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# **Windsor-Detroit Bridge Authority**

Quarterly Financial Report for the Period Ended

September 30, 2023

Unaudited





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## 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.



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## 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. WDBA’s private sector partner is 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.



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## OBJECTIVES, ACTIVITIES, AND EXPECTED RESULTS FOR 2023-24

WDBA's strategic objectives, deliverables, and expected results for 2023-24 objectives are consistent with those from its 2022-23 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.
  - WDBA continues to work with its private-sector partner, BNA, for the successful delivery of the Gordie Howe International Bridge Project.
  - Design and construction work is progressing on all four components of the Project. Over 2023-24, construction continues to progress. WDBA is also continuing to prepare for the operations phase of the Gordie Howe International Bridge Project by implementing its Operational Readiness Plan.
  
2. WDBA has positive and transparent relationships with its shareholder, Michigan as co-owner and stakeholders.
  - WDBA continues to build upon its strong reputation as a reliable and trusted community member.
  - WDBA also maintains regular engagement with the Government of Canada.
  
3. WDBA is a high-performing Crown corporation.
  - In FY 2023-24, WDBA is prioritizing the following corporate deliverables:
    - WDBA will prioritize being recognized as a leader in sustainability by industry experts.
    - WDBA will prioritize being an organization that positions its employees to succeed.



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## FINANCIAL ANALYSIS

### SUMMARY

At the end of the second quarter of 2023-24, net results of operations at WDBA reflect a surplus of \$345.6 million (2022-23: \$286.8 million). The surplus is mostly due to the timing of appropriations and expenditures on capital assets.

Compared to the 2023 fiscal year-end results, WDBA's net debt decreased to \$1,009.0 million, a change of \$1.0 million (2022-23: \$1,010.0 million). Non-financial assets increased by \$345.0 million to \$3,563.5 million (2022-23: \$3,218.5 million). The increases are mainly due to continuing BNA construction activities.

### STATEMENT OF OPERATIONS

#### APPROPRIATIONS

WDBA received \$190.0 million in appropriations in the second quarter of 2023-24, for a total of \$453.3 million through September 30, compared to \$190.0 million and \$390.0 million respectively in the prior year. WDBA ended the second quarter of 2023-24 with a net surplus of \$345.6 million, compared to \$286.8 million in the prior year. The surplus is mostly due to the timing of appropriations and expenditures on capital assets.

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

#### EXPENSES

##### COMPARED TO BUDGET

Actual spending is lower than budgeted. This is primarily due to progress payments to BNA being less than originally planned.

##### COMPARED TO PRIOR YEAR

WDBA incurred \$58.6 million of direct expenses in the second quarter of 2023-24, for a total of \$105.1 million as of September 30, compared to \$44.7 million and \$85.9 million respectively in the prior year. As shown in the accompanying table, expenses are higher in the current year primarily due to an increase in construction work on the I-75 interchange, an increase in professional services and an increase in payroll and benefits driven by increased headcount.

Internal services costs, as shown in the Statement of Operations, reflect expenses to support the Gordie Howe International Bridge Project, and consist primarily of salaries and benefits of employees not directly involved in the Project. WDBA incurred \$3.0 million of internal services costs in the second quarter of 2023-24 for a total of \$6.2 million through September 30, compared to \$2.9 million and \$5.7 million respectively in the prior year. The increase is primarily due to an increase in payroll and benefits driven principally by increased headcount.



The table below provides a breakdown of the expenses by type:

(thousands of dollars)

	Three Months ended		Six Months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
I-75 Costs	49,134	31,915	83,161	63,152
Payroll and Benefits	4,756	3,973	9,451	7,556
Amortization	3,107	3,106	6,216	6,207
Professional Services	2,333	1,209	5,673	2,184
Legal Services	394	2,719	1,770	4,866
Insurance	370	1,268	1,561	2,539
Local Road Improvements	390	463	880	900
Michigan Land	361	-	687	-
Office and Maintenance	246	334	535	507
Rent	268	278	524	524
Transfers to International Authority	7	315	257	563
Travel Expenses	86	51	228	105
Property Taxes	92	86	177	170
Other	32	394	111	426
Repairs and Maintenance	31	48	69	77
Community Benefits	-	1,199	-	1,199
Foreign Exchange Loss	-	48	-	311
Claim Settlements	-	265	-	265
	<b>61,607</b>	<b>47,671</b>	<b>111,300</b>	<b>91,551</b>

Apart from I-75 Costs, Professional Services, and Payroll and Benefits, expenses are consistent with the prior year.

