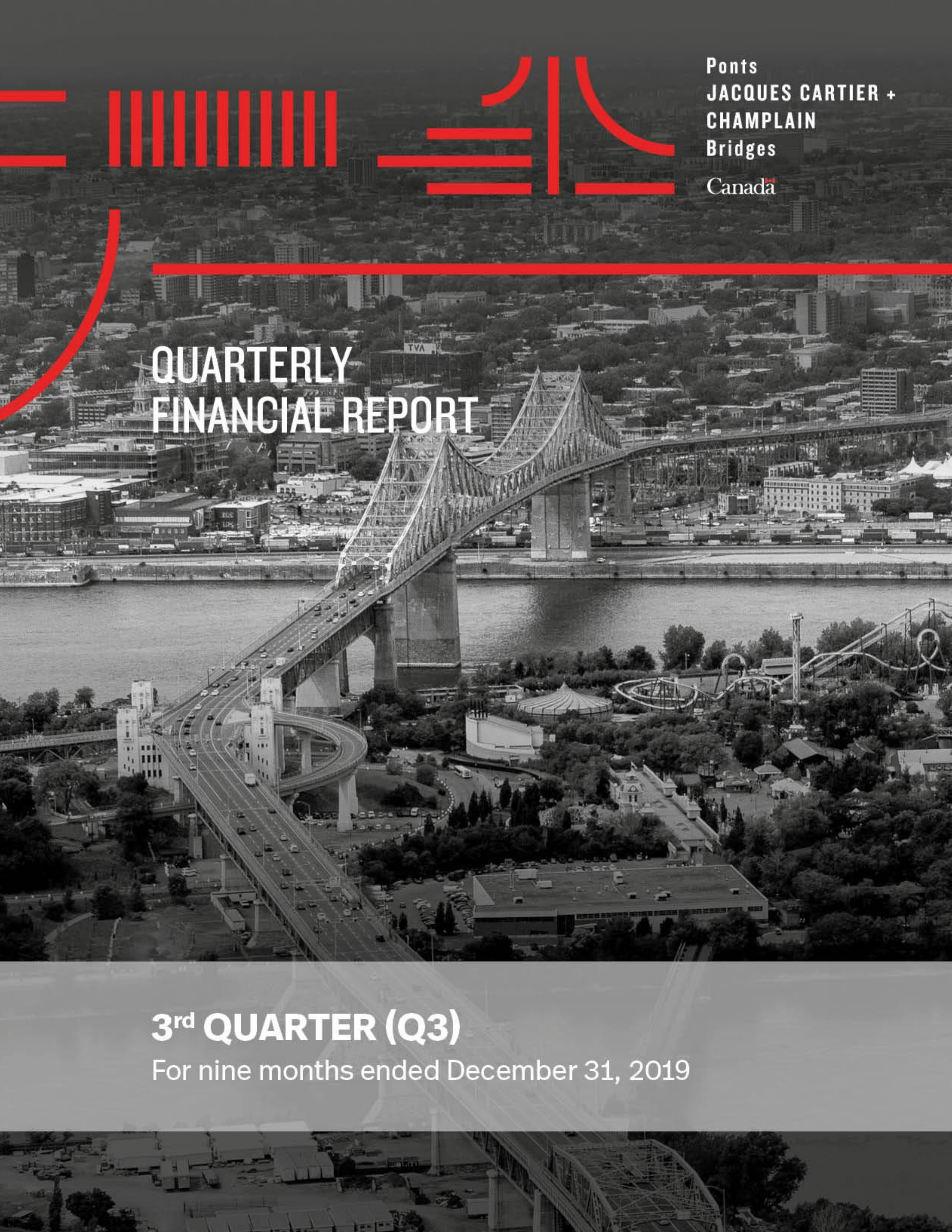
Ponts
JACQUES CARTIER +
CHAMPLAIN
Bridges

Canada



# QUARTERLY FINANCIAL REPORT

## 3rd QUARTER (Q3)

For nine months ended December 31, 2019

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# SECTION 1
## STATUS

# 1. STATUS

JCCBI was incorporated on November 3, 1978, under the *Canada Business Corporations Act*. JCCBI was, until September 30, 1998, a Crown corporation wholly owned by the St. Lawrence Seaway Authority (SLSA).

On October 1, 1998, it became a wholly owned subsidiary of The Federal Bridge Corporation Limited (FBCL), a parent agent Crown corporation listed under Part I of Schedule III of the *Financial Administration Act* (FAA).

On February 13, 2014, JCCBI became a parent Crown corporation listed under Part I of Schedule III of the FAA. As a Crown corporation, JCCBI is subject to Part X of the FAA.

Furthermore, JCCBI is an agent Crown corporation of Her Majesty under *The Jacques Cartier and Champlain Bridges Inc. Regulations* (SOR/98-568).

## 1.1 MANDATE

JCCBI manages several bridges and a tunnel under federal jurisdiction located in the Greater Montreal metropolitan Area, namely the original Champlain Bridge, the Jacques Cartier Bridge, the Île des Sœurs Bypass Bridge, the federal portion of the Honoré Mercier Bridge as well as their approaches, the Melocheville Tunnel and two (2) related infrastructures, namely the federal portion of the Bonaventure Expressway and the Champlain Bridge Ice Control Structure.

For each of these infrastructures, JCCBI assumes responsibility for:

+ Mobility (it should be noted that the original Champlain Bridge has been closed to traffic since the commissioning of the Samuel De Champlain Bridge in the summer of 2019);
+ Operations;
+ Inspections;
+ Maintenance;
+ Repairs and/or rehabilitation;
+ Safety;
+ Coordination with stakeholders (federal, provincial, municipal and others);
+ Management of contaminated sites;
+ Environment.

## 1.2 MISSION, VISION AND VALUES

### Our mission

Ensure the mobility of users, the safety and the longevity of infrastructure using a systemic management approach based on sustainable development.

### Our vision

Become a leader in major infrastructure management as an innovative expert, a mobility leader and a social and urban contributor.

### Our values

Teamwork, transparency, thoroughness, innovation, and commitment are the values JCCBI has adopted to accomplish its mission.

# SECTION 2

## Q3 OF 2019-2020 IN REVIEW

# 2. Q3 OF 2019-2020 IN REVIEW

This quarterly financial report has been prepared in accordance with the requirements of the FAA and with the Standard on Quarterly Financial Reports for Crown Corporations issued by the Treasury Board of Canada Secretariat. It provides an assessment of JCCBI's operations and financial position for the quarter ended December 31, 2019 (Q3). It must be read in conjunction with the unaudited Interim Financial Statements and accompanying notes contained in this document, as well as with the audited Annual Financial Statements and supporting notes contained in JCCBI's 2018-2019 Annual Report.

All amounts are in Canadian dollars and are mainly derived from the Corporation's unaudited Interim Financial Statements, which were prepared in accordance with the Canadian Public Sector Accounting Standards.

## 2.1 SUMMARY

JCCBI declares a surplus of $3.1 M for the nine (9) months ended December 31, 2019 ($5.6 M in 2018). The deficit before public funding is $120.1 M as at December 31, 2019 ($125.3 M in 2018).

For the current fiscal year, the combined total revenue amounts to $1.1 M ($1.3 M in 2018). Revenue remained stable overall.

During the same period, the net debt decreased by $3.1 M for a total of $21.8 M. Financial assets decreased by $10.7 M. The change is related to the level of achievement of investment activities.

