized over their estimated useful lives once they are entered into operation and commence rendering service.

Tangible Capital Assets acquired during the period include an amount of $46,223 (2024: $306,514) for capital items and holdbacks that remain to be paid for as of June 30, 2024. These items are not included in the Statement of Cash Flow.

8. CONTINGENCIES

In the normal course of its activities, WDBA is the claimant or defendant or is involved in certain pending claims or lawsuits. To the extent that a future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued, and an expense is recorded in the financial statements. Where the outcome of a claim is not yet determinable, any settlement will be recorded when it is determined that a claim is likely to be settled and the amount is determinable.

9. EXPENSES BY TYPE

(thousands of dollars)

EXPENSES BY TYPE	**Three Months ended**	
	June 30, 2024	June 30, 2023
I-75 Costs	**42,358**	34,027
Other Project Costs	**9,193**	-
Payroll and Benefits	**5,905**	4,695
Amortization	**2,093**	3,107
Local Road Improvements	**1,670**	490
Michigan Land	**747**	326
Professional Services	**743**	3,340
Office and Maintenance	**396**	289
Insurance	**343**	1,191
Rent	**262**	256
Other	**191**	78
Legal Services	**153**	1,377
Travel Expenses	**142**	139
Property Taxes	**105**	85
Transfers to International Authority	**43**	250
Repairs and Maintenance	**34**	38
	64,378	49,688

10. REIMBURSEMENT OF APPROPRIATIONS

In the current year, the Government of Canada requested that WDBA reimburse $25,681 of appropriations it had already received, but not drawn, as actual expenditures were lower than estimated. This reimbursement occurred during the first quarter of this year.

11. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the presentation adopted in the current year.