As the I-75 interchange will be turned over to the State of Michigan upon completion of the Project, all costs associated with the I-75 interchange are expensed as incurred. I-75 Costs are primarily for BNA's construction costs, utility work, demolition, environmental work, and professional services related to the design and engineering of the I-75 Interchange. The increase over the prior year reflects increased construction work on this element of the Project.

Professional services costs increased over the past year because of additional Notices for claims and entitlements to compensation and relief under the Project Agreement.

Payroll and Benefits expenses are higher in the current period mainly because of increased headcount, as WDBA added staff to meet the needs of the project.

## STATEMENT OF FINANCIAL POSITION

### COMPARED TO BUDGET

Assets under construction are lower than budgeted, with commensurate decreases in liabilities. This is due to lower than planned progress payments to BNA.



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## COMPARED TO PRIOR YEAR

### FINANCIAL ASSETS

Financial assets of \$134.2 million (March 31, 2023: \$116.4 million) consisted of \$131.3 million in cash and \$2.9 million in accounts receivable and deposits (March 31, 2023: \$110.7 million and \$5.7 million), are offset by \$1,143.3 million in liabilities (March 31, 2023: \$1,126.4 million).

On September 30, 2023, WDBA had a restricted cash balance of \$93.9 million in an escrow account (March 31, 2023: \$88.9 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 September 30, 2023, WDBA's liabilities were \$1,143.3 million (March 31, 2023: \$1,126.4 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 \$83.4 million (March 31, 2023: \$134.0 million) consist primarily of amounts for BNA activities, the Owner's Engineer, Michigan activities, legal fees, and professional fees.

### NON-FINANCIAL ASSETS

WDBA held \$3,562.0 million of tangible capital assets at the end of the second quarter of 2023-24, compared to \$3,215.9 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 \$3,214.4 million on September 30, 2023 (March 31, 2023: \$2,863.6 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, professional services, and environmental remediation.



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

**(thousands of dollars)**

	<b>September 30, 2023</b>	March 31, 2023
Bridge	<b>1,376,518</b>	1,181,401
US Port of Entry	<b>1,010,519</b>	915,015
Canadian Port of Entry	<b>827,342</b>	767,211
	<b>3,214,379</b>	2,863,627

Prepaid expenses of \$1.5 million (March 31, 2023: \$2.6 million) consists primarily of \$1.1 million of prepaid insurance (March 31, 2023: \$2.4 million) related mainly to WDBA's owner-controlled insurance program for insurance related to the construction of the Project.



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# WDBA QUARTERLY FINANCIAL STATEMENTS FOR THE SECOND QUARTER 2023-24

## 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, JD MBA CPA, CMA  
Chief Financial & Administrative Officer

Windsor, Canada  
November 17, 2023



**Windsor-Detroit Bridge Authority**  
**Quarterly Statement of Financial Position**  
**As at September 30, 2023**  
**(thousands of dollars)**

(Unaudited)

	September 30, 2023	March 31, 2023
<b>FINANCIAL ASSETS</b>		
Cash	<b>37,453</b>	21,782
Restricted cash (Note 3)	<b>93,871</b>	88,916
Accounts receivable	<b>2,825</b>	5,586
Deposits	<b>57</b>	82
<b>Total Financial Assets</b>	<b>134,206</b>	116,366
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	<b>83,355</b>	133,996
Accrued employee benefits	<b>1,266</b>	1,541
Environmental liability (Note 4)	<b>8,381</b>	8,381
Holdback (Note 5)	<b>378,129</b>	320,996
Due to private partner (Note 6)	<b>672,121</b>	661,491
<b>Total Liabilities</b>	<b>1,143,252</b>	1,126,405
<b>Net Debt</b>	<b>1,009,046</b>	1,010,039
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 7)	<b>3,561,950</b>	3,215,881
Prepaid expenses	<b>1,543</b>	2,645
<b>Total Non-Financial Assets</b>	<b>3,563,493</b>	3,218,526
<b>Accumulated Surplus</b>	<b>2,554,447</b>	2,208,487
Accumulated surplus is comprised of:		
Accumulated operating surplus	<b>2,552,085</b>	2,206,454
Accumulated remeasurement gains	<b>2,362</b>	2,033
	<b>2,554,447</b>	2,208,487