The acquisitions of gross capital assets in the three (3) quarters of the current fiscal year totalled $25.8 M ($32.7 M in 2018). They mainly consist of expenses of $13.3 M for the Jacques Cartier Bridge, $5.9 M for the Honoré Mercier Bridge, $4.0 M for the Melocheville Tunnel and $2.0 M for the Bonaventure Expressway.

## 2.2 OUTLOOK

The expenses to maintain the bridges and related infrastructures remain high. Despite the commissioning of the new Samuel De Champlain Bridge, structural monitoring interventions (including inspections and monitoring) on the original Champlain Bridge are required to ensure the safety and structural integrity thereof until the start of deconstruction work. Most of the technical studies to finalize the planning of the Champlain Bridge deconstruction project have been completed. The Request for Qualification for the design-build work has been completed and the successful candidates are currently in a Request for Proposal process. The Request for Proposals closing date is planned in February 2020 and the notice to the successful tenderer is planned to be given in March 2020.

The government-funded projects are continuing, including the rehabilitation work currently underway at the Jacques Cartier Bridge, at the Honoré Mercier Bridge, on the Bonaventure Expressway and at the Melocheville Tunnel.

Regarding the future projects at the Jacques Cartier Bridge, a redevelopment of the approaches to the bridge is planned to promote the flow of traffic, taking into consideration the future needs arising from the different modes of transportation. Such redevelopments must be developed according to an urban integration approach and in coordination with the provincial and municipal authorities. Further, a study is underway to assess the potential for development of the Île Sainte-Hélène pavilion and a business case is under preparation for the future vocation of said pavilion.

The section of the Bonaventure Expressway consisting of non-elevated lanes is at the end of its service life. To ensure urban integration with the City of Montreal, an urban boulevard vision was selected for its reconfiguration and reconstruction. The preliminary project study for the development of technical solutions for the construction of such an urban boulevard, including a linear park along the St. Lawrence River, is underway in collaboration with the City and the stakeholders.

In addition, a business case regarding the funding of the long-term (60 years) maintenance work on the Champlain Bridge Ice Control Structure is awaiting approval. All business cases have been finalized according to schedule and have been submitted to Infrastructure Canada.

JCCBI is proud of its workforce, whose strength lies in its commitment to the achievement of its strategic results. The funding, which has been approved by the government until 2022-2023, makes it possible to maintain the infrastructures that play a vital role for mobility, the population and the economy.

## 2.3 IMPORTANT CHANGES

On November 5, 2019, the Board of Directors approved the addition of four (4) new positions to the Corporation's organizational chart. These positions will enable the Corporation to maintain its role as a partner, notably for the execution of the projects for which public consultations and growing relationships with stakeholders will be essential.

There were no other significant changes related to JCCBI's activities, staff and programs.


# SECTION 3
## ANALYSIS OF FINANCIAL RESULTS

# 3. ANALYSIS OF FINANCIAL RESULTS

## 3.1 RESULTS OF OPERATIONS

### 3.1.1 Statement of Financial Position

**Financial Assets**

During the nine (9) months ended December 31, 2019, the total financial assets decreased by $10.7 M, to amount to $42.4 M, compared to $53.1 M as at March 31, 2019. As in previous fiscal years, a determining factor in the variation in financial assets is the date on which the federal appropriations, which include the funding for the major capital projects and the operating expenses, are received.

**Liability**

Accounts payable and accrued liabilities decreased by $10.2 M, from $44.3 M as at March 31, 2019 to $34.1 M as at December 31, 2019. This decrease is largely due to the variation of activities of the various ongoing construction projects.

To carry out its major projects, JCCBI entered into construction contracts that provide for the withholding of a portion of the payment until certain work is completed in compliance with the performance requirements and the contractual warranties have expired. These contractual holdbacks have decreased by $0.9 M, to amount to $5.5 M as at December 31, 2019 ($6.4 M as at March 31, 2019). These amounts will become payable when the work is completed and the warranties have expired.

**Non-Financial Assets**

The tangible capital assets net of amortization increased by $0.3 M to total $590.3 M relative to the March 31, 2019 Financial Statements ($590.0 M). This total includes $25.8 M of purchases of gross capital assets, less the charges for amortization of $25.5 M. The major works concerned by these acquisitions are those of the Jacques Cartier Bridge ($13.3 M), the Honoré Mercier Bridge ($5.9 M), the Melocheville Tunnel ($4.0 M) and the Bonaventure Expressway ($2.0 M).

**Government Funding**

The following table summarizes the public funding for the third quarter of the current fiscal year as at December 31, 2019:

| (In thousands of dollars) | Third Quarter | | Cumulative (9 Months) | |
|---|---|---|---|---|
| | 2019-2020 | 2018-2019 | 2019-2020 | 2018-2019 |
| Public funding for operating expenses | 33,575 | 29,716 | 97,472 | 98,137 |
| Public funding for tangible capital assets | 10,587 | 11,066 | 25,784 | 32,736 |
| **TOTAL** | **44,162** | **40,782** | **123,256** | **130,873** |

Section 3.4 presents the results of the use of parliamentary appropriations.

### 3.1.2 Expenses

**Maintenance**

Maintenance expenses during the first three (3) quarters represent 89.2% (87.1% as at December 31, 2018) of the total cumulative expenses.

For the nine (9) months ended December 31, 2019, the maintenance expenses, including amortization, totalled $108.1 M and are mainly distributed as follows:

- $5.6 M for work for the Île des Sœurs Bypass Bridge;
- $19.9 M for work for the Honoré Mercier Bridge;
- $13.2 M for work for the Champlain Bridge;
- $40.7 M for work for the Jacques Cartier Bridge;
- $11.3 M for work for the Bonaventure Expressway;
- $2.5 M for work for the Tunnel de Melocheville;
- $2.4 M for work for the Champlain Bridge Ice Control Structure;
- $10.8 M for salaries and employee benefits;
- $1.7 M for various other projects and equipment.

**Operations**

Operating expenses during the first nine (9) months totalled $2.6 M ($2.3 M as at December 31, 2018). These figures represent 2.2% of total expenses (1.8% as at December 31, 2018).

**Administration**

The administrative expenses of the first nine (9) months total $12.1 M and represent a $0.9 M increase compared to the same period of the previous fiscal year ($11.2 M as at December 31, 2018). During the first three (3) quarters, administrative expenses represented 8.2% (7% as at December 31, 2018) of total expenses (including capital asset acquisitions). This rate varies, notably in relation to the major maintenance expenditures. The Corporation's objective is not to exceed 6%.

## 3.2 CASH FLOW

JCCBI's cash position decreased by $18.7 M to amount to $29.1 M as at December 31, 2019 ($47.8 M as at March 31, 2019) and is closely linked to the payments of the federal parliamentary appropriations. As at December 31, 2019, the net amount receivable from government departments and agencies amounted to $10.9 M (no net amount receivable as at March 31, 2019).

## 3.3 STRATEGIC ISSUES AND RISKS

As a parent Crown corporation, JCCBI must meet the requirements of and comply with the obligations prescribed by the various legislations applicable thereto.

### 3.3.1 Asset Management

JCCBI's priority is to ensure the mobility of users and the sustainability of its assets while ensuring the safety of the structures under its responsibility. The ageing of the assets and the adequate funding required for both their maintenance and their rehabilitation are not only challenges but also create real risks that the Corporation must mitigate in order to ensure the safety of the infrastructures, as well as that of daily users.

The bridges and other structures managed by the Corporation are old and have been subjected to years of heavy and growing traffic, changing and harsh weather conditions and extensive use of abrasives and road salt.

In order to determine both the actual condition of the structures and the damage level thereof, and to generate the asset management plans, JCCBI has developed a comprehensive management and inspection plan. To date, inspection programs are more than 90% complete. Inspections, load capacity studies and monitoring are the main sources of information that enable JCCBI to manage the risks associated with the safety of the structures, prioritize interventions and prepare a ten-year investment plan. This approach enables JCCBI to develop a longer-term perspective, aimed at ensuring the longevity of the structures and extending their useful life, up to 150 years for the Jacques Cartier Bridge and 125 years for the federal portion of the Honoré Mercier Bridge, according to the vision established for these assets.

The Research and Applications Division (RAD), newly integrated into the Asset Management department, promotes the integration of research activities and ensures the transfer of results and research to the technical teams. This vision, combined with the strategic approach of a learning organization, not only ensures the transfer of knowledge, but by doing so, enhances the development of resources and the sharing with all the Corporation's stakeholders.

To consolidate this contribution, the RAD continues to work towards the development of its network of collaboration with the public entities and groups specializing in research, notably the National Research Council Canada (NRC). The experience sharing network is continually being developed with infrastructure owners such as Public Services and Procurement Canada (PSPC). In addition, several technical collaboration files are in the process of being developed. In addition, ten (10) research and development projects, proposed by various universities and/or research entities, were selected following a national research and development competition as part of the Champlain Bridge deconstruction project.

### 3.3.2 Major Projects

**Jacques Cartier Bridge**

In order to maintain the Jacques Cartier Bridge in a long-term perspective, a retrofit plan has been developed, including the following work for the current fiscal year:

+ Considering the demand to keep the bike path operational during the winter, a preliminary project study was launched in 2017-2018 to study the safety measures to be put in place to safely respond to such a request. The Corporation has retained the services of a consultant to document and analyze a pilot project for the winter maintenance of the bike path through conventional methods and heating systems. The findings were presented to JCCBI and the final report was released in the fall of 2018. Following this study, as the level of risk remained too high, the Corporation decided to keep the bike path closed during the winter of 2018-2019 in order to continue looking for solutions for the winter opening. At the end of the third quarter, the Corporation began a pilot project for closed-circuit tests with a group of twenty-five (25) control cyclists and three (3) partner cyclists on the bike path. Said project will continue during the winter of 2020, with the objective of possibly opening the multifunctional path and the sidewalk in the winter of 2021 if the winter tests are conclusive;
+ The contract for the construction of the fibre optic loop was awarded in the fall of 2018 and, at the end of the third quarter of 2019-2020, most of the work had been completed. Due to the delay in the work carried out by certain partners, some work had to be postponed and will be completed in the first quarter of fiscal year 2020-2021. The design for the integrated traffic management system was completed in the first quarter and the contract was awarded during the third quarter;
+ A preliminary project study was launched during the third quarter to study the increase in the level of service of both the multifunctional path and the sidewalk. The objective of this study is to allow the safe passage of cyclists and pedestrians on the multifunctional path and on the sidewalk throughout the year. Any such project would be contemplated within a horizon of approximately seven (7) years.

### Champlain Bridge

The third quarter of fiscal year 2019-2020 was marked by the deconstruction of the first span (13E-14E) of the original Champlain Bridge in Brossard and the start of construction of an access ramp to the bridge. The demolition of this span was required in order to allow the Private Partner to complete the south approach to the Samuel De Champlain Bridge. In addition, JCCBI continued planning the enhancement of the zones in the Champlain Bridge right-of-way that will be freed up following the deconstruction of the bridge, through a co-design workshop with citizens, experts and representatives of stakeholders of the project.

JCCBI will continue its strategy of monitoring and inspection of the original Champlain Bridge until the start of deconstruction, which is scheduled in the spring of 2020.

To select the contractor that will be responsible for the deconstruction work, the procurement process provides for two (2) phases, namely a Request for Qualification (RQ), which was completed in the first quarter, and a Request for Proposals (RP), which is currently underway. The Corporation plans to award the contract in the first quarter of fiscal year 2020-2021.

### Bonaventure Expressway

Work to maintain the Bonaventure Expressway continues and will be extended by one (1) year. The in-depth pavement repair work at the approach to the Clément Bridge, on Île des Sœurs, identified during the third quarter and scheduled for 2020, will have to be postponed to 2022 due to constraints resulting from the REM's construction site on Île des Sœurs. In order to minimize constraints, the work planned at the Clément Bridge in 2020 will also be postponed to 2022.

### Honoré Mercier Bridge

The major rehabilitation program to repair the piers and replace the paint coating was optimized during the last quarter. In fact, since the pace of the work is higher than anticipated, part of the investments planned for future years has been brought forward.

The completion of the preliminary project studies for the connection of the bridge's multifunctional path to the municipal network, the validation of the bank stability and the development of a memorial circuit have been postponed for one (1) year due to the fact that field investigations are required to complete these studies and that sustained coordination with the local authorities is necessary.

## 3.3.3 Environment and Sustainable Development

JCCBI participates in the Federal Contaminated Sites Action Plan (FCSAP) administered by Environment and Climate Change Canada for the implementation of mitigation measures to contain and treat the contaminated groundwater on lands in the Bonaventure Expressway sector (East and West Sectors) along the St. Lawrence River.

The operation of the East Sector system is underway.

As for the West Sector containment and treatment system, the operation continues and is the subject of a partnership with the Quebec government (*ministère de l'Environnement et de la Lutte contre les changements climatiques*). Said project is managed by JCCBI.

In order to manage the environmental risks and meet both the corporate and the Government of Canada's environmental and sustainable development objectives, a series of initiatives have continued during the quarter. Said initiatives include the planning of the following:

+ Environmental assessment of projects according to the new *Impact Assessment Act* in force since August 2019;

- Internal communication on the future alignment of the internal sustainable development approach with the *Federal Sustainable Development Act* (FSDA) and underlying strategy thereof. It should be noted that the Corporation will not be subject to the FSDA and strategy thereof until the end of 2020;
- Social and environmental enhancement of assets through the design and execution of development projects on the axes of the Bonaventure Expressway, the Jacques Cartier Bridge (in Montréal and in Longueuil) and at the approaches to the federal section of the Honoré Mercier Bridge, on the outskirts of Kahnawà:ke;
- Continuation of the conduct of environmental studies as part of the Champlain Bridge deconstruction project, involving coordination with several federal entities as well as Aboriginal consultations;
- Integration of sustainable development programs as part of the Champlain Bridge deconstruction project, including the traceability of materials, the carbon neutrality of the project, in-situ and ex-situ research projects, planning for the enhancement of the assets along the river through consultation and co-design activities with the public, and steps towards external recognition of leadership in sustainable development;
- Analysis of the comprehensive characterization of section 10 of the Bonaventure Expressway;
- Continuation of the integrated wildlife management for all avian species present on the structures as well as development and implementation of a plan to compensate for the loss of habitat for the populations of cliff swallows nesting under the Champlain Bridge and the Île des Sœurs Bypass Bridge, with a view to their deconstruction;
- Continuation of the assessment of the infrastructures climate change resilience;
- Launch of a corporate commitment approach with the external stakeholders.

### 3.3.4 Occupational Health and Safety (OHS)

The OHS department continues to update the Corporation's OHS management program. This program is evolving and now covers the oversight and management of OHS observations, inspections and audits as well as safe work procedures in the presence of heavy metals and asbestos. In addition, safe work procedures have been developed to assess and manage the risks present in the work environment, notably those related to the winter maintenance of the sidewalk and multifunctional path on the Jacques Cartier Bridge. This entire process is carried out in collaboration with the local OHS Committee and with the departments concerned in order to reflect the vision of the Corporation's OHS reality.