*The accompanying notes form an integral part of the financial statements.*



**Windsor-Detroit Bridge Authority**  
**Quarterly Statement of Operations**  
**for the six months ended September 30, 2023**  
**(thousands of dollars)**

(Unaudited)

	Twelve Months Ended	Three Months ended		Six Months ended	
	March 31, 2024	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	Budget	Actual	Actual	Actual	Actual
<b>REVENUE</b>					
Revenue from operations	-	6	1,493	15	2,935
Interest	-	1,830	810	3,438	1,134
Foreign exchange gain	-	183	-	187	-
<b>Total Revenue</b>	-	<b>2,019</b>	2,303	<b>3,640</b>	4,069
<b>EXPENSES (Note 9)</b>					
Gordie Howe International Bridge Project	193,678	58,637	44,736	105,091	85,858
Internal services	33,148	2,970	2,935	6,209	5,693
<b>Total Expenses</b>	226,826	<b>61,607</b>	47,671	<b>111,300</b>	91,551
<b>Deficit before Government funding</b>	<b>(226,826)</b>	<b>(59,588)</b>	(45,368)	<b>(107,660)</b>	(87,482)
Government transfers - appropriations	885,179	190,000	190,000	453,291	390,000
Reimbursement of appropriations (Note 10)	-	-	-	-	(15,712)
	885,179	190,000	190,000	453,291	374,288
<b>Operating surplus</b>	658,353	<b>130,412</b>	144,632	<b>345,631</b>	286,806
<b>Accumulated operating surplus, beginning of period</b>	1,823,535	<b>2,421,673</b>	1,852,513	<b>2,206,454</b>	1,710,339
<b>Accumulated operating surplus, end of period</b>	2,481,888	<b>2,552,085</b>	1,997,145	<b>2,552,085</b>	1,997,145

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



**Windsor-Detroit Bridge Authority**  
**Quarterly Statement of Remeasurement Gains and Losses**  
**for the six months ended September 30, 2023**  
**(thousands of dollars)**

(Unaudited)

	<b>September 30, 2023</b>	September 30, 2022
Accumulated remeasurement gains (losses) beginning of period	<b>2,032</b>	(5,005)
Unrealized gains attributable to:		
Foreign exchange	<b>541</b>	8,845
Amounts reclassified to the Statement of Operations:		
Foreign exchange	<b>(211)</b>	456
Net remeasurement gains for the period	<b>330</b>	9,301
Accumulated remeasurement gains end of period	<b>2,362</b>	4,296

*The accompanying notes form an integral part of the financial statements.*



**Windsor-Detroit Bridge Authority**  
**Quarterly Statement of Change in Net Financial Assets (Net Debt)**  
**for the six months ended September 30, 2023**  
**(thousands of dollars)**

(Unaudited)

	March 31, 2024 Budget	September 30, 2023 Actual	September 30, 2022 Actual
Operating surplus	658,353	<b>345,631</b>	286,806
Acquisition of tangible capital assets	(797,515)	<b>(352,285)</b>	(341,123)
Amortization of tangible capital assets	26,857	<b>6,216</b>	6,207
	<b>(112,305)</b>	<b>(438)</b>	<b>(48,110)</b>
Changes in other non-financial assets			
Net change in prepaid expenses	3,102	<b>1,102</b>	2,115
Net remeasurement gains for the period	-	<b>330</b>	9,301
Change in net debt	(109,203)	<b>994</b>	(36,694)
Net debt beginning of period	(813,048)	<b>(1,010,040)</b>	(832,636)
Net debt end of period	(922,251)	<b>(1,009,046)</b>	(869,330)

*The accompanying notes form an integral part of the financial statements.*



**Windsor-Detroit Bridge Authority**  
**Quarterly Statement of Cash Flow**  
**for the period ended September 30, 2023**  
**(thousands of dollars)**

(Unaudited)