### 3.3.5 Sustainable Funding

JCCBI is mainly funded through parliamentary appropriations from the Government of Canada. Revenue from other sources, namely leases and permits, contributes to its funding, but very minimally. JCCBI must optimize the maintenance and rehabilitation of ageing infrastructures in order to maximize their lifespan and safety.

JCCBI has received funding for its projects until 2022-2023, thus mitigating the risks associated with the deterioration of bridges and structures. However, this medium-term financing has an impact on its ability to forecast and award medium and long-term contracts.

For the projects relating to the Bonaventure Expressway sector (East and West Sectors) contaminated groundwater, despite the funding received for years 2018-2019 to 2022-2023 and the FCSAP funding, the need for long-term funding over a 15-year period (calculated as of 2016-2017) remains imperative.

### 3.3.6 Human Resources Management

To mitigate the vulnerability to a loss of expertise caused by the actual or announced departure of a key individual in the organization, JCCBI implements professional development and succession actions, which are aligned with the corporate commitment plan.

Both mental health at work and workplace diversity management have been prioritized by the management team in the 2019-2020 strategic plan. The health and well-being initiative based on the "Healthy Enterprise" standard and the multiculturalism initiative are in the process of being carried out. Multidisciplinary deployment committees have been created to develop and carry out the action plan activities.

JCCBI has also initiated the development of its Employer brand. The development and deployment of the action plan continue.

The goal of said human resources management initiatives is to position the Corporation as "Best Employer".

### 3.3.7 Information Technologies (IT)

In its IT risk management, JCCBI plans to implement measures to preserve the security of information and ensure business continuity as well as IT succession. The contracts in this regard will be awarded in the fourth quarter. This risk management is established on two (2) axes: proactive and reactive.

The proactive component will include continuous monthly computer security awareness, annual intrusion tests and continuous improvement of IT operating processes.

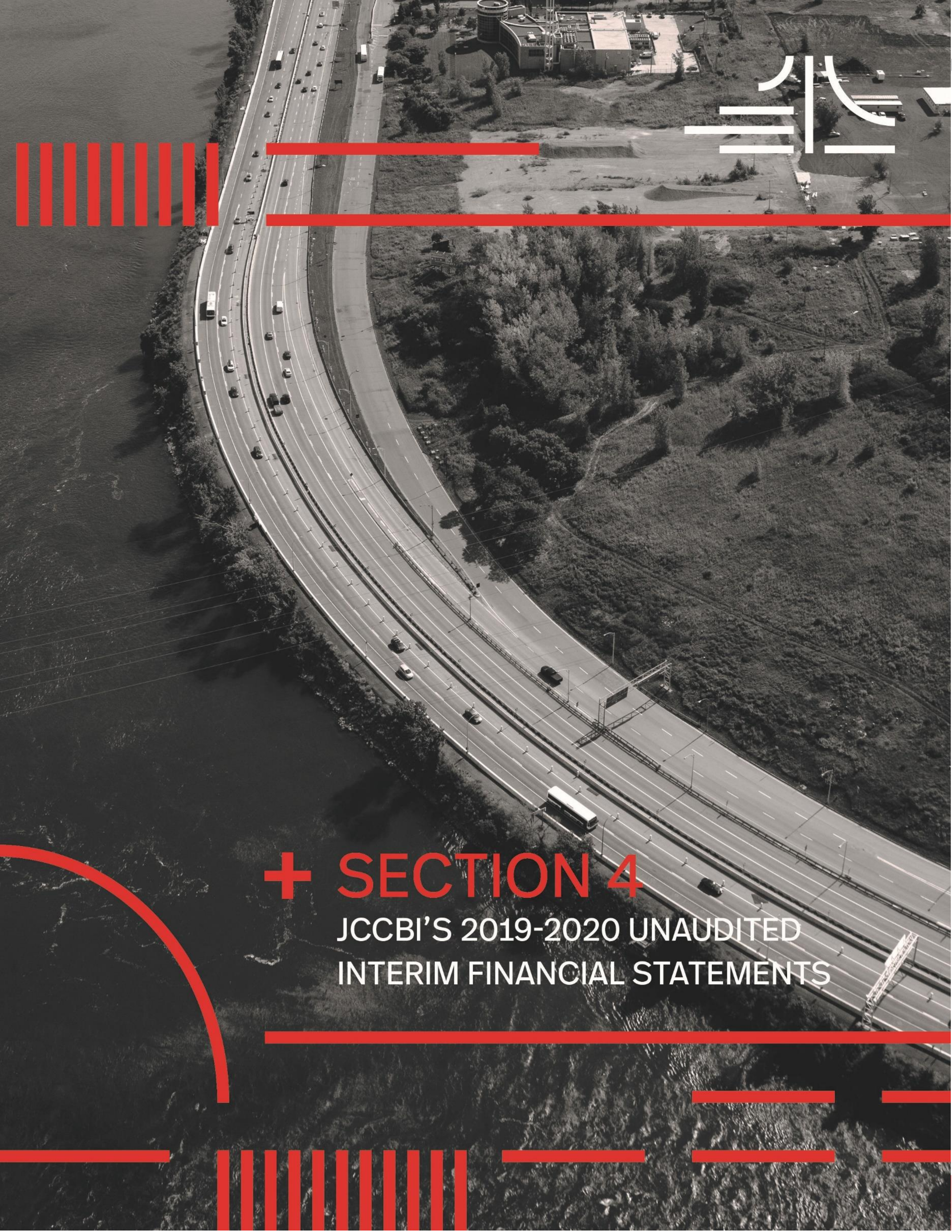
The reactive component will include the implementation of a major incident process as well as an IT succession plan integrated into JCCBI's emergency measures plan, with the aim of ensuring successful management of IT incidents while decreasing dependence on key resources.

## 3.4 REPORT ON THE USE OF APPROPRIATIONS

According to planning, the parliamentary appropriations available for the current fiscal year total $323 M.

| (In thousands of dollars) | As at December 31, 2019 | | | As at December 31, 2018 [1] | | |
|---|---|---|---|---|---|---|
| | Operations | Capital | Total | Operations | Capital | Total |
| Main Estimates [1] | 250,507 | 72,181 | 322,688 | 277,184 | 78,100 | 355,284 |
| **Available Funding** | **250,507** | **72,181** | **322,688** | **277,184** | **78,100** | **355,284** |
| Parliamentary Appropriations [2] | | | | | | |
| + Used | 97,472 | 25,784 | 123,256 | 98,137 | 32,736 | 130,873 |
| + Required | 153,035 | 46,397 | 199,432 | 179,047 | 45,364 | 224,411 |
| **Total Parliamentary Appropriations** | **250,507** | **72,181** | **322,688** | **277,184** | **78,100** | **355,284** |

(1) The main estimates as at December 31, 2018 have been modified to reflect the additional funding of $14.6 M received during the fourth quarter of 2018-2019.
(2) Generally, JCCBI receives its funding only once the expenses have been incurred.



# SECTION 4

## JCCBI'S 2019-2020 UNAUDITED INTERIM FINANCIAL STATEMENTS

# 4. JCCBI'S 2019-2020 UNAUDITED INTERIM FINANCIAL STATEMENTS

For the nine (9) months ended December 31, 2019, JCCBI's unaudited Interim Financial Statements have been prepared by management, reviewed by the Audit Committee and approved by JCCBI's Board of Directors. JCCBI's external auditors have not audited or reviewed these unaudited Interim Financial Statements.

## 4.1 MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

Management of The Jacques Cartier and Champlain Bridges Incorporated ("the Corporation") is responsible for preparing the Financial Statements in accordance with the Canadian Public Sector Accounting Standards. This responsibility requires the selection of appropriate accounting principles and the ability to exercise judgment in establishing reasonable estimates.

Management maintains appropriate financial systems and internal controls. These systems and practices are designed to provide reasonable assurance as to the reliability of financial information and to ensure that the Corporation's assets are adequately safeguarded, that its resources are managed economically and efficiently, and that its transactions are conducted efficiently. These systems and practices are also designed to provide reasonable assurance that the Corporation's transactions are duly authorized and carried out in accordance with the directions issued under section 89 and Part X of the *Financial Administration Act* and regulations, the *Canada Business Corporations Act*, The *Jacques Cartier and Champlain Bridges Inc. Regulations*, made under the *Canada Marine Act*, and the articles and by-laws of the Corporation.

The Board of Directors is made up of six (6) Directors and the Chief Executive Officer of the Corporation. The Board, through the Audit Committee, ensures that management fulfills its responsibilities for financial reporting and internal control. The Audit Committee meets with management and the auditors to review the manner in which these groups are fulfilling their responsibilities as well as to discuss the audit, internal controls and other relevant financial issues. The Financial Statements are reviewed and approved by the Board of Directors on the recommendation of the Audit Committee.

The Auditor General of Canada audits the Corporation's Financial Statements and his report indicates the scope of his audit and his opinion on the Financial Statements.

Sandra Martel, Eng.
Chief Executive Officer

Claude Lachance, CPA-CMA, MBA, ASC
Senior Director, Administration

March 13 2020

## 4.2 STATEMENT OF FINANCIAL POSITION

(Unaudited – in Canadian Dollars)

| | December 31, 2019 | March 31, 2019 |
|---|---|---|
| | $ | $ |
| **Financial Assets** | | |
| Cash | 29,147,046 | 47,832,852 |
| Accounts receivable (Note 4.6.3) | 13,212,991 | 5,269,957 |
| **Total Financial Assets** | **42,360,037** | **53,102,809** |
| **Liabilities** | | |
| Accounts payable and accrued liabilities (Note 4.6.4) | 34,067,646 | 44,294,972 |
| Employee future benefits | 465,530 | 495,762 |
| Contractual holdbacks (Note 4.6.5) | 5,505,537 | 6,361,494 |
| Deferred revenue | 271,190 | 269,436 |
| Environmental obligations (Note 4.6.6) | 23,817,000 | 26,592,000 |
| **Total Liabilities** | **64,126,903** | **78,013,664** |
| **Net Debt** | **(21,766,866)** | **(24,910,855)** |
| **Non-Financial Assets** | | |
| Tangible capital assets (Note 4.6.7) | 590,350,880 | 590,018,168 |
| Prepaid expenses | 450,615 | 789,367 |
| **Total Non-Financial Assets** | **590,801,495** | **590,807,535** |
| **Accumulated Surplus** | **569,034,629** | **565,896,680** |

**CONTINGENCIES**

(Note 4.6.9)

*The accompanying notes form an integral part of the unaudited Interim Financial Statements.*

Approved by the Board of Directors

Director

Director

## 4.3 STATEMENT OF OPERATIONS FOR THE NINE (9) MONTHS ENDED DECEMBER 31, 2019

(Unaudited – in Canadian Dollars)

| | Twelve Months Ended | Nine (9) Months Ended | | | |
|---|---|---|---|---|---|
| | March 31, 2020 | December 31, 2019 | | December 31, 2018 | |
| | Budget | Actual Quarter | Actual Cumulative | Actual Quarter | Actual Cumulative |
| | $ | $ | $ | $ | $ |
| **Revenues** | | | | | |
| Leases and permits | 596,000 | 135,449 | 433,688 | 145,604 | 433,661 |
| Interest | 934,000 | 201,849 | 619,686 | 271,300 | 792,300 |
| Other sources | --- | 8,665 | 25,180 | 2,093 | 32,572 |
| **Total Revenues** | **1,530,000** | **345,963** | **1,078,554** | **418,997** | **1,258,533** |
| **Expenses (Note 4.6.11)** | | | | | |
| Maintenance | 267,285,000 | 36,065,975 | 108,077,710 | 33,582,214 | 110,186,246 |
| Operations | 3,431,000 | 884,089 | 2,632,320 | 782,845 | 2,300,949 |
| Administration | 17,108,000 | 4,041,441 | 12,115,675 | 3,936,692 | 11,192,579 |
| Environmental obligations | (2,103,000) | (2,713,225) | (1,634,699) | 3,775,318 | 2,872,763 |
| Loss on disposal of assets | --- | --- | 6,366 | --- | --- |
| **Total Expenses** | **285,721,000** | **38,278,280** | **121,197,372** | **42,077,069** | **126,552,537** |
| Deficit before Government of Canada funding | (284,191,000) | (37,932,317) | (120,118,818) | (41,658,072) | (125,294,004) |
| Portion of parliamentary appropriations for operating expenses (Note 4.6.12) | 250,507,000 | 33,575,382 | 97,472,488 | 29,715,834 | 98,136,969 |
| Portion of of parliamentary appropriations for tangible capital assets (Note 4.6.12) | 72,181,000 | 10,586,754 | 25,784,279 | 11,065,942 | 32,736,210 |
| **Operating Surplus (Deficit)** | **38,497,000** | **6,229,819** | **3,137,949** | **(876,296)** | **5,579,175** |
| **Accumulated Operating Surplus, Beginning of the Year** | **604,569,000** | --- | **565,896,680** | --- | **559,329,674** |
| **Accumulated Operating Surplus, End of the Year** | **643,066,000** | --- | **569,034,629** | --- | **564,908,849** |

*The accompanying notes form an integral part of the unaudited Interim Financial Statements.*

## 4.4 STATEMENT OF CHANGE IN NET DEBT FOR THE NINE (9) MONTHS ENDED DECEMBER 31, 2019

(Unaudited – in Canadian Dollars)

| | Twelve Months Ended | Nine (9) Months Ended | | | |
|---|---|---|---|---|---|
| | March 31, 2020 | December 31, 2019 | | December 31, 2018 | |
| | Budget | Actual Quarter | Actual Cumulative | Actual Quarter | Actual Cumulative |
| | $ | $ | $ | $ | $ |
| **Annual Operating Surplus (Deficit)** | **38,497,000** | **6,229,819** | **3,137,949** | **(876,296)** | **5,579,175** |
| Acquisition of tangible capital assets (Note 4.6.7) | (72,181,000) | (10,586,754) | (25,784,279) | (11,065,942) | (32,736,210) |
| Amortization of tangible capital assets (Note 4.6.7) | 35,797,000 | 7,429,804 | 25,445,201 | 8,824,947 | 26,135,199 |
| Gain on sale of tangible capital assets | --- | (7,000) | (21,500) | --- | --- |
| Proceeds from sale of tangible capital assets | --- | 7,000 | 21,500 | --- | --- |
| Loss on disposal of assets | --- | --- | 6,366 | --- | --- |
| **Total Variation Due to Total Tangible Capital Assets** | **(36,384,000)** | **(3,156,950)** | **(332,712)** | **(2,240,995)** | **(6,601,011)** |
| Acquisition of prepaid expenses | --- | (92,898) | (919,352) | (292,703) | (736,349) |
| Use of prepaid expenses | --- | 447,844 | 1,258,104 | 290,232 | 878,293 |
| **Total Variation Due to Prepaid Expenses** | **---** | **354,946** | **338,752** | **(2,471)** | **141,944** |
| **Decrease (Increase) in Net Debt** | **2,113,000** | **3,427,815** | **3,143,989** | **(3,119,762)** | **(879,892)** |
| **Net Debt, Beginning of the Year** | **(20,436,000)** | **---** | **(24,910,855)** | **---** | **(22,573,824)** |
| **Net Debt, End of the Year** | **(18,323,000)** | **---** | **(21,766,866)** | **---** | **(23,453,716)** |