	<b>Six Months Ended</b>	
	<b>September 30, 2023</b>	<b>September 30, 2022</b>
<b>OPERATING TRANSACTIONS</b>		
Cash receipts from Government transfers	<b>453,291</b>	374,288
Interest received	<b>3,316</b>	646
HST refunds	<b>3,447</b>	-
Other cash receipts	<b>578</b>	554
Cash payments to suppliers	<b>(112,757)</b>	(69,243)
Cash payments to and on behalf of employees	<b>(9,710)</b>	(8,080)
Transfers to International Authority	-	(315)
<b>CASH PROVIDED BY OPERATING TRANSACTIONS</b>	<b>338,165</b>	297,850
<b>CAPITAL TRANSACTIONS</b>		
Cash used to acquire tangible capital assets	<b>(317,989)</b>	(295,799)
<b>CASH APPLIED TO CAPITAL TRANSACTIONS</b>	<b>(317,989)</b>	(295,799)
Effect of exchange rate changes on cash	<b>450</b>	9,157
Increase in cash and cash equivalents	<b>20,626</b>	11,208
Cash and cash equivalents at beginning of period	<b>110,698</b>	115,211
Cash and cash equivalents at end of period	<b>131,324</b>	126,419
<b>Cash is composed of:</b>		
Cash	<b>37,453</b>	30,695
Restricted cash	<b>93,871</b>	95,724
	<b>131,324</b>	126,419

*The accompanying notes form an integral part of the financial statements.*



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## 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 (FAA)* 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 appointed 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.

On September 28, 2018, WDBA entered into a Public-Private Partnership Agreement (Project Agreement) with Bridging North America (BNA) to design, build, partially finance, operate and maintain the Project. Specifically, the Project Agreement covers BNA's responsibilities to design, construct,



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partially finance, operate and maintain the Facility; and to design, construct and partially finance the Interstate 75 Interchange (I-75 Interchange). The components of the Facility are the Bridge, the Canadian Port of Entry, and the US Port of Entry. The Project Agreement will expire in 2054. BNA is responsible for financing the Facility and the I-75 Interchange to an amount equal to 15% of design and build costs. BNA contributed these funds prior to WDBA contributing its own funds to the Project. BNA contributions will be repaid through Capital Payments.

There have been no changes in the terms of the Project Agreement since its commencement date.

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 November 17, 2023.

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, 2023.



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## 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 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. In accordance with the terms of the Project Agreement, WDBA is required to make various 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. Throughout the construction period progress payments are paid to BNA based on completed milestones which are certified by the Independent Certifier.

Eligible costs incurred by BNA related to the Facility are recognized as tangible capital assets, as the Facility is constructed. 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 verifiable by the Independent Certifier.

### c. REVENUE

WDBA recognizes revenue when the transactions or events giving rise to the revenues occur. Normally, revenues are recognized when persuasive evidence of an arrangement exists, services have been



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provided or goods have been delivered, the amount is fixed and determinable, and collection is reasonably assured.

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 deferred revenue when stipulations give rise to a liability.

For government transfers initially recognized as deferred 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. DUE TO PRIVATE PARTNER

The amount due to Private partners consists of the obligation to BNA for the first 15% of the design and build costs. The obligation is measured at amortized cost based on the effective interest rate, which is represented by the rate implicit within the contract. Capital payments commence upon handover of the Canadian Port of Entry and expire after 30 years, which include both principal and interest payments.

n. 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 92 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.

o. 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.

p. 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.

q. 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.

r. 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

s. 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.

t. 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.

u. 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.



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## V. STANDARDS ISSUED TO BE ADOPTED AT A LATER DATE

The following standard has been issued by the PSAB:

*The Conceptual Framework for Financial Reporting in the Public Sector:* This new Section defines a conceptual framework and outlines the need for and the objectives of the Conceptual Framework.

This Section was issued by PSAB in December 2022 and will be effective for fiscal years beginning on or after April 1, 2026. WDBA intends to adopt this standard when it becomes applicable and is currently evaluating the impact of adopting this standard on its financial statements.

## 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. In Canada, this consists of land contributed by the Government of Canada to WDBA for use in 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. The remediation activity on the Canadian land has been completed leaving \$8,381 of remediation work to be performed in Michigan (\$8,381 for March 31, 2023).