*The accompanying notes form an integral part of the unaudited Interim Financial Statements.*

## 4.5 STATEMENT OF CASH FLOW FOR THE NINE (9) MONTHS ENDED DECEMBER 31, 2019

(Unaudited – in Canadian Dollars)

| | Nine (9) Months Ended | | | |
|---|---|---|---|---|
| | December 31, 2019 | | December 31, 2018 | |
| | Actual Quarter | Actual Cumulative | Actual Quarter | Actual Cumulative |
| | $ | $ | $ | $ |
| **Operating Transactions** | | | | |
| Annual Operating Surplus (Deficit) | 6,229,819 | 3,137,949 | (876,296) | 5,579,175 |
| Non-cash items | | | | |
| Amortization of tangible capital assets (Note 4.6.7) | 7,429,804 | 25,445,201 | 8,824,947 | 26,135,199 |
| Loss on disposal of assets | --- | 6,366 | --- | --- |
| Gain on disposal of assets | (7,000) | (21,500) | --- | --- |
| (Decrease) increase in employee future benefits | (1,864) | (30,232) | 1,292 | (75,868) |
| Decrease in environmental obligations | (2,719,600) | (1,866,000) | --- | --- |
| Changes in non-cash working capital items | | | | |
| (Increase) decrease in accounts receivable | (3,530,039) | (7,943,034) | 2,615,461 | (4,771,241) |
| Decrease in accounts payable and accrued liabilities | (10,436,174) | (7,946,820) | (646,449) | (15,489,766) |
| (Decrease) increase in contractual holdbacks | 930,843 | (855,957) | (2,077,064) | (4,241,627) |
| Decrease in deferred revenue | 115,628 | 1,754 | 172,641 | 59,961 |
| Decrease (increase) in prepaid expenses | 354,946 | 338,752 | (2,471) | 141,944 |
| (Decrease) increase in environmental obligations | (351,400) | (909,000) | 3,116,000 | 1,054,259 |
| **Cash Flow Provided by Operating Transactions** | **(1,985,037)** | **9,357,479** | **11,128,061** | **8,392,036** |
| **Tangible Capital Asset Investment Activities** | | | | |
| Proceeds from disposal of tangible capital assets | 7,000 | 21,500 | --- | --- |
| Cash used to acquire tangible capital assets | (9,227,298) | (28,064,785) | (12,974,987) | (31,080,818) |
| Cash flow used for capital transactions | (9,220,298) | (28,043,285) | (12,974,987) | (31,080,818) |
| **Decrease in Cash** | **(11,205,335)** | **(18,685,806)** | **(1,846,926)** | **(22,688,782)** |
| **Cash, Beginning of the Year** | --- | **47,832,852** | --- | **60,525,063** |
| **Cash, End of the Year** | --- | **29,147,046** | --- | **37,836,281** |

*The accompanying notes form an integral part of the unaudited Interim Financial Statements.*

## 4.6. NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS

### 4.6.1 Authority and Activity

The Jacques Cartier and Champlain Bridges Incorporated ("the Corporation") was incorporated on November 3, 1978, under the *Canada Business Corporations Act*, as a wholly owned subsidiary of the St. Lawrence Seaway Authority. On October 1, 1998, it became a wholly owned subsidiary of The Federal Bridge Corporation Limited (FBCL). On February 13, 2014, pursuant to an Order in Council from the Governor in Council, FBCL transferred all its shares in The Jacques Cartier and Champlain Bridges Incorporated to the Minister of Infrastructure, Communities and Intergovernmental Affairs on behalf of Her Majesty in right of Canada. After this transfer, the Corporation became a parent Crown corporation listed under Part I, Schedule III of the *Financial Administration Act.*

Since December 1, 1978, the Corporation has been responsible for the management, maintenance and control of the Jacques Cartier and Champlain Bridges and a portion of the Bonaventure Expressway. On October 1, 1998, in accordance with a directive issued by the Minister of Transport under the *Canada Marine Act*, the Corporation became responsible for managing the federal portion of the Honoré Mercier Bridge and the Melocheville Tunnel. The management of the Champlain Bridge Ice Control Structure was transferred to the Corporation from the Minister of Transport on December 2, 1999. On April 1, 2015, the south and north approaches to the Champlain Bridge were transferred by Order in Council, meaning the Corporation is no longer responsible for the management and maintenance of the lands and structures constituting the transferred assets.

In July 2015, the Corporation received a directive (*P.C. 2015-1112*) under section 89 of the *Financial Administration Act* to harmonize its travel, hospitality, conference and event expenditure policies, guidelines and practices with the Treasury Board of Canada's policies, directives and related instruments on travel, hospitality, conference and event expenditures in a manner that is consistent with its legal obligations and to report on the implementation of this directive in its next corporate plan. The Corporation confirms that it has met the requirements of this directive since December 2015.

The Corporation is not subject to income tax legislation.

The Corporation is dependent on the Government of Canada for its funding.

### 4.6.2 Significant Accounting Policies

These Financial Statements have been prepared by management in accordance with the Canadian Public Sector Accounting Standards (CPSAS).

The main accounting policies followed by the Corporation are the following:

**Government Transfers**

Government transfer payments are recognized as revenue when the transfer is authorized and eligibility criteria are met, except to the extent that the stipulations give rise to an obligation that meets the definition of a liability. The transfers are recognized as deferred revenue when stipulations lead to the creation of a liability. The revenue is recognized in the Statement of Operations as the stipulations are met. Any portion of government transfers to which the Corporation is entitled, but has not yet received, is recognized under "Due from the Government of Canada".

### Tangible Capital Assets

Tangible capital assets are recognized at cost. Replacements and major improvements that extend the service life of existing assets are capitalized. Repair and maintenance costs are charged to operations when they are incurred. Costs that increase their service capacity, safety or effectiveness are capitalized.

Amounts related to projects in progress are transferred to the appropriate tangible capital assets category when the project is completed and are amortized in accordance with the Corporation's policy.

Capital assets received as contribution from departments, agencies and Crown corporations within the jurisdiction of the Government of Canada are recognized at their fair market value at the date of transfer.

Tangible capital assets are amortized based on the estimated useful life of the components, on a straight-line basis, over the following periods:

- Bridges and roads – between 5 and 48 years;
- Vehicles and equipment – between 3 and 10 years;
- Leasehold improvements – the lesser of the useful life or the term of the lease.

When the conditions indicate that a tangible capital asset no longer contributes to the ability of the Corporation to provide services, or that the value of future economic benefits associated with the 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.

### Revenue Recognition

Revenue from leases and permits, interest and other sources are recognized in the fiscal year in which they are earned. Revenue from leases and permits collected in advance are recorded as "Deferred revenue" in the Statement of Financial Position.

### Employee Future Benefits

- **Pension Plan**: All employees of the Corporation are covered by the Public Service Pension Plan (the "Plan"). This is a contributory-defined benefit plan established by law and sponsored by the Government of Canada. Employees and the Corporation must contribute to the Plan to cover the cost of services rendered during the fiscal year. Under current legislation, the Corporation has no legal or constructive obligation to pay additional contributions to cover past services or to fund deficiencies of the Plan. Consequently, contributions are charged to expenses in the fiscal year during which the employees render the services and these contributions represent the total pension obligation of the Corporation. The Corporation is not required by law to make up for the actuarial deficiencies of the Plan.