This amount was recorded as an environmental liability in the Statement of Financial Position.

## 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. 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 will be discharged by WDBA through Capital Payments, which commence upon the handover of the Canadian Port of Entry to WDBA and expire 30 years after that date. Estimated repayments for the next five years and thereafter are as follows:

**(thousands of dollars)**

Capital Payments:	
Remainder of 2024	11,684
2025	35,048
2026	35,048
2027	35,048
2028	35,048
2029	35,048
2030 and Thereafter	864,527
Less: Total Interest	(476,649)
Private Partner Contribution	574,802
Capitalized Interest To Date	78,829
Expensed Interest To Date	18,490
<b>Liability</b>	<b>672,121</b>



## 7. TANGIBLE CAPITAL ASSETS

(thousands of dollars)

	Leasehold Improvements	Computer and Office Equipment	Construction in Progress	Land	Roads	Leased Property	Total
<b>Cost</b>							
April 1, 2022	1,193	1,166	2,176,476	64,886	46,010	270,762	2,560,493
Acquisitions	-	95	687,151	-	(240)	10,549	697,555
March 31, 2023	1,193	1,261	2,863,627	64,886	45,770	281,311	3,258,048
April 1, 2023	1,193	1,261	2,863,627	64,886	45,770	281,311	3,258,048
Acquisitions	59	25	350,752	-	-	1,449	352,285
<b>September 30, 2023</b>	<b>1,252</b>	<b>1,286</b>	<b>3,214,379</b>	<b>64,886</b>	<b>45,770</b>	<b>282,760</b>	<b>3,610,333</b>
<b>Accumulated Amortization</b>							
April 1, 2022	847	655	-	-	21,793	6,427	29,722
Amortization	117	270	-	-	9,082	2,976	12,445
March 31, 2023	964	925	-	-	30,875	9,403	42,167
April 1, 2023	964	925	-	-	30,875	9,403	42,167
Amortization	62	86	-	-	4,541	1,527	6,216
<b>September 30, 2023</b>	<b>1,026</b>	<b>1,011</b>	<b>-</b>	<b>-</b>	<b>35,416</b>	<b>10,930</b>	<b>48,383</b>
<b>Net Book Value</b>							
March 31, 2023	229	336	2,863,627	64,886	14,895	271,908	3,215,881
<b>September 30, 2023</b>	<b>226</b>	<b>275</b>	<b>3,214,379</b>	<b>64,886</b>	<b>10,354</b>	<b>271,830</b>	<b>3,561,950</b>

On September 30, 2023, WDBA recognized construction in progress of \$3,214,379 (2023: \$2,863,627) for the Project based on eligible costs incurred to date, including capitalized interest of \$78,830 (2023: \$70,218). 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 \$120,649 (2023: \$181,302) for capital items and holdbacks that remain to be paid for as of September 30, 2023. 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)

	Three Months ended		Six Months ended	
	September 30,	September 30,	September 30,	September 30,
	2023	2022	2023	2022
I-75 Costs	49,134	31,915	83,161	63,152
Payroll and Benefits	4,756	3,973	9,451	7,556
Amortization	3,107	3,106	6,216	6,207
Professional Services	2,333	1,209	5,673	2,184
Legal Services	394	2,719	1,770	4,866
Insurance	370	1,268	1,561	2,539
Local Road Improvements	390	463	880	900
Michigan Land	361	-	687	-
Office and Maintenance	246	334	535	507
Rent	268	278	524	524
Transfers to International Authority	7	315	257	563
Travel Expenses	86	51	228	105
Property Taxes	92	86	177	170
Other	32	394	111	426
Repairs and Maintenance	31	48	69	77
Community Benefits	-	1,199	-	1,199
Foreign Exchange Loss	-	48	-	311
Claim Settlements	-	265	-	265
	<b>61,607</b>	<b>47,671</b>	<b>111,300</b>	<b>91,551</b>

## 10. REIMBURSEMENT OF APPROPRIATIONS

In the prior year, the Government of Canada requested that WDBA reimburse \$15,715 of appropriations it had already received, but not drawn, as actual expenditures were lower than estimated. This reimbursement occurred during the first quarter of the prior year.

## 11. COMPARATIVE FIGURES

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