- **Post-Employment Benefits and Compensated Absences**: Employees are entitled to days of sick leave and compensation for work injuries, as provided for under their conditions of employment. Employees of the Corporation are subject to the Government Employees Compensation Act. Every year, they are paid the unused portion of their days of sick leave. These annual payments are recognized directly in current costs for the fiscal year. Before December 9, 2016, unionized employees accumulated their unused days of sick leave, which were redeemable at the end of their employment with the Corporation. Following the renewal of their collective agreement in December 2016, unionized workers can no longer accumulate unused sick leave days and redeem them at the time of their departure. Employees with a banked leave balance were offered either to keep the balance until they leave or redeem the balance. Moreover, the Corporation recognizes the cost of compensation for work injuries payable at the time the event obligating the Corporation occurs. The liability that these benefits represent is determined based on management's best assumptions in terms of salary increases, age of employees, years of service, the probability of employees leaving, and average life expectancy. These assumptions are reviewed annually. Post-employment benefits and compensated absences are recognized at present value.

### Environmental Obligations

Whenever the Corporation accepts responsibility for sites where contamination exceeds environmental standards, when it plans to abandon future economic benefits to that effect, and when the amount involved can be reasonably estimated, an obligation for the clean-up of the contaminated sites is recognized as a liability in the Statement of Financial Position. The estimated future costs are recognized as a liability and are based on the present value of the estimated cash flows of costs that are most likely to be incurred. If it proves impossible to make a reasonable estimate of the amount, the situation will be disclosed through a note to the Financial Statements. Other expenses related to environmental measures are recognized as expenditures as they are incurred.

### Financial Instruments

The Corporation identifies, assesses, and manages the financial risks to minimize the impact thereof on its results and financial position. The Corporation neither engages in speculative transactions nor uses derivatives.

The accounting of financial instruments depends on their classification as presented in the following table:

| CATEGORIES | FINANCIAL INSTRUMENTS | MEASUREMENT |
|---|---|---|
| Financial Assets | Cash<br>Accounts receivable (other than taxes receivable) | Cost or amortized cost |
| Financial Liabilities | Accounts payable and accrued liabilities<br>Contractual holdbacks | Cost or amortized cost |

### Contingencies

Contingencies result from uncertain situations whose outcome depends on one or more future events. Contingencies include contingent liabilities and contingent assets.

Contingent liabilities are possible liabilities which could become actual liabilities if one or more future events occur. If it is likely that an event could occur, and a reasonable estimate of the liability can be made, a provision is recognized and an expense is recorded. If the likelihood of the event cannot be determined or if the amount involved cannot be reasonably estimated, a contingency is disclosed in the notes to the Financial Statements.

Contingent assets are possible assets that could become assets if one or more future events occur. If it is likely that the future event will occur, the existence of the contingent asset is disclosed in the notes to the Financial Statements.

### Measurement Uncertainty

In preparing the Financial Statements in accordance with the CPSAS, management must use estimates and assumptions that affect the reported amounts of assets and liabilities and the presentation of assets and contingent liabilities at the date of the Financial Statements, as well as the amounts of the revenue and expenses recognized during the period covered by the Financial Statements. Actual results could differ significantly from these estimates.

The significant estimates used in the preparation of these Financial Statements relate, in particular, to the useful life of tangible capital assets, accrued liabilities for major rehabilitation work and claims received from suppliers, the liability for employee future benefits, expected costs for liabilities arising from environmental obligations as well as contingencies.

### Budgetary Data

Budgetary data included in the Financial Statements have been provided for comparison purposes and approved by the Board of Directors.

### 4.6.3 Accounts Receivable

The Corporation's accounts receivable consist of the following:

| | December 31, 2019 | March 31, 2019 |
|---|---|---|
| | $ | $ |
| Due from the Government of Canada | 10,876,142 | --- |
| Taxes receivable | 1,743,914 | 1,433,707 |
| Re-invoicing of work to business partners | 334,014 | 2,311,511 |
| Other accounts receivable | 258,921 | 1,524,739 |
| **Total Accounts Receivable** | **13,212,991** | **5,269,957** |

### 4.6.4 Accounts Payable and Accrued Liabilities

The Corporation's accounts payable and accrued liabilities consist of the following:

| | December 31, 2019 | March 31, 2019 |
|---|---|---|
| | $ | $ |
| Suppliers and accrued liabilities | 32,661,819 | 40,922,102 |
| Salaries and employee benefits | 1,405,827 | 1,941,444 |
| Due to the Government of Canada | --- | 1,431,426 |
| **Total Accounts Payable and Accrued Liabilities** | **34,067,646** | **44,294,972** |

### 4.6.5 Contractual Holdbacks

Contractual holdbacks (including performance holdbacks and warranty holdbacks) represent the total amount that the Corporation temporarily retains on amounts due to contractors during the performance of the work, to guarantee that the latter fulfil their obligations pertaining to the warranties of rectification and correction of defects and poor workmanship in the work performed.

The warranty periods applicable to each contract begin following the issuance of the Interim Certificate of Completion for the work concerned. The Corporation then pays the 5% contractual holdback (designated as "performance holdback") and retains a new amount equal to 2.5% as contractual holdback (designated as "warranty holdback").

The contracts provide that the Corporation will pay the second portion of 2.5% of the performance holdback less, where applicable, any amount owed by the contractor under the terms of the contract, once the warranty period has expired.

### 4.6.6 Environmental Obligations

The Corporation periodically compiles an inventory of all its properties in order to classify their environmental condition for the purposes of prioritizing any required interventions. The Corporation has a number of properties whose soil is contaminated beyond the acceptable criteria. The properties concerned are located under the Jacques Cartier Bridge and along the Bonaventure Expressway.

With respect to the lands under the Jacques Cartier Bridge, the Corporation is conducting characterization studies to classify the contaminated sites and determine whether the Corporation needs to clean up the lands or adopt a risk management strategy to limit the contamination. For one section of these lands, a study confirmed the presence of residual materials and soils contaminated with polycyclic aromatic hydrocarbons (PAHs) and metals (e.g. copper, lead) whose level exceeds the acceptable environmental standards. The lands were contaminated as a result of past commercial and industrial operations. The Corporation estimates that future benefits are likely to be given up. However, additional analyses are required to determine the remediation or risk management strategy to be adopted as well as the costs involved. Therefore, the liability cannot be reasonably estimated at this stage and no environmental liability has been recorded.

As at December 31, 2019, the priority environmental issue for the Corporation remains that of the lands located in the Bonaventure Expressway sector in Montreal. These lands, which have been managed by the Corporation since 1978, are located on a portion of and close to a former landfill site operated by the City of Montreal between 1866 and 1966. This former landfill site covers several tracts of land belonging to different owners. Since 2003, the Corporation has conducted studies and toxicity tests on the groundwater in this location. The tests revealed that the groundwater is contaminated beyond acceptable criteria. Given the complexity of the issue, the involvement of numerous owners and the significant costs involved, the federal government has focused on integrated solutions to the environmental issues at this site. This site can be divided into two sectors: the East Sector and the West Sector.

For the East Sector, the containment and pumping operations have begun in 2018. For the West Sector, both the containment of groundwater and the operation of the treatment plant have begun in 2017. The Corporation is managing this project. The portion of the costs borne by the Corporation for the West Sector is 50% of the total costs to be incurred.

As at December 31, 2019, the Corporation estimates an amount of $23,817,000 ($26,592,000 as at March 31, 2019) as environmental obligations for the East and West Sectors.

| | East Sector | West Sector | Total |
|---|---|---|---|
| **Undiscounted Amount to which the Inflation Rate was Applied:** | | | |
| As at March 31, 2019 | $22,288,000 | $8,207,000 | $30,495,000 |
| As at December 31, 2019 | $19,099,000 | $8,166,000 | $27,265,000 |
| **Discounted Amount to which the Inflation Rate was Applied:** | | | |
| As at March 31, 2019 | $19,382,000 | $7,210,000 | $26,592,000 |
| As at December 31, 2019 | $16,618,000 | $7,199,000 | $23,817,000 |

The Environmental Obligations are based on the following assumptions:

- The duration of the operations included in the obligations related to the East and West Sectors is estimated at fifteen (15) years. The duration of the operations will extend beyond this period, but it is impossible, at this time, to determine the costs beyond fifteen (15) years;
- The planned expenditures for the containment and pumping operations are based on the costs of the contracts that have already been awarded;
- The discount rates are determined based on the actual zero-coupon yield curve for Government of Canada bond market issued by the Bank of Canada. The discount rate for the year 2021 is 1.76% (1.70% as at March 31, 2019). The rates for subsequent years range from 1.63% to 1.76% (1.52% to 1.83% as at March 31, 2019);
- The inflation rate is based on the Non-Residential Building Construction Price Index. For fiscal year 2019-2020, the rate is 3.19% (3.02% as at March 31, 2019);
- There is no residual value to the projects.

## 4.6.7 Tangible Capital Assets

(Unaudited – in Canadian Dollars)

| | Lands | Bridges and Roads | Vehicles and Equipment | Leasehold Improvements | Projects in Progress | Total |
|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ |
| **COST** | | | | | | |
| April 1, 2018 | 5,250,117 | 798,171,781 | 4,717,596 | 824,495 | 16,672,846 | 825,636,835 |
| Acquisitions | --- | 27,922,968 | 903,166 | 441,476 | 21,006,518 | 50,274,128 |
| Disposals | --- | (11,041,632) | (1,637,840) | (10,327) | --- | (12,689,799) |
| Transfers | --- | 16,672,845 | --- | --- | (16,672,845) | --- |
| **March 31, 2019** | **5,250,117** | **831,725,962** | **3,982,922** | **1,255,644** | **21,006,519** | **863,221,164** |
| Acquisitions | --- | 7,324,095 | 502,883 | (66,443) | 18,023,744 | 25,784,279 |
| Disposals | --- | --- | (88,116) | --- | --- | (88,116) |
| Transfers | --- | 14,617,135 | --- | --- | (14,617,135) | --- |
| **December 31, 2019** | **5,250,117** | **853,667,192** | **4,397,689** | **1,189,201** | **24,413,128** | **888,917,327** |
| **ACCUMULATED AMORTIZATION** | | | | | | |
| April 1, 2018 | --- | 240,537,019 | 3,807,160 | 10,327 | --- | 244,354,506 |
| Amortization | --- | 40,431,789 | 273,529 | 162,834 | --- | 40,868,152 |
| Disposals | --- | (10,371,495) | (1,637,840) | (10,327) | --- | (12,019,662) |
| **March 31, 2019** | --- | **270,597,313** | **2,442,849** | **162,834** | --- | **273,202,996** |
| Amortization | --- | 24,972,116 | 262,150 | 210,935 | --- | 25,445,201 |
| Disposals | --- | --- | (81,750) | --- | --- | (81,750) |
| **December 31, 2019** | --- | **295,569,429** | **2,623,249** | **373,769** | **---** | **298,566,447** |
| **NET BOOK VALUE** | | | | | | |
| **March 31, 2019** | **5,250,117** | **561,128,649** | **1,540,073** | **1,092,810** | **21,006,519** | **590,018,168** |
| **December 31, 2019** | **5,250,117** | **558,097,763** | **1,774,440** | **815,432** | **24,413,128** | **590,350,880** |

As at December 31, 2019, “Accounts Payable and Accrued Liabilities” includes acquisitions related to tangible capital assets of $16,353,935 ($18,634,441 as at March 31, 2019).

### 4.6.8 Share Capital

The authorized share capital is 50 shares without par value and the Corporation has issued and fully paid one (1) share in the amount of $100.

### 4.6.9 Contingencies

**Legal Proceedings and Claims**

In the normal course of its operations, the Corporation is subject to claims or lawsuits, the outcome of which cannot be predicted with certainty. Management has made, in the affected accounts, provisions which it deems sufficient, and believes that the resolution of such contingencies should not have any material adverse effect on the Corporation's financial position.

As at December 31, 2019, some contingent assets are under negotiation with business partners and their estimated amount cannot be determined. The contingent assets are not recognized in the Financial Statements.

**Other Contingencies**

a) The Corporation was granted a permit to install, maintain and use a cable for closed circuit television signals on lands that it does not own. In the event of termination of this permit, the Corporation will have to remove its facilities, at its expense. As at December 31, 2019, neither the owner of the lands nor the Corporation has indicated its intention to terminate the permit. Therefore, no contingent liabilities related to this capital asset has been recognized.

b) The Corporation holds structures erected on land whose owner has transferred the management and administration thereof to the Government of Canada. The owner of the land could take back the land in the event of a change in the use thereof, without any indemnity for the structures erected, provided they are in satisfactory condition, at the convenience of the owner. At present, the Corporation has no intention of changing the current use of this land. Therefore, no liabilities related to these capital assets has been recognized.

### 4.6.10 Related Party Transactions

The Corporation is related in terms of common ownership to all departments, agencies, and Crown corporations created by the Government of Canada, as well as to the Corporation's Board of Director members, Chief Executive Officer and Senior Directors, close family members thereof and entities subjected to the control of said individuals. The Corporation enters into transactions with these entities in the normal course of business. These transactions are recognized at the exchange amount, except for the cost of the audit of the Financial Statements, which is carried out without consideration and not recognized in the Statement of Operations.

### 4.6.11 Expenses by Type

| | December 31, 2019 | December 31, 2018 |
|---|---|---|
| | $ | $ |
| Regular and major maintenance | 66,620,559 | 71,315,903 |
| Environmental obligations | (1,634,699) | 2,872,763 |
| Amortization of tangible capital assets | 25,445,201 | 26,135,199 |
| Salaries and employee benefits | 16,277,549 | 14,836,827 |
| Professional services | 9,397,127 | 7,135,879 |
| Goods and services | 5,085,269 | 4,255,966 |
| Loss on disposal of assets | 6,366 | --- |
| **Total Expenses** | **121,197,372** | **126,552,537** |

### 4.6.12 Parliamentary Appropriations

| | December 31, 2019 | December 31, 2018 |
|---|---|---|
| | $ | $ |
| Parliamentary appropriations requested | 123,773,972 | 135,041,775 |
| Change in long-term contractual holdbacks | (517,205) | (4,168,596) |
| **Total Parliamentary Appropriations Recognized as Revenue** | **123,256,767** | **130,873,179** |
| **Distribution** | | |
| Portion of parliamentary appropriations for operating expenses | 97,472,488 | 98,136,969 |
| Portion of parliamentary appropriations for tangible capital assets | 25,784,279 | 32,736,210 |
| **Total Parliamentary Appropriations Recognized as Revenue** | **123,256,767** | **130,873,179** |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